

Fluent, Inc.
Form 10-Q
May 09, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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 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 number 001-37893

FLUENT, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware 77-0688094
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

33 Whitehall Street, 15th Street

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New York, New York 10004

(Address of Principal Executive Offices) (Zip Code)

(646) 669-7272

(Registrant's Telephone Number, Including Area Code)

(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, a 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

As of May 7, 2018, the registrant had 75,218,044 shares of common stock outstanding.

FLUENT, INC.

TABLE OF CONTENTS FOR FORM 10-Q

	Page
<u>PART I - FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Balance Sheets as of March 31, 2018 and December 31, 2017</u>	2
<u>Condensed Consolidated Statements of Operations for the three months ended March 31, 2018 and 2017</u>	3
<u>Condensed Consolidated Statement of Changes in Shareholders' Equity for the three months ended March 31, 2018</u>	4
<u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2018 and 2017</u>	5
<u>Notes to Condensed Consolidated Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	20
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	26
Item 4. <u>Controls and Procedures</u>	27
<u>PART II - OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	28
Item 1A. <u>Risk Factors</u>	28
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	28
Item 3. <u>Defaults Upon Senior Securities</u>	28
Item 4. <u>Mine Safety Disclosures</u>	28
Item 5. <u>Other Information</u>	28
Item 6. <u>Exhibits</u>	30
<u>Signatures</u>	31

PART I - FINANCIAL INFORMATION

Unless otherwise indicated or required by the context, all references in this Quarterly Report on Form 10-Q to “we,” “us,” “our,” “Fluent,” or the “Company,” refer to Fluent, Inc., formerly known as Cogint, Inc., and its consolidated subsidiaries. Effective April 16, 2018, Cogint, Inc. changed its name to Fluent, Inc.

ITEM 1. FINANCIAL STATEMENTS.

FLUENT, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share data)

	(unaudited)	
	March	December
	31, 2018	31, 2017
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 5,368	\$ 16,564
Accounts receivable, net of allowance for doubtful accounts of \$1,180 and \$1,624		
at March 31, 2018 and December 31, 2017, respectively	34,165	36,278
Prepaid expenses and other current assets	3,276	1,865
Current assets of discontinued operations	-	2,274
Total current assets	42,809	56,981
Property and equipment, net	586	687
Intangible assets, net	71,482	74,354
Goodwill	159,791	159,791
Other non-current assets	560	1,097
Non-current assets of discontinued operations	-	24,089
Total assets	\$ 275,228	\$ 316,999
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Trade accounts payable	\$ 11,830	\$ 10,666
Accrued expenses and other current liabilities	7,613	11,709
Deferred revenue	219	265
Current portion of long-term debt	3,500	2,750
Current liabilities of discontinued operations	-	7,389
Total current liabilities	23,162	32,779
Promissory notes payable to certain shareholders, net	-	10,837
Long-term debt, net	60,546	49,376
Total liabilities	83,708	92,992
Shareholders' equity:		
Preferred stock—\$0.0001 par value, 10,000,000 shares authorized;		
0 share issued and outstanding at March 31, 2018 and December 31, 2017	-	-

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Common stock—\$0.0005 par value, 200,000,000 shares authorized; 76,437,209 and 61,631,573 shares issued at March 31, 2018 and December 31, 2017, respectively; and 75,941,291 and 61,279,050 shares outstanding at March 31, 2018 and December 31, 2017, respectively	38	31
Treasury stock, at cost, 495,918 and 352,523 shares at March 31, 2018 and December 31, 2017, respectively	(1,672)	(1,274)
Additional paid-in capital	387,273	392,687
Accumulated deficit	(194,119)	(167,437)
Total shareholders' equity	191,520	224,007
Total liabilities and shareholders' equity	\$ 275,228	\$ 316,999

See notes to condensed consolidated financial statements

FLUENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except share data)

(unaudited)

	Three Months Ended March 31,	
	2018	2017
Revenue	\$55,989	\$49,194
Costs and expenses:		
Cost of revenue (exclusive of depreciation and amortization)	35,663	33,797
Sales and marketing expenses	4,006	3,695
General and administrative expenses	8,445	12,476
Depreciation and amortization	3,331	3,205
Write-off of long-lived assets	-	3,626
Spin-off transaction costs	7,708	-
Total costs and expenses	59,153	56,799
Loss from operations	(3,164)	(7,605)
Interest expense, net	(2,394)	(2,227)
Loss before income taxes	(5,558)	(9,832)
Income taxes	-	-
Net loss from continuing operations	(5,558)	(9,832)
Discontinued operations:		
Loss from operations of discontinued operations, net of \$0 income taxes	(2,084)	(2,893)
Loss on disposal of discontinued operations, net of \$0 income taxes	(19,040)	-
Net loss from discontinued operations	(21,124)	(2,893)
Net loss	\$(26,682)	\$(12,725)
Loss per share:		
Basic and diluted:		
Continuing operations	\$(0.08)	\$(0.18)
Discontinued operations	\$(0.31)	\$(0.05)
Net loss	\$(0.40)	\$(0.24)
Weighted average number of shares outstanding:		
Basic and diluted	67,311,784	53,811,688

See notes to condensed consolidated financial statements

FLUENT, INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Amounts in thousands, except share data)

(unaudited)

	Common stock		Treasury stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	paid-in capital	deficit	shareholders' equity
Balance as at December 31, 2017	61,631,573	\$ 31	352,523	\$(1,274)	\$ 392,687	\$(167,437)	\$ 224,007
Issuance of common stock upon							
a							
direct offering to certain investors,							
net of issuance costs of \$108	2,700,000	1	-	-	13,391	\$ -	13,392
Vesting of restricted stock units and							
issuance of restricted stock	12,105,636	6	-	-	(6)	-	-
Increase in treasury stock resulting							
from shares withheld to pay							
statutory taxes in connection with							
the vesting of restricted stock units	-	-	143,395	(398)	-	-	(398)
Share-based compensation	-	-	-	-	22,701	-	22,701
Net loss	-	-	-	-	-	(26,682)	(26,682)
Spin-off of red violet	-	-	-	-	(41,500)	-	(41,500)
Balance as at March 31, 2018	76,437,209	\$ 38	495,918	\$(1,672)	\$ 387,273	\$(194,119)	\$