

IDI, Inc.  
Form 10-Q  
May 05, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 333-158336

IDI, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware 77-0688094  
(State or Other Jurisdiction of (I.R.S. Employer

Incorporation or Organization) Identification No.)

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2650 North Military Trail, Suite 300,

Boca Raton, Florida 33431

(Address of Principal Executive Offices) (Zip Code)

(561) 757-4000

(Registrant's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 the 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  (Do not check if a smaller reporting company) 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

As of May 4, 2016, the registrant had 46,924,183 shares of common stock outstanding.

IDI, INC.

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## PART I - FINANCIAL INFORMATION

Unless otherwise indicated or required by the context, all references in this Quarterly Report on Form 10-Q to “we,” “us,” “our,” “IDI,” or the “Company” refer to IDI, Inc. and its consolidated subsidiaries.

All per share amounts and shares outstanding for all periods have been retroactively restated to reflect IDI’s one-for-five reverse stock split, which was effective on March 19, 2015.

## ITEM 1. FINANCIAL STATEMENTS.

## IDI, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share data)

(unaudited)

|   | March 31, 2016 | December 31, 2015 |
|---|----------------|-------------------|
| <b>ASSETS:</b>  |                |                   |
| Current assets:   |                |                   |
| Cash and cash equivalents   | \$ 10,138      | \$ 13,462         |
| Accounts receivable, net of allowance for doubtful accounts of \$228 and \$318 at     |                |                   |
| March 31, 2016 and December 31, 2015, respectively                                    | 20,648         | 21,224            |
| Prepaid expenses and other current assets   | 2,281          | 2,931             |
| Total current assets  | 33,067         | 37,617            |
| Property and equipment, net   | 1,156          | 1,062             |
| Intangible assets, net  | 88,234         | 87,445            |
| Goodwill  | 161,753        | 161,753           |
| Other non-current assets  | 2,148          | 1,315             |
| Total assets  | \$ 286,358     | \$ 289,192        |
| <b>LIABILITIES AND SHAREHOLDERS’ EQUITY:</b>  |                |                   |
| Current liabilities:  |                |                   |
| Trade accounts payable  | \$ 9,299       | \$ 8,863          |
| Accrued expenses and other current liabilities  | 8,946          | 9,160             |
| Deferred revenue  | 331            | 783               |
| Current portion of long-term debt   | 2,250          | 2,250             |
| Total current liabilities   | 20,826         | 21,056            |
| Long-term debt, net   | 48,689         | 48,668            |
| Deferred tax liabilities  | 10,037         | 13,573            |
| Total liabilities   | 79,552         | 83,297            |
| Shareholders' equity:   |                |                   |
| Convertible Series A preferred stock—\$0.0001 par value 10,000,000 shares authorized; | -              | -                 |

0 and 4,871,802 shares issued and outstanding at March 31, 2016 and December 31,

2015, respectively

Convertible Series B preferred stock—\$0.0001 par value 10,000,000 shares authorized;

0 and 450,962 shares issued and outstanding at March 31, 2016 and December 31,

2015, respectively

Common stock—\$0.0005 par value 200,000,000 shares authorized; 46,979,395 and

15,709,786 shares issued at March 31, 2016 and December 31, 2015, respectively;

and 46,924,183 and 15,709,786 shares outstanding at March 31, 2016 and December 31,

2015, respectively

Treasury stock, at cost, 55,212 and 0 shares at March 31, 2016 and December 31, 2015,

respectively

|  |            |   |            |
|--|------------|---|------------|
| Additional paid-in capital                 | 298,972    | ) | -          |
| Accumulated deficit                        | (91,917    | ) | (85,145 )  |
| Total shareholders' equity                 | 206,806    |   | 205,895    |
| Total liabilities and shareholders' equity | \$ 286,358 |   | \$ 289,192 |

See notes to condensed consolidated financial statements

IDI, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Amounts in thousands, except share data)

(unaudited)

|   | Three Months Ended<br>March 31, |            |
|---|---------------------------------|------------|
|   | 2016                            | 2015       |
| Revenue   | \$39,424                        | \$1,258    |
| Cost of revenues (exclusive of depreciation and amortization) | 28,494                          | 554        |
| Gross profit  | 10,930                          | 704        |
| Operating expenses:   |                                 |            |
| Sales and marketing expenses                                  | 3,126                           | 533        |
| General and administrative expenses                           | 13,367                          | 1,699      |
| Depreciation and amortization                                 | 2,609                           | 35         |
| Loss from operations  | (8,172 )                        | (1,563 )   |
| Other income (expense):                                       |                                 |            |
| Interest expense, net   | (1,825 )                        | -          |
| Other expenses, net   | (297 )                          | -          |
| Total other expense   | (2,122 )                        | -          |
| Loss from continuing operations before income taxes           | (10,294 )                       | (1,563 )   |
| Income taxes  | (3,522 )                        | -          |
| Net loss from continuing operations                           | (6,772 )                        | (1,563 )   |
| Discontinued operations:                                      |                                 |            |
| Pretax loss from operations of discontinued operations        | -                               | (91 )      |
| Net loss from discontinued operations                         | -                               | (91 )      |
| Less: Non-controlling interests                               | -                               | (17 )      |
| Net loss from discontinued operations attributable to IDI     | -                               | (74 )      |
| Net loss attributable to IDI                                  | \$(6,772 )                      | \$(1,637 ) |
| Loss per share  |                                 |            |
| Basic and diluted   |                                 |            |
| Continuing operations   | \$(0.25 )                       | \$(0.21 )  |
| Discontinued operations                                       | -                               | (0.01 )    |
|   | \$(0.25 )                       | \$(0.22 )  |
| Weighted average number of shares outstanding -               |                                 |            |
| Basic and diluted   | 27,468,214                      | 7,488,314  |
| Comprehensive loss:   |                                 |            |
| Net loss attributable to IDI, Inc.                            | \$(6,772 )                      | \$(1,637 ) |
| Foreign currency translation adjustment                       | -                               | 6          |
| Net comprehensive loss  | \$(6,772 )                      | \$(1,631 ) |

See notes to condensed consolidated financial statements



IDI, INC.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Amounts in thousands, except share data)

(unaudited)

|   | Convertible<br>Series A preferred<br>Shares | Amount | Convertible<br>Series B preferred<br>Shares | Amount | Common stock<br>Shares | Amount | Treasury stock<br>Shares | Amount | Additional<br>paid-in<br>capital | Accumulated<br>deficit | Total<br>Shareholders'<br>equity |
|---|---|--------|---|--------|------------------------|--------|--------------------------|--------|----------------------------------|------------------------|----------------------------------|
| Balance as at<br>December 31,<br>2015   | 4,871,802                                   | \$-    | 450,962                                     | \$-    | 15,709,786             | \$8    | -                        | \$-    | \$291,032                        | \$(85,145)             | \$205,895                        |
| Issuance of<br>contingent<br>earn out<br>shares   | 1,800,220                                   | -      | -   | -      | 900,108                | -      | -                        | -      | -                                | -                      | -                                |
| Conversion of<br>Series A<br>preferred<br>stock<br><br>into<br>common stock                     | (6,672,022)                                 | -      | -   | -      | 6,672,022              | 4      | -                        | -      | (4                               | )                      | -                                |
| Conversion of<br>Series B<br>preferred<br>stock<br><br>into<br>common stock                     | -   | -      | (450,962)                                   | -      | 22,548,100             | 11     | -                        | -      | (11                              | )                      | -                                |
| Issuance of<br>common stock<br>to a vendor<br><br>for services<br>rendered                      | -   | -      | -   | -      | 12,000                 | -      | -                        | -      | 131                              | -                      | 131                              |
| Common<br>stock issued in<br>exchange for<br><br>warrants<br>previously<br>issued to<br>certain | -   | -      | -   | -      | 749,625                | -      | -                        | -      | 297                              | -                      | 297                              |



|   |   |     |   |     |            |      |        |         |           |            |           |
|---|---|-----|---|-----|------------|------|--------|---------|-----------|------------|-----------|
| shareholders  |   |     |   |     |            |      |        |         |           |            |           |
| Vesting of restricted stock units   | - | -   | - | -   | 387,754    | -    | -      | -       | -         | -          | -         |
| Increase in treasury stock resulting from shares withheld to pay statutory taxes in connection with the vesting of restricted stock units | - | -   | - | -   | -          | -    | 55,212 | (272)   | -         | -          | (272)     |
| Share-based compensation expenses   | - | -   | - | -   | -          | -    | -      | -       | 7,527     | -          | 7,527     |
| Net loss attributable to IDI  | - | -   | - | -   | -          | -    | -      | -       | -         | (6,772)    | (6,772)   |
| Balance as at March 31, 2016  | - | \$- | - | \$- | 46,979,395 | \$23 | 55,212 | \$(272) | \$298,972 | \$(91,917) | \$206,806 |

See notes to condensed consolidated financial statements

IDI, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands, except share data)

(unaudited)

Three  
Months  
Ended  
March  
31,  
2016