

PROS Holdings, Inc.  
Form 10-Q  
November 02, 2007

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington D.C. 20549

**FORM 10-Q**

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

**For the quarterly period ended September 30, 2007**

**OR**

**o** **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: 333-141884**

**PROS HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**76-0168604**  
(I.R.S. Employer Identification No.)

**3100 Main Street, Suite 900, Houston, TX 77002**

**(713) 335-5151**

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(Address and telephone number of principal executive offices)

Indicate by check mark whether 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) had been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☒

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 outstanding of the Registrant's Common Stock, \$0.01 par value, was 25,999,913 as of November 2, 2007.

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**PROS HOLDINGS, INC.**

**Form 10-Q for the Quarter Ended September 30, 2007**

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**Cautionary Statement**

*Except for the historical financial information contained herein, the matters discussed in this report on Form 10-Q (as well as documents incorporated herein by reference) may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include declarations regarding the intent, belief or current expectations of PROS Holdings, Inc. and its management and may be signified by the words expects, anticipates, target, project, goals, estimates, potential, predicts, may, might, could, intends, believes or similar language. You are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties. Actual results could differ materially from those indicated by such forward-looking statements. Factors that could cause or contribute to such differences include those discussed under Risk Factors and elsewhere in this report. PROS Holdings, Inc. disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*



**PART I. FINANCIAL INFORMATION****Item 1. Condensed Unaudited Consolidated Financial Statements****PROS Holdings, Inc.****Condensed Consolidated Balance Sheets****(unaudited)**

	September 30, 2007	December 31, 2006
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 40,011,604	\$ 42,540,180
Accounts and unbilled receivables, net of allowance of \$1,220,000 and \$1,190,000 respectively	14,921,151	13,788,989
Prepaid expenses and other current assets	3,850,691	2,199,997
Total current assets	58,783,446	58,529,166
Property and equipment, net	3,141,828	2,372,872
Other assets	2,492,477	2,144,371
Total assets	\$ 64,417,751	\$ 63,046,409
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 1,446,615	\$ 584,372
Accrued liabilities	3,390,989	3,965,817
Accrued contract labor	1,017,745	1,405,287
Accrued payroll	2,589,062	2,918,979
Deferred revenue	22,190,764	22,079,937
Total current liabilities	30,635,175	30,954,392
Long-term deferred revenue	5,264,086	4,131,757
Commitments and contingencies		
Redeemable preferred stock, \$0.001 par value, 3,921,312 shares authorized, 0 and 2,627,282 shares outstanding, respectively		17,283,168
Stockholders' equity:		
Common stock, 75,000,000 and 28,000,000 shares authorized, 29,646,224 and 23,580,729 issued, 25,799,184 and 19,733,689 shares outstanding, respectively	29,646	23,581
Additional paid-in capital	51,418,790	7,812,536
Common stock warrants	226,000	226,000
Treasury stock, 3,847,040 common shares at cost	(8,937,500)	(8,937,500)

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Retained (deficit) earnings	(14,218,446)	11,552,475
Total stockholders' equity	28,518,490	10,677,092
Total liabilities and stockholders' equity	\$ 64,417,751	\$ 63,046,409

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

**PROS Holdings, Inc.**

**Condensed Consolidated Statements of Income**

(unaudited)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Revenue:</b>				
License and implementation	\$ 11,661,407	\$ 8,275,078	\$ 30,577,733	\$ 20,639,078
Maintenance and support	4,768,382	4,190,343	13,718,877	12,178,920
Total revenue	16,429,789	12,465,421	44,296,610	32,817,998
<b>Cost of Revenue:</b>				
License and implementation	3,275,936	3,281,543	9,682,794	8,548,802
Maintenance and support	1,365,449	893,884	3,459,189	2,712,512
Total cost of revenue	4,641,385	4,175,427	13,141,983	11,261,314
Gross profit	11,788,404	8,289,994	31,154,627	21,556,684
<b>Operating expenses:</b>				