

EGAIN Corp  
Form 10-Q  
May 10, 2018  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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Form 10-Q

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(Mark One)

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

For the quarterly period ended March 31, 2018

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 No. 001-35314

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eGAIN CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware (State or other jurisdiction of incorporation or organization)	77-0466366 (I.R.S. Employer Identification No.)
1252 Borregas Avenue, Sunnyvale, CA (Address of principal executive offices)	94089 (Zip Code)

(408) 636-4500

(Registrant's telephone number, including area code)

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

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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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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.

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

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 8, 2018
Common Stock \$0.001 par value	27,473,602

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eGAIN CORPORATION

Quarterly Report on Form 10-Q

For the Quarterly Period Ended March 31, 2018

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## eGAIN CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(in thousands, except par value data)

	March 31, 2018	June 30, 2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 10,934	\$ 10,627
Restricted cash	6	6
Accounts receivable, less allowance for doubtful accounts of \$311 and \$357 as of March 31, 2018 and June 30, 2017, respectively	6,722	7,201
Deferred commissions	901	690
Prepaid expenses	1,194	1,737
Other current assets	590	370
Total current assets	20,347	20,631
Property and equipment, net	679	1,059
Deferred commissions, net of current portion	570	694
Intangible assets, net	1,237	2,748
Goodwill	13,186	13,186
Other assets	1,584	1,433
Total assets	\$ 37,603	\$ 39,751
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable	\$ 2,074	\$ 2,363
Accrued compensation	5,358	4,339
Accrued liabilities	1,265	2,364
Deferred revenue	22,292	18,332
Capital lease obligations	65	108
Bank borrowings, net of deferred financing costs	229	805
Total current liabilities	31,283	28,311
Deferred revenue, net of current portion	7,294	4,887
Capital lease obligations, net of current portion	1	42
Bank borrowings, net of current portion and deferred financing costs	6,921	14,802
Other long-term liabilities	1,295	1,330

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Total liabilities	46,794	49,372
Commitments and contingencies (Note 5)		
Stockholders' deficit:		
Common stock, \$0.001 par value - authorized: 50,000 shares; outstanding: 27,473 shares as of March 31, 2018 and 27,127 shares as of June 30, 2017	28	27
Additional paid-in capital	345,410	343,367
Notes receivable from stockholders	(85)	(83)
Accumulated other comprehensive loss	(1,818)	(1,663)
Accumulated deficit	(352,726)	(351,269)
Total stockholders' deficit	(9,191)	(9,621)
Total liabilities and stockholders' deficit	\$ 37,603	\$ 39,751

See accompanying notes to condensed consolidated financial statements

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## eGAIN CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(in thousands, except per share data)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2018	2017	2018	2017
Revenue:				
Recurring	\$ 13,213	\$ 10,137	\$ 37,420	\$ 31,982
Legacy license	151	1,156	403	4,224
Professional services	2,381	2,557	7,895	7,388
Total revenue	15,745	13,850	45,718	43,594
Cost of revenue:				
Recurring	3,299	3,149	9,485	8,876
Legacy license	18	24	58	35
Professional services	2,118	2,486	6,907	6,875
Total cost of revenue	5,435	5,659	16,450	15,786
Gross profit	10,310	8,191	29,268	27,808
Operating expenses:				
Research and development	3,641			