

RADIANT LOGISTICS, INC
Form 10-Q
November 13, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended: September 30, 2013

TRANSITION REPORT UNDER 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
Incorporation or Organization)

(IRS Employer Identification No.)

405 114th Ave S.E., Bellevue, WA 98004

(Address of Principal Executive Offices)

(425) 943-4599

(Issuer's Telephone Number, including Area Code)

N/A

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(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

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:

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a 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 33,625,218 issued and outstanding shares of the registrant's common stock, par value \$.001 per share, as of November 8, 2013.

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RADIANT LOGISTICS, INC.

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RADIANT LOGISTICS, INC.
Condensed Consolidated Balance Sheets
(unaudited)

	SEPTEMBER 30, 2013	JUNE 30, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,794,717	\$ 1,024,192
Accounts receivable, net of allowance of \$1,626,774 and \$1,445,646, respectively	49,003,432	52,131,462
Current portion of employee and other receivables	322,104	328,123
Prepaid expenses and other current assets	2,726,662	2,477,904
Deferred tax asset	1,025,184	908,564
Total current assets	61,872,099	56,870,245
Furniture and equipment, net	1,203,877	1,289,818
Acquired intangibles, net	8,530,683	9,231,163
Goodwill	15,952,544	15,952,544
Employee and other receivables, net of current portion	57,085	72,433
Deposits and other assets	636,904	336,613
Total long-term assets	25,177,216	25,592,753
Total assets	\$ 88,253,192	\$ 83,752,816
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued transportation costs	\$ 33,424,145	\$ 35,767,785
Commissions payable	4,914,736	6,086,324
Other accrued costs	2,241,762	2,176,567
Income taxes payable	830,043	361,571
Current portion of notes payable to former shareholders of DBA	767,091	767,091
Current portion of contingent consideration	317,433	305,000
Current portion of lease termination liability	303,391	305,496
Total current liabilities	42,798,601	45,769,834

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Notes payable and other long-term debt, net of current portion and debt discount	23,739,415	17,213,424
Contingent consideration, net of current portion	3,512,567	3,720,000
Lease termination liability, net of current portion	456,737	505,353
Deferred rent liability	577,517	583,401
Deferred tax liability	39,416	73,433
Other long-term liabilities	2,610	2,610
Total long-term liabilities	28,328,262	22,098,221
Total liabilities	71,126,863	67,868,055

Table of Contents**RADIANT LOGISTICS, INC.****Condensed Consolidated Balance Sheets (continued)****(unaudited)**

	SEPTEMBER 30, 2013	JUNE 30, 2013
Stockholders' equity:		
Radiant Logistics, Inc. stockholders' equity:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, \$0.001 par value, 100,000,000 shares authorized, 33,348,166 shares issued and outstanding	14,803	14,803
Additional paid-in capital	14,005,085	13,873,157
Deferred compensation	(12,991)	(14,252)
Retained earnings	3,035,267	1,943,530
Total Radiant Logistics, Inc. stockholders' equity	17,042,164	15,817,238
Non-controlling interest	84,165	67,523
Total stockholders' equity	17,126,329	15,884,761
Total liabilities and stockholders' equity	\$ 88,253,192	\$ 83,752,816

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

Table of Contents**RADIANT LOGISTICS, INC.****Condensed Consolidated Statements of Operations****(unaudited)**

THREE MONTHS ENDED

SEPTEMBER 30,

2013 2012

Revenue	\$ 76,701,861	\$ 79,148,458
Cost of transportation	53,481,360	56,910,016
Net revenues	23,220,501	22,238,442
Agent commissions	13,634,772	13,295,325
Personnel costs	4,099,746	3,757,372
Selling, general and administrative expenses	2,656,191	2,900,237
Depreciation and amortization	830,098	1,119,804
Change in contingent consideration	(195,000)	50,000
Total operating expenses	21,025,807	21,122,738
Income from operations	2,194,694	1,115,704
Other income (expense):		
Interest income	2,500	4,073
Interest expense	(521,163)	(495,331)
Other	84,183	148,972
Total other expense	(434,480)	(342,286)
Income before income tax expense	1,760,214	773,418
Income tax expense	(651,835)	(340,004)
Net income	1,108,379	433,414
Less: Net income attributable to non-controlling interest	(16,642)	(30,261)
Net income attributable to Radiant Logistics, Inc.	\$ 1,091,737	\$ 403,153
Net income per common share basic and diluted	\$.03	\$.01
Weighted average shares outstanding:		
Basic shares	33,337,362	33,031,110
Diluted shares	35,987,483	35,602,281

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

Table of Contents**RADIANT LOGISTICS, INC.****Condensed Consolidated Statement of Stockholders Equity****(unaudited)**

RADIANT LOGISTICS, INC. STOCKHOLDERS

	COMMON STOCK		ADDITIONAL	DEFERRED	RETAINED	NON-CONTROLLING	TOTAL
	SHARES	AMOUNT	PAID-IN	COMPENSATION	EARNINGS	INTEREST	STOCKHOLDERS
			CAPITAL				EQUITY
Balance as of June 30, 2013	33,348,166	\$ 14,803	\$ 13,873,157	\$ (14,252)	\$ 1,943,530	\$ 67,523	\$ 15,884,761
Share-based compensation	-	-	131,928	-	-	-	131,928
Amortization of deferred compensation	-	-	-	1,261	-	-	1,261
Net income for the three months ended September 30, 2013	-	-	-	-	1,091,737	16,642	1,108,379
Balance as of September 30, 2013	33,348,166	\$ 14,803	\$ 14,005,085	\$ (12,991)	\$ 3,035,267	\$ 84,165	\$ 17,126,329

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

Table of Contents**RADIANT LOGISTICS, INC.****Condensed Consolidated Statements of Cash Flows****(unaudited)**

	THREE MONTHS ENDED SEPTEMBER 30,	
	2013	2012
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Net income	\$ 1,091,737	\$ 403,153
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
share-based compensation expense	133,189	101,501
amortization of intangibles	700,480	957,095
depreciation and leasehold amortization	129,618	162,709
deferred income tax benefit	(150,637)	(374,068)
amortization of loan fees and original issue discount	85,844	66,008
change in contingent consideration	(195,000)	50,000
change in non-controlling interest	16,642	30,261
change in (recovery of) provision for doubtful accounts	181,128	157,575
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
accounts receivable	2,946,902	(2,021,730)
employee and other receivables	21,367	(51,062)
income tax deposit and income taxes payable	468,472	251,327
prepaid expenses, deposits and other assets	(266,882)	(1,197,353)
accounts payable and accrued transportation costs	(2,343,640)	1,139,028
commissions payable	(1,171,588)	283,302
other accrued costs	65,195	54,285
other liabilities	-	(15,766)
deferred rent liability	(5,884)	1,569
lease termination liability	(50,721)	-
Net cash provided by (used for) operating activities	1,656,222	(2,166)
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
Purchase of furniture and equipment	(43,677)	(200,749)
Net cash used for investing activities	(43,677)	(200,749)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:		
Proceeds from credit facility, net of credit fees	8,157,980	812,504
Repayments of notes payable	(2,000,000)	-
Net cash provided by financing activities	6,157,980	812,504
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,770,525	609,589
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,024,192	66,888
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 8,794,717	\$ 676,477

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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Income taxes paid	\$	334,000	\$	462,445
Interest paid	\$	417,952	\$	429,046

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

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RADIANT LOGISTICS, INC.

Notes to Condensed Consolidated Financial Statements

(unaudited)

NOTE 1 THE COMPANY AND BASIS OF PRESENTATION

The Company

Radiant Logistics, Inc. (the Company) is a non-asset based transportation and logistics services company providing customers domestic and international freight forwarding services through a network of company-owned and independent agent offices operating under the Radiant, Airgroup, Adcom, DBA and On Time network brands. The Company also offers an expanding array of value-added supply chain management services, including customs and property brokerage, order fulfillment, inventory management and warehousing.

Through the Company's operating locations across North America, the Company offers domestic and international air, ocean and ground freight forwarding to a large and diversified account base consisting of manufacturers, distributors and retailers. The Company's primary business operations involve arranging the shipment, on behalf of their customers, of materials, products, equipment and other goods that are generally larger than shipments handled by integrated carriers of primarily small parcels, such as FedEx, DHL and UPS. The Company provides a wide range of value-added logistics solutions to meet customers' specific requirements for transportation and related services, including arranging and monitoring all aspects of material flow activity utilizing advanced information technology systems.

The Company's value-added logistics solutions are provided through their multi-brand network of company-owned and independent agent offices, using a network of independent air, ground and ocean carriers and international operating partners strategically positioned around the world. The Company creates value for their customers and independent agents through, among other things, customized logistics solutions, global reach, brand awareness, purchasing power, and infrastructure benefits, such as centralized back-office operations, and advanced transportation and accounting systems.

The Company's growth strategy will continue to focus on a combination of both organic and acquisition initiatives. For organic growth, the Company will focus on strengthening and retaining existing, and expanding new customer and agency relationships. In addition to its focus on organic growth, the Company will continue to search for acquisition candidates that bring critical mass from a geographic standpoint, purchasing power and/or complementary service offerings to the current platform. As the Company continues to grow and scale the business, the Company remains focused on leveraging its back-office infrastructure to drive productivity improvement across the organization. In addition, the Company is also developing density with in certain trade lanes which creates opportunities to more efficiently source and manage transportation capacity for existing freight volumes.

Interim Disclosure

The condensed consolidated financial statements included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. The Company's management believes that the disclosures are adequate to make the information presented not misleading. These condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2013.

The interim period information included in this Quarterly Report on Form 10-Q reflects all adjustments, consisting of normal recurring adjustments, that are, in the opinion of the Company's management, necessary for a fair statement of the results of the respective interim periods. Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year.

Basis of Presentation

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as well as a single variable interest entity, Radiant Logistics Partners, LLC (RLP), which is 40% owned by RGL, and 60% owned by Radiant Capital Partners, LLC (RCP, see Note 7), an affiliate of Bohn H. Crain, the Company's Chief Executive Officer, whose accounts are included in the condensed consolidated financial statements. All significant intercompany balances and transactions have been eliminated.

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The preparation of financial statements and related disclosures in accordance with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates include revenue recognition, accruals for the cost of purchased transportation, the fair value of acquired assets and liabilities, changes in contingent consideration, accounting for the issuance of shares and share-based compensation, the assessment of the recoverability of long-lived assets and goodwill, and the establishment of an allowance for doubtful accounts. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the period that they are determined to be necessary. Actual results could differ from those estimates.

b) Fair Value Measurements

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

c) Fair Value of Financial Instruments

The fair values of the Company's receivables, accounts payable and accrued transportation costs, commissions payable, other accrued costs and amounts due to former shareholders of acquired operations approximate the carrying values due to the relatively short maturities of these instruments. The fair value of the Company's credit facility, DBA notes payable, and other long-term liabilities would not differ significantly from the recorded amount if recalculated based on current interest rates. The fair value of the subordinated Caltius notes payable is not practicable to determine given the complex terms associated with this instrument. Contingent consideration attributable to the Company's acquisitions are reported at fair value using Level 3 inputs.

d) Cash and Cash Equivalents

For purposes of the statements of cash flows, cash equivalents include all highly liquid investments with original maturities of three months or less that are not securing any corporate obligations. Checks issued by the Company that have not yet been presented to the bank for payment are reported as accounts payable and commissions payable in the accompanying consolidated balance sheets. Accounts payable and commissions payable includes outstanding payments which had not yet been presented to the bank for payment in the amounts of \$2,222,614 and \$4,775,189 as of September 30, 2013 and June 30, 2013, respectively.

e) Concentrations

The Company maintains its cash in bank deposit accounts that, at times, may exceed federally-insured limits. The Company has not experienced any losses in such accounts.

f) Accounts Receivable

The Company's receivables are recorded when billed and represent claims against third parties that will be settled in cash. The carrying value of the Company's receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The Company evaluates the collectability of accounts receivable on a customer-by-customer basis. The Company records a reserve for bad debts against amounts due to reduce the net recognized receivable to an amount the Company believes will be reasonably collected. The reserve is a discretionary amount determined from the analysis of the aging of the accounts receivables, historical experience and knowledge of specific customers.

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The Company derives a substantial portion of its revenue through independently-owned agent offices operating under the various Company brands. Each individual agent office is responsible for some or all of the bad debt expense related to the underlying customers being serviced by the office. To facilitate this arrangement, each office is required to maintain a security deposit with the Company that is recognized as a liability in the Company's financial statements. The Company charges each individual office's bad debt reserve account for any accounts receivable aged beyond 90 days. The bad debt reserve account is continually replenished with a portion (typically 5% - 10%) of the office's weekly commission check being directed to fund this account. However, the bad debt reserve account may carry a deficit balance when amounts charged to this reserve exceed amounts otherwise available in the bad debt reserve account. In these circumstances, deficit bad debt reserve accounts are recognized as a receivable in the Company's financial statements. Further, the agency agreements provide that the Company may withhold all or a portion of future commission checks payable to the individual office in satisfaction of any deficit balance. Currently, a number of the Company's agency offices have a deficit balance in their bad debt reserve account. The Company expects to replenish these funds through the future business operations of these offices. However, to the extent any of these offices were to cease operations or otherwise be unable to replenish these deficit accounts, the Company would be at risk of loss for any such amount. The Company is currently in collection proceedings against two customers who owe the Company approximately \$1.1 million. The Company has expensed its portion of these amounts. While there can be no assurance as to the amount that may be recovered in the future, the Company does not believe its exposure to these customers will be material based upon, among others: (i) the Company's historic collection experience; (ii) the portion of the bad debt recoverable from the individual agency location responsible for the account; and (iii) the anticipated recovery likely from these customers.

g) Furniture and Equipment

Technology (computer software, hardware, and communications), furniture, and equipment are stated at cost, less accumulated depreciation over the estimated useful lives of the respective assets. Depreciation is computed using five to seven year lives for vehicles, communication, office, furniture, and computer equipment using the straight line method of depreciation. Computer software is depreciated over a three year life using the straight line method of depreciation. For leasehold improvements, the cost is depreciated over the shorter of the lease term or useful life on a straight line basis. Upon retirement or other disposition of these assets, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is reflected in other income or expense. Expenditures for maintenance, repairs and renewals of minor items are charged to expense as incurred. Major renewals and improvements are capitalized.

h) Goodwill

Goodwill represents the excess of purchase price over the value assigned to the net tangible and identifiable intangible assets of a business acquired. The Company typically performs its annual goodwill impairment test effective as of April 1 of each year, unless events or circumstances indicate impairment may have occurred before that time. The Company assesses qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. After assessing qualitative factors, the Company determined that no further testing was necessary. If further testing was necessary, the Company would have performed a two-step impairment test for goodwill. The first step requires the Company to determine the fair value of each reporting unit, and compare the fair value to the reporting unit's carrying amount. The Company has only one reporting unit. To the extent a reporting unit's carrying amount exceeds its fair value, an indication exists that the reporting unit's goodwill may be impaired and the Company must perform a second more detailed impairment assessment. The second impairment assessment involves allocating the reporting unit's fair value to all of its recognized and unrecognized assets and liabilities in order to determine the implied fair value of the reporting unit's goodwill as of the assessment date. The implied fair value of the reporting unit's goodwill is then compared to the carrying amount of goodwill to quantify an impairment charge as of the assessment date. As of September 30, 2013, management believes there are no indications of impairment.

i) Long-Lived Assets

Acquired intangibles consist of customer related intangibles and non-compete agreements arising from the Company's acquisitions. Customer related intangibles are amortized using accelerated methods over approximately five years and non-compete agreements are amortized using the straight line method over the term of the underlying agreements.

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The Company reviews long-lived assets to be held-and-used for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset is less than its carrying amount, the asset is considered to be impaired. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. Management has performed a review of all long-lived assets and has determined no impairment of the respective carrying value has occurred as of September 30, 2013.

j) Business Combinations

The Company accounts for business combinations using the purchase method of accounting and allocates the purchase price to the tangible and intangible assets acquired and the liabilities assumed based upon their estimated fair values at the acquisition date. The difference between the purchase price and the fair value of the net assets acquired is recorded as goodwill. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, the estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in the consolidated statements of operations.

The fair values of intangible assets acquired are estimated using a discounted cash flow approach with Level 3 inputs. Under this method, an intangible asset's fair value is equal to the present value of the incremental after-tax cash flows (excess earnings) attributable solely to the intangible asset over its remaining useful life. To calculate fair value, the Company uses risk-adjusted cash flows discounted at rates considered appropriate given the inherent risks associated with each type of asset. The Company believes the level and timing of cash flows appropriately reflects market participant assumptions.

The Company determines the acquisition date fair value of the contingent consideration payable based on the likelihood of paying the contingent consideration as part of the consideration transferred. The fair value is estimated using projected future operating results and the corresponding future earn-out payments that can be earned upon the achievement of specified operating objectives and financial results by our acquired companies using Level 3 inputs and the amounts are then discounted to present value. These liabilities are measured quarterly at fair value, and any change in the contingent liability is included in the consolidated statements of operations.

k) Commitments

The Company has operating lease commitments for equipment rentals, office space, and warehouse space under non-cancelable operating leases expiring at various dates through May 2021. Rent expense is recognized straight line over the term of the lease. Minimum future lease payments (excluding the lease termination liability) under these non-cancelable operating leases for the next five fiscal years ending June 30 and thereafter are as follows:

2014 (remaining portion)	\$	1,048,243
2015		1,056,043
2016		614,323
2017		325,463
2018		325,239
Thereafter		977,017
Total minimum lease payments	\$	4,346,328

Rent expense amounted to \$359,344 and \$536,907 for the three months ended September 30, 2013 and 2012, respectively.

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l) Lease Termination Costs

Lease termination costs consist of expenses related to future rent payments for which we no longer intend to receive any economic benefit. A liability is recorded when we cease to use leased space. Lease termination costs are calculated as the present value of lease payments, net of expected sublease income, and the loss on disposition of assets. During the three months ended September 30, 2013, the Company paid \$50,721 of the liability.

m) 401(k) Savings Plan

The Company has an employee savings plan under which the Company provides safe harbor matching contributions. The Company's contributions under the plans were \$66,718 and \$68,053 for the three months ended September 30, 2013 and 2012, respectively.

n) Income Taxes

Deferred income taxes are reported using the liability method. Deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company reports a liability for unrecognized tax benefits resulting from uncertain income tax positions taken or expected to be taken in an income tax return. Estimated interest and penalties are recorded as a component of interest expense or other expense, respectively.

o) Revenue Recognition and Purchased Transportation Costs

The Company is the primary obligor responsible for providing the service desired by the customer and is responsible for fulfillment, including the acceptability of the service(s) ordered or purchased by the customer. At the Company's sole discretion, it sets the prices charged to its customers, and is not required to obtain approval or consent from any other party in establishing its prices. The Company has multiple suppliers for the services it sells to its customers, and has the absolute and complete discretion and right to select the supplier that will provide the product(s) or service(s) ordered by a customer, including changing the supplier on a shipment-by-shipment basis. In most cases, the Company determines the nature, type, characteristics, and specifications of the service(s) ordered by the customer. The Company also assumes credit risk for the amount billed to the customer.

As a non-asset based carrier, the Company does not own transportation assets. The Company generates the major portion of its freight forwarding revenues by purchasing transportation services from direct (asset-based) carriers and reselling those services to its customers. Based upon the terms in the contract of carriage, revenues related to shipments where the Company issues a House Airway Bill or a House Ocean Bill of Lading are recognized at the time the freight is tendered to the direct carrier at origin net of taxes. Costs related to the shipments are also recognized at this same time based upon anticipated margins, contractual arrangements with direct carriers, and other known factors. The estimates are routinely monitored and compared to actual invoiced costs. The estimates are adjusted as deemed necessary by the Company to reflect differences between the original accruals and actual costs of purchased transportation.

This method generally results in recognition of revenues and purchased transportation costs earlier than the preferred methods under GAAP which does not recognize revenue until a proof of delivery is received or which recognizes revenue as progress on the transit is made. The Company's method of revenue and cost recognition does not result in a material difference from amounts that would be reported under such other methods.

All other revenue, including revenue from other value added services including brokerage, warehousing and fulfillment services, is recognized upon completion of the service.

p) Share-Based Compensation

The Company has issued restricted stock awards and stock options to certain directors, officers and employees. The Company accounts for share-based compensation under the fair value recognition provisions such that compensation cost is measured at the grant date based on the value of the award and is expensed ratably over the vesting period. Determining the fair value of share-based awards at the grant date requires judgment, including estimating the

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percentage of awards that will be forfeited, stock volatility, the expected life of the award, and other inputs. If actual forfeitures differ significantly from the estimates, share-based compensation expense and the Company's results of operations could be materially impacted. The Company issues new shares of common stock to satisfy exercises and vesting of awards granted under our stock plan.

The Company recorded share-based compensation expense of \$133,189 and \$101,501 for the three months ended September 30, 2013 and 2012, respectively.

q) Basic and Diluted Income per Share

Basic income per share is computed by dividing net income attributable to common stockholders by the weighted average number of common shares outstanding. Diluted income per share is computed similar to basic income per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares, such as stock options, had been issued and if the additional common shares were dilutive.

For the three months ended September 30, 2013, the weighted average outstanding number of potentially dilutive common shares totaled 35,987,483, including options to purchase 5,785,780 shares of common stock as of September 30, 2013, of which 1,741,050 were excluded as their effect would have been anti-dilutive. For the three months ended September 30, 2012, the weighted average outstanding number of potentially dilutive common shares totaled 35,602,281 shares of common stock, including options to purchase 4,948,719 shares of common stock as of September 30, 2012, of which 1,240,803 were excluded as their effect would have been anti-dilutive.

The following table reconciles the numerator and denominator of the basic and diluted per share computations for earnings per share as follows:

	Three months ended September 30,	
	2013	2012
Weighted average basic shares outstanding	33,337,362	33,031,110
Dilutive effect of share-based awards	2,650,121	2,571,171
Weighted average dilutive shares outstanding	35,987,483	35,602,281

r) Other Comprehensive Income

The Company has no components of Other Comprehensive Income and, accordingly, no Statement of Comprehensive Income has been included in the accompanying condensed consolidated financial statements.

s) Reclassifications

Certain amounts for prior periods have been reclassified in the accompanying condensed consolidated financial statements to conform to the classification used in fiscal year 2013.

NOTE 3 FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following:

	September 30,	June 30,
	2013	2013

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Vehicles	\$	30,288	\$	30,288
Communication equipment		36,341		36,341
Office and warehouse equipment		313,721		313,721
Furniture and fixtures		197,710		197,710
Computer equipment		659,941		621,511
Computer software		1,819,639		1,816,332
Leasehold improvements		754,663		752,723
		3,812,303		3,768,626
Less: Accumulated depreciation and amortization		(2,608,426)		(2,478,808)
Furniture and equipment, net	\$	1,203,877	\$	1,289,818

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Depreciation and amortization expense related to furniture and equipment was \$129,618 and \$162,709 for the three months ended September 30, 2013 and 2012, respectively.

NOTE 4 ACQUIRED INTANGIBLE ASSETS

The table below reflects acquired intangible assets related to the acquisitions of Airgroup, Automotive Services Group, Adcom, DBA, ISLA, ALBS, Marvir and IFS:

	September 30, 2013		June 30, 2013	
	Gross		Gross	
	Carrying	Accumulated	Carrying	Accumulated
	Amount	Amortization	Amount	Amortization
Amortizable intangible assets:				
Customer related	\$ 19,505,640	\$ 11,195,790	\$ 19,505,640	\$ 10,511,810
Covenants not to compete	450,000	229,167	450,000	212,667
Total	\$ 19,955,640	\$ 11,424,957	\$ 19,955,640	\$ 10,724,477

Amortization expense amounted to \$700,480 and \$957,095 for the three months ended September 30, 2013 and 2012, respectively. Future amortization expense for the fiscal years ending June 30 are as follows:

2014 (remaining portion)	\$ 1,649,695
2015	1,849,111
2016	2,954,003
2017	1,966,974
2018	110,900
	\$ 8,530,683

NOTE 5 NOTES PAYABLE AND OTHER LONG-TERM DEBT

Notes payable and other long-term debt consist of the following:

	September 30,	June 30,
	2013	2013
Notes Payable Caltius	\$ 8,000,000	\$ 10,000,000
Less: Original Issue Discount (net)	(849,412)	(899,700)
Less: Debt Issuance Costs (net)	(460,785)	(488,065)

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Total Caltius Senior Subordinated Notes (net)	6,689,803	8,612,235
Notes Payable to former shareholders of DBA	767,091	767,091
Long-Term Credit Facility	17,049,612	8,601,189
<hr/>		
Total notes payable and other long-term debt	24,506,506	17,980,515
Less: Current portion	(767,091)	(767,091)
<hr/>		
Total notes payable and other long-term debt	\$ 23,739,415	\$ 17,213,424

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Future maturities of notes payable and other long-term debt for the fiscal years ending June 30 and thereafter are as follows:

2014 (remaining portion)	\$	767,091
2015		-
2016		17,049,612
2017		8,000,000
	\$	25,816,703

Bank of America Credit Facility

The Company has a \$30.0 million senior credit facility (the *Credit Facility*) with Bank of America, N.A. (the *Lender*). The *Credit Facility* includes a \$2.0 million sublimit to support letters of credit and matures the earlier of 1) six months prior to the December 1, 2016 maturity of the Senior Subordinated Notes, or 2) August 9, 2018.

Through the first anniversary of the *Credit Facility*, borrowings accrue interest, at the Company's option, at the Lender's prime rate minus 0.50% or LIBOR plus 2.25%. The rates can be subsequently adjusted based on the Company's fixed charge coverage ratio at the Lender's base rate plus 0.0% to 0.50% or LIBOR plus 1.50% to 2.25%. The *Credit Facility* is collateralized by the Company's accounts receivable and other assets of its subsidiaries.

The available borrowing amount is limited to up to 85% of eligible domestic accounts receivable and, subject to certain sub-limits, 75% of eligible accrued but unbilled receivables and foreign accounts receivable. Borrowings are available to fund future acquisitions, capital expenditures, repurchase of Company stock or for other corporate purposes. The terms of the *Credit Facility* are subject to customary financial and operational covenants, including covenants that may limit or restrict the ability to, among other things, borrow under the *Credit Facility*, incur indebtedness from other lenders, and make acquisitions. As of September 30, 2013, the Company was in compliance with all of its covenants.

As of September 30, 2013, based on available collateral and \$286,800 in outstanding letter of credit commitments, there was approximately \$8,851,000 available for borrowing under the *Credit Facility* based on advances outstanding.

Caltius Senior Subordinated Notes

In connection with the Company's acquisition of ISLA, the Company entered into an Investment Agreement with Caltius Partners IV, LP and Caltius Partners Executive IV, LP (collectively, *Caltius*). Under the Investment Agreement, *Caltius* provided the Company with a \$10.0 million aggregate principal amount evidenced by the issuance of senior subordinated notes (the *Senior Subordinated Notes*), the net proceeds of which were primarily used to finance the cash payments due at closing of the ISLA transaction. The *Senior Subordinated Notes* accrue interest at the rate of 13.5% per annum (the *Accrual Rate*), and must be paid currently in cash on a quarterly basis at a rate of 11.75% per annum (the *Pay Rate*). The outstanding principal balance of the *Senior Subordinated Notes* will be increased by an amount (the *PIK Amount*) equal to the difference between interest accrued at the *Accrual Rate* and Interest Accrued at the *Pay Rate* unless the Company makes an election to pay the *PIK Amount* in cash. The Company has exercised its option to pay all *PIK* in cash. The *Senior Subordinated Notes* are non-amortizing, with all principal due upon maturity at December 1, 2016. The Company repaid \$2.0 million of principal during the three months ended September 30, 2013.

The terms of the Investment Agreement are subject to customary financial and operational covenants, including covenants that may limit or restrict the ability to, among other things, incur indebtedness from other lenders, and make acquisitions. As of September 30, 2013, the Company was in compliance with all of its covenants under the Investment Agreement.

DBA Notes Payable

In connection with the DBA acquisition, the Company issued notes payable in the amount of \$4.8 million payable to the former shareholders of DBA. The notes accrue interest at a rate of 6.5%, and such interest is payable quarterly. The Company elected to satisfy \$2.4 million of the notes

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through the issuance of the Company's common stock. The principal amount of the notes is payable annually on April 6 with the final installment due in fiscal year 2014.

Table of Contents**NOTE 6 STOCKHOLDERS EQUITY****Preferred Stock**

The Company is authorized to issue 5,000,000 shares of preferred stock, par value at \$.001 per share. As of September 30, 2013 and June 30, 2013, none of the shares were issued or outstanding.

Common Stock Repurchase Program

The Company's Board of Directors in November 2012 approved the repurchase of a maximum of 3,000,000 shares of Company common stock through December 31, 2013 to be retired as purchased. No shares have been repurchased during the three months ended September 30, 2013.

NOTE 7 VARIABLE INTEREST ENTITY AND RELATED PARTY TRANSACTIONS

RLP is owned 40% by RGL and 60% by RCP, a company for which the Chief Executive Officer of the Company is the sole member. RLP is a certified minority business enterprise that was formed for the purpose of providing the Company with a national accounts strategy to pursue corporate and government accounts with diversity initiatives. RCP's ownership interest entitles it to a majority of the profits and distributable cash, if any, generated by RLP. The operations of RLP are intended to provide certain benefits to the Company, including expanding the scope of services offered by the Company and participating in supplier diversity programs not otherwise available to the Company. In the course of evaluating and approving the ownership structure, operations and economics emanating from RLP, a committee consisting of the independent Board member of the Company, considered, among other factors, the significant benefits provided to the Company through association with a minority business enterprise, particularly as many of the Company's largest current and potential customers have a need for diversity offerings. In addition, the Committee concluded that the economic relationship with RLP was on terms no less favorable to the Company than terms generally available from unaffiliated third parties.

Certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have the sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties are considered variable interest entities. RLP qualifies as a variable interest entity and is included in the Company's condensed consolidated financial statements.

For the three months ended September 30, 2013, RLP recorded \$27,737 in profits, of which RCP's distributable share was \$16,642. For the three months ended September 30, 2012, RLP recorded \$50,435 in profits, of which RCP's distributable share was \$30,261. The non-controlling interest recorded as a reduction of income on the statements of operations represents RCP's distributive share.

NOTE 8 FAIR VALUE MEASUREMENTS

The following table sets forth the Company's financial liabilities measured at fair value on a recurring basis:

Fair Value Measurements as of September 30, 2013

	Level 3	Total
Contingent consideration	\$ 3,830,000	\$ 3,830,000

Fair Value Measurements as of June 30, 2013

	Level 3	Total
Contingent consideration	\$ 4,025,000	\$ 4,025,000

The Company has contingent obligations to transfer cash payments and equity shares to former shareholders of acquired operations in conjunction with certain acquisitions if specified operating results and financial objectives are met over the next three fiscal years. Contingent consideration is measured quarterly at fair value, and any change in the contingent liability is included in the consolidated statements of operations. The Company recorded a decrease to contingent consideration of \$195,000 and an increase to contingent consideration of \$50,000 for the three months

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ended September 30, 2013 and 2012, respectively, primarily for the ISLA and ALBS acquisitions. The reductions in contingent consideration were a result of the acquisitions not meeting their anticipated financial targets and additionally management's judgment surrounding the projected future operating results of the acquired businesses relative to the specified operating objectives and financial targets associated with earn-outs in their respective agreements.

The Company uses projected future financial results based on recent and historical data to value the anticipated future earn-out payments. To calculate fair value, the future earn-out payments were then discounted using Level 3 inputs. The Company has classified the contingent consideration as Level 3 due to the lack of relevant observable market data over fair value inputs. The Company believes the discount rate used to discount the earn-out payments reflects market participant assumptions. Changes in assumptions and operating results could have a significant impact on the earn-out amount, up to a maximum of \$11,800,000 through earn-out periods measured through February 2016.

The following table provides a reconciliation of the beginning and ending liabilities for the liabilities measured at fair value using significant unobservable inputs (Level 3):

	Contingent consideration
Balance, June 30, 2013	\$ 4,025,000
Change in fair value	(195,000)
Balance, September 30, 2013	\$ 3,830,000

NOTE 9 PROVISION FOR INCOME TAXES

	Three months ended September 30,	
	2013	2012
Current income tax expense	\$ 802,472	\$ 714,072
Deferred income tax benefit	(150,637)	(374,068)
Income tax expense	\$ 651,835	\$ 340,004

Tax years which remain subject to examination by federal and state authorities are the years ended June 30, 2010 through June 30, 2013.

NOTE 10 SHARE-BASED COMPENSATION

Stock Awards

The Company granted restricted stock awards to certain employees in August 2012. The shares are restricted in transferability for a term of up to five years and are forfeited in the event the employee terminates employment prior to the lapse of the restriction. The awards generally vest ratably over a five-year period. During the three months ended September 30, 2013 and 2012, the Company recognized share-based compensation expense of \$1,261 and \$7,181, respectively, related to stock awards. During the three months ended September 30, 2013 there was no change to the 10,804 unvested shares.

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In July 2013, the Company issued options to certain employees and directors to purchase 300,000 shares of common stock at an exercise price of \$1.91 per share. In September 2013, the Company issued options to certain employees to purchase 229,999 shares of common stock at an exercise price of \$2.20 per share. The options generally vest ratably over a five-year period.

During the three months ended September 30, 2013, the weighted average fair value per share of employee options granted was \$1.26. The fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions for each issuance of options:

	Three months ended September 30, 2013
Risk-Free Interest Rate	1.95% - 2.02%
Expected Term	6.5 years
Expected Volatility	64.60% - 64.91%
Expected Dividend Yield	0.00%

During the three months ended September 30, 2013 and 2012, the Company recognized share-based compensation expense related to stock options of \$131,928 and \$94,320, respectively. The following table summarizes activity under the plan for the three months ended September 30, 2013:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life - Years	Aggregate Intrinsic Value
Outstanding as of June 30, 2013	5,255,781	\$ 1.05	5.08 years	\$ 5,110,000
Granted	529,999	2.04	10.00 years	-
Outstanding as of September 30, 2013	5,785,780	\$ 0.88	5.37 years	\$ 6,275,386
Exercisable as of September 30, 2013	3,662,932	\$ 0.65	3.23 years	\$ 5,715,131

NOTE 11 CONTINGENCIES**Legal Proceedings***DBA Distribution Services, Inc.*

In December 2012, an arbitrator awarded the Company net damages of \$698,623 from the former shareholders of DBA, finding that the former shareholders breached certain representations and warranties contained in the DBA Agreement. In addition, the arbitrator found that Paul Pollara breached his noncompetition obligation to the Company and enjoined Mr. Pollara from engaging in any activity in contravention of his obligations of noncompetition and non-solicitation, including activities that relate to Santini Productions and his spouse, Brettta Santini Pollara until March 2016. The award also provided that the former DBA Shareholders and Mr. Pollara must pay to the Company the administrative fees, compensation and expenses of the arbitrator associated with the arbitration. The award has been off-set against amounts due to former shareholders of acquired operations. The gain on litigation settlement was recorded net of judgment interest and associated legal costs.

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In a related matter, in December 2011, Ms. Pollara filed a claim for declaratory relief against the Company seeking an order stipulating that she is not bound by the non-compete covenant contained within the DBA Agreement signed by her husband, Mr. Pollara. On January 23, 2012, the Company filed a counterclaim against Ms. Pollara, her company Santini Productions, Daniel Reffner (a former employee of the Company now working for Ms. Pollara), and Oceanair, Inc. (Oceanair, a company doing business with Santini Productions). The Company's counterclaim alleges claims for statutory and common law misappropriation of trade secrets, breach of duty of loyalty, and unfair competition, and seeks damages in excess of \$500,000. Following certain procedural motions, two of our wholly-owned subsidiaries, DBA and RGL, intervened and filed a Second Amendment Counterclaim in the lawsuit. After further procedural matters were addressed, the claims that remain at issue are: (1) DBA's statutory trade secret misappropriation claim against Ms. Pollara, Santini Productions, and Oceanair; (2) RGL's and DBA's claims for interference with contractual relations against Oceanair; and (3) RGL's and DBA's claim for inducement to breach contract against Oceanair. A trial date is scheduled for April 2014.

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In addition to the foregoing, the Company is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

Contingent Consideration and Earn-out Payments

The Company's agreements with respect to the acquisitions of ISLA, ALBS, Marvir, and IFS contain future consideration provisions which provide for the selling shareholder to receive additional consideration if specified operating objectives and financial results are achieved in future periods, as defined in their respective agreements. Any changes to the fair value of the contingent consideration are recorded in the consolidated statements of operations. Earn-out payments are generally due annually on November 1, and 90 days following the quarter of the final earn-out period for each respective acquisition.

The following table represents the estimated undiscounted earn-out payments to be paid in each of the following fiscal years:

	2014	2015	2016	Total
	(remaining)			
Earn-out payments (in thousands):				
Cash	\$ 259	\$ 513	\$ 2,578	\$ 3,350
Equity	58	37	539	634
Total estimated earn-out payments⁽¹⁾	\$ 317	\$ 550	\$ 3,117	\$ 3,984

(1) The Company generally has the right but not the obligation to satisfy a portion of the earn-out payments in stock.

NOTE 12 OPERATING AND GEOGRAPHIC SEGMENT INFORMATION

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker, or decision-making group, in making decisions regarding allocation of resources and assessing performance. The Company's chief operating decision-maker is the Chief Executive Officer. The Company continues to operate in a single operating segment.

The Company's revenue generated within the United States consists of any shipment whose origin and destination is within the United States. The following data presents the Company's revenue generated from shipments to and from the United States and all other countries, which is determined based upon the geographic location of a shipment's initiation and destination points (in thousands):

	United States		Other Countries		Total	
	2013	2012	2013	2012	2013	2012
Three months ended September 30:						
Revenue	\$ 44,505	\$ 42,617	\$ 32,197	\$ 36,531	\$ 76,702	\$ 79,148
Cost of transportation	29,106	28,240	24,375	28,670	53,481	56,910
Net revenue	\$ 15,399	\$ 14,377	\$ 7,822	\$ 7,861	\$ 23,221	\$ 22,238

NOTE 13 SUBSEQUENT EVENT

On October 1, 2013, through a wholly-owned subsidiary, the Company acquired the stock of On Time Express, Inc. The acquisition is valued at an aggregate base purchase price of up to \$20.0 million, consisting of \$7.0 million paid in cash at closing, \$0.5 million paid through the issuance of 237,320 shares of common stock, \$0.5 million held-back upon final determination of working capital, \$2.0 million of notes payable to the former shareholders payable in four quarterly installments, and up to \$10.0 million in Tier-1 earn-out payments covering the four-year earn-out

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period immediately following closing. In addition to the base purchase price, a Tier-2 earn-out payment can be earned if the cumulative adjusted EBITDA over the four year earn-out period exceeds the target. The results of operations for the business acquired will be included in our financial statements as of the date of purchase. The Company is in the process of valuing the assets acquired and liabilities assumed based on their estimated fair values at the date these financial statements were issued.

**ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This report contains forward-looking statements within the meaning set forth in United States securities laws and regulations that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business, financial performance and financial condition, and often contain words such as anticipate, believe, estimates, expect, future, intend, may, plan, seek, see, strategy, or will or the negative thereof or any variation thereon or similar terminology or expressions. These forward-looking statements are not guarantees and are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: continued relationships with our independent agents; challenges in locating suitable acquisition opportunities and securing the financing necessary to complete such acquisitions; general industry conditions and competition; domestic and international economic and political factors; transportation costs; our ability to mitigate, to the best extent possible, our dependence on current management and certain of our larger agency locations; laws and governmental regulations affecting the transportation industry in general and our operations in particular; and such other factors that may be identified from time to time in our Securities and Exchange Commission (SEC) filings and other public announcements including those set forth below under the caption Risk Factors in Part I, Item 1A of our Annual Report on Form 10-K for the year ended June 30, 2013. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the foregoing. Readers are cautioned not to place undue reliance on our forward-looking statements, as they speak only as of the date made. Except as required by law, we assume no duty to update or revise our forward-looking statements.

The following discussion and analysis of our financial condition and result of operations should be read in conjunction with the financial statements and the related notes and other information included elsewhere in this report.

Overview

We are a non-asset based transportation and logistics services company providing customers domestic and international freight forwarding services through a network of company-owned and independent agent offices operating under the Radiant, Airgroup, Adcom, DBA and On Time network brands. We also offer an expanding array of value-added supply chain management services, including customs and property brokerage, order fulfillment, inventory management and warehousing.

Through our operating locations across North America, we offer domestic and international air, ocean and ground freight forwarding to a large and diversified account base consisting of manufacturers, distributors and retailers. Our primary business operations involve arranging the shipment, on behalf of our customers, of materials, products, equipment and other goods that are generally larger than shipments handled by integrated carriers of primarily small parcels, such as FedEx, DHL and UPS. We provide a wide range of value-added logistics solutions to meet customers’ specific requirements for transportation and related services, including arranging and monitoring all aspects of material flow activity utilizing advanced information technology systems.

Our value-added logistics solutions are provided through our multi-brand network of company-owned and independent agent offices, using a network of independent air, ground and ocean carriers and international operating partners strategically positioned around the world. We create value for our customers and independent agents through, among other things, our customized logistics solutions, global reach, brand awareness, purchasing power, and infrastructure benefits, such as centralized back-office operations, and advanced transportation and accounting systems.

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As we continue to grow and scale the business, we are developing density in our trade lanes which creates opportunities for us to more efficiently source and manage our transportation capacity. In pursuing this opportunity, we recently launched an organic initiative to offer truck brokerage capabilities through our wholly-owned subsidiary, Radiant Transportation Services, Inc. in an effort to internalize a portion of purchased transportation expenditures with our unaffiliated third party truck brokers and expand the margin characteristics of our existing business.

Our most recent purchase was the acquisition of Phoenix, Arizona based On Time Express, Inc. (On Time). On Time is a solutions based logistics company that has developed a dedicated line-haul network that it leverages in delivering customized time critical domestic and international logistics solutions to an account base that includes customers in the aviation, aerospace, plastic injection molding, medical device, furniture and automotive industries. It is our expectation that On Time will continue to operate as a stand-alone business unit separate from RGL and in addition to supporting its own end customers, will also provide transportation capacity to our operating locations across North America via its dedicated line-haul network with LTL and expedited ground service. We believe that access to On Time's dedicated line-haul network will provide transportation capacity to our other operating locations across North America and serve as a catalyst for margin expansion in our existing business and a competitive differentiator in the marketplace to help us secure new customers and attract additional agent offices to our network.

Our growth strategy will continue to focus on both organic growth and growth through acquisition. For organic growth, we will focus on enhancing our back-office infrastructure, transportation and accounting systems, strengthening and retaining existing agency relationships, and expanding new customer agency relationships and limited expansion into strategic locations in Asia. Since our acquisition of Airgroup in January 2006, we have focused our efforts on the build-out of our network of independent agency offices, as well as enhancing our back-office infrastructure, transportation and accounting systems. In addition to the focus on organic growth, we also will continue to search for targets that fit within our acquisition criteria.

Performance Metrics

Our principal source of income is derived from freight forwarding services. As a freight forwarder, we arrange for the shipment of our customers freight from point of origin to point of destination. Generally, we quote our customers a turnkey cost for the movement of their freight. Our price quote will often depend upon the customer's time-definite needs (first day through fifth day delivery), special handling needs (heavy equipment, delicate items, environmentally sensitive goods, electronic components, etc.), and the means of transport (motor carrier, air, ocean or rail). In turn, we assume the responsibility for arranging and paying for the underlying means of transportation.

Our transportation revenue represents the total dollar value of services we sell to our customers. Our cost of transportation includes direct costs of transportation, including motor carrier, air, ocean and rail services. We act principally as the service provider to add value in the execution and procurement of these services to our customers. Our net transportation revenue (gross transportation revenue less the direct cost of transportation) is the primary indicator of our ability to source, add value and resell services provided by third parties, and is considered by management to be a key performance measure. In addition, management believes measuring its operating costs as a function of net transportation revenue provides a useful metric, as our ability to control costs as a function of net transportation revenue directly impacts operating earnings.

Our operating results will be affected as acquisitions occur. Since all acquisitions are made using the purchase method of accounting for business combinations, our financial statements will only include the results of operations and cash flows of acquired companies for periods subsequent to the date of acquisition.

Our GAAP-based net income will be affected by non-cash charges relating to the amortization of customer related intangible assets and other intangible assets attributable to completed acquisitions. Under applicable accounting standards, purchasers are required to allocate the total consideration in a business combination to the identified assets acquired and liabilities assumed based on their fair values at the time of acquisition. The excess of the consideration paid over the fair value of the identifiable net assets acquired is to be allocated to goodwill, which is tested at least annually for impairment. Applicable accounting standards require that we separately account for and value certain identifiable intangible assets based on the unique facts and circumstances of each acquisition. As a result of our acquisition strategy, our net income will include material non-cash charges relating to the amortization of customer related intangible assets and other intangible assets acquired in our acquisitions and changes in contingent consideration. Although these charges may increase as we complete more acquisitions, we believe we

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will be growing the value of our intangible assets (e.g., customer relationships). Thus, we believe that earnings before interest, taxes, depreciation and amortization, or EBITDA, is a useful financial measure for investors because it eliminates the effect of these non-cash costs and provides an important metric for our business.

Further, the financial covenants of our senior subordinated notes are measured against adjusted EBITDA which excludes costs related to share-based compensation expense, change in contingent consideration, extraordinary items and other non-cash charges.

Our compliance with the financial covenants of our borrowing arrangements is particularly important given the materiality of these facilities to our day-to-day operations and overall acquisition strategy. Our debt capacity, subject to the requisite collateral at an advance rate of up to 85% of eligible domestic accounts receivable and, subject to certain sub-limits, 75% of eligible accrued but unbilled receivables and eligible foreign accounts receivables, is limited to a multiple of our consolidated EBITDA (as adjusted) as measured on a rolling four quarter basis. If we fail to comply with these covenants and are unable to secure a waiver or other relief, our financial condition would be materially weakened and our ability to fund day-to-day operations would be materially and adversely affected. Accordingly, we intend to employ EBITDA and adjusted EBITDA as management tools to measure our historical financial performance and as a benchmark for future financial flexibility.

Our operating results are also subject to seasonal trends when measured on a quarterly basis. The impact of seasonality on our business will depend on numerous factors, including the markets in which we operate, holiday seasons, consumer demand and economic conditions. Since our revenue is largely derived from customers whose shipments are dependent upon consumer demand and just-in-time production schedules, the timing of our revenue is often beyond our control. Factors such as shifting demand for retail goods and/or manufacturing production delays could unexpectedly affect the timing of our revenue. As we increase the scale of our operations, seasonal trends in one area of our business may be offset to an extent by opposite trends in another area. We cannot accurately predict the timing of these factors, nor can we accurately estimate the impact of any particular factor, and thus we can give no assurance any historical seasonal patterns will continue in future periods.

Results of Operations

Three months ended September 30, 2013 and 2012 (actual and unaudited)

The following table summarizes transportation revenue, cost of transportation and net transportation revenue (in thousands) for the three months ended September 30, 2013 and 2012 (actual and unaudited):

	Three months ended September 30,		Change	
	2013	2012	Amount	Percent
Transportation revenue	\$ 76,702	\$ 79,148	\$ (2,446)	(3.1%)
Cost of transportation	53,481	56,910	(3,429)	(6.0%)
Net transportation revenue	\$ 23,221	\$ 22,238	\$ 983	4.4%
Net transportation margins	30.3%	28.1%		

We generated transportation revenue of \$76.7 million and net transportation revenue of \$23.2 million for the three months ended September 30, 2013, as compared to transportation revenue of \$79.1 million and net transportation revenue of \$22.2 million for the three months ended September 30, 2012. Domestic and international transportation revenue was \$44.5 million and \$32.2 million, respectively, for the three months ended September 30, 2013, compared to \$42.6 million and \$36.5 million, respectively, for the three months ended September 30, 2012. These changes in revenue are principally due to incremental decreased revenues associated with slower cross-border shipping into and out of Mexico, lower charter services and less project work.

Cost of transportation decreased 6.0% to \$53.5 million for the three months ended September 30, 2013, compared to \$56.9 million for the three months ended September 30, 2012. Net transportation margins increased to 30.3% of transportation revenue for the three months ended September 30, 2013, as compared to 28.1% of transportation revenue for the three months ended September 30, 2012. The decrease is due to decreased shipping volumes as reflected in our transportation revenues. The increase in margins is attributable to numerous factors, including differing product mixes of shipments throughout the quarter, specifically lower charter services and less project work that typically provide relatively low margins.

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The following table compares certain condensed consolidated statements of operations data as a percentage of our net transportation revenue (in thousands) for the three months ended September 30, 2013 and 2012 (actual and unaudited):

	Three months ended September 30,					
	2013		2012		Change	
	Amount	Percent	Amount	Percent	Amount	Percent
Net transportation revenue	\$ 23,221	100.0%	\$ 22,238	100.0%	\$ 983	4.4%
Agent commissions	13,635	58.7%	13,295	59.8%	340	2.6%
Personnel costs	4,100	17.7%	3,758	17.0%	342	9.1%
Selling, general and administrative	2,656	11.4%	2,900	13.0%	(244)	(8.4%)
Depreciation and amortization	830	3.6%	1,120	5.0%	(290)	(25.9%)
Change in contingent consideration	(195)	(0.9%)	50	0.2%	(245)	(490.0%)
Total operating expenses	21,026	90.5%	21,123	95.0%	(97)	(0.5%)
Income from operations	2,195	9.5%	1,115	5.0%	1,080	96.9%
Other expense	(434)	(1.9%)	(342)	(1.5%)	(92)	26.9%
Income before income taxes and non-controlling interest	1,761	7.6%	773	3.5%	988	127.8%
Income tax expense	(652)	(2.8%)	(340)	(1.6%)	(312)	91.8%
Income before non-controlling interest	1,109	4.8%	433	1.9%	676	156.1%
Non-controlling interest	(17)	(0.1%)	(30)	(0.1%)	13	(43.3%)
Net income	\$ 1,092	4.7%	\$ 403	1.8%	\$ 689	171.0%

Agent commissions were \$13.6 million for the three months ended September 30, 2013, an increase of 2.6% from \$13.3 million for the three months ended September 30, 2012. Agent commissions as a percentage of net transportation revenue decreased to 58.7% for the three months ended September 30, 2013, from 59.8% for the comparable prior year period as a result of our acquisitions of Marvir and IFS, which historically were agency locations and now represent company-owned operations in Los Angeles and Portland, where commissions are not paid.

Personnel costs were \$4.1 million for the three months ended September 30, 2013, an increase of 9.1% from \$3.8 million for the three months ended September 30, 2012. Personnel costs as a percentage of net transportation revenue increased to 17.7% for the three months ended September 30, 2013, from 17.0% for the comparable prior year period. The increase is primarily attributable to higher personnel costs related to our acquisitions of Marvir and IFS, as well as a higher head-count at the corporate office and some company-owned locations.

Selling, general and administrative expenses were \$2.7 million for the three months ended September 30, 2013, a decrease of 8.4% from \$2.9 million for the three months ended September 30, 2012. Selling, general and administrative expenses as a percentage of net transportation revenue decreased to 11.4% for the three months ended September 30, 2013, from 13.0% for the comparable prior year period. The decrease is primarily attributable to savings associated with combining our two company-owned locations in Los Angeles, lower legal expenses, and lower uninsured loss claims, partially offset by higher bad debt expense, increased due diligence expenses associated with our recent acquisition, higher sales commissions, and higher travel expenses associated with our regional vice presidents

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Depreciation and amortization costs were \$0.8 million for the three months ended September 30, 2013, a decrease of 25.9% from \$1.1 million for the three months ended September 30, 2012. Depreciation and amortization as a percentage of net transportation revenue decreased to 3.6% for the three months ended September 30, 2013, from 5.0% for the comparable prior year period. The decrease is primarily due to scheduled decreases in the amortization schedules associated with our acquisitions of Adcom, DBA and ISLA, offset by increases of our Marvir and IFS acquisitions.

Change in contingent consideration represents the change in the fair value of contingent consideration due to former shareholders of acquired operations and totaled income of \$0.2 for the three months ended September 30, 2013 compared to expense of less than \$0.1 million for the three months ended September 30, 2012. As a percentage of net transportation revenue, the change in contingent consideration was 0.9% for the three months ended September 30, 2013, from 0.2% for the three months ended September 30, 2012.

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Income from operations was \$2.2 million for the three months ended September 30, 2013, compared to income from operations of \$1.1 million for the three months ended September 30, 2012, a 95.0% increase. The increase is attributable to several factors, favorable and unfavorable to us. Net revenues increased \$1.0 million primarily due more favorable product mixes which contributed to higher margin for the current quarter. Agent commission expense was slightly higher due to greater net revenues based on product mix for the quarter. Personnel costs increased \$0.3 million primarily due to increased personnel costs associated with the acquisitions of Mavir, and IFS as well as a higher head-count at the corporate office and some company-owned locations. Selling, general and administrative expenses decreased \$0.2 million primarily due to a decrease in non-recurring legal expenses incurred in connection the DBA litigation, lower bad debt expense, and savings associated with combining our two company-owned locations in Los Angeles, lower uninsured claims offset by higher sales commissions, and higher travel expenses. Depreciation and amortization decreased \$0.3 million primarily due to scheduled decreases in the amortization of intangibles for Adcom, DBA and ISLA, offset by increases of our Marvir and IFS acquisitions. Change in contingent consideration increased \$0.2 million as a result of recent projections indicating some of the former shareholders of acquired operations are less likely to achieve their specified operating objectives.

Other expense was \$0.4 million for the three months ended September 30, 2013, as compared to \$0.3 million for the three months ended September 30, 2012. The change is primarily associated with the increases in foreign currency exchange charges. As a percentage of net transportation revenue, other expense was 1.9% for the three months ended September 30, 2013, up from 1.5% for the three months ended September 30, 2012.

Our net income was \$1.1 million for the three months ended September 30, 2013, reflecting a 171.0% increase compared to net income of \$0.4 million for the three months ended September 30, 2012, driven by increased operating income offset by slightly increased other expense and a significant increase in income tax expense.

The following table provides a reconciliation for the three months ended September 30, 2013 and 2012 of adjusted EBITDA to net income, the most directly comparable GAAP measure in accordance with SEC Regulation G (in thousands):

	Three months ended September 30,		Change	
	2013	2012	Amount	Percent
Net transportation revenue	\$ 23,221	\$ 22,238	\$ 983	4.4%
Net income	\$ 1,092	\$ 403	689	171.0%
Income tax expense	652	340	312	91.8%
Net interest expense	518	491	27	5.5%
Depreciation and amortization	830	1,120	(290)	(25.9%)
EBITDA	\$ 3,092	\$ 2,354	\$ 738	31.4%
Share-based compensation	133	102	31	30.4%
Change in contingent consideration	(195)	50	(245)	(490.0%)
Acquisition related costs	66	-	66	NM
Adjusted EBITDA	\$ 3,096	\$ 2,506	590	23.5%
Adjusted EBITDA as a % of net transportation revenue	13.3%	11.3%		

We had adjusted EBITDA of \$3.1 million and \$2.5 million for the three months ended September 30, 2013 and 2012, respectively. EBITDA is a non-GAAP measure of income and does not include the effects of interest and taxes, and excludes the non-cash effects of depreciation and amortization on long-term assets. Companies have some discretion as to which elements of depreciation and amortization are excluded in the EBITDA calculation. We exclude all depreciation charges related to furniture and equipment, all amortization charges, including amortization of leasehold improvements and other intangible assets. We then further adjust EBITDA to exclude changes in contingent consideration, expenses

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specifically attributable to acquisitions, extraordinary items, costs related to share-based compensation expense, and other non-cash charges. Our ability to generate adjusted EBITDA ultimately limits the amount of debt that we may carry and is a good indicator of our financial flexibility and capacity to complete additional acquisitions in compliance with our financing with Caltius Partners IV, LP and Caltius Partners

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Executive IV, LP (the "Caltius Financing"). A violation of this covenant in the Caltius Financing would greatly limit our financial flexibility, reduce available liquidity, and absent a waiver, could give rise to an event of default under the Caltius Financing. For the foregoing reasons, we believe that the Caltius Financing is material to our operations and that adjusted EBITDA is important to an evaluation of our financial condition and liquidity. While management considers EBITDA and adjusted EBITDA useful in analyzing our results, it is not intended to replace any presentation included in our consolidated financial statements.

Liquidity and Capital Resources

Net cash provided by operating activities was \$1.7 million for the three months ended September 30, 2013, compared to net cash used of less than \$0.1 million for the three months ended September 30, 2012. The change was principally attributable to increases in our net income, decreases in our accounts receivable, accounts payable and commissions payable, changes to our income tax deposits and payables, changes in our prepaid expenses, deposits, and other assets, and changes in non-cash operating expenses.

Net cash used in investing activities was less than \$0.1 million for the three months ended September 30, 2013, compared to net cash used of \$0.2 million for the three months ended September 30, 2012. Use of cash for the three months ended September 30, 2013 consisted of the purchase of less than \$0.1 million in furniture and equipment. Use of cash for the three months ended September 30, 2012 consisted of \$0.2 million of furniture and equipment.

Net cash provided by financing activities was \$6.2 million for the three months ended September 30, 2013, compared to net cash provided of \$0.8 million for the three months ended September 30, 2012. The cash provided by financing activities for the three months ended September 30, 2013 consisted primarily of proceeds from the credit facility of \$8.2 million and the repayment of \$2.0 million on the Senior Subordinated Notes. Cash provided by financing activities for the three months ended September 30, 2012 consisted of net proceeds from our credit facility.

We believe that our existing balances of cash and cash equivalents will be sufficient to satisfy our working capital needs, capital asset purchases, outstanding commitments and other liquidity requirements associated with our existing operations over the next 12 months.

Credit Facility and Senior Subordinated Notes

We have a \$30.0 million senior credit facility (the "Credit Facility") with Bank of America, N.A. (the "Lender") that includes a \$2.0 million sublimit to support letters of credit and matures on the earlier of (i) six months prior to the December 1, 2016 maturity of the senior subordinated notes issued under the Caltius Financing, or (ii) August 9, 2018. The Credit Facility is collateralized by accounts receivable and other assets of the Company and its subsidiaries. Advances under the Credit Facility are available to fund future acquisitions, capital expenditures, repurchase of our stock or for other corporate purposes. Borrowings under the Credit Facility accrue interest, at the Company's option, at the Lender's base prime rate minus 0.50% or LIBOR plus 2.25%. The rates can be subsequently adjusted based on our fixed charge coverage ratio at the Lender's base rate plus 0.0% to 0.50% or LIBOR plus 1.50% to 2.25%. The Credit Facility provides for advances of up to 85% of eligible domestic accounts receivable and, subject to certain sub-limits, 75% of eligible accrued but unbilled receivables and eligible foreign accounts receivable.

Under the terms of the Credit Facility, we are required to maintain a fixed charge coverage ratio of at least 1.1 to 1.0 in the event that availability is less than \$5.0 million or an Event of Default was to occur.

We also have senior subordinated notes issued under the Caltius Financing of \$10.0 million, the proceeds of which were primarily used to finance the ISLA transaction, of which we have repaid \$2.0 million. The notes accrue interest at the rate of 13.5% per annum, are non-amortizing, and are due upon maturity at December 1, 2016.

For additional information regarding the Credit Facility and Caltius Financing, see Note 6 to our Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended June 30, 2013.

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Acquisitions

Our agreements with respect to the acquisitions of ISLA, ALBS, Marvir and IFS contain future consideration provisions that provide for the selling shareholder to receive additional consideration if specified operating objectives and financial results are achieved in future periods. For additional information regarding the acquisitions and potential earn-out payments, see Note 3 to our Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended June 30, 2013.

Off Balance Sheet Arrangements

As of September 30, 2013, we did not have any relationships with unconsolidated entities or financial partners, such as entities often referred to as structured finance or special purpose entities established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Item 4. Controls and Procedures

An evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act as of September 30, 2013, was carried out by our management under the supervision and with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Based upon that evaluation, our CEO and CFO concluded that, as of September 30, 2013, our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding disclosure.

There have not been any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company and our operating subsidiaries are involved in claims, proceedings and litigation, including the following:

DBA Distribution Services, Inc. v. Bretta Santini Pollara v. Radiant Logistics, Inc., United States District Court, Central District of California, Case No. 12-344 GAF

In December 2012, we recovered an award in arbitration against the former shareholders of DBA. The award arose out of a prior arbitration action against the former shareholders of DBA in which we asserted, among others, certain claims for indemnification under the Agreement and Plan of Merger (the DBA Agreement) dated March 29, 2011, based upon breaches that we believe occurred under the DBA Agreement. These breaches included, among others, the breach of certain non-competition and non-solicitation covenants by Paul Pollara, one of the DBA selling shareholders, and Bretta Santini Pollara, a former DBA employee and wife of Mr. Pollara.

In a related matter, in December 2011, Ms. Pollara filed a claim for declaratory relief against us seeking an order stipulating that she is not bound by the non-compete covenant contained within the DBA Agreement signed by her husband, Mr. Pollara. On January 23, 2012, we filed a counterclaim against Ms. Pollara, her company Santini Productions, Daniel Reffner (a former employee of the Company now working for Ms. Pollara), and Oceanair, Inc. (a company doing business with Santini Productions). Our counterclaim alleges claims for statutory and common law misappropriation of trade secrets, breach of duty of loyalty, and unfair competition, and seeks damages in excess of \$500,000. Following certain procedural motions, two of our wholly-owned subsidiaries, DBA and RGL, intervened and filed a Second Amendment Counterclaim in the lawsuit. After further procedural matters were addressed, the claims that remain at issue are: (1) DBA's statutory trade secret misappropriation claim against Ms. Pollara, Santini Productions, and Oceanair; (2) RGL's and DBA's claims for interference with contractual relations against Oceanair; and (3) RGL's and DBA's claim for inducement to breach contract against Oceanair. A trial date is scheduled for April 2014.

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Although the ultimate resolution of this dispute will not likely occur in the near-term, we believe that these breaches will not have any meaningful long-term adverse effect on our overall results of operations given our: (i) efforts to retain existing customers; (ii) restructuring of our Los Angeles operations; and (iii) efforts through a civil proceeding to recover damages and assert legal remedies against Ms. Pollara and her co-defendants who we believe breached certain non-competition and non-solicitation obligations to us. Nevertheless, near-term earnings could be negatively impacted if our efforts to retain existing customers are not successful, and as a result of any legal expenses incurred in connection with the matter.

In addition to the foregoing, we are involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

Item 1A. Risk Factors

Set forth below are risk factors that have materially changed since our annual report on Form 10-K, or risk factors which were not included in such report.

Risks Related to our Business

We need to maintain our existing agent relationships and expand our agent network to increase revenues.

We sell our services through company-owned locations and through a network of independently-owned agent offices located throughout North America operating under our brands. We believe independent agent relationships will remain critical to our success for the foreseeable future. We have long-term contractual relationships with many of our agents. Although the terms of our agent agreements vary widely, they generally cover the manner and amount of payments, the services to be performed, the length of the contract, and provide us with certain protections such as agent-funded reserves and indemnification obligations, and often include a personal guaranty of the station owner. Certain of our agent agreements are for defined terms, while others are subject to evergreen terms or contain automatic renewal provisions. In most situations, however, the agreements can be terminated by agents with prior notice, regardless of the stated term. While at times agency agreements technically expire, we endeavor to work with the agent to renew the agreement while continuing to operate pursuant to the most recent contract terms, based on historic and on-going course of dealings with the agent. As certain agreements expire, there can be no assurance that we will be able to enter into new agreements that provide for the same terms as those previously agreed upon, if at all. Thus, we are subject to the risk of agency terminations and the failure or refusal of certain of our agents to renew their existing agreements. While we have no customers or agency locations that separately account for more than 10% of our consolidated revenues, we do have a number of customers and agency locations with significant volume and stature, the loss of one or more of which could materially and negatively impact our ability to retain and service our customers. We will need to expand our existing relationships and enter into new relationships in order to increase our current and future market share and revenue. We cannot be certain that we will be able to maintain and expand our existing agent relationships or enter into new agent relationships, or that new or renewed agent relationships will be available on commercially reasonable terms. If we are unable to maintain and expand our existing agent relationships, renew existing agent relationships, or enter into new agent relationships, we may lose customers, customer introductions and co-marketing benefits, and our operating results may suffer significantly.

We are a non-asset based transportation and logistics services company. As a result, we depend on a variety of asset-based third party carriers, whose actions we do not directly control.

The quality and profitability of our services depend upon effective selection, management and discipline of third party carriers. Changes in the financial stability, operating capabilities and capacity of our third party carriers could affect us in unpredictable ways, including volatility in pricing and challenge our ability to remain profitable. Any determination that our third party carriers have violated laws and regulations could seriously damage our reputation and brands, resulting in diminished revenue and profit and increased operating costs.

Failure to comply with obligations as an indirect carrier could result in penalties and fines and limit our ability to ship freight.

We are regulated, among other things, as indirect air carriers by the Transportation Security Administration of the Department of Homeland Security. These agencies provide requirements, guidance and, in some cases, administer licensing requirements and processes applicable to the freight forwarding industry. We actively monitor our

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compliance and the compliance of our subsidiaries with such agency requirements to ensure that we, our subsidiaries, and our independent agents satisfactorily complete applicable security requirements and satisfy applicable qualifications and implement the required policies and procedures. We rely on our agent stations to comply with such requirements, however, and we do not actively monitor compliance by our independent agents until we are made aware that there is an inspection by such agencies or we are notified of a potential violation. These agencies generally require companies to fulfill these qualifications prior to and while operating as a freight forwarder. Failure to comply with such requirements, policies and procedures could result in penalties and fines. To date, a limited number of our independent agents have been out of compliance with the indirect air carrier regulations, resulting in small fines to us, which are then charged to the independent agents. While we are working with our independent agents to eliminate any additional violations, there is no assurance that additional violations will not take place, which could result in penalties or fines or, in the extreme case, limits on our ability to ship freight.

Our business is subject to seasonal trends.

Historically, our operating results have been subject to seasonal trends when measured on a quarterly basis. Our first and fourth fiscal quarters are traditionally weaker compared with our second and third fiscal quarters. As a result, our quarterly operating results are likely to continue to fluctuate. This trend is dependent on numerous factors, including the markets in which we operate, holiday seasons, climate, economic conditions and numerous other factors. A substantial portion of our revenue is derived from customers in industries whose shipping patterns are tied closely to consumer demand which can sometimes be difficult to predict or are based on just-in-time production schedules. Therefore, our revenue is, to a large degree, affected by factors that are outside of our control. There can be no assurance that our historic operating patterns will continue in future periods as we cannot influence or forecast many of these factors.

Economic recessions and other factors that reduce freight volumes could have a material adverse impact on our business.

The transportation industry historically has experienced cyclical fluctuations in financial results due to economic recession, downturns in business cycles of our customers, interest rate fluctuations and other economic factors beyond our control. Deterioration in the economic environment subjects our business to various risks that may have a material impact on our operating results and cause us to not reach our long-term growth goals, and which may include the following:

A reduction in overall freight volumes in the marketplace reduces our opportunities for growth. In addition, if a downturn in our customers' business cycles causes a reduction in the volume of freight shipped by those customers, our operating results could be adversely affected.

Some of our customers may face economic difficulties and may not be able to pay us, and some may go out of business. In addition, some customers may not pay us as quickly as they have in the past, causing our working capital needs to increase.

A significant number of our transportation providers may go out of business and we may be unable to secure sufficient equipment or other transportation services to meet our commitments to our customers.

We may not be able to appropriately adjust our expenses to changing market demands. In order to maintain high variability in our business model, it is necessary to adjust staffing levels to changing market demands. In periods of rapid change, it is more difficult to match our staffing level to our business needs. In addition, we have other primarily variable expenses that are fixed for a period of time, and we may not be able to adequately adjust them in a period of rapid change in market demand.

We face intense competition in the freight forwarding, logistics and supply chain management industry.

The freight forwarding, logistics and supply chain management industry is intensely competitive and is expected to remain so for the foreseeable future. We face competition from a number of companies, including many that have significantly greater financial, technical and marketing resources. Customers increasingly are turning to competitive bidding situations, soliciting bids from a number of competitors, including competitors that are larger than us.

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Increased competition may lead to revenue reductions, reduced profit margins, or a loss of market share, any one of which could harm our business. There are many factors that could impair our profitability, including the following:

competition with other transportation services companies, some of which have a broader coverage network, a wider range of services, more fully developed information technology systems and greater capital resources than we do;

reduction by our competitors of their rates to gain business, especially during times of declining growth rates in the economy, which reductions may limit our ability to maintain or increase rates, maintain our operating margins or maintain significant growth in our business;

shift in the business of shippers to asset-based trucking companies that also offer brokerage services in order to secure access to those companies' trucking capacity, particularly in times of tight industry-wide capacity;

solicitation by shippers of bids from multiple transportation providers for their shipping needs and the resulting depression of freight rates or loss of business to competitors; and

establishment by our competitors of cooperative relationships to increase their ability to address shipper needs.

We may be subject to various claims and lawsuits that could result in significant expenditures.

The nature of our business exposes us to the potential for various claims and litigation related to labor and employment (including wage-and-hour litigation relating to independent contractor drivers, sales representatives, brokerage agents and other individuals), personal injury, property damage, business practices, environmental liability and other matters. Any material litigation could have a material adverse effect on our business, results of operations, financial condition or cash flows.

If we are unable to maintain our brand images and corporate reputation, our business may suffer.

Our success depends in part on our ability to maintain the image of the Radiant, Airgroup, Adcom, DBA and On Time brands and our reputation for providing excellent service to our customers. Service quality issues, actual or perceived, even when false or unfounded, could tarnish the image of our brands and may cause customers to use other freight-forwarding companies. Damage to our reputation and loss of brand equity could reduce demand for our services and thus have an adverse effect on our business, financial position and results of operations, and could require additional resources to rebuild our reputation and restore the value of our brands.

Our Credit Facility and Caltius Financing contain financial covenants that may limit current availability and impose ongoing operational limitations and risk of compliance.

We currently maintain a \$30.0 million revolving Credit Facility, which includes a \$2.0 million sublimit to support letters of credit. Under the terms of the Credit Facility, we are required to maintain a fixed charge coverage ratio of at least 1.1 to 1.0 in the event that availability is less than \$5.0 million or an event of default was to occur.

Our compliance with the financial covenants of our Credit Facility is particularly important given the materiality of this facility to our day-to-day operations and overall acquisition strategy. Our debt capacity, subject to the requisite collateral at an advance rate of up to 85% of eligible domestic accounts receivable and, subject to certain sub-limits, 75% of eligible accrued but unbilled receivables and eligible foreign accounts receivables, is limited to a multiple of our consolidated EBITDA (as adjusted) as measured on a rolling four quarter basis. If we fail to comply with these covenants and are unable to secure a waiver or other relief, our financial condition would be materially weakened and our ability to fund day-to-day operations would be materially and adversely affected. Accordingly, we intend to employ EBITDA and adjusted EBITDA as management tools to measure our historical financial performance and as a benchmark for future financial flexibility.

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Under our Credit Facility, we are prohibited from declaring and paying dividends unless: (i) there are no existing events of default under the credit facility or an event of default would not be caused by the declaration or payment of such dividend, and (ii) the amount available under the credit facility after the pro forma effect of such dividend is equal to the greater of 20% of the borrowing base under the credit facility or \$5,000,000.

In connection with our acquisition of the assets and operations of ISLA International, Ltd. in December 2011, we entered into an investment agreement with Caltius Partners IV, LP and Caltius Partners Executive IV, LP, collectively referred to herein as Caltius, pursuant to which we borrowed \$10.0 million in exchange for a series of senior subordinated notes. Under the Caltius financing, we are subject to certain financial covenants, including funded leverage ratio covenants, senior funded leverage ratio covenants and fixed charges ratio covenants.

We operate with a significant amount of indebtedness, which is secured by our accounts receivable and other assets, subject to variable interest rates and contain restrictive covenants.

Our substantial indebtedness could have adverse consequences, such as:

require us to dedicate a substantial portion of our cash flow from operations to payments on our Credit Facility, which could reduce the availability of our cash flow to fund future operating capital, capital expenditures, acquisitions and other general corporate purposes;

expose us to the risk of increased interest rates, as our borrowings on our Credit Facility is at variable rates of interest;

require us to sell assets to reduce indebtedness or influence our decisions about whether to do so;

increase our vulnerability to general adverse economic and industry conditions;

limit our flexibility in planning for, or reacting to, changes in our business and our industry;

restrict us from making strategic acquisitions, buying assets or pursuing business opportunities;

limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds; and

violating covenants in our financing agreements could have a material adverse effect on our business, financial condition and results of operations; including substantially increasing our cost of borrowing and restricting our future operations, if not cured or waived. In addition, the lenders may be able to terminate any commitments they had made to supply us with further funds. Accordingly, we may not be able to fully repay our debt obligations, if some or all of our debt obligations are accelerated upon an event of default.

Terrorist attacks and other acts of violence or war may affect our operations and our profitability.

As a result of the potential for terrorist attacks, federal, state and municipal authorities have implemented and continue to follow various security measures, including checkpoints and travel restrictions on large trucks. Such measures may reduce the productivity of our independent contractors and transportation providers or increase the costs associated with their operations, which we could be forced to bear. For example, security measures imposed at bridges, tunnels, border crossings and other points on key trucking routes may cause delays and increase the non-driving time of our independent contractors and transportation providers, which could have an adverse effect on our results of operations. Congress has mandated 100% security screening of air cargo traveling on passenger airlines effective July 31, 2010, and for ocean freight effective July 2012, which may increase costs associated with our air and freight forwarding operations. War, risk of war, or a terrorist attack

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also may have an adverse effect on the economy. A decline in economic activity could adversely affect our revenues or restrict our future growth. Instability in the financial markets as a result of terrorism or war also could impact our ability to raise capital. In addition, the insurance premiums charged for some or all of the coverage currently maintained by us could increase dramatically or such coverage could be unavailable in the future.

Table of Contents**Risks Related to our Acquisition Strategy*****Acquisition of On Time Express, Inc.***

On October 1, 2013, we purchased 100% of the capital stock of On Time, our largest acquisition to date, which will operate as our wholly-owned subsidiary. Payment of the full purchase price is contingent upon On Time achieving certain profitability targets, which it may not be able to achieve. There can be no assurance of On Time's ability following the acquisition to maintain and grow its revenues and operating margins in a manner consistent with its most recent operating results, our ability to integrate On Time's operations with our historic operations, or our ability to realize cost synergies through On Time's line-haul network, as well as the effect that the acquisition may have on On Time's existing customers and employees.

Historically, On Time's business has been dependent on a small number of customers

A significant portion of On Time's revenues are derived from a relatively small number of customers. On Time does not have long-term contracts with such customers and the relationships could be terminated at any time. A significant loss of business from, or adverse performance by, any of On Time's large volume customers could have a material adverse effect on On Time's financial condition and results of operations. The failure to retain the business of these major customers may also have an adverse effect on On Time's financial results if we are unable to replace these customers or if new customers are not as profitable. On Time is also subject to credit risk associated with customer concentration. If one or more of its largest customers were to become bankrupt, insolvent or otherwise unable to pay for the services provided, On Time may incur significant write-offs of accounts receivable that may have a material adverse effect on its financial condition, results of operations or cash flows.

Item 6. Exhibits

Exhibit		Method of Filing
No.	Exhibit	
10.1	Loan and Security Agreement, dated as of August 9, 2013, by and among Bank of America, N.A., the Company and its subsidiaries (incorporated by reference to Exhibit 10.1 of the Company's current report on Form 8-K, filed with the SEC on August 14, 2013)	Form 8-K filed on August 14, 2013
31.1	Certification by Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification by Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification by the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
101.INS	XBRL Instance	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition	

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101.LAB XBRL Taxonomy Extension Label	Filed herewith
101.PRE XBRL Taxonomy Extension Presentation	Filed herewith

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 13, 2013

RADIANT LOGISTICS, INC.
/s/ Bohn H. Crain

Bohn H. Crain

Chief Executive Officer

(Principal Executive Officer)

Date: November 13, 2013

/s/ Todd E. Macomber

Todd E. Macomber

Senior Vice President and Chief Financial Officer

(Principal Accounting Officer)

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EXHIBIT INDEX

Exhibit No.	Exhibit
31.1	Certification by Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification by Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certifications by Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Label
101.PRE	XBRL Taxonomy Extension Presentation