

GSI TECHNOLOGY INC  
Form 10-Q  
November 03, 2017  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

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

For the quarterly period ended September 30, 2017

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 001-33387

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GSI Technology, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

77-0398779

(IRS Employer Identification No.)

1213 Elko Drive

Sunnyvale, California 94089

(Address of principal executive offices, zip code)

(408) 331-8800

(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  
Non-accelerated filer

Accelerated filer  
Smaller reporting company  
Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  
No

The number of shares of the registrant's common stock outstanding as of October 31, 2017: 21,083,300

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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements

## GSI TECHNOLOGY, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	September 30, 2017	March 31, 2017
	(In thousands, except share and per share amounts)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 37,438	\$ 33,736
Short-term investments	12,203	16,199
Accounts receivable, net	5,352	6,349
Inventories	8,474	9,211
Prepaid expenses and other current assets	2,410	2,777
Total current assets	65,877	68,272
Property and equipment, net	7,595	7,689
Long-term investments	14,596	12,898
Goodwill	7,978	7,978
Intangible assets, net	3,146	3,302
Other assets	1,900	2,456
Total assets	\$ 101,092	\$ 102,595
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable	\$ 1,924	\$ 1,627
Accrued expenses and other liabilities	5,478	7,051
Deferred revenue	2,157	1,796
Total current liabilities	9,559	10,474

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Income taxes payable	249	244
Deferred income taxes	22	15
Other accrued expenses	5,615	5,418
Total liabilities	15,445	16,151
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock: \$0.001 par value authorized: 5,000,000 shares; issued and outstanding: none	—	—
Common Stock: \$0.001 par value authorized: 150,000,000 shares; issued and outstanding: 21,074,247 and 20,612,757 shares, respectively	21	21
Additional paid-in capital	24,879	21,830
Accumulated other comprehensive loss	(61)	(62)
Retained earnings	60,808	64,655
Total stockholders' equity	85,647	86,444
Total liabilities and stockholders' equity	\$ 101,092	\$ 102,595

The accompanying notes are an integral part of these condensed consolidated financial statements.

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GSI TECHNOLOGY, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2017	2016	2017	2016
	(In thousands, except per share amounts)			
Net revenues	\$ 9,647	\$ 13,358	\$ 20,334	\$ 26,304
Cost of revenues	4,789	6,015	9,872	12,239
Gross profit	4,858	7,343	10,462	14,065
Operating expenses:				
Research and development	4,160	4,282	8,495	7,781
Selling, general and administrative	2,492	2,681	5,290	5,515
Total operating expenses	6,652	6,963	13,785	13,296
Income (loss) from operations	(1,794)	380	(3,323)	769
Interest income, net	99	69	196	146
Other income, net	4	23	5	88
Income (loss) before income taxes	(1,691)	472	(3,122)	1,003
Provision for (benefit from) income taxes	49	(154)	130	117
Net income (loss)	\$ (1,740)	\$ 626	\$ (3,252)	\$ 886
Net income (loss) per share:				
Basic	\$ (0.08)	\$ 0.03	\$ (0.16)	\$ 0.04
Diluted	\$ (0.08)	\$ 0.03	\$ (0.16)	\$ 0.04
Weighted average shares used in per share calculations:				
Basic	21,037	20,529	20,922	20,912
Diluted	21,037	21,104	20,922	21,349

The accompanying notes are an integral part of these condensed consolidated financial statements.

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GSI TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2017	2016	2017	2016
	(In thousands)			
Net income (loss)	\$ (1,740)	\$ 626	\$ (3,252)	\$ 886
Net unrealized gain (loss) on available-for-sale investments	7	(18)	1	(11)
Total comprehensive income (loss)	\$ (1,733)	\$ 608	\$ (3,251)	\$ 875

The accompanying notes are an integral part of these condensed consolidated financial statements.



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GSI TECHNOLOGY, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended September 30,	
	2017	2016
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	\$ (3,252)	\$ 886
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Allowance for sales returns, doubtful accounts and other	(2)	3
Provision for excess and obsolete inventories	739	333
Depreciation and amortization	625	821
Stock-based compensation	986	930
Amortization of premium on investments	47	33
Changes in assets and liabilities:		
Accounts receivable	999	(1,332)
Inventory	(2)	(2,137)
Prepaid expenses and other assets	(151)	(107)
Accounts payable	297	685
Accrued expenses and other liabilities	(932)	1,023
Deferred revenue	361	(719)
Net cash (used) provided by operating activities	(285)	419
Cash flows from investing activities:		
Purchase of investments	(5,248)	(9,410)
Maturities of short-term investments	7,500	12,100
Restricted cash	479	—
Purchases of property and equipment	(328)	(168)
Net cash provided by investing activities	2,403	2,522
Cash flows from financing activities:		