

RADIANT LOGISTICS, INC
Form 10-Q
November 09, 2018

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, 2018

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)

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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 every Interactive Data File required to be submitted 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 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

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

There were 49,459,188 shares outstanding of the registrant’s common stock, par value \$.001 per share, as of November 1, 2018.

RADIANT LOGISTICS, INC.

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RADIANT LOGISTICS, INC.

Condensed Consolidated Balance Sheets

(In thousands, except share and per share data)	September 30, 2018 (unaudited)	June 30, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,956	\$ 6,992
Accounts receivable, net of allowance of \$2,035 and \$1,703, respectively	100,444	137,578
Contract assets	27,254	—
Income tax receivable	1,073	2,105
Prepaid expenses and other current assets	8,499	6,599
Total current assets	145,226	153,274
Technology and equipment, net	19,125	18,566
Goodwill	65,389	65,389
Intangible assets, net	63,055	65,264
Deposits and other assets	1,248	2,945
Total other long-term assets	129,692	133,598
Total assets	\$ 294,043	\$ 305,438
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 80,462	\$ 90,153
Operating partner commissions payable	13,869	14,322
Accrued expenses	6,608	5,404
Current portion of notes payable	3,946	3,726
Current portion of contingent consideration	1,100	960
Transition and lease termination liability	1,094	1,385
Other current liabilities	259	295
Total current liabilities	107,338	116,245
Notes payable, net of current portion	41,475	43,197
Contingent consideration, net of current portion	1,380	1,615
Deferred rent liability	987	1,020
Deferred income taxes	8,297	8,665
Other long-term liabilities	367	1,082
Total long-term liabilities	52,506	55,579
Total liabilities	159,844	171,824
Commitments and contingencies (Note 14)		

Stockholders' equity:

Preferred stock, \$0.001 par value, 5,000,000 shares authorized; 839,200 shares issued and		
outstanding, liquidation preference of \$20,980	1	1
Common stock, \$0.001 par value, 100,000,000 shares authorized; 49,544,886 and		
49,511,907		
shares issued, and 49,453,088 and 49,420,109 shares outstanding, respectively	31	31
Additional paid-in capital	118,236	117,968
Treasury stock, at cost, 91,798 shares	(253)	(253)
Retained earnings	16,071	15,539
Accumulated other comprehensive income (loss)	(119)	186
Total Radiant Logistics, Inc. stockholders' equity	133,967	133,472
Non-controlling interest	232	142
Total equity	134,199	133,614
Total liabilities and equity	\$ 294,043	\$ 305,438

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

RADIANT LOGISTICS, INC.

Condensed Consolidated Statements of Comprehensive Income

(unaudited)

(In thousands, except share and per share data)	Three Months Ended	
	September 30, 2018	2017
Revenues	\$218,883	\$197,977
Operating expenses:		
Cost of transportation and other services	164,015	152,374
Operating partner commissions	24,828	19,692
Personnel costs	14,545	13,993
Selling, general and administrative expenses	7,124	6,303
Depreciation and amortization	3,633	3,575
Transition and lease termination costs	—	107
Change in fair value of contingent consideration	(95)	(300)
Total operating expenses	214,050	195,744
Income from operations	4,833	2,233
Other income (expense):		
Interest income	12	7
Interest expense	(789)	(771)
Foreign currency transaction gains (losses)	34	(85)
Other	150	130
Total other expense	(593)	(719)
Income before income taxes	4,240	1,514
Income tax expense	(977)	(626)
Net income	3,263	888
Less: net income attributable to non-controlling interest	(180)	(61)
Net income attributable to Radiant Logistics, Inc.	3,083	827
Less: preferred stock dividends	(511)	(511)
Net income allocable to common stockholders	\$2,572	\$316
Other comprehensive income (loss):		
Foreign currency translation loss	(305)	(805)
Comprehensive income	\$2,958	\$83
Income per share allocable to common stockholders:		

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Basic and Diluted	\$0.05	\$0.01
Weighted average common shares outstanding:		
Basic	49,437,930	49,085,545
Diluted	50,705,434	50,642,953

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

RADIANT LOGISTICS, INC.

Condensed Consolidated Statements of Changes in Equity

(unaudited)

RADIANT LOGISTICS, INC. STOCKHOLDERS' EQUITY

(In thousands, except share and per share data)	Total Radiant										
	Logistics,										Total
	Preferred Stock	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Compre Income (Loss)	Stockholder Equity	Non- Control Interest	Equity	
Shares	Amount	Shares	Amount								
Balance as of June 30, 2018	839,200	\$ 1	49,420,109	\$ 31	\$ 117,968	\$(253)	\$ 15,539	\$ 186	\$ 133,472	\$ 142	\$ 133,614
Cumulative effect adjustment, upon adoption of ASC 606 on July 1, 2018 (Note 2)	—	—	—	—	—	(335)	—	—	(335)	—	(335)
Cumulative effect adjustment, upon adoption of ASU 2016-16 on July 1, 2018 (Note 2)	—	—	—	—	—	(1,705)	—	—	(1,705)	—	(1,705)
Share-based compensation	—	—	—	331	—	—	—	—	331	—	331
Issuance of common stock upon exercise of stock options	—	—	32,979	(63)	—	—	—	—	(63)	—	(63)
Preferred dividends paid	—	—	—	—	—	(511)	—	—	(511)	—	(511)

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Distribution to non-controlling interest	—	—	—	—	—	—	—	—	—	(90)	(90)
Net income	—	—	—	—	—	3,083	—	3,083	180	3,263	
Other comprehensive loss	—	—	—	—	—	—	—	(305)	(305)	—	(305)
Balance as of September 30, 2018	839,200	\$ 1	49,453,088	\$ 31	\$ 118,236	\$(253)	\$ 16,071	\$(119)	\$ 133,967	\$ 232	\$ 134,199

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,	
(In thousands, except share and per share data)	2018	2017
OPERATING ACTIVITIES:		
Net income	\$3,263	\$ 888
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
share-based compensation	331	350
amortization of intangible assets	2,472	2,494
depreciation and amortization of technology and equipment	1,161	1,081
deferred income tax benefit	(253)	(512)
amortization of debt issuance costs	59	62
change in fair value of contingent consideration	(95)	(300)
transition and lease termination costs	—	107
gain on disposal of technology and equipment	(16)	(4)
change in allowance for doubtful accounts	332	231
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
accounts receivable	4,440	(6,592)
contract assets	6,759	—
income tax receivable	1,055	(233)
prepaid expenses, deposits and other assets	(1,876)	692
accounts payable	(5,488)	(939)
operating partner commissions payable	506	623
accrued expenses	(5,761)	503
other liabilities	(742)	473
deferred rent liability	(29)	112
transition and lease termination liability	(276)	(213)
Net cash provided by (used for) operating activities	5,842	(1,177)
INVESTING ACTIVITIES:		
Payments to acquire businesses	—	(1,025)
Purchases of technology and equipment	(1,134)	(1,383)
Proceeds from sale of technology and equipment	232	41
Net cash used for investing activities	(902)	(2,367)
FINANCING ACTIVITIES:		
Proceeds from (repayments to) credit facility, net	(2,003)	4,975
Payments of debt issuance costs	—	(87)
Repayments of notes payable	(843)	(835)
Payments of preferred stock dividends	(511)	(511)

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Distribution to non-controlling interest	(90)	—
Payments of employee tax withholdings related to cashless exercise of stock options	(63)	(2)
Net cash provided by (used for) financing activities	(3,510)	3,540
Effect of exchange rate changes on cash and cash equivalents	(466)	(37)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	964	(41)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	6,992	5,808
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$7,956	\$5,767