

RADIANT LOGISTICS, INC
Form 10-Q
November 12, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2014

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 001-35392

RADIANT LOGISTICS, INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware 04-3625550
(State or Other Jurisdiction of (IRS Employer
Incorporation or Organization) Identification No.)

405 114th Ave S.E., Bellevue, WA 98004
(Address of principal executive offices)

(425) 943-4599
(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 past 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

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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 or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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

There were 34,591,206 shares issued and outstanding of the registrant's common stock, par value \$.001 per share, as of November 10, 2014.

RADIANT LOGISTICS, INC.

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RADIANT LOGISTICS, INC.

Condensed Consolidated Balance Sheets

(unaudited)

	September 30, 2014	June 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$3,085,110	\$2,880,205
Accounts receivable, net of allowance of \$1,025,668 and \$1,034,934, respectively	63,563,410	65,066,555
Current portion of employee and other receivables	207,503	232,791
Prepaid expenses and other current assets	5,026,157	2,926,431
Deferred tax asset	521,483	925,208
Total current assets	72,403,663	72,031,190
Furniture and equipment, net	1,613,859	1,265,107
Acquired intangibles, net	16,072,505	15,041,988
Goodwill	28,778,537	28,247,003
Employee and other receivables, net of current portion	11,864	22,070
Deposits and other assets	611,133	617,093
Total long-term assets	45,474,039	43,928,154
Total assets	\$119,491,561	\$117,224,451
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued transportation costs	\$44,919,540	\$45,510,140
Commissions payable	6,105,158	5,569,671
Other accrued costs	2,934,417	2,517,415
Income taxes payable	97,936	436,328
Current portion of contingent consideration	1,558,000	1,541,000
Current portion of lease termination liability	328,618	319,826
Total current liabilities	55,943,669	55,894,380
Note payable	7,449,964	7,243,371
Contingent consideration, net of current portion	10,809,000	9,626,000
Lease termination liability, net of current portion	148,731	198,502
Deferred rent liability	688,708	560,248
Deferred tax liability	2,125,583	2,774,506
Other long-term liabilities	27,493	2,610
Total long-term liabilities	21,249,479	20,405,237
Total liabilities	77,193,148	76,299,617

Stockholders' equity:

Preferred stock, \$0.001 par value, 5,000,000 shares authorized;

839,200 shares issued and outstanding, liquidation

preference of \$20,980,000	839	839
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Common stock, \$0.001 par value, 100,000,000 shares authorized;

34,590,936 and 34,326,308 shares issued and outstanding, respectively	16,046	15,781
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Additional paid-in capital	34,917,546	34,558,785
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Deferred compensation	(7,948)	(9,209)
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Retained earnings	7,326,728	6,317,473
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Total Radiant Logistics, Inc. stockholders' equity	42,253,211	40,883,669
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Non-controlling interest	45,202	41,165
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Total stockholders' equity	42,298,413	40,924,834
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Total liabilities and stockholders' equity	\$ 119,491,561	\$ 117,224,451
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The accompanying notes form an integral part of these condensed consolidated financial statements.

RADIANT LOGISTICS, INC.

Condensed Consolidated Statements of Operations

(unaudited)

	September 30,	
	2014	2013
Revenues	\$98,231,388	\$76,701,861
Cost of transportation	71,906,605	53,481,360
Net revenues	26,324,783	23,220,501
Operating partner commissions	13,979,351	13,634,772
Personnel costs	6,559,946	4,491,603
Selling, general and administrative expenses	2,648,066	2,264,334
Depreciation and amortization	1,279,081	830,098
Change in contingent consideration	(550,000)	(195,000)
Total operating expenses	23,916,444	21,025,807
Income from operations	2,408,339	2,194,694
Other income (expense):		
Interest income	925	2,500
Interest expense	(91,459)	(521,163)
Other	126,822	84,183
Total other expense	36,288	(434,480)
Income before income tax expense	2,444,627	1,760,214
Income tax expense	(901,926)	(651,835)
Net income	1,542,701	1,108,379
Less: Net income attributable to non-controlling interest	(22,037)	(16,642)
Net income attributable to Radiant Logistics, Inc.	1,520,664	1,091,737
Less: Preferred stock dividends	(511,388)	—
Net income attributable to common stockholders	\$1,009,276	\$1,091,737
Net income per common share - basic and diluted	\$0.03	\$0.03
Weighted average shares outstanding:		
Basic shares	34,349,586	33,337,362
Diluted shares	35,827,335	35,144,910

The accompanying notes form an integral part of these condensed consolidated financial statements.

RADIANT LOGISTICS, INC.

Condensed Consolidated Statement of Stockholders' Equity

(unaudited)

RADIANT LOGISTICS, INC. STOCKHOLDERS' EQUITY									
	Preferred Stock		Common Stock		Additional	Deferred	Retained	Non-	Total
	Shares	Amount	Shares	Amount	Paid-in	Compensation	Earnings	Controlling	Stockholders'
					Capital			Interest	Equity
Balance as of June 30, 2014	839,200	\$ 839	34,326,308	\$ 15,781	\$ 34,558,785	\$(9,209)	\$ 6,317,473	\$ 41,165	\$ 40,924,834
Issuance of common stock to former TNI shareholders at \$3.08 per share	—	—	16,218	16	49,984	—	—	—	50,000
Share-based compensation	—	—	—	—	203,468	—	—	—	203,468
Amortization of deferred compensation	—	—	—	—	—	1,261	—	—	1,261
Cashless exercise of stock options	—	—	248,410	249	(357,205)	—	—	—	(356,956)
Tax benefit from exercise of stock options	—	—	—	—	462,514	—	—	—	462,514
Preferred dividends paid	—	—	—	—	—	—	(511,409)	—	(511,409)
Distribution to non-controlling interest	—	—	—	—	—	—	—	(18,000)	(18,000)
Net income	—	—	—	—	—	—	1,520,664	22,037	1,542,701
Balance as of September 30, 2014	839,200	\$ 839	34,590,936	\$ 16,046	\$ 34,917,546	\$(7,948)	\$ 7,326,728	\$ 45,202	\$ 42,298,413

The accompanying notes form an integral part of these condensed consolidated financial statements.

RADIANT LOGISTICS, INC.

Condensed Consolidated Statements of Cash Flows

(unaudited)

	Three Months Ended September 30,	
	2014	2013
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Net income	\$ 1,542,701	\$ 1,108,379
ADJUSTMENTS TO RECONCILE NET INCOME TO NET		
CASH PROVIDED BY OPERATING ACTIVITIES:		
share-based compensation expense	204,729	133,189
amortization of intangibles	1,151,483	700,480
depreciation and leasehold amortization	127,598	129,618
deferred income tax benefit	(245,198)	(150,637)
amortization of loan fees and original issue discount	15,295	85,844
change in contingent consideration	(550,000)	(195,000)
change in (recovery of) provision for doubtful accounts	(9,266)	181,128
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
accounts receivable	1,512,411	2,946,902
employee and other receivables	35,494	21,367
income tax deposit and income taxes payable	(338,392)	468,472
prepaid expenses, deposits and other assets	(2,109,061)	(266,882)
accounts payable and accrued transportation costs	(590,600)	(2,343,640)
commissions payable	535,487	(1,171,588)
other accrued costs	380,084	65,195
other liabilities	(1,733)	—
deferred rent liability	(4,342)	(5,884)
lease termination liability	(40,979)	(50,721)
Net cash provided by operating activities	1,615,711	1,656,222
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
Acquisition of Trans-NET, Inc.	(750,000)	—
Purchase of furniture and equipment	(293,548)	(43,677)
Net cash used for investing activities	(1,043,548)	(43,677)
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES:		
Proceeds from credit facility, net of credit fees	206,593	8,157,980
Repayment of notes payable	—	(2,000,000)
Payments of contingent consideration	(150,000)	—
Payment of preferred stock dividends	(511,409)	—
Distributions to non-controlling interest	(18,000)	—
Payment of employee tax withholdings related to cashless stock	(356,956)	—

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option exercises		
Tax benefit from exercise of stock options	462,514	—
Net cash provided by (used for) financing activities	(367,258)	6,157,980
NET INCREASE IN CASH AND CASH EQUIVALENTS	204,905	7,770,525
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,880,205	1,024,192
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$3,085,110	\$8,794,717