

TIVO INC
Form 10-Q
December 10, 2004
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 31, 2004.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-27141

TIVO INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

77-0463167
(I.R.S. Employer
Identification No.)

2160 Gold Street, P.O. Box 2160, Alviso, CA 95002

(Address of principal executive offices including zip code)

(408) 519-9100

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. YES NO .

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES NO .

The number of shares outstanding of the registrant's common stock, \$0.001 par value, was 80,649,544 as of November 30, 2004.

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TiVo Inc.

FORM 10-Q

FOR THE FISCAL QUARTER ENDED OCTOBER 31, 2004

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Except as the context otherwise requires, the terms TiVo , Registrant , company , we , us , or our as used herein are references to TiVo Inc. and its consolidated subsidiaries.

Table of Contents**PART I : FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****TIVO INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share amounts)

(unaudited)

	October 31, 2004	January 31, 2004
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 88,532	\$ 143,235
Accounts receivable (includes \$1,500 due from related parties as of January 31, 2004), net of allowance for doubtful accounts of \$113 and \$17 as of October 31, 2004 and January 31, 2004, respectively	25,158	12,131
Inventories	36,434	8,566
Prepaid expenses and other, current (includes \$2,832 prepaid to related parties as of January 31, 2004)	5,174	5,184
Total current assets	155,298	169,116
LONG-TERM ASSETS		
Property and equipment, net	8,584	8,695
Intangible assets, net	2,149	2,201
Prepaid expenses and other, long-term (includes \$3,268 prepaid to related parties as of January 31, 2004)	1,714	3,879
Total long-term assets	12,447	14,775
Total assets	\$ 167,745	\$ 183,891
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 25,143	\$ 15,028
Accrued liabilities (includes \$880 due to related parties as of January 31, 2004)	24,754	16,125
Deferred revenue, current (includes \$1,814 from related parties as of January 31, 2004)	39,638	38,392
Total current liabilities	89,535	69,545

LONG-TERM LIABILITIES

Convertible notes payable (face value \$10,450)	7,301	6,005
Deferred revenue, long-term	45,820	41,895

The accompanying notes are an integral part of these statements.

Table of Contents**TIVO INC.****CONSOLIDATED BALANCE SHEETS (CONTINUED)****(In thousands, except share amounts)****(unaudited)**

	October 31, 2004	January 31, 2004
	<u> </u>	<u> </u>
Deferred rent and other	726	814
Total long-term liabilities	<u>53,847</u>	<u>48,714</u>
Total liabilities	143,382	118,259
COMMITMENTS AND CONTINGENCIES (see Note 7)		
STOCKHOLDERS EQUITY		
Preferred stock, par value \$0.001:		
Authorized shares are 10,000,000 Issued and outstanding shares - none		
Common stock, par value \$0.001:		
Authorized shares are 150,000,000 Issued and outstanding shares are 80,618,061 and 79,588,476 respectively	80	80
Additional paid-in capital	648,371	644,064
Deferred compensation.	(661)	(1,262)
Accumulated deficit	<u>(623,427)</u>	<u>(577,250)</u>
Total stockholders equity	<u>24,363</u>	<u>65,632</u>
Total liabilities and stockholders equity	<u>\$ 167,745</u>	<u>\$ 183,891</u>

The accompanying notes are an integral part of these statements.

Table of Contents**TIVO INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except share and per share amounts)****(unaudited)**

	Three Months Ended		Nine Months Ended	
	October 31,		October 31,	
	2004	2003	2004	2003
Revenues				
Service and technology revenues (includes \$7,345 from related parties for the three months ended October 31, 2003 and \$6,805 and \$15,735 from related parties for the nine months ended October 31, 2004 and 2003, respectively)	\$ 28,377	\$ 22,674	\$ 81,311	\$ 56,148
Hardware revenues	27,894	24,479	60,823	47,345
Rebates, revenue share and other payments to channel	(17,944)	(3,897)	(29,508)	(5,045)
Net revenues	38,327	43,256	112,626	98,448
Costs of revenues				
Costs of service and technology revenues	7,970	8,834	25,069	23,566
Cost of hardware revenues	28,486	25,413	68,056	48,149
Total cost of revenues	36,456	34,247	93,125	71,715
Gross margin	1,871	9,009	19,501	26,733
Research and development	9,291	5,432	26,428	16,693
Sales and marketing (includes \$2,155 to related parties for the three months ended October 31, 2003 and \$1,100 and \$5,937 to related parties for the nine months ended October 31, 2004 and 2003, respectively)	14,212	5,704	25,838	14,205
General and administrative	4,366	3,949	12,399	11,788
Total operating expenses	27,869	15,085	64,665	42,686
Loss from operations	(25,998)	(6,076)	(45,164)	(15,953)
Interest income	397	133	1,090	363
Interest expense and other	(671)	(1,330)	(1,995)	(3,915)
Loss before income taxes	(26,272)	(7,273)	(46,069)	(19,505)
Provision for income taxes	(78)	(115)	(108)	(152)
Net loss	\$ (26,350)	\$ (7,388)	\$ (46,177)	\$ (19,657)

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Net loss per common share - basic and diluted	\$ (0.33)	\$ (0.11)	\$ (0.58)	\$ (0.30)
Weighted average common shares used to calculate basic and diluted	80,266,784	68,225,887	80,087,792	66,027,155

The accompanying notes are an integral part of these statements.

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TIVO INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

(In thousands, except share amounts)

(unaudited)

	Common Stock		Additional Paid-In Capital	Deferred Compensation	Accumulated Deficit	Total
	Shares	Amount				
BALANCE JANUARY 31, 2004	79,588,476	\$ 80	\$ 644,064	\$ (1,262)	\$ (577,250)	\$ 65,632
Cashless exercise of 654,487 warrants resulting in the net issuance of 241,492 shares of common stock	241,492					0
Issuance of common stock related to purchase of patent rights	31,708		306			306
Issuance of common stock related to exercise of common stock options	204,199		987			987
Issuance of common stock related to employee stock purchase plan	227,517		1,228			1,228
Retirement due to forfeiture of unvested restricted common stock	(16,852)		(144)	144		0
Recognition of stock based compensation expense				298		298
Net loss					(9,067)	(9,067)
BALANCE APRIL 30, 2004	80,276,540	80	646,441	(820)	(586,317)	59,384
Issuance of common stock related to exercise of common stock options	43,303		106			