

Cinedigm Corp.
Form 10-Q/A
November 04, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q/A
(Amendment No. 2)

(Mark One)

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

For the fiscal period ended: December 31, 2015

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

For the transition period from --- to ---

Commission File Number: 000-31810

Cinedigm Corp.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization) 22-3720962
(I.R.S. Employer Identification No.)

902 Broadway, 9th Floor New York, NY
(Address of principal executive offices) 10010
(Zip Code)

(212) 206-8600
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
CLASS A COMMON STOCK, PAR VALUE \$0.001 PER SHARE	NASDAQ GLOBAL MARKET

Securities registered pursuant to Section 12(g) of the Act: NONE

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

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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.

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

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

As of February 4, 2016, 78,470,462 shares of Class A Common Stock, \$0.001 par value were outstanding, which number includes 11,791,384 shares subject to our forward purchase transaction and excludes 2,772,440 shares held in treasury.

EXPLANATORY NOTE

This Amendment No. 2 (this "Amendment No. 2" to the Quarterly Report on Form 10-Q of Cinedigm Corp. (the "Company") for the quarter ended December 31, 2015 (the "Original Filing"), which was filed with the U.S. Securities and Exchange Commission (the "SEC") on February 9, 2016, and Amendment No. 1 to the Original Filing, which was filed with the SEC on March 17, 2016, is being filed to (i) correct the presentation of the conformed signatures on the signature page and on Exhibits 31.1, 31.2, 32.1 and 32.2 and (ii) to add Exhibit 99.1.

Except as described above, this Amendment No. 2 does not modify or update the disclosures presented in, or exhibits to, the Original Filing in any way. This Amendment No. 2 speaks as of the date of the Original Filing and does not reflect events occurring after the filing of the Original Filing. Accordingly, this Amendment No. 2 should be read in conjunction with the Original Filing, as well as any other filings made by the Company with the SEC pursuant to Section 13(a) or 15(d) of Securities Exchange Act of 1934, as amended, subsequent to the filing of the Original Filing.

CINEDIGM CORP.
TABLE OF CONTENTS

	Page
PART I -- FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	<u>4</u>
Condensed Consolidated Balance Sheets at December 31, 2015 (Unaudited) and March 31, 2015	<u>4</u>
Unaudited Condensed Consolidated Statements of Operations for the Three and Nine Months ended December 31, 2015 and 2014	<u>5</u>
Unaudited Condensed Consolidated Statements of Comprehensive Loss for the Three and Nine Months ended December 31, 2015 and 2014	<u>6</u>
Unaudited Condensed Consolidated Statements of Cash Flows for the Nine Months ended December 31, 2015 and 2014	<u>7</u>
Notes to Unaudited Condensed Consolidated Financial Statements	<u>8</u>
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>30</u>
Item 4. Controls and Procedures	<u>45</u>
PART II -- OTHER INFORMATION	<u>46</u>
Item 1. Legal Proceedings	<u>46</u>
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	<u>46</u>
Item 3. Defaults Upon Senior Securities	<u>46</u>
Item 4. Mine Safety Disclosures	<u>46</u>
Item 5. Other Information	<u>46</u>
Item 6. Exhibits	<u>46</u>
Signatures	<u>48</u>
Exhibit	<u>49</u>
Index	<u>49</u>

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)
CINEDIGM CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except for share and per share data)

	December 31, 2015	March 31, 2015
	(Unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 26,237	\$ 18,999
Accounts receivable, net of allowance for doubtful accounts of \$936 and \$597, respectively	70,862	59,591
Inventory	2,805	3,210
Unbilled revenue	5,463	5,065
Prepaid and other current assets	18,742	20,078
Total current assets	124,109	106,943
Restricted cash	8,984	6,751
Property and equipment, net	70,861	98,561
Intangible assets, net	27,404	31,784
Goodwill	8,701	26,701
Other assets	2,146	2,277
Total assets	\$ 242,205	\$ 273,017
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	\$ 84,031	\$ 77,147
Current portion of notes payable, non-recourse (see Note 5)	30,936	32,973
Current portion of notes payable	—	24,294
Current portion of capital leases	326	640
Current portion of deferred revenue	2,291	2,760
Total current liabilities	117,584	137,814
Notes payable, non-recourse, net of current portion and unamortized debt issuance costs of \$4,834 and \$5,938, respectively (see Note 5)	92,175	118,387
Notes payable, net of current portion and unamortized debt issuance costs of \$3,231 and \$750, respectively	86,697	21,000
Capital leases, net of current portion	4,028	4,855
Deferred revenue, net of current portion	8,903	10,098
Total liabilities	309,387	292,154
Stockholders' deficit		
Preferred stock, 15,000,000 shares authorized; Series A 10% - \$0.001 par value per share; 20 shares authorized; 7 shares issued and outstanding at December 31, 2015 and March 31, 2015, respectively. Liquidation preference of \$3,648	3,559	3,559
Common stock, \$0.001 par value; Class A and Class B stock; Class A stock 210,000,000 stock authorized; 78,343,021 and 77,178,494 stock issued and 75,570,581 and 77,075,614 stock outstanding at December 31, and March 31, 2015, respectively; 1,241,000 Class B stock authorized and issued and zero stock outstanding at December 31, 2015 and March 31, 2015, respectively	78	77
Additional paid-in capital	269,578	277,984
Treasury stock, at cost; 2,772,440 and 51,440 Class A common shares at December 31, 2015 and March 31, 2015, respectively	(2,839)	(172)
Accumulated deficit	(336,298)	(300,350)

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Accumulated other comprehensive loss	(42)	(57)
Total stockholders' deficit of Cinedigm Corp.	(65,964)	(18,959)
Deficit attributable to noncontrolling interest	(1,218	)	(178)
Total deficit	(67,182	)	(19,137)
Total liabilities and stockholders' deficit	\$ 242,205		\$ 273,017	

See accompanying notes to Condensed Consolidated Financial Statements

4

CINEDIGM CORP.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except for share and per share data)

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Revenues	\$30,708	\$ 31,276	\$81,240	\$77,854
Costs and expenses:				
Direct operating (excludes depreciation and amortization shown below)	8,512	9,110	24,192	20,925
Selling, general and administrative	7,610	7,484	25,937	23,295
(Benefit) provision for doubtful accounts	—	(378)	) 339	(206)
Restructuring, transition and acquisition expenses, net	576	487	772	2,250
Goodwill impairment	—	—	18,000	—
Litigation settlement (recovery) net of expenses	(225)	) 578	(635)	) 780
Depreciation and amortization of property and equipment	9,428	9,400	28,212	28,167
Amortization of intangible assets	1,463	1,462	4,385	4,811
Total operating expenses	27,364	28,143	101,202	80,022
Income (loss) from operations	3,344	3,133	(19,962)	) (2,168)
Interest expense, net	(5,158)	) (4,929)	) (15,480)	) (14,957)
Loss on extinguishment of debt	—	—	(931)) —
Other income (expense), net	274	(31)	) 506	69
Change in fair value of interest rate derivatives	34	(106)	) (32)	) (281)
Loss from continuing operations before income taxes	(1,506)	) (1,933)	) (35,899)	) (17,337)
Income tax expense	(470)	) —	(470)) —
Loss from continuing operations	(1,976)	) (1,933)	) (36,369)	) (17,337)
(Loss) income from discontinued operations	—	(342)	) —	100
Loss on sale of discontinued operations	—	—	—	(3,045)
Net loss	(1,976)	) (2,275)	) (36,369)	) (20,282)
Net loss (income) attributable to noncontrolling interest	(487)	) —	688	—
Net loss attributable to controlling interests	(2,463)	) (2,275)	) (35,681)	) (20,282)
Preferred stock dividends	(89)	) (89)	) (267)	) (267)
Net loss attributable to common stockholders	\$(2,552)	) \$(2,364)	) \$(35,948)	) \$(20,549)
Net loss per Class A and Class B common stock attributable to common stockholders - basic and diluted:				
Loss from continuing operations	\$(0.04)	) \$(0.03)	) \$(0.56)	) \$(0.23)
Loss from discontinued operations	—	—	—	(0.04)
Net loss attributable to common stockholders	\$(0.04)	) \$(0.03)	) \$(0.56)	) \$(0.27)
Weighted average number of Class A and Class B common stock outstanding: basic and diluted	63,666,847	6,863,408	64,683,920	