

CAMBIUM LEARNING GROUP, INC.
Form 10-Q
August 13, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2015

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: 001-34575

Cambium Learning Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

27-0587428
(I.R.S. Employer
Identification No.)

17855 Dallas Parkway, Suite 400, Dallas, Texas
(Address of Principal Executive Offices)

75287
(Zip Code)

Registrant's telephone number, including area code: (888) 399-1995

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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 (§232.405 of this chapter) 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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, \$0.001 par value per share, outstanding as of August 7, 2015 was 45,536,515.

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Item 1. Financial Statements.

Cambium Learning Group, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

(In thousands, except per share data)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net revenues	\$37,454	\$36,243	\$68,925	\$67,323
Cost of revenues:				
Cost of revenues	8,277	9,930	15,163	18,941
Amortization expense	4,275	4,438	8,278	8,518
Total cost of revenues	12,552	14,368	23,441	27,459
Research and development expense	2,415	2,598	4,892	5,345
Sales and marketing expense	10,479	10,083	21,123	20,665
General and administrative expense	5,202	4,457	10,417	9,637
Shipping and handling costs	248	404	422	600
Depreciation and amortization expense	1,000	1,036	1,993	2,100
Total costs and expenses	31,896	32,946	62,288	65,806
Income before interest, other income (expense)				
and income taxes	5,558	3,297	6,637	1,517
Net interest expense	(3,626)	(4,420)	(7,300)	(9,158)
Loss on extinguishment of debt	—	(357)	—	(570)
Other income, net	260	215	475	430
Income (loss) before income taxes	2,192	(1,265)	(188)	(7,781)
Income tax expense	(186)	(23)	(304)	(94)
Net income (loss)	\$2,006	\$(1,288)	\$(492)	\$(7,875)
Other comprehensive loss:				
Amortization of net pension loss	56	21	112	43
Comprehensive income (loss)	\$2,062	\$(1,267)	\$(380)	\$(7,832)
Net income (loss) per common share:				
Basic	\$0.04	\$(0.03)	\$(0.01)	\$(0.17)
Diluted	\$0.04	\$(0.03)	\$(0.01)	\$(0.17)
Average number of common shares and equivalents				
outstanding:				
Basic	45,498	45,641	45,488	45,663
Diluted	46,698	45,641	45,488	45,663

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements.

Cambium Learning Group, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(In thousands, except per share data)

	June 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,864	\$ 34,387
Accounts receivable, net	17,562	14,304
Inventory	5,229	5,337
Restricted assets, current	1,345	1,345
Other current assets	8,680	8,168
Total current assets	49,680	63,541