

Fluent, Inc.
Form 10-Q
August 08, 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 June 30, 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 Floor

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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 August 3, 2018, the registrant had 75,289,624 shares of common stock outstanding.

FLUENT, INC.

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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)

| | June 30, 2018 | December 31, 2017 |
|--|-------------------|----------------------|
| ASSETS: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 10,068 | \$ 16,564 |
| Accounts receivable, net of allowance for doubtful accounts of \$1,475 and \$1,624 | | |
| at June 30, 2018 and December 31, 2017, respectively | 37,978 | 36,278 |
| Prepaid expenses and other current assets | 1,840 | 1,865 |
| Current assets of discontinued operations | - | 2,274 |
| Total current assets | 49,886 | 56,981 |
| Property and equipment, net | 531 | 687 |
| Intangible assets, net | 68,728 | 74,354 |
| Goodwill | 159,791 | 159,791 |
| Other non-current assets | 556 | 1,097 |
| Non-current assets of discontinued operations | - | 24,089 |
| Total assets | \$ 279,492 | \$ 316,999 |
| LIABILITIES AND SHAREHOLDERS' EQUITY: | | |
| Current liabilities: | | |
| Trade accounts payable | \$ 11,994 | \$ 10,666 |
| Accrued expenses and other current liabilities | 7,807 | 11,709 |
| Deferred revenue | 843 | 265 |
| Current portion of long-term debt | 6,829 | 2,750 |
| Current liabilities of discontinued operations | - | 7,389 |
| Total current liabilities | 27,473 | 32,779 |
| Promissory notes payable to certain shareholders, net | - | 10,837 |
| Long-term debt, net | 56,697 | 49,376 |
| Total liabilities | 84,170 | 92,992 |

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Shareholders' equity:

Preferred stock—\$0.0001 par value, 10,000,000 shares authorized;

0 shares issued and outstanding at June 30, 2018 and December 31, 2017 - -

Common stock—\$0.0005 par value, 200,000,000 shares authorized; 76,509,709

and 61,631,573 shares issued at June 30, 2018 and December 31, 2017,

respectively; and 75,284,624 and 61,279,050 shares outstanding at

June 30, 2018 and December 31, 2017, respectively 38 31

Treasury stock, at cost, 1,225,085 and 352,523 shares at June 30, 2018 and

December 31, 2017, respectively (3,253) (1,274)

Additional paid-in capital 390,011 392,687

Accumulated deficit (191,474) (167,437)

Total shareholders' equity 195,322 224,007

Total liabilities and shareholders' equity \$279,492 \$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 June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|----------|------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Revenue | \$56,935 | \$51,031 | \$112,924 | \$100,225 |
| Costs and expenses: | | | | |
| Cost of revenue (exclusive of depreciation and amortization) | 33,893 | 34,781 | 69,556 | 68,578 |
| Sales and marketing expenses | 3,678 | 4,678 | 7,684 | 8,373 |
| General and administrative expenses | 11,448 | 14,169 | 19,893 | 26,645 |
| Depreciation and amortization | 3,338 | 3,234 | 6,669 | 6,439 |
| Write-off of long-lived assets | - | - | - | 3,626 |
| Spin-off transaction costs | - | - | 7,708 | - |
| Total costs and expenses | 52,357 | 56,862 | 111,510 | 113,661 |
| Income (loss) from operations | 4,578 | (5,831) | 1,414 | (13,436) |
| Interest expense, net | (1,933 | | | |