

CAMBIUM LEARNING GROUP, INC.
Form 10-Q
August 10, 2017

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, 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: 001-34575

Cambium Learning Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware 27-0587428
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

17855 Dallas Parkway, Suite 400, Dallas, Texas 75287
(Address of Principal Executive Offices) (Zip Code)
Registrant's telephone number, including area code: (888) 399-1995

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," "smaller reporting company," and "emerging growth 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
Emerging growth company

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.

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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 2, 2017 was 46,370,200.

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Item 1. Financial Statements.

Cambium Learning Group, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations and Comprehensive Income

(In thousands, except per share data)

(Unaudited)

	Three Months		Six Months Ended	
	Ended June 30,		June 30,	
	2017	2016	2017	2016
Net revenues	\$40,362	\$39,084	\$76,332	\$72,758
Cost of revenues:				
Cost of revenues	7,215	7,732	13,400	14,739
Amortization expense	4,328	4,475	8,418	8,125
Total cost of revenues	11,543	12,207	21,818	22,864
Research and development expense	3,294	3,019	6,392	6,139
Sales and marketing expense	12,190	11,846	25,100	24,157
General and administrative expense	5,009	5,102	10,000	10,104
Shipping and handling costs	195	221	313	380
Depreciation and amortization expense	669	856	1,350	1,697
Total costs and expenses	32,900	33,251	64,973	65,341
Income before interest and income taxes	7,462	5,833	11,359	7,417
Net interest expense	(1,336)	(1,958)	(2,563)	(3,722)
Income before income taxes	6,126	3,875	8,796	3,695
Income tax expense	(334)	(111)	(474)	(33)
Net income	\$5,792	\$3,764	\$8,322	\$3,662
Other comprehensive income:				
Amortization of net pension loss	23	37	46	74
Comprehensive income	\$5,815	\$3,801	\$8,368	\$3,736
Net income per common share:				
Basic	\$0.13	\$0.08	\$0.18	\$0.08
Diluted	\$0.12	\$0.08	\$0.18	\$0.08
Average number of common shares and equivalents outstanding:				
Basic	46,283	45,764	46,243	45,752