

Viggle Inc.  
Form 10-Q  
February 10, 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 December 31, 2013

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 January 31, 2014, there were 117,893,325 shares of the registrant's common stock outstanding.

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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

• "Fiscal 2014" refers to our current fiscal year, July 1, 2013 to June 30, 2014

• "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

ITEM 1. FINANCIAL STATEMENTS

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

	December 31, 2013	June 30, 2013 (Unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$1,132	\$1,359
Accounts receivable, net	5,277	2,802
Prepaid expenses	1,086	915
Other receivables	124	236
Total current assets	7,619	5,312
Restricted cash	696	696
Property & equipment, net	2,767	2,815
Intangible assets, net	21,606	4,942
Goodwill	27,789	2,953
Other assets	153	57
Total assets	\$60,630	\$16,775
Liabilities, convertible redeemable preferred stock and stockholders' deficit		
Current liabilities:		
Accounts payable and accrued expenses	\$14,946	\$5,622
Reward points payable	7,535	7,936
Common stock warrant liability	176	443
Deferred revenue	—	237
Current portion of loan payable	30,000	10,000
Total current liabilities	52,657	24,238
Loans payable, less current portion	—	24,782
Fair value of derivative embedded within convertible debt	—	3,870
Other long-term liabilities	1,285	1,263
Total liabilities	53,942	54,153
Series A Convertible Redeemable Preferred Stock, \$1,000 stated value, authorized 100,000 shares, issued and outstanding 34,275 shares as of December 31, 2013	37,717	—
Commitments and contingencies		
Stockholders' deficit:		
Series B Convertible Preferred Stock, \$1,000 stated value, authorized 50,000 shares, issued and outstanding 21,803.5 shares as of December 31, 2013	3,997	—
Common stock, \$0.001 par value: authorized 300,000,000 shares, outstanding 117,943,325 shares as of December 31, 2013 and 91,124,452 shares as of June 30, 2013	118	91
Additional paid-in-capital	237,746	186,477
Treasury stock, 16,463,154 shares as of December 31, 2013	(11,189)	)—
Due from executive officer	(3,629)	)(3,561)
Accumulated deficit	(258,072)	)(220,385)
Total stockholders' deficit	(31,029)	)(37,378)
Total liabilities, convertible redeemable preferred stock and stockholders' deficit	\$60,630	\$16,775

See accompanying notes to consolidated financial statements



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

	Three Months Ended December 31, 2013	Three Months Ended December 31, 2012	Six Months Ended December 31, 2013	Six Months Ended December 31, 2012
Revenues	\$5,032	\$3,875	\$9,371	\$5,927
Cost of watchpoints and engagement points	(82)	(1,571)	(2,657)	(3,800)
Selling, general and administrative expenses	(17,569)	(15,143)	(42,906)	(36,842)
Operating loss	(12,619)	(12,839)	(36,192)	(34,715)
Other income (expense):				
Other income, net	807	689	892	3,181
Interest expense, net	(1,572)	(236)	(2,341)	(319)
Total other (expense) income	(765)	453	(1,449)	2,862
Net loss before provision for income taxes	(13,384)	(12,386)	(37,641)	(31,853)