

Viggle Inc.  
Form 10-Q  
November 12, 2014

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended September 30, 2014

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 No. 00-13803

Viggle Inc.  
(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or  
organization)

33-0637631  
(I.R.S. Employer Identification Number)

902 Broadway, 11th Floor, New York, NY 10010  
(Address of Principal Executive Offices and Zip Code)

Registrant's Telephone Number, Including Area Code: (212) 231-0092

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 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

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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. (Check one):

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input type="radio"/>

(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

As of November 7, 2014, there were 16,107,807 shares of the registrant's common stock outstanding.

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TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1.	Consolidated Financial Statements	<u>2</u>
	Consolidated Balance Sheets as of September 30, 2014 (Unaudited) and June 30, 2014	<u>3</u>
	Consolidated Statements of Operations for the Three Months Ended September 30, 2014 and 2013 (Unaudited)	<u>4</u>
	Consolidated Statements of Stockholders' Equity as of September 30, 2014 (Unaudited) and Fiscal Year Ended June 30, 2014	<u>5</u>
	Consolidated Statements of Cash Flows for the Three Months Ended September 30, 2014 and 2013 (Unaudited)	<u>6</u>
	Notes to Consolidated Financial Statements (Unaudited)	<u>7</u>
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>23</u>
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	<u>33</u>
Item 4.	Controls and Procedures	<u>34</u>

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	<u>35</u>
Item 1.A.	Risk Factors	<u>34</u>
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	<u>42</u>
Item 3.	Defaults Upon Senior Securities	<u>42</u>
Item 4.	Mine Safety Disclosures	<u>42</u>
Item 5.	Other Information	<u>42</u>
Item 6.	Exhibits	<u>43</u>

## PART I

### CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q (this "Quarterly Report") contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are those that predict or describe future events or trends and that do not relate solely to historical matters. You can generally identify forward-looking statements as statements containing the words "believe," "expect," "will," "anticipate," "intend," "estimate," "project," "assume" or other similar expressions, although not all forward-looking statements contain these identifying words. All statements in this Quarterly Report regarding our future strategy, future operations, projected financial position, estimated future revenue, projected costs, future prospects, and results that might be obtained by pursuing management's current plans and objectives are forward-looking statements. You should not place undue reliance on our forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. Important risks that might cause our actual results to differ materially from the results contemplated by the forward-looking statements are contained in "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part II, Item 1A. Risk Factors" of this Quarterly Report and in our subsequent filings with the Securities and Exchange Commission ("SEC"). Our forward-looking statements are based on the information currently available to us and speak only as of the date on which this Quarterly Report was filed with the SEC. We expressly disclaim any obligation to issue any updates or revisions to our forward-looking statements, even if subsequent events cause our expectations to change regarding the matters discussed in those statements. Over time, our actual results, performance or achievements will likely differ from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements, and such difference might be significant and materially adverse to our stockholders.

As used in this report:

• "Viggle" refers to Viggle Inc., a Delaware corporation (also herein referred to as "the Company")

• "App" refers to the free Viggle application (also herein referred to as the "Viggle App")

• "We", "us" and "our" refer to Viggle and its subsidiaries, individually, or in any combination

• "SFX" refers to SFX Entertainment Inc., a company affiliated with Robert F.X. Sillerman, the Company's Executive Chairman, Chief Executive Officer, and a Director (hereinafter, "Mr. Sillerman")

• "SIC" refers to Sillerman Investment Company, LLC, a company affiliated with Mr. Sillerman

• "SIC II" refers to Sillerman Investment Company II, LLC, a company affiliated with Mr. Sillerman

• "SIC III" refers to Sillerman Investment Company III, LLC, a company affiliated with Mr. Sillerman

All dollar amounts in this report, except per share amounts, unless indicated otherwise, are in thousands.

### ITEM 1. FINANCIAL STATEMENTS



Viggle Inc.  
CONSOLIDATED BALANCE SHEETS  
(amounts in thousands, except share data)

	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$122	\$7
Accounts receivable (net of allowance for doubtful accounts of \$95 at September 30, 2014 and June 30, 2014)	3,476	3,962
Prepaid expenses	1,047	949
Other receivables	250	80
Restricted cash	—	5,000
Total current assets	4,895	9,998
Restricted cash	694	700
Property & equipment, net	2,981	2,613
Intangible assets, net	27,316	28,810
Goodwill	36,647	36,627
Other assets	351	351
Total assets	\$72,884	\$79,099
Liabilities, convertible redeemable preferred stock and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	\$11,588	\$7,810
Reward points payable	5,237	4,927
Contingent consideration liability	4,792	4,792
Common stock warrant liability	10	15
Deferred revenue	562	911
Current portion of loan payable	15,000	15,000
Total current liabilities	37,189	33,455
Deferred revenue	4,237	4,354
Other long-term liabilities	1,967	1,488
Total liabilities	43,393	39,297
Series A Convertible Redeemable Preferred Stock, \$1,000 stated value, authorized 100,000 shares, issued and outstanding -0- shares as of September 30, 2014 and June 30, 2014	—	—
Commitments and contingencies		
Stockholders' equity:		
Series B Convertible Preferred Stock, \$1,000 stated value, authorized 50,000 shares, issued and outstanding -0- shares as of September 30, 2014 and June 30, 2014	—	—
Common stock, \$0.001 par value: authorized 300,000,000 shares, issued and outstanding 15,739,791 and 15,743,541 shares as of September 30, 2014 and June 30, 2014, respectively	16	16
Additional paid-in-capital	347,725	340,163
Treasury stock, 215,164 and 211,414 shares at September 30, 2014 and June 30, 2014, respectively	(11,826)	(11,556)
Accumulated deficit	(306,424)	(288,821)
Total stockholders' equity	29,491	39,802

Total liabilities and stockholders' equity	\$72,884	\$79,099
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See accompanying notes to consolidated financial statements

3

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Viggle Inc.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(amounts in thousands, except share and per share data)  
(Unaudited)

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	
Revenues	\$6,476	\$4,338	
Cost of watchpoints and engagement points	(1,164	)(2,579	)
Selling, general and administrative expenses	(22,771	)(25,334	)
Operating loss	(17,459	)(23,575	)
Other (expense) income:			
Other income, net	5	84	
Interest expense, net	(127	)(768	)
Total other (expense) income	(122	)(684	)
Net loss before provision for income taxes	(17,581	)(24,259	)
Income tax expense	\$(22	)\$(22	)
Net loss	\$(17,603	)\$(24,281	)
Net loss per common share - basic and diluted	\$(1.12	)\$(21.90	)
Weighted average common shares outstanding - basic and diluted	15,741,055		