

CHANNELADVISOR CORP
Form 10-Q
August 04, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended June 30, 2016

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 001-35940

CHANNELADVISOR CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	56-2257867
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

3025 Carrington Mill Boulevard, Morrisville, NC 27560	27560
(Address of principal executive offices)	(Zip Code)

(919) 228-4700

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former
fiscal year, if changed since last report)

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 Website, 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

Large accelerated filer Accelerated filer

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

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

The number of outstanding shares of the registrant's common stock, par value \$0.001 per share, as of the close of business on July 21, 2016 was 25,696,813.

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

ChannelAdvisor Corporation and Subsidiaries

Condensed Consolidated Balance Sheets

(in thousands, except share and per share data)

	June 30, 2016 (unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 62,370	\$ 60,474
Accounts receivable, net of allowance of \$819 and \$785 as of June 30, 2016 and December 31, 2015, respectively	18,089	18,949
Prepaid expenses and other current assets	6,745	9,356
Total current assets	87,204	88,779
Property and equipment, net	13,873	16,696
Goodwill	21,632	21,632
Intangible assets, net	2,953	3,246
Other assets	737	603
Total assets	\$ 126,399	\$ 130,956
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 4,148	\$ 2,435
Accrued expenses	8,396	9,908
Deferred revenue	23,777	19,835
Other current liabilities	3,669	4,188
Total current liabilities	39,990	36,366
Long-term capital leases, net of current portion	323	2,031
Lease incentive obligation	4,645	5,084
Other long-term liabilities	3,054	3,551
Total liabilities	48,012	47,032
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, no shares issued and outstanding as of June 30, 2016 and December 31, 2015	—	—
Common stock, \$0.001 par value, 100,000,000 shares authorized, 25,571,272 and 25,230,958 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	26	25
Additional paid-in capital	246,214	240,360
Accumulated other comprehensive loss	(995)	(893)
Accumulated deficit	(166,858)	(155,568)
Total stockholders' equity	78,387	83,924
Total liabilities and stockholders' equity	\$ 126,399	\$ 130,956

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

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ChannelAdvisor Corporation and Subsidiaries
 Unaudited Condensed Consolidated Statements of Operations
 (in thousands, except share and per share data)

	Three Months		Six Months Ended	
	Ended June 30,		June 30,	
	2016	2015	2016	2015
Revenue	\$27,098	\$24,182	\$53,445	\$46,772
Cost of revenue	6,863	6,401	13,776	12,817
Gross profit	20,235	17,781	39,669	33,955
Operating expenses:				
Sales and marketing	15,743	13,992	29,240	29,776
Research and development	4,410	4,172	8,565	8,303
General and administrative	6,822	6,212	13,243	11,527
Total operating expenses	26,975	24,376	51,048	49,606
Loss from operations	(6,740)	(6,595)	(11,379)	(15,651)
Other income (expense):				
Interest expense, net	(1)	(38)	(22)	(82)
Other income (expense), net	(8)	120	47	126
Total other income (expense)	(9)	82	25	44
Loss before income taxes	(6,749)	(6,513)	(11,354)	(15,607)
Income tax (benefit) expense	(22)	11	(64)	(127)
Net loss	\$(6,727)			