Gevo, Inc.
Form 8-K
January 02, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): December 30, 2014

Gevo, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware	**001-35073**	**87-0747704**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

345 Inverness Drive South, Building C, Suite 310, Englewood, CO 80112

(Address of Principal Executive Offices) (Zip Code)

Registrant s telephone number, including area code: (303) 858-8358

N/A

(Former Name, or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 3.01. Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

On December 30, 2014, Gevo, Inc. (the Company) received notice from the Listing Qualifications Department of The Nasdaq Stock Market LLC (Nasdaq) that its application to transfer its common stock listing from the Nasdaq Global Market to the Nasdaq Capital Market had been approved. The Company s common stock listing will transfer to the Nasdaq Capital Market at the opening of trading on January 5, 2015. Following the move to the Nasdaq Capital Market, the Company s common stock will continue to trade under the symbol GEVO .

As the Company previously announced, on June 30, 2014 the Company received notice from Nasdaq that it did not meet the minimum $1.00 per share requirement for continued listing on the NASDAQ Global Market under Marketplace Rule 5450(a)(1). By transferring its common stock listing from the Nasdaq Global Market to the Nasdaq Capital Market, the Company received an additional 180 calendar day compliance period, or until June 29, 2015, to regain compliance with the minimum $1.00 per share requirement for continued listing on the Nasdaq Capital Market. The Company intends to monitor the bid price of its common stock and its minimum market value of listed securities and will consider options available to it to achieve compliance.

Except for the factual statements made herein, information contained in this report consists of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks, uncertainties and assumptions that are difficult to predict. Words such as will, believes, intends, expects, plans, and similar expressions, or the use of future tense, identify forward-looking statements, but their absence does not mean that a statement is not forward-looking. Such forward-looking statements are not guarantees of performance and actual actions or events could differ materially from those contained in such statements. For example, there can be no assurance that the Company will meet the bid price requirement during this compliance period or in the future, or otherwise meet Nasdaq compliance standards, or that Nasdaq will grant the Company any relief from delisting as necessary or that the Company can ultimately meet applicable Nasdaq requirements for any such relief. The forward-looking statements contained in this report speak only as of the date of this report and the Company undertakes no obligation to publicly update any forward-looking statements to reflect changes in information, events or circumstances after the date of this report, unless required by law.

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 hereunto duly authorized.

Gevo, Inc.

By: /s/ Mike Willis
Mike Willis
Chief Financial Officer
Date: January 2, 2015

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The outcome of litigation, inquiries, investigations, examinations or other legal proceedings in which we are involved, in which we may become involved, or in which our customers or competitors are involved could subject us to significant monetary damages or restrictions on our ability to do business.

- Our relationships with key customers may be materially diminished or terminated.
- If we lose the services of key personnel, it could adversely affect our business.
- If we fail to respond to rapid technological changes in the big data and analytics sector, we may lose customers and/or our products and/or services may become obsolete.
- Our revenues are concentrated in the U.S. market across a broad range of industries. When these industries or the broader financial markets experience a downturn, demand for our services and revenues may be adversely affected.
- We could lose our access to data sources which could prevent us from providing our services.
- We face intense competition from both start-up and established companies that may have significant advantages over us and our products.
- There may be further consolidation in our end-customer markets, which may adversely affect our revenues.
- To the extent the availability of free or relatively inexpensive consumer and/or business information increases, the demand for some of our services may decrease.
- If our newer products do not achieve market acceptance, revenue growth may suffer.
- Our products and services can have long sales and implementation cycles, which may result in substantial expenses before realizing any associated revenues.
- Consolidation in the big data and analytics sector may limit market acceptance of our products and services.
- We may incur substantial expenses defending against claims of infringement.
- We operate in an industry that is still developing and has a relatively new business model that is continually evolving, which makes it difficult to evaluate our business and prospects.
- An increasing percentage of our users are accessing our websites from their mobile devices. Our ability to remain competitive with the shift to mobile devices is critical to maintaining our revenues and margins.
- We are dependent on third-party publishers for a significant portion of visitors to our websites. Any decline in the supply of media available through these websites or increase in the price of this media could cause our revenue to decline or increase the cost to acquire visitors to our websites.
- We depend on Internet search providers for a portion of the visitors to our websites. Changes in search engine algorithms applicable to our websites' placements in paid search result listings may cause the number of visitors to

our websites to decrease, and as a result, cause our revenue, to decline.

- Our operations have grown dramatically over the past years which may make it difficult to effectively manage any future growth and scale our products quickly enough to meet our clients' needs while maintaining profitability.
- As a result of changes in our business model and the need for increased investments and expenditures for certain businesses, products, services, and technologies, we may fail to maintain our margins, attract new clients, or grow our revenues.
- If we fail to compete effectively against other online marketing and media companies and other competitors, we could lose clients and our revenue may decline.
- A reduction in online marketing spend by our clients, a loss of clients or lower advertising yields may seriously harm our business, financial condition, and results of operations. In addition, a substantial portion of our revenue is generated from a limited number of clients and, if we lose a major client, our revenue will decrease and our business and prospects may be harmed.
- Third-party publishers or vendors may engage in unauthorized or unlawful acts that could subject us to significant liability or cause us to lose clients.
- If we fail to continually enhance and adapt our products and services to keep pace with rapidly changing technologies and industry standards, we may not remain competitive and could lose clients or advertising inventory.
- We are exposed to credit risk from and have payments disputes with our advertisers and agency clients and may not be able to collect on amounts owed to us.
- Damage to our reputation could harm our business, financial condition and results of operations.
- Our quarterly revenue and results of operations may fluctuate significantly from quarter to quarter due to fluctuations in advertising spending, including seasonal and cyclical effects.
- If the market for online marketing services fails to continue to develop, our success may be limited, and our revenue may decrease.
- Limitations on our ability to collect and use data derived from user activities, as well as new technologies that block our ability to deliver Internet-based advertising, could significantly diminish the value of our services and have an adverse effect on our ability to generate revenue.
- As a creator and a distributor of Internet content, we face potential liability and expenses for legal claims based on the nature and content of the materials that we create or distribute. If we are required to pay damages or expenses in connection with these legal claims, our results of operations and business may be harmed.
- Our stock price has been and may continue to be volatile, and the value of an investment in our common stock may decline.
- Future issuances of shares of our common stock in connection with acquisitions or pursuant to our stock incentive plan could have a dilutive effect on your investment.
- The concentration of our stock ownership may limit individual stockholder ability to influence corporate matters.

We expect that we may need additional capital in the future; however, such capital may not be available to us on reasonable terms, if at all, when or as we require additional funding. If we issue additional shares of our common stock or other securities that may be convertible into, or exercisable or exchangeable for, our common stock, our existing stockholders would experience further dilution.

ITEM 7A.QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk for the effect of interest rate changes. Information relating to quantitative and qualitative disclosures about market risk is set forth below and in Item 7 of Part II, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources." To date, we have not used derivative instruments to mitigate the impact of our market risk exposures. We have also not used, nor do we intend to use, derivatives for trading or speculative purposes.

Interest Rate Risk

We are exposed to market risk related to changes in interest rates. Our investments are considered cash equivalents and primarily consist of money market mutual funds. As of December 31, 2016, we had cash and cash equivalents of $10.1 million. The carrying amount of our cash and cash equivalents reasonably approximates fair value, due to the fact that we can redeem such investment freely. The primary objectives of our investment activities are the preservation of capital, the fulfillment of liquidity needs and the fiduciary control of cash and investments. We do not enter into investments for trading or speculative purposes. Our investments are

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exposed to market risk due to a fluctuation in interest rates, which may affect our interest income and the fair market value of our investments. Due to the short-term nature of our investment portfolio, we do not expect our operating results or cash flows to be materially affected by a sudden change in market interest rates.

As of December 31, 2016, we have long-term debts, in aggregate of $50.0 million, including current portion of long-term debts. Our $45.0 million Term Loan accrues interest at LIBOR (with a floor of 0.5%) plus 10.5% per annum, payable in cash, plus an additional 1.0% per annum payable, at Fluent's election, in-kind or in cash. Interest under the Term Loan is payable monthly, including monthly compounding of PIK interest. In addition, we also have long-term Promissory Notes of $10.0 million in total with a rate of interest of 10% per annum, which interest is capitalized monthly by adding to the outstanding principal amount of such Promissory Notes. The fair value of our debt will generally fluctuate with movements of interest rates, increasing in periods of declining rates of interest and declining in periods of increasing rates of interest.

A hypothetical 10% increase in interest rates relative to our current interest rates would not have a material impact on the fair value of all of our outstanding long-term debts, net. Changes in interest rates would, however, affect operating results and cash flows, because of the variable rate nature of the Term Loan. A hypothetical 10% increase or decrease in overall interest rates as of December 31, 2016 would result in an impact to interest expense for 2017 by $0.5 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Our Consolidated Financial Statements and the Notes thereto, together with the report thereon of our independent registered public accounting firm are filed as part of this report, beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d–15(e)) as of the end of the period covered by this 2016 Form 10-K. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this 2016 Form 10-K.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, under the supervision of and with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, conducted an assessment of the effectiveness of the Company’s internal control over financial reporting based on the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control-Integrated Framework (2013). Based on the Company's evaluation under the framework in Internal Control—Integrated Framework, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2016.

During the year ended December 31, 2016, the Company acquired Q Interactive. See Note 4, “Acquisitions,” of the Notes to Consolidated Financial Statements, for additional information. As permitted by the Securities and Exchange Commission, management elected to exclude Q Interactive from its assessment of internal control over financial reporting as of December 31, 2016. Q Interactive in aggregate constitutes 8% of the Company’s consolidated total assets as of December 31, 2016 and 12% of the Company’s consolidated revenue for the year ended December 31, 2016.

Grant Thornton LLP, an independent registered public accounting firm, audited the Company’s consolidated financial statements included in this 2016 Form 10-K. A copy of their report is included in Item 8, “Financial Statements and Supplementary Data,” of this 2016 Form 10-K. Grant Thornton LLP has issued their attestation report on management’s internal control over financial reporting, which is also included in Item 8, “Financial Statements and Supplementary Data,” of this 2016 Form 10-K.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting in management’s evaluation during the fourth quarter of 2016 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.
None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this Item is incorporated by reference to the definitive proxy statement for our 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days of December 31, 2016.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is incorporated by reference to the definitive proxy statement for our 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days of December 31, 2016.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this Item is incorporated by reference to the definitive proxy statement for our 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days of December 31, 2016.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this Item is incorporated by reference to the definitive proxy statement for our 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days of December 31, 2016.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this Item is incorporated by reference to the definitive proxy statement for our 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days of December 31, 2016.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES
(a) List of documents filed as part of this report:

1. Financial Statements: The information required by this item is contained in Item 8 of this Form 10-K.

2. Financial Statement Schedules: The information required by this item is included in the consolidated financial statements contained in Item 8 of this Form 10-K.

3. Exhibits: The following exhibits are filed as part of, or incorporated by reference into, this Form 10-K.

Exhibit No.	Description
2.1	Merger Agreement and Plan of Reorganization by and among The Best One, Inc., Tiger Media, Inc., TBO Acquisition, LLC, and Derek Dubner, solely in his capacity as representative, dated December 14, 2014 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 6-K filed December 18, 2014).
2.2	First Amendment to Merger Agreement and Plan of Reorganization by and among The Best One, Inc., Tiger Media, Inc., TBO Acquisition, LLC, and Derek Dubner, solely in his capacity as representative, dated December 18, 2014 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 6-K filed December 18, 2014).
2.3	Second Amendment to Merger Agreement and Plan of Reorganization by and among The Best One, Inc., Tiger Media, Inc., TBO Acquisition, LLC, and Derek Dubner, solely in his capacity as representative, dated February 13, 2015 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 6-K filed on February 13, 2015).
2.4	Asset Purchase Agreement by and between Tiger Media, Inc. and Symbol Media (incorporated by reference to Exhibit 99.2 of the Schedule 13D filed by Tan Wei Han on June 26, 2013).
2.5	Agreement and Plan of Merger dated as of November 16, 2015, by and among IDI, Inc., Fluent, Inc., the existing stockholders of Fluent, Inc., Fluent Acquisition I, Inc., Fluent Acquisition II, LLC and Ryan Schulke, solely in his capacity as representative of Sellers. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed November 19, 2015).
2.6	Amendment No. 1 to Agreement and Plan of Merger dated December 8, 2015, by and among IDI, Inc., Fluent, Inc., the existing stockholders of Fluent, Inc., Fluent Acquisition I, Inc., Fluent Acquisition II, LLC and Ryan Schulke, solely in his capacity as representative of Sellers (incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed December 10, 2015).
2.7	Membership Interest Purchase Agreement (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 8, 2016).
3.1	Certificate of Domestication (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed March 26, 2015).
3.2	

Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed March 26, 2015).

3.3 Certificate of Designation of Series A Non-Voting Convertible Preferred Stock (incorporated by reference to Exhibit 3.4 to the Company's Current Report on Form 8-K filed March 26, 2015).

3.4 Certificate of Ownership and Merger Merging IDI, Inc., a Delaware corporation, with and into Tiger Media, Inc., a Delaware Corporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed May 1, 2015).

3.5 Certificate of Designation of Series B Non-Voting Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed November 19, 2015).

3.6 Amendment to Certificate of Designation of Series A Non-Voting Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 17, 2016).

3.7 Certificate of Amendment to the Certificate of Incorporation of IDI, Inc. (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed on September 26, 2016).

3.8 Amended and Restated Bylaws of Cogint, Inc. (incorporated by reference to Exhibit 3.2 to the Company’s Current Report on Form 8-K filed on September 26, 2016).

4.1 Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 of the Company’s Current Report on Form S-3 filed July 10, 2015).

4.2 Warrant issued to Intracoastal Capital, LLC, as amended, dated July 23, 2015 (incorporated by reference to Exhibit 4.2 to the Company’s Quarterly Report on Form 10-Q filed November 16, 2015).

4.3 Securities Purchase Agreement dated as of November 16, 2015, by and between IDI, Inc. and Frost Gamma Investments Trust (incorporated by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed November 19, 2015).

4.4 Warrant issued to Frost Gamma Investments Trust, dated as of November 16, 2015 (incorporated by reference to Exhibit 4.2 to the Company’s Current Report on Form 8-K filed November 19, 2015).

4.5 Stock Purchase Agreement dated as of November 16, 2015, by and between IDI, Inc. and Frost Gamma Investments Trust (incorporated by reference to Exhibit 4.3 to the Company’s Current Report on Form 8-K filed November 19, 2015).

4.6 Warrant issued to Whitehorse Finance, Inc., dated as of December 8, 2015 (incorporated by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed December 10, 2015).

4.7 Warrant issued to H.I.G. Whitehorse SMA ABF, Inc., dated as of December 8, 2015 (incorporated by reference to Exhibit 4.2 to the Company’s Current Report on Form 8-K filed December 10, 2015).

4.8 Warrant issued to Whitehorse Holdings II, LLC, dated as of December 8, 2015 (incorporated by reference to Exhibit 4.3 to the Company’s Current Report on Form 8-K filed December 10, 2015).

4.9 Promissory Note made by IDI, Inc. in favor of Frost Gamma Investments Trust, dated as of December 8, 2015, with accompanying Fee Letter (incorporated by reference to Exhibit 4.4 of the Company’s Current Report on Form 8-K filed December 10, 2015).

4.10 Promissory Note made by IDI, Inc. in favor of Michael Brauser, dated as of December 8, 2015, with accompanying Fee Letter (incorporated by reference to Exhibit 4.5 of the Company’s Current Report on Form 8-K filed December 10, 2015).

4.11 Promissory Note made by IDI, Inc. in favor of Barry Honig, dated as of December 8, 2015, with accompanying Fee Letter (incorporated by reference to Exhibit 4.6 of the Company’s Current Report on Form 8-K filed December 10, 2015).

4.12 Subordination Agreement, dated December 8, 2015, by and among IDI, Inc., Fluent, LLC, substantially all of the direct and indirect subsidiaries of IDI, Inc., Frost Gamma Investments Trust, Michael Brauser, Barry Honig, and Whitehorse Finance, Inc. (incorporated by reference to Exhibit 4.7 of the Company’s Current Report on Form 8-K filed December 10, 2015).

4.13 Stockholders' Agreement, dated as of December 8, 2015, by and among IDI, Inc., the selling stockholders of Fluent, Inc., Frost Gamma Investments Trust, James Reilly, Derek Dubner, Marlin Capital Investments, LLC, and Michael Brauser. (incorporated by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed December 10, 2015).

4.14 Registration Rights Agreement, dated as of December 8, 2015, by and among IDI, Inc. and the selling stockholders of Fluent, Inc. (incorporated by reference to Exhibit 4.9 to the Company's Current Report on Form 8-K filed December 10, 2015).

4.15 Form of Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 18, 2016).

4.16 Form of New Warrant (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 18, 2016).

4.17 Form of Common Stock Certificate of Cogint, Inc. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 26, 2016).

4.18 Form of Amended and Restated Existing Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 6, 2016).

4.19 Form of New Warrant (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on October 6, 2016).

4.20 Form of Purchasers' warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 23, 2016).

4.21 Form of Chardan Capital warrant (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 23, 2016).

10.1 Tiger Media, Inc. (fka SearchMedia Holdings Limited) Amended and Restated 2008 Share Incentive Plan (incorporated by reference to Exhibit 10.13 of the Company's Current Report on Form 8-K dated November 5, 2009 (File No. 333-158336)).+

10.2 Amendment to Tiger Media, Inc. Amended and Restated 2008 Share Incentive Plan effective September 13, 2011 (incorporated by reference to Exhibit 4.3 of the Company's Annual Report on Form 20-F dated April 19, 2013 (File No. 333-158336)).+

10.3 Amendment to Tiger Media, Inc. Amended and Restated 2008 Share Incentive Plan effective December 14, 2012 (incorporated by reference to Exhibit 4.4 of the Company's Annual Report on Form 20-F dated April 19, 2013 (File No. 333-158336)).+

10.4 Tiger Media, Inc. Form of Stock Option Agreement for Employees (incorporated by reference to Exhibit 4.8 of the Company's Annual Report on Form 20-F dated April 19, 2013 (File No. 333-158336)).+

10.5 Tiger Media, Inc. Form of Stock Option Agreement for Non-Employees (incorporated by reference to Exhibit 4.9 of the Company's Annual Report on Form 20-F dated April 19, 2013 (File No. 333-158336)).

10.6 Amendment to the Tiger Media, Inc. Amended and Restated 2008 Share Incentive Plan effective December 17, 2013 (incorporated by reference to Exhibit 4.4 of the Company's Annual Report on Form 20-F dated March 31, 2014 (File No. 333-158336)).+

10.7 Form of Lock-Up Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 26, 2015).

10.8 Employment Agreement dated as of November 16, 2015 between IDI, Inc. and Michael Brauser (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 19, 2015).+

10.9 Employment Agreement dated as of September 30, 2014 between The Best One, Inc. and Derek Dubner, as amended by that certain amendment to Employment Agreement dated as of March 17, 2015 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed March 26, 2015).+

10.10 Second Amendment to Employment Agreement dated as of November 16, 2015 between IDI, Inc. and Derek Dubner (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed

November 19, 2015).+

10.11 Employment Agreement dated as of October 2, 2014 between The Best One, Inc. and James Reilly, as amendment by that certain amendment to Employment Agreement dated as of March 17, 2015 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 22, 2015).+

10.12 Second Amendment to Employment Agreement dated as of November 16, 2015 between IDI, Inc. and James Reilly (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed November 19, 2015).+

10.13 Restricted Stock Unit Agreement dated as of September 30, 2014 between Derek Dubner and The Best One, Inc., (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed March 26, 2015).+

10.14 Securities Purchase Agreement dated as of July 23, 2015 between IDI, Inc. and Intercoastal Capital, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 28, 2015).

10.15 Placement Agent Agreement dated July 23, 2015 between IDI, Inc. and Chardan Capital Markets, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed July 28, 2015).

10.16 Form of Indemnification Agreement (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed August 14, 2015).

10.17 Form of Restricted Stock Unit Agreement with three year vesting, under IDI Inc.'s 2015 Stock Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed August 14, 2015).+

10.18 Form of Restricted Stock Unit Agreement with four year vesting, under IDI Inc.'s 2015 Stock Incentive Plan (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed August 14, 2015).+

10.19 Form of Stock Option Agreement under IDI Inc.'s 2015 Stock Incentive Plan (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed August 14, 2015).+

10.20 Business Consulting Services Agreement dated October 13, 2014, between The Best One, Inc. and Marlin Capital Investments, LLC (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K filed April 15, 2015).

10.21 Form of Non-Plan Restricted Stock Unit Agreement dated as of September 30, 2014 (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-8 filed on August 14, 2015).

10.22 Form of Non-Plan Restricted Stock Unit Agreement dated as of October 2, 2014 (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-8 filed on August 14, 2015).

10.23 Contract for Services dated as of August 24, 2015 between IDI, Inc. and DAB Management Group Inc. (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed November 16, 2015).

10.24 2015 Stock Incentive Plan (incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14A filed on April 30, 2015).

10.25 Credit Agreement dated December 8, 2015, by and among the Company, Fluent Acquisition I, Inc., Fluent, Inc., and Fluent Acquisition II, LLC (now known as Fluent, LLC), the persons party thereto from time to time as guarantors, the financial institutions party thereto from time to time as lenders, and Whitehorse Finance, Inc., as the administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed December 10, 2015).

10.26 Employment Agreement dated as of July 21, 2014 between Tiger Media, Inc. and Jacky Wang (incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K filed March 18, 2016).+

10.27 Employment Agreement between Daniel MacLachlan and The Best One, Inc., effective October 2, 2014, as amended (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 4, 2016).+

10.28 Limited Consent and Amendment to Credit Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 8, 2016).

10.29 Securities Purchase Agreement, dated as of May 17, 2016 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 18, 2016).

10.30 Placement Agent Agreement, dated as of May 17, 2016 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 18, 2016).

10.31 Exchange Agreement, dated as of May 18, 2016 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on May 18, 2016).

10.32 Limited Consent and Amendment No. 2 to Credit Agreement, dated September 30, 2016, by and among Cogint, Inc., Fluent, LLC, the other borrowers party thereto, Whitehorse Finance, Inc., as administrative agent, and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed November 3, 2016).

10.33 Second Amendment to MacLachlan Employment Agreement, dated October 4, 2016, , by Cogint, Inc. and Daniel MacLachlan. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed November 3, 2016).+

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10.34	Securities Purchase Agreement, dated as of November 23, 2016 (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on November 23, 2016).
10.35	Placement Agent Agreement, dated as of November 22, 2016 (incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed on November 23, 2016).
10.36	Amendment to IDI, Inc. 2015 Stock Incentive Plan effective June 1, 2016 (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement Form S-8 filed on June 3, 2016).+
10.37	Restricted Stock Unit Agreement with Michael Brauser (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement Form S-8 filed June 3, 2016).+
10.38	Restricted Stock Unit Agreement with Dr. Phillip Frost (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement Form S-8 filed June 3, 2016).+
10.39	Amendment No. 3 to Credit Agreement, dated as of January 19, 2017, by and among Cogint, Inc., Fluent, LLC, the other borrowers party thereto, Whitehorse Finance, Inc., as administrative agent, and the other lenders party thereto.*
14.1	Code of Ethics (incorporated by reference to Exhibit 14.1 to the Company’s Current Report on Form 8-K filed on September 26, 2016).
21.1	Subsidiaries of Cogint, Inc.*
23.1	Consent of Grant Thornton LLP *
23.2	Consent of RBSM LLP*
23.3	Consent of EisnerAmper LLP*
31.1	Certification of Chief Executive Officer filed pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Chief Financial Officer filed pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
99.1	Consolidated Financial Statements of Fluent, Inc. for the period from January 1, 2015 through December 8, 2015 (incorporated by reference to Exhibit 99.1 to the Company's Annual Report on Form 10-K filed on March 18, 2016).
99.2	

	Fluent, Inc. audited consolidated financial statements for the year ended December 31, 2014 (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on December 2, 2015).
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

+	Management contract or compensatory plan or arrangement
*	Filed herewith
**	Furnished herewith

ITEM 16. FORM 10-K SUMMARY

Registrants may voluntarily include a summary of information required by Form 10-K under this Item 16. The Company has elected not to include such summary information.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

March 14, 2017		COGINT, INC.
	By:	/s/ Michael Brauser Michael Brauser Executive Chairman
	By:	/s/ Daniel MacLachlan Daniel MacLachlan Chief Financial Officer
	By:	/s/ Jacky Wang Jacky Wang Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael Brauser Michael Brauser	Executive Chairman (Principal Executive Officer)	March 14, 2017
/s/ Phillip Frost Dr. Phillip Frost	Vice Chairman	March 14, 2017
/s/ Derek Dubner Derek Dubner	Chief Executive Officer and Director	March 14, 2017
/s/ Daniel MacLachlan Daniel MacLachlan	Chief Financial Officer (Principal Financial Officer)	March 14, 2017
/s/ Jacky Wang Jacky Wang	Chief Accounting Officer (Principal Accounting Officer)	March 14, 2017
/s/ Steven D. Rubin Steven D. Rubin	Director	March 14, 2017
/s Ryan Schulke Ryan Schulke	Director	March 14, 2017
/s/ Robert N. Fried	Director	March 14, 2017

Robert N. Fried

/s/ Peter Benz Peter Benz	Director	March 14, 2017
/s/ Robert Swayman Robert Swayman	Director	March 14, 2017
/s/ Donald Mathis Donald Mathis	Director	March 14, 2017

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders

Cogint, Inc. (formerly IDI, Inc.)

We have audited the internal control over financial reporting of Cogint, Inc. (formerly IDI, Inc.) (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2016, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting ("Management's Report"). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. Our audit of, and opinion on, the Company's internal control over financial reporting does not include the internal control over financial reporting of Q Interactive, LLC, a wholly-owned subsidiary, whose financial statements reflect total assets and revenues constituting 8 and 12 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2016. As indicated in Management's Report, Q Interactive, LLC, was acquired during 2016. Management's assertion on the effectiveness of the Company's internal control over financial reporting excluded internal control over financial reporting of Q Interactive, LLC.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended December 31, 2016, and our report dated March 14, 2017 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP

Fort Lauderdale, Florida
March 14, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders

Cogint, Inc. (formerly IDI, Inc.)

We have audited the accompanying consolidated balance sheets of Cogint, Inc. (formerly IDI, Inc.) (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cogint, Inc. (formerly IDI, Inc.) and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 14, 2017 expressed an unqualified opinion.

/s/ GRANT THORNTON LLP

Fort Lauderdale, Florida
March 14, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors

IDI HOLDINGS, LLC

We have audited the accompanying consolidated balance sheet of IDI HOLDINGS, LLC. (formerly known as The Best One, Inc.) as of December 31, 2014, and the related consolidated statement of operations, statement of shareholders’ equity and cash flows for the period from September 22, 2014 (inception) through December 31, 2014. The Company’s management is responsible for these financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of IDI HOLDINGS, LLC as of December 31, 2014, and the results of its operations and its cash flows for the period from September 22, 2014 (Inception) through December 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

/s/ RBSM LLP

New York, New York

March 18, 2016

COGINT, INC.

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share data)

	December 31, 2016		December 31, 2015	
ASSETS:				
Current assets:				
Cash and cash equivalents	$	10,089	$	13,462
Accounts receivable, net of allowance for doubtful accounts of $790 and $318 at December 31, 2016 and 2015, respectively		30,958		21,224
Prepaid expenses and other current assets		2,053		2,931
Total current assets		43,100		37,617
Property and equipment, net		1,350		1,062
Intangible assets, net		98,531		87,445
Goodwill		166,256		161,753
Other non-current assets		2,674		1,315
Total assets	$	311,911	$	289,192
LIABILITIES AND SHAREHOLDERS' EQUITY:				
Current liabilities:				
Trade accounts payable	$	14,725	$	8,863
Accrued expenses and other current liabilities		6,981		9,160
Deferred revenue		318		783
Current portion of long-term debt		4,135		2,250
Total current liabilities		26,159		21,056
Promissory notes payable to certain shareholders, net		10,748		9,618
Long-term debt, net		35,130		39,050
Contingent consideration payable in stock		10,225		-
Deferred tax liabilities		-		13,573
Total liabilities		82,262		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 December 31, 2016 and 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 December 31, 2016 and 2015, respectively		-			-	
Common stock—$0.0005 par value 200,000,000 shares authorized; 53,717,996 and 15,709,786 shares issued at December 31, 2016 and 2015, respectively; and 53,557,761 and 15,709,786 shares outstanding at December 31, 2016 and 2015, respectively		27			8	
Treasury stock, at cost, 160,235 and 0 shares at December 31, 2016 and 2015, respectively		(531	)		-	
Additional paid-in capital		344,384			291,032	
Accumulated deficit		(114,231	)		(85,145	)
Total shareholders' equity		229,649			205,895	
Total liabilities and shareholders' equity	$	311,911		$	289,192	

See notes to consolidated financial statements

COGINT, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Amounts in thousands, except share data)

	Year Ended December 31,		
	2016	2015	2014
Revenue	$186,836	$14,091	$817
Cost of revenues (exclusive of depreciation and amortization)	133,798	10,253	337
Gross profit	53,038	3,838	480
Operating expenses:			
Sales and marketing expenses	16,296	2,925	325
General and administrative expenses	54,094	44,472	915
Depreciation and amortization	12,631	841	17
Write-off of intangible assets	4,055	-	-
Total operating expenses	87,076	48,238	1,257
Loss from operations	(34,038)	(44,400)	(777)
Other income (expense):			
Interest expense, net	(7,593)	(468)	-
Contingent earn out costs	-	(14,300)	-
Other expenses, net	(1,497)	-	-
Total other expense	(9,090)	(14,768)	-
Loss from continuing operations before income taxes	(43,128)	(59,168)	(777)
Income taxes	(14,042)	(16,583)	(167)
Net loss from continuing operations	(29,086)	(42,585)	(610)
Discontinued operations:			
Pretax loss from operations of discontinued operations	-	(1,236)	-
Pretax loss on disposal of discontinued operations	-	(41,095)	-
Income taxes	-	127	-
Net loss from discontinued operations	-	(42,458)	-
Less: Non-controlling interests	-	(508)	-
Net loss from discontinued operations attributable to cogint	-	(41,950)	-
Net loss attributable to cogint	$(29,086)	$(84,535)	$(610)
Loss per share			
Basic and diluted			
Continuing operations	$(0.65)	$(3.27)	$(0.14)
Discontinued operations	-	(3.22)	-
	$(0.65)	$(6.48)	$(0.14)
Weighted average number of shares outstanding -			
Basic and diluted	44,536,906	13,036,082	4,501,041
Comprehensive (loss) income:			
Net loss attributable to cogint	$(29,086)	$(84,535)	$(610)

Foreign currency translation adjustment:			
Unrealized	-	(130)	-
Realized upon the disposal of discontinued operations	-	130	-
Net comprehensive loss	$(29,086)	$(84,535)	$(610)

See notes to consolidated financial statements

COGINT, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY

(Amounts in thousands, except share data)

	Convertible Series A preferred stock		Convertible Series B preferred stock		Common stock		Treasury stock		Additional paid-in	Accumulated other comprehensive	Accumulated	Non-controlling	Total Shareholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	capital	loss	deficit	interests	equity
Balance as at September 22, 2014 (inception)	-	$-	-	$-	1,000,001	$-	-	$-	$-	$-	$-	$-	$-
Issuance of shares, net of offering costs	4,965,302	-	-	-	5,312,709	3	-	-	12,691	-	-	-	12,694
Issuance of common shares as a result of acquisition	-	-	-	-	284,445	-	-	-	-	-	-	-	-
Share-based compensation expense	-	-	-	-	-	-	-	-	23	-	-	-	23
Net loss	-	-	-	-	-	-	-	-	-	-	(610)	-	(610)
Balance as at December 31, 2014	4,965,302	$-	-	$-	6,597,155	$3	-	$-	$12,714	$-	$(610)	$-	$12,107
Issuance of common shares as a result of the reverse acquisition	-	-	-	-	7,291,299	4	-	-	44,108	-	-	-	44,112
Additions as a result of the reverse acquisition	-	-	-	-	-	-	-	-	-	-	-	425	425
Vesting of restricted stock units	-	-	-	-	382,300	-	-	-	-	-	-	-	-
Issuance of common shares	-	-	-	-	20,122	-	-	-	-	-	-	-	-

upon cashless exercise of warrants													
Issuance of common shares upon a direct offering to an institutional investor, net of issuance costs of $600	-	-	-	-	1,280,410	1	-	-	9,399	-	-	-	9,400
Issuance of Series B Preferred upon sales of securities to certain investors, net of issuance costs of $220	-	-	149,925	-	-	-	-	-	49,780	-	-	-	49,780
Issuance of Series B Preferred related to promissory notes	-	-	1,000	-	-	-	-	-	413	-	-	-	413
Issuance of Series B Preferred in relation to Fluent acquisition	-	-	300,037	-	-	-	-	-	123,766	-	-	-	123,766
Conversion of Series A Preferred shares into common shares	(93,500)	-	-	-	93,500	-	-	-	-	-	-	-	-
Issuance of common shares to vendors	-	-	-	-	45,000	-	-	-	433	-	-	-	433

for services rendered													
Share-based compensation expense	-	-	-	-	-	-	-	-	34,533	-	-	-	34,533
Contingent earn out costs	-	-	-	-	-	-	-	-	14,300	-	-	-	14,300
Net loss attributable to cogint	-	-	-	-	-	-	-	-	-	-	(84,535)	-	(84,535)
Net loss attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(508)	(508)
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	(130)	-	-	(130)
Changes as a result of the disposal of discontinued operations	-	-	-	-	-	-	-	-	-	130	-	83	213
Issuance of warrants in relation to term loan	-	-	-	-	-	-	-	-	1,586	-	-	-	1,586
Balance as at December 31, 2015	4,871,802	$-	450,962	$-	15,709,786	$8	$-	$-	$291,032	$-	$(85,145)	$-	$205,895
Issuance of contingent earn out shares	1,800,220	-	-	-	900,108	-	-	-	-	-	-	-	-
Conversion of Series A preferred stock into common stock	(6,672,022)	-	-	-	6,672,022	3	-	-	(3)	-	-	-	-

Conversion of Series B preferred stock into common stock	-	-	(450,962)	-	22,548,100	11	-	-	(11)	-	-	-	-
Issuance of common stock to a vendor for services rendered	-	-	-	-	14,500	-	-	-	146	-	-	-	146
Common stock issued in exchange for warrants previously issued to certain shareholders	-	-	-	-	1,069,728	1	-	-	1,272	-	-	-	1,273
Vesting of restricted stock units	-	-	-	-	1,434,562	1	-	-	(1)	-	-	-	-
Increase in treasury stock resulting from shares withheld to pay statutory taxes in connection with the vesting of restricted stock units	-	-	-	-	-	-	360,235	(1,193)	-	-	-	-	(1,193)
Sales of treasury stock	-	-	-	-	-	-	(200,000)	662	(62)	-	-	-	600
Issuance of common stock upon a	-	-	-	-	3,000,000	2	-	-	10,077	-	-	-	10,079

direct offering to certain investors, net of issuance costs of $923													
Issuance of common stock in connection with Q Interactive acquisition	-	-	-	-	2,369,190	1	-	-	11,205	-	-	-	11,206
Share-based compensation expenses	-	-	-	-	-	-	-	-	30,237	-	-	-	30,237
Warrants issued in relation to term loan	-	-	-	-	-	-	-	-	492	-	-	-	492
Net loss	-	-	-	-	-	-	-	-	-	-	(29,086)	-	(29,086)
Balance as at December 31, 2016	-	$-	-	$-	53,717,996	$27	160,235	$(531)	$344,384	$-	$(114,231)	$-	$229,649

See notes to consolidated financial statements

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COGINT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands, except share data)

	Year Ended December 31,		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(29,086)	$(84,535)	$(610)
Less: Loss from discontinued operations, net of tax	-	(41,950)	-
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	12,631	841	17
Non-cash interest expenses and related amortization	2,519	151	-
Share-based payments	29,249	34,160	23
Non-cash contingent earn out costs	-	14,300	-
Non-cash loss on exchange of warrants	1,273	-	-
Write-off of Purchased IP and capitalized litigation costs	4,055	-	-
Provision for bad debts	772	213	105
Deferred income tax benefit	(14,129)	(16,460)	(270)
Changes in assets and liabilities of continuing operations, net of the effects of acquisitions:			
Accounts receivable	(5,833)	(893)	(138)
Prepaid expenses and other current assets	2,095	(1,574)	(139)
Other non-current assets	(1,359)	(513)	(38)
Trade accounts payable	3,565	142	86
Accrued expenses and other current liabilities	(3,136)	1,642	414
Amounts due to related parties	-	(66)	52
Deferred revenue	(517)	306	24
Net cash provided by (used in) operating activities from continuing operations	2,099	(10,336)	(474)
Net cash used in operating activities from discontinued operations	-	(337)	-
Net cash provided by (used in) operating activities	2,099	(10,673)	(474)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(762)	(662)	(85)
Purchase of intangible assets	-	(250)	(27)
Capitalized costs included in intangible assets	(10,164)	(3,065)	(186)
Proceeds from reverse acquisition	-	3,569	-
Acquisition, net of cash acquired	(50)	(93,276)	(5,926)
Deposits as collateral	(1,050)	-	-
Net cash used in investing activities from continuing operations	(12,026)	(93,684)	(6,224)
Net cash used in investing activities from discontinued operations	-	(121)	-
Net cash used in investing activities	(12,026)	(93,805)	(6,224)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of shares, net of issuance costs	10,079	59,180	12,694

Proceeds for debt obligations	-	55,000	-
Debt costs	(682)	(2,236)	-
Repayments of long-term debt	(2,250)	-	-
Taxes paid related to net share settlement of vesting of restricted stock units	(1,193)	-	-
Sale of treasury stock	600	-	-
Net cash provided by financing activities	6,554	111,944	12,694
Net (decrease) increase in cash and cash equivalents	$(3,373)	$7,466	$5,996
Cash and cash equivalents at beginning of period	13,462	5,996	-
Cash and cash equivalents at end of period	$10,089	$13,462	$5,996
SUPPLEMENTAL DISCLOSURE INFORMATION			
Cash paid for interest	$3,795	$3	$-
Cash paid (refunded) for income taxes	$87	$(123)	$-
Share-based compensation expenses capitalized in intangible assets	$1,154	$363	$-
Issuance of common stock to a vendor for services rendered	$146	$-	$-
Fair value of acquisition consideration:			
- the reverse acquisition with Tiger Media	$-	$44,112	$-
- Fluent acquisition	$-	$123,766	$-
- Q Interactive acquisition	$21,431	$-	$-
Warrants issued in relation to the term loan	$492	$1,586	$-
Series B Preferred issued in relation to the promissory notes	$-	$413	$-

See notes to consolidated financial statements

COGINT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except share data)

1. Principal activities and organization

(a) Principal activities

Cogint, Inc. ("we," "us," "our," "cogint," or the "Company"), formerly known as IDI, Inc., a Delaware corporation, is a data ar analytics company providing cloud-based mission-critical information and performance marketing solutions to enterprises in a variety of industries. Our mission is to transform data into intelligence utilizing our proprietary technology platforms to solve complex problems for our clients. Harnessing the power of data fusion and powerful analytics, we transform data into intelligence, in a fast and efficient manner, so that our clients can spend their time on what matters most, running their organizations with confidence. Through our intelligent platforms, CORE™ and Agile Audience Engine™, we uncover the relevance of disparate data points to deliver end-to-end, ROI-driven results for our customers. Our analytical capabilities enable us to build comprehensive datasets in real-time and provide insightful views of people, businesses, assets and their interrelationships. We empower clients across markets and industries to better execute all aspects of their business, from managing risk, identifying fraud and abuse, ensuring legislative compliance, and debt recovery, to identifying and acquiring new customers. With the goal of reducing the cost of doing business and enhancing the consumer experience, our solutions enable our clients to optimize overall decision-making and to have a holistic view of their customers.

We provide unique and compelling solutions essential to the daily workflow of organizations within both the public and private sectors. Our cloud-based data fusion and customer acquisition technology platforms, combined with our massive database consisting of public-record, proprietary and publicly- available data, as well as a unique repository of self-reported information on millions of consumers, enables the delivery of differentiated products and solutions used for a variety of essential functions throughout the customer life cycle. These essential functions include customer identification and authentication, investigation and validation, and customer acquisition and retention. The Company operates through two reportable segments: (i) Information Services and (ii) Performance Marketing.

(b) Organization

Tiger Media

Previously, we provided advertising services in the out-of-home advertising industry in China under the name Tiger Media, Inc. ("Tiger Media"), a Cayman Islands exempted company. On June 30, 2015, the Company's Board of Directors approved the plan to discontinue its Advertising Business (defined below). In 2015, the Company has disposed of all assets and liabilities related to its Advertising Business.

TBO

The Best One, Inc. ("TBO") is a holding company incorporated on September 22, 2014 in the State of Florida, which was formed to be engaged in the acquisition of operating businesses and the acquisition and development of valuable and proprietary technology assets across various industries. On October 2, 2014, TBO acquired 100% of the membership interests of Interactive Data, LLC ("Interactive Data"), a Georgia limited liability company and Interactive Data became a wholly-owned subsidiary of TBO ("Interactive Data Acquisition"). TBO accounted for the acquisition as a forward merger with TBO as both the legal and accounting acquirer. It was concluded that Interactive Data was not the predecessor accounting entity. Interactive Data is a data solutions provider, historically delivering data products and services to the Accounts Receivable Management ("ARM") industry for location and identity verification, legislative compliance and debt recovery.

TBO Merger with Tiger Media

On March 21, 2015 (the "Effective Date of TBO Merger"), Tiger Media and TBO Acquisition, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Tiger Media ("TBO Merger Sub"), completed a merger (the "TBO Merger") with TBO, pursuant to the terms and conditions of the Merger Agreement and Plan of Reorganization, as amended (the "TBO Merger Agreement") dated as of December 14, 2014.

Before the TBO Merger, on March 19, 2015, Tiger Media effected a one-for-five reverse stock split (the "Reverse Split"). The principal effect of the Reverse Split was to decrease the number of outstanding shares of each of Tiger Media's ordinary shares.

Except for de minimus adjustments for the treatment of fractional shares, the Reverse Split did not have any dilutive effect on Tiger Media shareholders and the relative voting and other rights that accompany the shares were not affected by the Reverse Split. In addition, the proportion of shares owned by shareholders relative to the number of shares authorized for issuance remained the same because the authorized number of shares was decreased in proportion to the Reverse Split from 1,000,000,000 shares to 200,000,000 shares. The authorized number of preferred shares was not affected by the Reverse Split and remained at 10,000,000. Also before the Merger, on March 20, 2015, Tiger Media completed its domestication from the Cayman Islands to Delaware as a Delaware corporation (the "Domestication"). Following the Domestication and the Reverse Split, on March 21, 2015, TBO merged into TBO Merger Sub, with TBO Merger Sub continuing as the surviving company and a wholly-owned subsidiary of Tiger Media.

On April 8, 2015, TBO Merger Sub's entity name was changed to IDI Holdings, LLC ("IDI Holdings"), which is a wholly owned subsidiary of the Company. On April 30, 2015, Tiger Media changed its name to IDI, Inc.

For accounting purposes, the Company recognized the TBO Merger in accordance with Accounting Standards Codification ("ASC") Topic 805-40, "Reverse Acquisitions." Accordingly, the Company has been recognized as the accounting acquiree in the TBO Merger, with IDI Holdings being the accounting acquirer, and the Company's consolidated financial statements for the reporting periods from January 1, 2015 through March 21, 2015 being those of IDI Holdings, rather than those of the Company. The Company's consolidated financial statements for the periods since March 22, 2015, the day after which the TBO Merger was consummated, recognize Tiger Media and IDI Holdings as a consolidated group for accounting and reporting purposes, albeit with a carryover capital structure inherited from Tiger Media (attributable to the legal structure of the transaction).

Disposal of Advertising Business

As a result of the TBO Merger, and although it was the Company's intention to continue to operate and further develop its Advertising Business (as defined below) both in China and the United States as of the Effective Date of TBO Merger, on June 30, 2015, in connection with the continuing shift in the Company's focus towards the data fusion industry via its consolidated subsidiaries, the Company's Board of Directors approved a plan under which the Company discontinued the operations of its Chinese and British Virgin Islands based subsidiaries (collectively, the "Advertising Business"). The purpose of the plan was to focus the Company's resources on the data fusion industry, where the Company believes the opportunities for future growth are substantially greater. Additionally, due to the continuing negative cash flow from operations of the Advertising Business, the Company elected not to invest further in this business. As of December 31, 2015, the Company had disposed of all assets and liabilities related to its Advertising Business.

Fluent Acquisition

On December 8, 2015 (the "Effective Date of Fluent Acquisition"), the Company completed the acquisition of Fluent Inc (the "Fluent Acquisition"), pursuant to an Agreement and Plan of Merger (the "Fluent Merger Agreement") entered into on November 16, 2015. On December 9, 2015, Fluent Acquisition II, LLC, the surviving entity during the Fluent Acquisition, changed its name to Fluent, LLC ("Fluent"). The Company is the legal and accounting acquirer of the Fluent Acquisition. Fluent is a leader in people-based digital marketing and customer acquisition.

Q Interactive Acquisition

On June 8, 2016 (the "Effective Date of Q Interactive Acquisition"), the Company completed the acquisition of Q Interactive, LLC ("Q Interactive") (the "Q Interactive Acquisition"), pursuant to a Membership Interest Purchase Agreement with Selling Source, LLC ("Selling Source"), the seller, pursuant to which the Company acquired all of the issued and outstanding membership interests in Q Interactive. Q Interactive, a Delaware limited liability company, provides performance based digital marketing solutions for advertisers and publishers.

Refer to Note 4, “Acquisitions,” and Note 5, “Discontinued Operations,” to the consolidated financial statements for the details of the acquisitions and disposal of Advertising Business, respectively.

All share data for all periods have been retroactively restated to reflect cogint’s one-for-five Reverse Split, which was effective on March 19, 2015, as discussed above.

2. Summary of significant accounting policies

(a) Basis of preparation and liquidity

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

The Company reported a net loss of $29,086, $42,585 and $610 from continuing operations, and a net loss of $0, $41,950 and $0 from discontinued operations, for the years ended December 31, 2016, 2015 and 2014, respectively. Net cash provided by operating activities was $2,099 for the year ended December 31, 2016, while net cash used in operating activities was $10,673 and $474 for the years ended December 31, 2015 and 2014, respectively. As of December 31, 2016, the Company had an accumulated deficit of $114,231.

As of December 31, 2016, the Company had available cash of $10,089, a decrease of $3,373 from $13,462 as of December 31, 2015. Based on projections of growth in revenue and operating results in the coming year, and the additional debt capital of $15,000 in January 2017, the Company believes that it will have sufficient cash resources to finance its operations and expected capital expenditures for the next twelve months.

Reclassifications

Certain prior period items, including promissory notes payable to certain shareholders, have been reclassified to conform to the current period presentation.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant transactions among the Company and its subsidiaries have been eliminated upon consolidation.

(b) Use of estimates

The preparation of consolidated financial statements in accordance with US GAAP requires the Company's management to make estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the allowance for doubtful accounts, useful lives of intangible assets, recoverability of the carrying amount of goodwill and intangible assets, valuation of assets and liabilities acquired in a business combination, income tax provision, and the assessment of contingent obligations. These estimates are often based on complex judgments and assumptions that management believes to be reasonable but are inherently uncertain and unpredictable. Actual results could differ from these estimates.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits with original maturities of three months or less, which are unrestricted as to withdrawal and use.

The Company's cash and bank deposits were held in major financial institutions located in the United States, which management believes have high credit ratings. The cash and bank deposits held in the United States, denominated in USD, amounted to $10,089 and $13,462 as of December 31, 2016 and 2015, respectively. As of December 31, 2016, among the total cash and cash equivalents, $5,213 was held by Fluent and a portion of this cash may be used by Fluent only for general operating purposes.

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist principally of cash investments. The Company places its temporary cash instruments with well-known financial institutions within the United States, and, at times, may maintain balances in United States banks in excess of the $250 thousand dollar US Federal Deposit Insurance Corporation insurance limit. The Company monitors the credit ratings of the financial institutions to mitigate this risk.

(d) Accounts receivable

Accounts receivable are due from customers and are generally unsecured, which consist of amounts earned but not yet collected. None of the Company’s accounts receivable bear interest.

The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. Management determines the allowance based on reviews of customer-specific facts and economic conditions. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers. The amount of the allowance for doubtful accounts was $790 and $318 as of December 31, 2016 and 2015, respectively.

(e) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation or amortization. Expenditures for maintenance, repairs, and minor renewals are charged to expense in the period incurred. Betterments and additions are capitalized. Property and equipment are depreciated on the straight-line basis over the estimated useful lives of the assets. Leasehold improvements are depreciated over the shorter of their estimated useful lives or lease terms that are reasonably assured. The estimated useful lives of property and equipment are as follows:

Computer and network equipment	5-7 years
Furniture, fixtures and office equipment	3-5 years
Leasehold improvements	4-7 years

When items of property and equipment are retired or otherwise disposed of, loss/income is charged or credited for the difference between the net book value and proceeds received thereon.

(f) Business combination

The Company records acquisitions pursuant to ASC 805 – Business Combinations. We allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired intangible assets, useful lives and discount rates. Management's estimates of fair value are based upon assumptions we believe to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

(g) Intangible assets other than goodwill

The Company's intangible assets are initially recorded at the capitalized actual costs incurred, their acquisition cost, or fair value if acquired as part of a business combination, and amortized on a straight-line basis over their respective estimated useful lives, which are the periods over which the assets are expected to contribute directly or indirectly to the future cash flows of the Company. The Company's intangible assets represent purchased intellectual property and capitalized litigation costs, software developed for internal use, acquired proprietary technology, customer relationships, trade names, domain names, databases and non-competition agreements, including those resulting from the acquisitions. Intangible assets have estimated useful lives of 2-20 years.

In accordance with ASC Topic 350-40, “Software — internal use software,” the Company capitalizes eligible costs, including salaries and staff benefits, share-based compensation expenses, traveling expenses incurred by relevant employees, and other relevant costs of developing internal-use software that are incurred in the application development stage when developing or obtaining software for internal use. The Company begins the amortization of those costs when the products become commercially viable.

(h) Goodwill

Goodwill represents the difference between the purchase price and the estimated fair value of the net assets acquired when accounted for by the purchase method of accounting. As of December 31, 2016, the goodwill balance relates to the October 2, 2014 acquisition of Interactive Data by IDI Holdings, the Fluent Acquisition effective on December 8, 2015, and the Q Interactive Acquisition effective on June 8, 2016.

In accordance with ASC Topic 350, “Intangibles - Goodwill and Other,” goodwill is tested at least annually for impairment, or when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable, by assessing qualitative factors or performing a quantitative analysis in determining whether it is more likely than not that its fair value exceeds the carrying value.

On October 1, 2016, we performed a quantitative Step One assessment on both of our reporting units. A quantitative Step One assessment involved determining the fair value of each reporting unit using market participant assumptions. If we believe that the carrying value of a reporting unit with goodwill exceeds its estimated fair value, we will perform a quantitative Step Two assessment. Step Two compares the carrying value of the reporting unit to the fair value of all of the assets and liabilities of the reporting unit (including any unrecognized intangibles) as if the reporting unit was acquired in a business combination. If the carrying amount of a reporting unit's goodwill exceeds the implied fair value of its goodwill, an impairment loss is recognized in an amount equal to the excess. The results of our Step One assessment proved that the estimated fair value of the reporting units exceed their carrying value, and therefore a Step Two assessment was not performed. We concluded that goodwill was not impaired as of December 31, 2016 and 2015.

For purposes of reviewing impairment and the recoverability of goodwill, we must make various assumptions regarding estimated future cash flows and other factors in determining the fair values.

(i) Impairment of long-lived assets

Finite-lived intangible assets are amortized over their respective useful lives and, along with other long-lived assets, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their related carrying amounts may not be recoverable in accordance with ASC Topic 360-10-15, "Impairment or Disposal of Long-Lived Assets." In evaluating long-lived assets for recoverability, including finite-lived intangibles and property and equipment, the Company uses its best estimate of future cash flows expected to result from the use of the asset and eventual disposition in accordance with ASC Topic 360-10-15. To the extent that estimated future undiscounted cash inflows attributable to the asset, less estimated future undiscounted cash outflows, are less than the carrying amount, an impairment loss is recognized in an amount equal to the difference between the carrying value of such asset and its fair value. Assets to be disposed of and for which there is a committed plan of disposal, whether through sale or abandonment, are reported at the lower of carrying value or fair value less costs to sell. The Company evaluated its long-lived assets for recoverability and determined no impairment was necessary.

Asset recoverability is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the undiscounted future cash flows. In calculating the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters such as revenue growth rates, gross margin percentages and terminal growth rates. We concluded there was no impairment on our long-lived assets as of December 31, 2015. In September 2016, the Company wrote off the remaining balance of Purchased IP and capitalized litigation costs of $4,055, as a result of an unfavorable ruling in relation to a litigation matter.

(j) Fair value of financial instruments

ASC Topic 820, "Fair Value Measurements and Disclosures" establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

These tiers include:

- Level 1 – defined as observable inputs such as quoted prices in active markets;
- Level 2 – defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and

- Level 3 – defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The fair value of the Company's cash and cash equivalents, and receivables and payables approximate their carrying amount because of the short-term nature of these instruments. We regard the fair value of the long-term debt to approximate their carrying amounts as of December 31, 2016 based on the current interest rates for similar debt instruments. This fair value assessment represents Level 2 measurements. We used the probability-weighted method to determine the fair value of the contingent consideration payable in stock as of December 31, 2016, and this fair value assessment represents Level 3 measurements.

(k) Revenue recognition

The Company provides information services and performance marketing services, and generally recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or a service has been rendered, the price is fixed or determinable and collection is reasonably assured.

Information services revenue is generated from the risk management industry and consumer marketing industry. Information service revenue generated from the risk management industry is generally recognized on (a) a transactional basis determined by the customers' usage, (b) a monthly fee or (c) a combination of both. Revenues pursuant to contracts containing a monthly fee are recognized ratably over the contract period, which is generally 1 year. Revenues pursuant to transactions determined by the customers' usage are recognized when the transaction is complete. Information service revenue generated from consumer marketing industry is generally recognized when related services are delivered, in accordance with terms detailed in the agreements. These terms typically call for a transactional unit price per record delivered based on predefined qualifying characteristics specified by the customer. These records are tracked in real time by the Company's systems, reported, recorded, and regularly reconciled against advertiser data either in real time or at various contractually defined periods, whereupon the number of qualified records during such specified period are finalized and adjustments, if any, to revenue are made. Additional revenues are generated through revenue-sharing agreements with marketers who target offers to users provided by the Company from its owned and operated sites.

Performance marketing revenue is recognized when the conversions are generated based on predefined user actions (for example, a click, a registration, an app install or a coupon print) subject to certain qualifying characteristics specified by the customer, in accordance with terms detailed in advertiser agreements and/or the attendant insertion orders. These terms typically call for a specific transactional unit price per conversion generated. These conversions are tracked in real time by the Company's systems, reported, recorded, and regularly reconciled against advertiser data either in real time or at various contractually defined periods, whereupon the number of qualified conversions during such specified period are finalized and adjustments, if any, to revenue are made.

Costs associated with separately priced customer service contracts are expensed as incurred.

Customer payments received in excess of the amount of revenue recognized are recorded as deferred revenue in the consolidated balance sheets, and are recognized as revenue when the services are rendered. As of December 31, 2016 and 2015, deferred revenue totaled $318 and $783, respectively, all of which is expected to be realized in the following year.

(l) Cost of revenues (exclusive of depreciation and amortization)

Our cost of revenues primarily include data acquisition costs, media costs and other cost of revenues. Data acquisition costs consist primarily of the cost to acquire data either on a transactional basis or through flat-fee data licensing agreements, including unlimited usage agreements, and is used primarily to power solutions in our Information Services segment. Media costs consist primarily of the cost to acquire traffic through the purchase of impressions or clicks from publishers or third-party intermediaries, such as advertising exchanges, and is used primarily to power solutions in our Performance Marketing segment. Other cost of revenues includes expenses related to third-party infrastructure fees.

(m) Advertising and promotion costs

Advertising and promotion costs are charged to operations as incurred. Advertising and promotion costs, included in sales and marketing expenses amounted to $4,027, $388 and $38 for the years ended December 31, 2016, 2015 and

2014, respectively.

(n) Share-based payments

The Company accounts for share-based payments to employees in accordance with ASC Topic 718, "Compensation—Stock Compensation." Under ASC Topic 718, the Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award and generally recognizes the costs on a straight-line basis over the period the employee is required to provide service in exchange for the award, which generally is the vesting period. For awards with performance conditions, we begin recording share-based compensation expenses when achieving the performance criteria is probable.

The estimated number of stock awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from our current estimates, such amount will be recorded as a cumulative adjustment in the period estimates are revised. Changes in our estimates and assumptions may cause us to realize material changes in share-based compensation expenses in the future. We consider many factors when estimating expected forfeitures, including employee level, economic conditions, time remaining to vest, and historical forfeiture experience.

The Company accounts for share-based payments to non-employees in accordance with ASC Topic 505-50, “Equity-Based Payments to Non-Employees.” Under ASC Topic 505-50, share-based payment transactions with nonemployees shall be measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. In the event that the fair value of the equity instruments issued in a share-based payment transaction with nonemployees is more reliably measurable than the fair value of the consideration received, the transaction shall be measured based on the fair value of the equity instruments issued by the Company.

(o) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect on deferred tax assets and liabilities of a change in tax rates or laws is recognized in income in the period that the change in tax rates or laws is enacted. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company applies ASC Topic 740, “Income Taxes.” ASC 740 clarifies the accounting for uncertain tax positions. This interpretation requires that an entity recognizes in the consolidated financial statements the impact of a tax position, if that position is more likely than not of being sustained upon examination, based on the technical merits of the position. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company’s accounting policy is to accrue interest and penalties related to uncertain tax positions, if and when required, as interest expense and a component of other expenses, respectively, in the consolidated statements of operations.

(p) Loss per share

Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the periods. Diluted loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock and is calculated using the treasury stock method for stock options and unvested shares. Common equivalent shares are excluded from the calculation in the loss periods as their effects would be anti-dilutive.

On March 19, 2015, the Company effected the Reverse Split. The principal effect of the Reverse Split was to decrease the number of outstanding shares of the Company’s common shares. All per share amounts and shares outstanding for all the periods presented have been retroactively restated to reflect the Reverse Split.

(q) Contingencies

In the ordinary course of business, the Company is subject to loss contingencies that cover a wide range of matters. An estimated loss from a loss contingency such as a legal proceeding or claim is accrued if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In determining whether a loss should be accrued, the Company evaluates, among other factors, the degree of probability and the ability to make a reasonable estimate of the amount of loss.

(r) Segment reporting

The Company has two operating segments, Information Services and Performance Marketing, as defined by ASC Topic 280, “Segment Reporting.” As of December 31, 2015, the Company has disposed of all assets and liabilities related to its Advertising Business, and the related results of operations were recorded as discontinued operations.

(s) Significant concentrations and risks

Concentration of Credit Risk

Assets that potentially subject the Company to significant concentration of credit risk primarily consist of cash and cash equivalents, and accounts receivable. As of December 31, 2016 and 2015, all of the Company’s cash and cash equivalents were deposited in financial institutions located in the United States, which management believes are of high credit quality. Accounts receivable are typically unsecured and are derived from revenue earned from customers. The risk with respect to accounts receivable is mitigated by credit evaluations the Company performs on its customers and its ongoing monitoring process of outstanding balances.

Concentration of Customers

During the years ended December 31, 2016 and 2015, the Company recognized revenue from one major customer, accounting for 12% and 14% of the total consolidated revenue, respectively. Such customer, however, manages the ad platforms of leading search engines and represents a consortium of advertisers, which limits overall concentration risk. During the year ended December 31, 2014, there was no individual customer that accounted for more than 10% of the total revenue.

As of December 31, 2016, there was no individual customer that accounted for more than 10% of the Company's accounts receivable, while as of December 31, 2015, the same customer as mentioned above, accounted for 17% of the Company's accounts receivable.

Concentration of Suppliers

One media supplier accounted for 15% and 11% of the total cost of revenues during the years ended December 31, 2016 and 2015, respectively. Four data suppliers accounted for 30%, 19%, 11% and 11% of the total cost of revenues for the year ended December 31, 2014.

As of December 31, 2016, there was no individual vendor that accounted for more than 10% of the of the Company's total trade accounts payable, while as of December 31, 2015, two media suppliers accounted for 16% and 12% of the Company's total trade accounts payable.

(t) Recently issued accounting standards

In May 2014, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09 ("ASU 2014-09"), "Revenue from Contracts with Customers (Topic 606)." The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In August 2015, FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," which delays the effective date of ASU 2014-09 by one year. FASB also agreed to allow entities to choose to adopt the standard as of the original effective date. In March 2016, FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)" ("ASU 2016-08"), which clarifies the implementation guidance on principal versus agent considerations. The guidance includes indicators to assist an entity in evaluating whether it controls the good or the service before it is transferred to the customer. The new revenue recognition standard will be effective for public entities for annual reporting periods beginning after December 15, 2017, and interim periods therein, that is, the first quarter of 2018. The new standard also permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the modified retrospective method). We currently do not plan to early adopt ASU 2014-09, and we anticipate adopting the standard using the modified retrospective method. We plan to have our preliminary assessment on the impact this guidance will have on our consolidated financial statements and related disclosures in early 2017.

In August 2014, FASB issued ASU No. 2014-15 ("ASU 2014-15"), "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern," which provides guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 is effective for annual periods ending after December 15, 2016 with early adoption permitted. We adopted ASU 2014-15 for the year ended December 31, 2016, and it does not have a material impact on our consolidated financial statements.

In September 2015, FASB issued ASU No. 2015-16 (“ASU 2015-16”), “Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments,” which replaces the requirement that an acquirer in a business combination account for measurement period adjustments retrospectively with a requirement that an acquirer recognize adjustments to the provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. ASU 2015-16 requires that the acquirer record, in the same period’s financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts calculated as if the accounting had been completed at the acquisition date. ASU 2015-16 is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The guidance is to be applied prospectively to adjustments to provisional amounts that occur after the effective date of the guidance, with earlier application permitted for financial statement that have not been issued. We adopted ASU 2015-16 during the three months ended March 31, 2016. We are still evaluating the purchase price allocation related to the acquisition of Q Interactive, LLC, and we do not expect it will have a material impact on our consolidated financial statements.

In February 2016, FASB issued ASU No. 2016-02 (“ASU 2016-02”), “Leases (Topic 842),” which generally requires companies to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet. This guidance will be effective in the first quarter of 2019 on a modified retrospective basis and early adoption is permitted. We are still evaluating the effect that this guidance will have on our consolidated financial statements and related disclosures.

In March 2016, FASB issued ASU No. 2016-09 ("ASU 2016-09"), "Compensation-Stock Compensation (Topic 718): Improvement to Employee Share-based Payment Accounting," which simplifies the accounting for share-based payment transactions, including the income tax consequences, an option to recognize gross share-based compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. This guidance will be effective in the first quarter of 2017, and early adoption is permitted. We do not plan to early adopt ASU 2016-09 and we do not expect that it will have a material impact on our consolidated financial statements.

In August 2016, FASB issued ASU No. 2016-15 ("ASU 2016-15"), "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," which provides guidance for certain cash flow issues, including contingent consideration payments made after a business combination and debt prepayment or debt extinguishment costs etc. The guidance will be effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, and early adoption is permitted. We will evaluate the impact of ASU 2016-15 on our condensed consolidation financial statements in 2017.

Except for the ASUs noted above, other ASUs are not expected to have a material impact on the consolidated financial statements upon adoption.

3. Loss per share

The information related to basic and diluted loss per share for the years ended December 31, 2016, 2015 and 2014 is as follows:

	Year Ended December 31,		
(In thousands)	2016	2015	2014 [1]
Numerator:			
Net loss from continuing operations	$(29,086)	$(42,585)	$(610)
Net loss from discontinued operations attributable to cogint	-	(41,950)	-
Net loss	$(29,086)	$(84,535)	$(610)
Denominator:			
Weighted average shares outstanding - Basic and diluted	44,536,906	13,036,082	4,501,041
Loss per share: [2]			
Basic and diluted:			
Continuing operations	$(0.65)	$(3.27)	$(0.14)
Discontinued operations	-	(3.22)	-
	$(0.65)	$(6.48)	$(0.14)

[1] As IDI Holdings, the accounting acquirer of the merger consummated effective as of March 21, 2015, was incorporated on September 22, 2014, the comparative financial figures for the year ended December 31, 2014 were from September 22, 2014, the date of inception, through December 31, 2014.

[2] Earnings per share tables may contain summation differences due to rounding.

4. Acquisitions

Q Interactive Acquisition

To expand and strengthen the Company's business in the consumer marketing industry, on June 8, 2016, the Company entered into and consummated the transactions contemplated by a Membership Interest Purchase Agreement with Selling Source, pursuant to which the Company acquired all of the membership interests in Q Interactive.

As consideration for the Membership Interests, after preliminary adjustment for Q Interactive's net working capital at closing, the Company issued to Selling Source 2,369,190 shares of the Company's common stock, par value $0.0005 per share. Selling Source may receive additional consideration for the Membership Interests if 2016 gross revenue of Q Interactive equals or exceeds $25,000 (the "Earn-out Target"). Such additional consideration, if earned, would be paid in either of the following ways, at the seller's option, no earlier than the one-year anniversary of the closing date (the "Q Interactive Earn-out Shares"): (i) 1,200,000 shares of common stock (subject to adjustment for certain capital events) or (ii) that number of shares of common stock equal to $10,000, in the aggregate, as determined by the volume weighted average price of the common stock for the ten trading days immediately preceding Selling Source's receipt of a statement prepared by the Company stating the Earn-out Target has been achieved. Based on management's preliminary assessment, we concluded that it was extremely likely that Q Interactive would meet the Earn-out Target, and the estimated fair value of the Q Interactive Earn-out Shares is $10,000. As of December 31, 2016, after certain measurement period adjustments, including the finalization of the closing working capital adjustment, the net balance of contingent consideration payable in stock of $10,225 was recognized. The contingent consideration payable in stock is expected to be settled in 2017, however, it is classified as a non-current liability in the consolidated balance sheet due to the fact that this liability will be settled with the Company's common stock.

The following table summarizes the preliminary purchase price allocation and the fair value of the net assets acquired and liabilities assumed (marked to market), and the resulting amount of goodwill in the Q Interactive Acquisition (the legal and accounting acquiree) at the Effective Date of the Q Interactive Acquisition.

(In thousands)	
Assets acquired:	
Accounts receivable	$4,673
Prepaid expenses and other current assets	213
Property and equipment	73
Intangible assets:	
Customer relationships	4,900
Trade names	1,700
Proprietary technology	2,150
Databases	4,800
Non-competition agreements	1,040
Total intangible assets	14,590
	19,549
Liabilities assumed:	
Trade accounts payable	2,297
Accrued expenses and other current liabilities	1,153
Deferred revenue	52
	3,502
Goodwill	5,384
Total consideration	$21,431

The intangible assets acquired in the Q Interactive Acquisition are amortized on a straight-line basis over the estimated useful lives. The useful lives for customer relationships, trade names, proprietary technology, databases and non-competition agreements are 10 years, 20 years, 5 years, 5 years and 2 years, respectively, and the weighted average useful life for these acquired intangible assets with definite useful lives is 8 years.

Goodwill from the Q Interactive Acquisition principally relates to intangible assets that do not qualify for separate recognition, including the assembled workforce and synergies. Goodwill is tax deductible for income tax purposes and was assigned to the Information Services and Performance Marketing reporting segments in the amount of $1,765 and

$3,619, respectively.

The fair value of assets acquired and liabilities assumed from the Q Interactive Acquisition was based on a preliminary valuation and our estimates and assumptions are subject to change within the measurement period. The primary area of the purchase price not yet finalized is related to contingent consideration. Measurement period adjustments will be applied to the period that the adjustment is identified in our consolidated financial statements.

Pro forma disclosure for Q Interactive Acquisition (unaudited)

The following table includes the unaudited pro forma results for the years ended December 31, 2016, 2015 and 2014 of the combined companies as though the Q Interactive Acquisition had been completed as of the beginning of the periods being presented.

	Year Ended December 31,		
(In thousands)	2016	2015 [1]	2014 [1][2]
Revenue	$200,347	$190,781	$28,528
Loss from continuing operations before income taxes	(43,062)	(58,951)	(34,622)
Net loss attributable to cogint	(28,733)	(85,881)	(23,885)
Basic and diluted loss per share	$(0.63)	$(5.57)	$(3.48)

[1] For the comparative pro forma results for years ended December 31, 2015 and 2014, we also assumed the Fluent Acquisition (as defined below) had been completed as of the beginning of the periods being presented.

[2] As IDI Holdings, the accounting acquirer of the merger consummated effective as of March 21, 2015, was incorporated on September 22, 2014, the combined comparative pro forma figures of both IDI and Fluent in 2014 were from September 22, 2014, the date of inception, through December 31, 2014.

The unaudited pro forma financial information is presented for informational purposes only, and may not necessarily reflect our future results of operations or what the results of operations would have been had we owned and operated each company as of the beginning of the periods presented.

Fluent Acquisition

To accelerate the Company's strategy to apply its next generation data fusion technology to not only the risk management industry, but also as an advanced data analytics platform to the consumer marketing industry, on December 8, 2015, the Company completed the Fluent Acquisition, pursuant to the Fluent Merger Agreement.

Cogint, Inc. is the legal and accounting acquirer in the Fluent Acquisition.

Pursuant to the Fluent Merger Agreement, the Company acquired 100% of the outstanding stock of Fluent from the sellers for the following consideration: (i) 15,001,850 shares of the Company's common stock, par value $0.0005, with the fair value of $123.8 million, determined by multiplying the Company's market stock price by the total shares of common stock, and (ii) approximately $99.3 million in cash. The following table summarizes the purchase price allocation and the fair value of the net assets acquired and liabilities assumed (marked to market), and the resulting amount of goodwill in the Fluent Acquisition at the Effective Date of Fluent Acquisition.

(In thousands)	
Assets acquired:	
Cash and cash equivalents	$6,013
Accounts receivable	20,250
Prepaid expenses and other current assets	691
Property and equipment	242
Intangible assets:	
Customer relationships	30,086
Trade names	16,357
Domain names	191
Proprietary technology	11,382
Databases	26,492
Non-competition agreements	728
Total intangible assets	85,236
Other non-current assets	763
	113,195
Liabilities assumed:	
Accounts payable and accrued expenses	10,653
Liability for employee incentive-based compensation plan	4,000
Deferred revenue	314
Deferred tax liabilities	30,800
	45,767
Goodwill	155,645
Total consideration	$223,073
Including:	
Cash consideration	$99,266
Fair value of common stock, as converted, issued	123,807
Total consideration	$223,073

The intangible assets acquired in the Fluent Acquisition are amortized on a straight-line basis over the estimated useful lives. The useful lives for customer relationships, trade names, domain names, proprietary technology, databases and non-competition agreements are 7 years, 20 years, 20 years, 5 years, 10 years, and 5 years, respectively, and the weighted average useful life for these acquired intangible assets is 10 years.

Goodwill from the Fluent Acquisition principally relates to intangible assets that do not qualify for separate recognition, including the assembled workforce and synergies. Goodwill is not tax deductible for income tax purposes and was assigned to the Information Services and Performance Marketing reporting segments of $37,185 and $118,461, respectively.

TBO Merger with Tiger Media

To expand Tiger Media’s business into data and analytics industry, on March 21, 2015, the Effective Date of TBO Merger, Tiger Media and TBO Merger Sub, completed the merger with TBO, pursuant to the terms and conditions of the TBO Merger Agreement, as specified in Note 1(b) – Organization,

For accounting purposes, the Company recognized the TBO Merger in accordance with ASC Topic 805-40, “Reverse Acquisitions.”

Under the acquisition method of accounting, the assets (including identifiable intangible assets) and liabilities of Tiger Media prior to the TBO Merger as of the Effective Date were recorded at their respective fair values and added to those of IDI Holdings. Any excess of purchase price over the fair value of the net assets were recorded as goodwill. Financial statements of the Company issued after the TBO Merger would reflect these fair values and would not be restated retroactively to reflect the historical financial position or results of operations of Tiger Media.

Under the reverse acquisition, the accounting acquiree, the Company, issued equity shares to the owners of the accounting acquirer, IDI Holdings. The consideration transferred by IDI Holdings for its interest in the Company is based on the number of equity interests IDI Holdings would have had to issue to give the owners of the Company the same percentage equity interest in the combined entity that results from the reverse acquisition. The fair value of the number of equity interests calculated in that way can be used as the fair value of consideration transferred in exchange for the Company. Certain shareholders of IDI Holdings also have the right to receive additional shares subject to an earn-out (as discussed in Note 14 below). The earn out conditions were deemed probable upon the effective date of the Fluent acquisition and because the measurement had closed, the Company recorded a $14,300 charge. The following table summarizes the purchase price allocation and the fair value of the net assets acquired and liabilities assumed (marked to market), and the resulting amount of goodwill in the acquisition of Tiger Media (the accounting acquiree) at the Effective Date of TBO Merger.

(In thousands)	
Assets acquired:	
Cash and cash equivalents	$3,569
Accounts receivable	1,808
Other current assets	326
Property and equipment	1,419
Intangible assets, net	4,280
Long-term deferred expenses	586
	11,988
Liabilities assumed:	
Accounts payable	1,519
Accrued expenses and other payables	736
Acquisition consideration payable	464
Amounts due to related parties	124
Deferred revenue	80
	2,923
Non-controlling interests	425
Goodwill	35,472
Total consideration	$44,112

Goodwill from the acquisition principally relates to the assembled workforce and the synergy effects.

As all assets and liabilities related to the Advertising Business have been disposed as of December 31, 2015 for $0, all goodwill was written off in 2015 and no pro forma financial information was disclosed for the year ended December 31, 2015.

Interactive Data Acquisition

In order to enter the data and analytics industry, leveraging Interactive Data's technology infrastructure to allow for penetration into the ARM marketplace, as specified in Note 1(b) – Organization, on October 2, 2014, IDI Holdings acquired 100% of the membership interests of Interactive Data for $6,320 of cash and 284,445 shares of common share. IDI Holdings accounted for the acquisition as a forward merger with IDI Holdings as both the legal and accounting acquirer. It was concluded that Interactive Data was not the predecessor accounting entity. For accounting purposes, the Company recognized the Interactive Data Acquisition in accordance with ASC Topic 805. The Company's consolidated financial statements for the year ended December 31, 2014 included Interactive Data's operating results for the period from October 3, 2014 through December 31, 2014. The purchase price allocation is summarized as follows:

(In thousands)	
Assets acquired:	
Working capital, net	$426
Property and equipment, net	229
Intangible assets, net	339
Deferred tax assets	99
Goodwill	5,227
Total consideration	$6,320

5. Discontinued operations

As mentioned in Note 2 - Organization, on June 30, 2015, the Company's Board of Directors approved the plan to discontinue the Advertising Business. The Company recognized the transactions in accordance with ASC Topic 205-20, "Discontinued Operations."

The Company has disposed of all assets and liabilities related to its Advertising Business, by the disposal of its equity interests in the Advertising Business to an independent third party in 2015 for $0.

The following financial information presents the results of operations of the Advertising Business for the year ended December 31, 2015.

(In thousands)	Year Ended December 31, 2015
Revenue	$ 218
Pretax loss from operations of discontinued operations	$ (1,236)
Pretax loss on disposal of discontinued operations	(41,095)
Income tax expenses	127
Less: Non-controlling interests	(508)
Net loss from discontinued operations attributable to cogint	$ (41,950)

Included in the net loss from discontinued operations, the Company recorded a loss on disposal of the Advertising Business of $41,095 for the year ended December 31, 2015, the majority of which are non-cash charges, pursuant to the following:

(In thousands)	Year Ended December 31, 2015
Write-off of goodwill	$ (35,472)
Write-off of intangible assets	(4,080)
Write-off of long-term deferred assets	(517)
Lease agreements early termination compensation expenses	(1,211)
Employee severance compensation expenses	(191)
Gain on write-off of acquisition consideration payable	463
Loss on disposal of equity interests	(87)
Loss on disposal of discontinued operations	$ (41,095)

6. Accounts receivable, net

Accounts receivable, net consist of the following:

(In thousands)	December 31, 2016	December 31, 2015
Accounts receivable	$ 31,748	$ 21,542
Less: Allowance for doubtful accounts	(790)	(318)

Total accounts receivable, net	$ 30,958	$ 21,224

The movement of allowance for doubtful accounts is shown below:

	Year Ended December 31,		
(In thousands)	2016	2015	2014
Beginning balance	318	105	-
Charges to expenses	772	213	105
Write-offs	(300)	-	-
Ending balance	$790	$318	$105

Provision for bad debts of $772, $213 and $105 was provided for the years ended December 31, 2016, 2015 and 2014, respectively.

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7. Property and equipment, net

Property and equipment, net consist of the following:

(In thousands)	December 31, 2016	December 31, 2015
Computer and network equipment	$ 918	$ 562
Furniture, fixtures and office equipment	624	544
Leasehold improvements	510	111
Total cost of property and equipment	2,052	1,217
Less: accumulated depreciation and amortization	(702)	(155)
Property and equipment, net	$ 1,350	$ 1,062

Depreciation of property and equipment of $547, $143 and $11 was recorded for the years ended December 31, 2016, 2015 and 2014, respectively.

8. Intangible assets, net

Intangible assets other than goodwill consist of the following:

(In thousands)	Amortization period	December 31, 2016	December 31, 2015
Gross amount:			
Purchased IP and capitalized litigation costs	10 years	$ -	$ 1,659
Software developed for internal use	3-10 years	11,438	2,571
Acquired proprietary technology	5 years	13,532	10,716
Customer relationships	7-10 years	34,986	30,875
Trade names	20 years	18,057	16,357
Domain names	20 years	191	191
Databases	5-10 years	31,292	25,052
Non-competition agreements	2-5 years	1,768	728
		111,264	88,149
Accumulated amortization:			
Purchased IP and capitalized litigation costs		-	(34)
Software developed for internal use		(505)	(50)
Acquired proprietary technology		(2,660)	(133)
Customer relationships		(4,840)	(272)
Trade names		(916)	(50)
Domain names		(10)	(1)
Databases		(3,354)	(155)
Non-competition agreements		(448)	(9)
		(12,733)	(704)
Net intangible assets:			

Purchased IP and capitalized litigation costs	-	1,625
Software developed for internal use	10,933	2,521
Acquired proprietary technology	10,872	10,583
Customer relationships	30,146	30,603
Trade names	17,141	16,307
Domain names	181	190
Databases	27,938	24,897
Non-competition agreements	1,320	719
	$ 98,531	$ 87,445

The amount associated with Purchased IP and capitalized litigation costs, included in the Information Services segment, is mainly related to the intellectual property purchased by the Company's subsidiary, TBO, from Ole Poulsen ("Purchased IP") pursuant to the Intellectual Property Purchase Agreement dated October 14, 2014 and related legal and other costs incurred and paid in defending the Company's claims to the Purchased IP against TransUnion Risk and Alternative Data Solutions, Inc. ("TRADS"). In 2016, the Company wrote off the remaining balance of Purchased IP and capitalized litigation costs of $4,055, which is reflected in the operating expenses as write-off of intangible assets in the consolidated statements of operations for the year ended December 31, 2016, as a result of an unfavorable ruling in relation to the litigation. See Note 18, “Commitment and contingencies,” for additional information regarding the litigation involving the Purchased IP.

The gross amount associated with software developed for internal use mainly represents capitalized costs of internally developed software. The amounts relating to acquired proprietary technology, customer relationships, trade names, domain names, databases, and non-competition agreements all represent the fair values of intangible assets acquired as a result of the Fluent Acquisition and the Q Interactive Acquisition.

Amortization expenses of $12,084, $698 and $6 were included in depreciation and amortization expenses for the years ended December 31, 2016, 2015 and 2014, respectively. As of December 31, 2016, intangible assets of $4,576, included in the gross amounts of software developed for internal use, have not started amortization, as they have not yet been put into use.

The Company capitalized $11,318 and $3,428 during the years ended December 31, 2016 and 2015, with $8,867 and $2,230 related to internally developed software, and $2,451 and $1,198 related to purchased intellectual property litigation costs, respectively.

As of December 31, 2016, estimated amortization expenses related to the Company’s intangible assets for 2017 through 2022 and thereafter are as follows:

(In thousands)

Year	December 31, 2016
2017	$ 13,860
2018	13,901
2019	13,592
2020	13,150
2021	9,942
2022 and thereafter	34,086
Total	$ 98,531

9. Goodwill

Goodwill represents the cost in excess of the fair value of the net assets acquired in a business combination. As of December 31, 2016, the balance of goodwill includes $5,227 as a result of the acquisition of Interactive Data effective on October 2, 2014, $155,645 as a result of the Fluent Acquisition effective on December 8, 2015, and $5,384 as a result of the Q Interactive Acquisition effective on June 8, 2016. The following table presents the changes in the amount of goodwill for the years ended December 31, 2016 and 2015.

(In thousands)

Balance as of January 1, 2015	$5,227
Addition as a result of TBO Merger with Tiger Media	35,472
Write-off of goodwill resulted from the disposal of the Advertising Business	(35,472)
Addition as a result of Fluent acquisition	156,526
Balance as of December 31, 2015	161,753
Decrease as a result of adjustments to the Fluent Acquisition	(881)
Addition as a result of the Q Interactive Acquisition	5,384
Balance as of December 31, 2016	$166,256

In accordance with ASC Topic 350, "Intangibles - Goodwill and Other," goodwill is tested at least annually for impairment, or when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable, by assessing qualitative factors or performing a quantitative analysis in determining whether it is more likely than not that its fair value exceeds the carrying value. We performed our annual goodwill impairment test on October 1, 2016 which resulted in no impairment of goodwill.

As of December 31, 2016, there are no events or changes in circumstances to indicate that goodwill is impaired.

10. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

(In thousands)	December 31, 2016	December 31, 2015
Liability for employee incentive-based compensation plan	$ -	$ 4,000
Employees compensation expenses	2,530	3,325
Professional fees payable	2,954	823
Accrued interest expenses	231	316
Insurance payable	227	-
Advertising and marketing expenses payable	174	-
Deferred rent	113	235
Miscellaneous expenses payable	752	461
Total	$ 6,981	$ 9,160

The liability for employee incentive-based compensation plan represents the deferred payout of employee incentive-based compensation assumed upon the acquisition of Fluent, which was paid in 2016.

11. Long-term debt, net

Long-term debt, net, including promissory notes payable to certain shareholders, net, as of December 31, 2016, consist of the following:

(In thousands)	12% term loan, due 2020	10% promissory notes, due 2021	Total
Principal amount	$42,750	10,000	$52,750
Less: unamortized debt issuance costs	3,964	384	4,348
Add: PIK interest accrued to the principal balance	479	1,132	1,611
Long-term debt, net	39,265	10,748	50,013
Less: Current portion of long-term debt	4,135	-	4,135
Long-term debt, net (non-current)	$35,130	$ 10,748	$45,878

Long-term debt, net, including promissory notes payable to certain shareholders, net, as of December 31, 2015, consist of the following:

(In thousands)	12% term loan, due 2020	10% promissory notes, due 2021	Total
Principal amount	$45,000	10,000	$55,000
Less: unamortized debt issuance costs	3,729	449	4,178
Add: PIK interest accrued to the principal balance	29	67	96

Long-term debt, net	41,300	9,618	50,918
Less: Current portion of long-term debt	2,250	-	2,250
Long-term debt, net (non-current)	$39,050	$ 9,618	$48,668

Term Loan

On December 8, 2015, Fluent entered into an agreement ("Credit Agreement") with certain financial institutions, for a term loan in the amount of $45.0 million ("Term Loan"), with Whitehorse Finance, Inc. acting as the agent (the "Term Loan Agent"). Fluent's obligations in respect of the Term Loan are guaranteed by the Company and substantially all of the other direct and indirect subsidiaries of the Company. The obligations of Fluent and the obligations of the guarantors are secured by substantially all of such entities' assets. The Credit Agreement has a term of five years.

The Term Loan accrues interest at LIBOR (with a floor of 0.5%) plus 10.5% per annum, payable in cash, plus an additional 1.0% per annum payable, at Fluent's election, in-kind or in cash. Interest under the Term Loan is payable monthly, including monthly compounding of paid-in-kind interest.

Payments of principal in the amount of $563 each are due on the last day of each quarter during the term of the Credit Agreement, commencing March 31, 2016. Additionally, 50% of excess cash flow of Fluent and its subsidiaries for the immediately preceding fiscal year is required to be paid towards the Term Loan obligations, commencing with the fiscal year ending December 31, 2016. As of December 31, 2016, an additional amount of $1,885 was reclassified into current portion of long-term debt in the consolidated balance sheet, resulting from the excess cash flow as mentioned above. The Credit Agreement provides for certain other customary mandatory prepayments upon certain events. The Credit Agreement provides for certain prepayment premiums during the first 4 years of the Term Loan, provided that the prepayment premiums are not applicable to scheduled payments of principal, the required excess cash flow payments and certain other required prepayments.

In connection with the Term Loan, on December 8, 2015, the Company issued to the Term Loan Agent and its affiliates warrants (the “Whitehorse Warrants”) to purchase, in aggregate, 200,000 shares of common stock. The Whitehorse Warrants are exercisable at any time (i) following the date of approval for listing of the common stock issuable upon exercise of the Whitehorse Warrants on the NYSE MKT and (ii) prior to the ten year anniversary of the date of issuance of the Whitehorse Warrants at $8.00 per share. If the Company has a public equity offering, certain adjustments are available.

Pursuant to the Limited Consent and Amendment No. 2 to Credit Agreement entered into on September 30, 2016 (the “Amendment No. 2”), the exercise price of the Whitehorse Warrants was amended to $5.08 from $8.00, and the Company also issued additional new warrants to purchase 100,000 shares of common stock (“New Whitehorse Warrants”), with an exercise price of $5.08 per share and an expiration date of September 30, 2026. As a result of the amended and newly issued warrants, an aggregate of $492 was recognized as debt issuance costs and additional paid-in capital.

The fair value of warrants issued to the Term Loan Agent and its affiliates of $492 and $1,586 were recognized as debt costs for the years ended December 31, 2016 and 2015, respectively. At December 31, 2016 and 2015, the balance was $1,679 and $1,564, respectively. We estimate the fair value of such warrants on the date of grant using a Black-Scholes pricing model, applying the following assumptions, and amortize the fair value to interest expense over the term of the Term Loan using the interest method:

	Year Ended December 31, 2016	2015
Expected term (in years)	10	10
Risk-free interest rate	1.56 %	2.24 %
Expected volatility	90.47 %	114.33 %
Expected dividend yield	0.00 %	0.00 %

The Credit Agreement, as amended, contains customary representations and warranties, covenants (including certain financial covenants), and events of default, upon the occurrence of which the Term Loan Agent may accelerate the obligations under the Credit Agreement. Certain restrictive covenants impose limitations on the way we conduct our business, including limitations on the amount of additional debt we are able to incur and restricts our ability to make certain investments and other restricted payments, including certain intercompany payments of cash and other property. The financial covenants include the requirement that the Company and its subsidiaries attain certain quarterly minimum EBITDA thresholds, Fluent and its subsidiaries attain certain quarterly minimum EBITDA thresholds, Fluent and its subsidiaries meet certain leverage ratios on a quarterly basis, Fluent and its subsidiaries meet certain fixed charge coverage ratios on a quarterly basis, and Fluent and its subsidiaries maintain at all times cash and cash equivalent balances of at least $2.0 million (or such lesser amount agreed to by the Term Loan Agent), in the aggregate. As of December 31, 2016, the Company was in compliance with the financial covenant requirements.

Promissory Notes

On December 8, 2015, the Company entered into and consummated the promissory notes financing (the "Promissory Notes") with each of Frost Gamma Investment Trust ("Frost Gamma"), an affiliate of Phillip Frost, M.D., the Vice Chairman of the Company's Board of Directors, Michael Brauser, the Executive Chairman of the Board of Directors, and another investor (the "Promissory Note Investors"), pursuant to which the Company issued Promissory Notes of \$5.0 million to Frost Gamma, \$4.0 million to Michael Brauser, and \$1.0 million to another investor, for an aggregate financing in the amount of \$10.0 million. The Promissory Note Investors received (i) a promissory note in the principal amount equal to the amount of their respective promissory notes, with a rate of interest of 10% per annum, which interest shall be capitalized monthly by adding to the outstanding principal amount of such Promissory Notes, and (ii) a grant of 100 shares of Series B Preferred for each \$1.0 million increment of their respective Promissory Notes, with a total of 1,000 shares of Series B Preferred granted ("Promissory Note Shares"), pursuant to fee letter agreements. Each share of Series B Preferred shall automatically convert into 50 shares of common stock on the Conversion Date, as defined below in Note 14. Under the terms of the Promissory Notes, the Company is required to repay the principal amounts thereof, with all accrued interest thereon, on the date that is six months after the repayment of all amounts due under the Credit Agreement, except that the Company may repay the Promissory Notes earlier from the proceeds of a round of public equity financing.

The fair value of Promissory Note Shares of $413 was calculated by multiplying the closing common stock market price of the Company on December 8, 2015 of $8.45, with the total shares granted, as converted, which was recognized as debt costs, and the unamortized debt costs as at December 31, 2016 and 2015 was $350 and $409, respectively.

In connection with the Promissory Notes, on December 8, 2015, the Company, each lender under the Promissory Notes, and the Term Loan Agent, etc. entered into a Subordination Agreement (the "Subordination Agreement"), pursuant to which the debt under the Promissory Notes was made expressly subordinate to the debt under the Credit Agreement. In addition, the Subordination Agreement restricts the terms of the Promissory Notes, including certain modifications of such terms, and the ability of any lender under the Promissory Notes to take certain actions with respect to the obligations arising under the Promissory Notes. The terms of the Subordination Agreement shall remain in effect until such time that all obligations under the Credit Agreement are paid in full.

The net balance of Promissory Notes was presented as promissory notes payable to certain shareholders, net, in the consolidated balance sheet.

Maturities

Excluding potential additional principal payments due on the Term Loans based on excess cash flows for the immediately preceding fiscal year, as mentioned above, scheduled future maturities of total debts as of December 31, 2016, were as follows:

(In thousands)	
Year	
2017	$4,135
2018	2,250
2019	2,250
2020	34,115
2021	10,000
Total maturities	52,750
Add: Accrued PIK interest, added to the principal	1,611
Less: Unamortized debts issuance costs	(4,348)
Total	$50,013

Fair value

As mentioned above, the Company's long-term debt outstanding as at December 31, 2016 represented 1) the Term Loan pursuant to a Credit Agreement on December 8, 2015, with interest at LIBOR (with a floor of 0.5%) plus 10.5% per annum, and 2) Promissory Notes pursuant to the agreements effective December 8, 2015, with a rate of interest of 10% per annum. By considering the relatively stable interest rates, and the fact that the Term Loan has a variable interest rate, we regard the fair values of the long-term debt to approximate their carrying amount as of December 31, 2016.

12. Contingent consideration payable in stock

Contingent consideration payable in stock as of December 31, 2016 represented the fair value of Q Interactive Earn-out Shares payable to Selling Source. Refer to details as discussed in Note 4, "Acquisitions."

13. Income taxes

The Company is subject to federal and state income taxes in the United States. The benefit for income taxes on loss from continuing operations consisted of the following:

(In thousands)	Year Ended December 31, 2016	2015	2014
Current			
Federal	$-	$(123)	$-
State	87	-	-
	87	(123)	-
Deferred			
Federal	(14,278)	(15,771)	(167)
State	(1,732)	(689)	-
Valuation allowance	1,881	-	-
	(14,129)	(16,460)	(167)
Income tax benefit	$(14,042)	$(16,583)	$(167)

The Company's effective income tax benefit differed from the statutory federal income tax rate of 34.0% for the years ended December 31, 2016, 2015 and 2014. For the year ended December 31, 2016, this difference is mainly the result of the valuation allowance applied against the Company's deferred tax assets and state income taxes. For the year ended December 31, 2015, this difference is primarily due to state income taxes and one-time contingent earn out costs related to shares issued pursuant to the TBO Merger Agreement. For the year ended December 31, 2014, this difference is primarily due to the permanent differences. A reconciliation was shown as follows:

(In thousands)	Year Ended December 31, 2016		2015		2014	
Tax on continuing operating loss before income taxes	$(14,663)	34.0%	$(20,117)	34.0%	$(264)	34.0 %
Effect of state taxes (net of federal tax benefit)	(1,645)	3.8 %	(1,800)	3.0 %	(7)	0.9 %
Non-deductible contingent earn out costs	-	0.0 %	4,862	-8.2 %	-	0.0 %
Non-deductible acquisition costs	433	-1.0 %	366	-0.6 %	101	-13.0%
Other permanent differences	124	-0.3 %	185	-0.3 %	3	-0.4 %
Others	(172)	0.4 %	(79)	0.1 %	-	0.0 %
Valuation allowance	1,881	-4.4 %	-	0.0 %	-	0.0 %
Income tax benefit	$(14,042)	32.5%	$(16,583)	28.0%	$(167)	21.5 %

Components of deferred tax assets and liabilities consist of the following:

(In thousands)	December 31, 2016	December 31, 2015
Deferred tax assets:		
Net operating loss carryforwards	$ 8,041	$ 4,619

Share-based compensation	21,503	12,069
Liability for employee incentive-based compensation plan	-	1,528
Accounts receivable	392	530
Accrued expenses and other current liabilities	43	136
Others	11	-
	29,990	18,882
Valuation allowance	(1,881)	-
	28,109	18,882
Deferred tax liabilities:		
Intangible assets	$ 27,962	$ 31,743
Property and equipment	117	239
Prepaid expenses and other current assets	-	412
Internal Revenue Code Sec. 481 adjustment	30	61
	28,109	32,455
Net deferred tax liability	$ -	$ (13,573)

As of December 31, 2016, the Company had federal and state net operating loss carryforwards of $22,682 and $18,566, respectively, which begin to expire in 2034. The Company's net operating losses may be subject to annual Section 382 limitations due to ownership changes that could impact the future realization. As a result of certain realization requirements of ASC 718, "Compensation — Stock Compensation," the table of deferred tax assets and liabilities shown above does not include certain deferred tax assets as of December 31, 2016 and 2015 that arose directly from tax deductions related to equity compensation that are greater than the compensation recognized for financial reporting. Equity will be increased by $301 if and when such deferred tax assets are ultimately realized or upon adoption of ASU 2016-09 as of January 1, 2017. The Company uses ASC 740 ordering when determining when excess tax benefits have been realized.

ASC 740 requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. On a periodic basis, management evaluates and determines the amount of valuation allowance required and adjusts such valuation allowance accordingly. Primarily due to cumulative pre-tax losses in 2014, 2015, and 2016, management determined a valuation allowance of $1,881 was necessary as of December 31, 2016 to reduce the deferred tax assets to the amount that is more likely than not to be realized.

The Company assesses its income tax positions and records tax benefits for all years subject to examination based upon its evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where it is more-likely-than-not that a tax benefit will be sustained, the Company has recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more-likely-than-not that a tax benefit will be sustained, no tax benefit has been recognized in the Company's financial statements.

The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. All of the Company's income tax filings since inception remain open for tax examinations.

A reconciliation of the gross amounts of unrecognized tax benefits, excluding accrued interest and penalties, for the year ended December 31, 2016 (no such items for the years ended December 31, 2015 and 2014), is as follows:

(In thousands)	Year Ended December 31, 2016
Unrecognized tax benefits, opening	$ -
Gross increase - tax position in prior period	1,668
Unrecognized tax benefits, ending balance	$ 1,668

In our tax return filed for the year ended December 31, 2015, a loss of $4,375, resulted from the disposal of Advertising Business, was included. This uncertain tax position of $1,668 is reflected as a reduction in deferred tax assets. Based on management's assessment, no tax benefit has been recognized for the loss mentioned above. This unrecognized tax benefit, if recognized, would favorably affect the Company's annual effective tax rate before application of any valuation allowance. The Company has not accrued any interest or penalties as of December 31, 2016 with respect to its uncertain tax positions.

The Company does not anticipate a significant increase or reduction in unrecognized tax benefits within the next twelve months.

14. Common shares, preferred shares and warrants

Common stock

As of December 31, 2016 and 2015, the number of issued and outstanding shares of common stock was 53,557,761 and 15,709,786, respectively, which did not include shares of treasury stock of 160,235 and 0, respectively.

The change in the number of outstanding shares of common stock during the year ended December 31, 2016 was a result of the following issuances:

- On February 22, 2016, the Company's Series B Non-voting Convertible Preferred Stock, par value $0.0001 per share (the "Series B Preferred"), 450,962 shares in total, automatically converted into 22,548,100 shares of the Company's common stock, by multiplying each such share of Series B Preferred by 50, pursuant to the Company's Series B Preferred certificate of designation.

- On March 11, 2016, the Company issued 1,800,220 shares (the “Series A Earn-out Shares”) of the Company’s Series A Non-Voting Convertible Preferred Stock, par value $0.0001 per share (the “Series A Preferred”) and 900,108 shares (the “Common Earn-out Shares”, and together with Series A Earn-out Shares, the “Earn-out Shares”) of the Company’s common stock, which shares represent “earn-out” consideration paid in connection with the TBO Merger between Tiger Media and TBO consummated on March 21, 2015, upon a determination by the Board of Directors that certain financial targets had been achieved as set forth in the TBO Merger. In 2016, all such earn-out liabilities under the TBO Merger Agreement have been settled.
- On March 11, 2016, the Company amended the certificate of designations of the Series A Preferred to provide for the conversion of the Series A Preferred into common stock on a one-for-one basis. Previously, the Series A Preferred were convertible in connection with a sale of any such shares to a non-affiliate of the Company. As a result, all the outstanding shares of Series A Preferred converted into 6,672,022 shares of common stock.
- During the year ended December 31, 2016, the Company issued an aggregate of 1,069,728 shares (“Exchange Shares”) of common stock in exchange for warrants previously issued to four stockholders of the Company, including Frost Gamma, resulting in a loss on the exchange of warrants of $1,273 recognized in other expenses, net. No additional consideration was paid by the warrant holders and the old warrants were cancelled. In addition, new warrants to purchase 320,102 shares of common stock (the “New Exchange Warrants”), at an exercise price of $10.00 per share, were issued to one of the warrant holders as part of the exchange of warrants.
- During the year ended December 31, 2016, 14,500 restricted shares of common stock were issued to two vendors of the Company as additional consideration for services rendered.
- An aggregate of 1,434,562 shares of common stock were issued as a result of the vesting of restricted stock units (“RSUs”), of which, 360,235 shares of common stock were withheld to pay withholding taxes upon such vesting, which are reflected in treasury stock.
- In December 2016, an aggregate of 200,000 shares of common stock were sold to an investor. These shares were issued out of treasury stock.
- An aggregate of 3,000,000 shares of common stock were issued in registered direct offerings (“Registered Direct Offerings”) to certain investors, pursuant to the securities purchase agreements entered into on May 17, 2016 and November 28, 2016.
- On June 8, 2016, an aggregate of 2,369,190 shares of common stock were issued to Selling Source in connection with the Q Interactive Acquisition.

The activities in the number of outstanding shares of common stock during the year ended December 31, 2015 was a result of the following:

- On March 21, 2015, for accounting purpose, 7,291,299 common shares were deemed to be issued to the accounting acquiree as a result of the reverse acquisition.
- During the year ended December 31, 2015, an aggregate of 382,300 common shares were issued to certain directors, officers and employees, as a result of the vesting of RSUs.
- On July 28, 2015, 1,280,410 shares were issued to an institutional investor as a result of a registered direct offering. Pursuant to the definitive purchase agreement (“July Securities Purchase Agreement”) with an institutional investor on July 24, 2015, the Company sold 1,280,410 shares of its common stock at a per share price of $7.81. The net proceeds to the Company from the offering, after deducting offering costs of $600, were received on July 28, 2015.
- During the year ended December 31, 2015, an aggregate of 45,000 shares were issued to four third-party consulting firms, for services to be performed in accordance with contracts.
- In December 2015, an aggregate of 93,500 shares of Series A Preferred were converted into the Company’s Common Shares, based on the conversion rate of 1:1.

Warrants

Warrants to purchase an aggregate of 1,589,830 shares of the Company’s common stock were outstanding as of December 31, 2015, which includes:

- Pursuant to a concurrent private placement with the 2015 July Securities Purchase Agreement, the Company issued to the investor warrants to purchase 0.5 share of common stock for each share of common stock purchased in the registered direct offering at an exercise price of $10.00 per share, for a total of 640,205 shares of common stock.

- On November 16, 2015, the Company raised approximately $10.0 million in gross proceeds from the sale of 29,985 shares of Series B Preferred and Securities Purchase Agreements Warrants to purchase up to 749,625 shares of Common Share at the price of $6.67.
- Warrants to purchase 200,000 shares of the Company's common stock were issued to the Term Loan Agent at an exercise price of $8.00 per shares.

An aggregate of 1,069,728 Exchange Shares were issued to four stockholders during 2016, in exchange for the partial cancellation of warrants previously issued to such stockholders. Noncash loss on the Exchange Shares of $1,273 was recognized in other expense, net during 2016.

As of December 31, 2016, warrants to purchase an aggregate of 2,220,102 shares of common stock were outstanding, which includes:

- New Exchange Warrants to purchase 320,102 shares of common stock were issued to an institutional investor as part of the exchange of warrants, as discussed above. The New Exchange Warrants will expire twenty-four months from the date of issuance.
- Warrants to purchase 200,000 shares of the Company's common stock were issued as part of our Term Loan of $45 million, with the exercise price being amended to $5.08 as a result of the Amendment No. 2 to Credit Agreement entered into on September 30, 2016. As part of the Amendment No. 2, we issued additional New Whitehorse Warrants to purchase 100,000 shares of common stock, with an exercise price of $5.08 per share and an expiration date of September 30, 2026. As a result of the amended and newly issued warrants, an aggregate of $492 was recognized in additional paid-in capital.
- Concurrent with the Registered Direct Offering in May 2016, as discussed above, warrants to purchase an aggregate of 500,000 shares of common stock were issued to five investors, with an exercise price of $8.00 per share, which are exercisable beginning six months and one day from the date of issuance and expire 24 months from the date they became exercisable.
- Concurrent with the Registered Direct Offering in November 2016, warrants to purchase an aggregate of 1,000,000 shares and 100,000 shares of common stock were issued to four investors and related agents, with an exercise price of $3.75 and $5.00 per share, respectively. These warrants issued to the four investors are exercisable beginning six months and one day from the date of issuance and expire five years from the date they became exercisable, while the warrants issued to related agents are exercisable beginning six months and one day from the date of issuance and expire 24 months from the date they became exercisable.

Treasury stock

As of December 31, 2016, the Company held 160,235 shares in treasury, with a cost of $531. This increase in treasury stock during the year ended December 31, 2016 was due to 360,235 shares that were withheld to pay withholding taxes upon the vesting of RSUs, which was decreased by the sale of 200,000 shares of treasury stock.

Series A Preferred shares

As part of the TBO Merger, the Company, as accounting acquiree, issued a total of 4,965,302 shares of Series A Preferred to TBO shareholders. An additional 1,800,220 shares of Company's Series A Preferred were issued subject to an earn-out on March 11, 2016.

In March 2016, an aggregate of 6,672,022 outstanding shares of Series A Preferred, including the Series A Earn Out Shares, were converted into the Company's common stock. There was no outstanding Series A Preferred as of December 31, 2016.

Series B Preferred shares

As of December 31, 2015, the Company had issued a total of 450,962 shares of Series B Preferred to the Sellers of Fluent and certain investors.

On February 22, 2016, the 450,962 shares of Series B Preferred automatically converted into 22,548,100 shares of the Company's common stock, by multiplying each such share of Series B Preferred by 50. There was no outstanding Series B Preferred as of December 31, 2016.

15. Share-based payments

As of December 31, 2016, the Company maintains two share-based incentive plans: the 2008 Share Incentive Plan (the "2008 Plan"), which was carried forward as a result of the TBO Merger effective on March 21, 2015 and the Cogint, Inc. 2015 Stock Incentive Plan (the “2015 Plan”), which was approved during the annual meeting of stockholders on June 2, 2015, which authorized the issuance of 2,500,000 shares of common stock. The 2015 Plan was amended on June 3, 2016 at the Company’s annual meeting of stockholders which approved an increase of the number of shares of common stock authorized for issuance under the 2015 Plan to 12,500,000. The primary purpose of the 2015 Plan is to attract, retain, reward and motivate certain individuals by providing them with an opportunity to acquire or increase a proprietary interest in the Company and to incentivize them to expend maximum effort for the growth and success of the Company, so as to strengthen the mutuality of the interests between such individuals and the stockholders of the Company.

As of December 31, 2016, there were 180,568 and 5,555,742 shares of common stock reserved for issuance under the 2008 Plan and the 2015 Plan, respectively.

Outside of the 2008 Plan and 2015 Plan, as amended, Marlin Capital Investments, LLC (“Marlin Capital”), a company which our Executive Chairman Michael Brauser owns 50% and is one of two managers, held RSUs representing the right to receive 2,000,000 shares of common stock of TBO (“TBO Common Stock”), which was assumed by the Company upon closing of the TBO Merger and such RSUs represent the right to receive 2,000,000 shares of the Company’s common stock. These RSUs vest annually beginning from October 13, 2015 only if certain performance goals of the Company are met. The shares underlying such RSUs will not be delivered until October 13, 2018, unless there is a change of control of the Company. For the years ended December 31, 2016 and 2015, share-based compensation expenses of $1,252 and $1,512, associated with shares under the Marlin Capital agreement, were recognized, respectively.

In addition, 960,000 RSUs held by TBO employees, including the Company’s Chief Executive Officer and Interim President, and Chief Financial Officer, were also assumed by the Company and represent the right to receive 960,000 shares of the Company’s common stock, with a vesting period of two years, which were fully vested and delivered in 2016.

Outside of the 2008 Plan and 2015 Plan, effective November 16, 2015, the Company entered into an employment agreement with Michael Brauser (the “Michael Brauser Employment Agreement”) relating to his service as Executive Chairman of the Board of Directors, pursuant to which, Michael Brauser will receive an annual base salary of $25 payable in accordance with the Company’s general payroll practices and 5,000,000 RSUs representing the right to receive 5,000,000 shares of common stock. The issuance of shares of common stock underlying the RSUs was approved by the stockholders annual meeting in 2016. These RSUs vest ratably over a four year period; provided, however, that no portion of the RSUs shall vest unless and until the Company has, for any fiscal year in which the RSUs are outstanding, gross revenue determined in accordance with the Company’s audited financial statements in excess of $100.0 million for such fiscal year and positive earnings before income tax, interests, depreciation and amortization (“EBITDA”) (as determined based on the Company’s audited financial statements) for such fiscal year, after subtracting all charges for equity compensation paid to executives or other service providers to the Company (collectively, the “Vesting Conditions”). Such RSUs vest in full upon a Company change in control, termination of Michael Brauser without cause, termination by Michael Brauser for good reason, or Michael Brauser’s death or disability. As of December 31, 2015, the Company concluded that it would be probable that the Vesting Conditions would be met.

Outside of the 2008 Plan and 2015 Plan, on December 8, 2015, at the time of Phillip Frost’s joining the Board of Directors of the Company as Executive Vice Chairman, Frost Gamma received a grant of 3,000,000 RSUs, and the issuance of shares of common stock underlying such RSUs was approved by the stockholders annual meeting in 2016. These grants were fully vested on December 8, 2015.

The Company determined the Board of Directors approval date to be the grant date and amortize the share-based compensation expenses beginning from the grant date.

Share options

Details of share options activity during the years ended December 31, 2016, 2015 and 2014 were as follows:

	Number of options	Weighted average exercise price per share	Weighted average remaining contractual term	Aggregate intrinsic value
Balance as of January 1, 2015	-	$ -	-	$ -
Additions as a result of the reverse acquisition	407,000	$ 9.21		
Granted	85,000	$ 10.39		
Forfeited	(30,000)	$ 7.85		
Outstanding as of December 31, 2015	462,000	$ 9.52	5.3 years	$ -
Granted	30,000	$ 5.04		
Forfeited	(40,000)	$ 8.45		
Expired	(100,000)	$ 6.02		
Outstanding as of December 31, 2016	352,000	$ 10.25	4.4 years	$ -
Options vested and expected to vest as of December 31, 2016	352,000	$ 10.25	4.4 years	$ -
Options exercisable as of December 31, 2016	283,250	$ 10.56	3.3 years	$ -

The aggregate intrinsic value amounts in the table above represent the difference between the closing price of the Company's common stock on December 31, 2016 of $3.45 and the exercise price, multiplied by the number of in-the-money stock options as of the same date.

The activity of unvested balance of options is shown below for the years ended December 31, 2016, 2015 and 2014:

	Number of options	Weighted average exercise price per share	Weighted average remaining contractual term
Unvested as of January 1, 2015	-	$ -	-
Additions as a result of the reverse acquisition	63,334	$ 6.82	
Granted	85,000	$ 10.39	
Vested	(11,667)	$ 8.10	
Forfeited	(10,000)	$ 7.85	
Unvested as of December 31, 2015	126,667	$ 9.02	8.1 years
Granted	30,000	$ 5.04	
Vested	(47,917)	$ 7.16	
Forfeited	(40,000)	$ 8.45	
Unvested as of December 31, 2016	68,750	$ 8.91	8.9 years

On June 3, 2016, a total of 30,000 share options were granted to two employees with a vesting period of four years.

We estimate the fair value of each stock option on the date of grant using a Black-Scholes option-pricing model applying the following assumptions, and amortize the fair value to expense over the option's vesting period using the straight-line attribution approach for employees and non-employee directors, for the years ended December 31, 2016 and 2015:

	Year Ended December 31, 2016	2015
Expected term (in years)	4	4
Risk-free interest rate	1.71 %	1.57% - 1.66%
Expected volatility	99.27%	20.97% - 128.66%
Expected dividend yield	0.00 %	0.00%

We estimate the risk-free interest rate based on rates in effect for United States government bonds with terms similar to the expected terms of the stock options, at the time of grant. We estimate the volatility of our shares on the date of grant utilizing the historical volatility of our publicly-traded shares. We estimate the expected terms by taking into account the contractual terms and historical exercise patterns.

The weighted average grant-date fair value of share options granted during the years ended December 31, 2016, 2015 and 2014 was \$3.55, \$7.35 and \$0, respectively. There were no share options exercised for the three years ended December 31, 2016. The total fair value of share options vested during the years ended December 31, 2016, 2015 and 2014 was \$272, \$61, and \$0, respectively.

Compensation expense recognized from employee stock options for the years ended December 31, 2016, 2015 and 2014 was $110, $28 and $0, respectively, which was recognized in general and administrative expenses and discontinued operations in the consolidated statements of operations. As of December 31, 2016, unrecognized share-based compensation cost in respect of granted share options amounted to $366, which are expected to be recognized over a weighted average period of 3.0 years.

Restricted stock units

Details of unvested RSUs activity during the years ended December 31, 2016, 2015 and 2014 were as follows:

	Number of units	Weighted average grant-date fair value
Balance as of September 22, 2014 (inception)	-	$ -
Granted	2,960,000	$ 2.00
Unvested as of December 31, 2014	2,960,000	$ 2.00
Additions as a result of the reverse acquisition	416,800	$ 4.81
Granted [1]	13,890,500	$ 9.16
Vested and delivered	(382,300)	$ 5.55
Vested not delivered	(3,085,000)	$ 8.36
Forfeited	(79,000)	$ 5.78
Unvested as of December 31, 2015[1]	13,721,000	$ 7.78
Granted	1,339,758	$ 4.17
Vested and delivered	(1,074,327)	$ 3.28
Withheld as treasury stock [2]	(360,235)	$ 1.52
Vested not delivered	(1,022,667)	$ 2.59
Forfeited	(196,500)	$ 7.16
Unvested as of December 31, 2016	12,407,029	$ 8.40

[1] Among the grants in 2015 and the unvested balance as of December 31, 2015, 12,312,000 shares, with weighted average grant-date fair value of $9.48, were subsequently approved at the Company's annual meeting of stockholders on June 3, 2016.

[2] As discussed in Note 14, the increase in treasury stock was due to shares withheld to pay statutory withholding taxes upon the vesting of RSUs during the year ended December 31, 2016, among which, 200,000 shares of treasury stock were subsequently sold to an investor in 2016.

The Company recognized compensation expenses (included in sales and marketing expenses, general and administrative expenses, and discontinued operations in the consolidated statements of operations, and intangible assets in the consolidated balance sheets) for these RSUs of $30,126, $34,505 and $23 for the years ended December 31, 2016, 2015 and 2014, respectively. The fair value of the RSUs was determined using the market value of the common shares on the date of grant, which was equivalent to the closing price of the common stock on the grant date.

As of December 31, 2016, unrecognized share-based compensation expenses associated with the granted RSUs amounted to $73,745, which are expected to be recognized over a weighted average period of 2.5 years.

Shares issued to third-party vendors

The Company issues shares to certain third-party vendors from time to time in lieu of cash for services rendered. During the years ended December 31, 2016, 2015 and 2014, 14,500, 45,000 and 0 restricted shares of common stock were issued to certain vendors of the Company as additional consideration for services rendered, respectively. Stock compensation expenses for shares issued to third-party vendors of $166, $446 and $0 for the years ended December 31, 2016, 2015 and 2014, respectively, were recognized in general and administrative expenses.

The share-based compensation expenses for the Company’s share options, RSUs and common stock were allocated to the following accounts in the consolidated financial statements for the years ended December 31, 2016, 2015 and 2014:

(In thousands)	Year Ended December 31, 2016	2015	2014
Sales and marketing expenses	$2,340	$310	$ -
General and administrative expenses	26,909	33,850	23
Discontinued operations	-	456	-
	29,249	34,616	23
Capitalized in intangible assets	1,154	363	-
Total	$30,403	$34,979	$ 23

16. Segment information

We currently manage our operations in two reportable segments, Information Services and Performance Marketing. The segments reflect the way the Company evaluates its business performance and manages its operations. In 2015, the Company has disposed of all assets and liabilities related to its Advertising Business and related results of operations has been recognized as discontinued operations. Therefore, no information relating to the Advertising Business is presented here.

Information regarding our Information Services and Performance Marketing segments are as follows:

(In thousands)	Year Ended December 31, 2016	2015	2014 (1)
Revenue:			
Information Services	$55,454	$6,413	$817
Performance Marketing	131,382	7,678	-
	$186,836	$14,091	$817
Income (loss) from operations:			
Information Services	$(44,483)	$(44,384)	$(777)
Performance Marketing	10,445	(16)	-
	$(34,038)	$(44,400)	$(777)
Depreciation and amortization:			
Information Services	$5,894	$481	$17
Performance Marketing	6,737	360	-
	$12,631	$841	$17
Share-based payments:			
Information Services	$25,916	$33,906	$23
Performance Marketing	3,333	254	-
	$29,249	$34,160	$23
Capital expenditure:			
Information Services	$9,804	$3,977	$298
Performance Marketing	1,122	-	-
	$10,926	$3,977	$298

[(1)] As IDI Holdings, the accounting acquirer of the merger consummated effective as of March 21, 2015, was incorporated on September 22, 2014, the financial data for the corresponding period in 2014 were from September 22, 2014, the date of inception, through December 31, 2014.

(In thousands)	December 31, 2016	December 31, 2015
Assets:		
Information Services	$113,974	$ 102,582
Performance Marketing	197,937	186,610
	$311,911	$ 289,192
Intangible assets, net:		
Information Services	$52,424	$ 42,951
Performance Marketing	46,107	44,494
	$98,531	$ 87,445
Goodwill:		
Information Services	$44,178	$ 42,623
Performance Marketing	122,078	119,130
	$166,256	$ 161,753

A reconciliation of loss from operations from segments to loss from continuing operations before income taxes for the periods presented is as follows:

(In thousands)	Year Ended December 31, 2016	2015	2014
Loss from operations from segments	$(34,038)	$(44,400)	$(777)
Total other expense [(1)]	(9,090)	(14,768)	-
Loss from continuing operations before income taxes	$(43,128)	$(59,168)	$(777)

[(1)] Other expense, mainly represents non-operating income and expense, including interest expense, net, contingent earn out costs, and other expenses, net, which the Company does not allocate into segments.

Revenue by geography is based on the location of the customers. The following table sets forth revenue by geographic areas:

(In thousands)	Year Ended December 31, 2016	2015	2014
Revenue:			
United States	$167,568	$12,816	$817
Rest of the world[(1)]	19,268	1,275	-
	$186,836	$14,091	$817

[(1)] No individual country, other than disclosed above, exceeded 10% of our total consolidated revenue for any period presented.

17. Related party transactions

For the years ended December 31, 2016, 2015 and 2014, material related party transactions were as follows:

Interest in the TBO Merger

Before the TBO Merger, but after giving effect to the Reverse Split, Frost Gamma, an affiliate of Phillip Frost, M.D., owned 2,144,275 shares of the Company, representing 29.4% of the Company's outstanding ordinary shares. In addition, at the Effective Time of the TBO Merger, after giving effect to a TBO recapitalization, Frost Gamma owned 80,000 shares of TBO Common Stock, 640,000 shares of TBO Series C Preferred Stock, and 4,000 shares of TBO Series D Preferred Stock, which resulted in the Company issuing to Frost Gamma 2,660,309 shares of Company Common Stock at closing, and an additional 900,108 shares of Company Common Share subject to an earn out. As a result, following the TBO Merger, Frost Gamma owned 34.6% of Company Common Share at closing and 38.6% of Company Common Share assuming the Common Earn Out Shares are earned. In connection with approving the TBO Merger and the related transactions, the Board of Directors of the Company and its Audit Committee reviewed and considered Frost Gamma's interest in such transactions.

Earn-out Shares

On March 11, 2016, the Company issued 900,108 Common Earn-out Shares to Frost Gamma, and 1,800,220 Series A Earn-out Shares to certain investors (which were subsequently converted to 1,800,220 shares of common stock), including 567,069 shares to Grander Holdings, Inc. 401K, an entity owned by Michael Brauser, the Executive Chairman of the Board of Directors, upon a determination by the Board of Directors that certain financial targets had been achieved as set forth in the TBO Merger Agreement.

Phillip Frost, M.D

As mentioned in Note 15 above, on December 8, 2015, Phillip Frost, M.D., was appointed as a director of the Company to fill the Board seat vacated by Daniel Brauser, and was named Executive Vice Chairman of the Board. At the time of his joining the Board of Directors as Executive Vice Chairman, Frost Gamma, received a grant of 3,000,000 RSUs, which was subsequently approved at the Company's annual meeting of stockholders on June 3, 2016.

Financing

On November 16, 2015, approximately $7.0 million of gross proceeds was raised pursuant to a Securities Purchase Agreement (the "FGIT Securities Purchase Agreement") between the Company and Frost Gamma. Frost Gamma received (i) 20,990 shares of Series B Preferred and (ii) warrants to purchase up to 524,750 shares of the Company's common share, with an exercise price of $6.67 per share.

On November 16, 2015, the Company entered into the Stock Purchase Agreement with Frost Gamma providing for the sale of 119,940 shares of Series B Preferred to Frost Gamma, in exchange for $40.0 million (the "FGIT Stock Purchase Agreement"). Each share of Series B Preferred will automatically convert into 50 shares of Common Stock, on the Conversion Date. The sale was completed in connection with the Fluent Acquisition on December 8, 2015.

On December 8, 2015, the Company entered into and consummated Promissory Notes with certain investors, for an aggregate financing of $10.0 million, pursuant to which the Company received $5.0 million from Frost Gamma, $4.0 million from Michael Brauser, and $1.0 million from another investor. As of December 31, 2016 and 2015, the principal, plus accrued PIK interest, of such Promissory Notes, owing to Frost Gamma, Michael Brauser and such other investor, were $5,566 and $5,033, $4,453 and $4,027, and $1,113 and $1,007, respectively. Refer to details discussed in Note 11 – Long-term debt, net.

Business Consulting Agreement

On October 13, 2014, IDI Holdings entered into a business consulting services agreement with Marlin Capital for a term of four years (the "Marlin Consulting Agreement"). Under the Marlin Consulting Agreement, Marlin Capital serves in the capacity of a strategic advisor to TBO and provides services such as recommendations on organizational structure, capital structure, future financing needs, and business strategy. The Marlin Consulting Agreement provided for equity compensation issued to Marlin Capital in the amount of 2,000,000 RSUs of TBO. The Company assumed these RSUs in the TBO Merger and the RSUs represent the right to receive 2,000,000 shares of the Company's common stock. The RSUs vest on four equal annual installments beginning October 13, 2015 only if certain performance goals of the Company are met. The shares underlying such RSUs will not be delivered until October 13, 2018, unless there is a change of control of the Company.

The Company recognized share-based compensation expenses of $1,252, $1,512 and $0 for the years ended December 31, 2016, 2015 and 2014, respectively.

Conversion of Series B Preferred

On February 22, 2016, the Company's Series B Preferred, 450,962 shares in total, including 141,430 shares previously issued to Frost Gamma in relation to certain financial arrangements, and 156,544 and 105,704 shares previously issued to Ryan Schulke, Chief Executive Officer of Fluent, and Matthew Conlin, President of Fluent, respectively, in connection with the Fluent Acquisition, automatically converted into the Company's common stock, by multiplying each such share of Series B Preferred by 50.

Warrant Exchange

As discussed in Note 8, during the year ended December 31, 2016, the Company issued an aggregate of 1,069,728 shares of Exchange Shares and New Exchange Warrants to purchase up to 320,102 shares of common stock, in exchange for warrants previously issued to certain stockholders of the Company, including 524,750 shares to Frost Gamma. No additional consideration was paid by the shareholders and the warrants were cancelled upon the exchange.

Others

Effective on August 1, 2015, IDI entered into a consulting agreement with DAB Management Group Inc. ("DAB") for DAB to provide consulting services related to business development, future acquisitions and strategic transactions for a term of six months, and shall automatically renew for additional six-month periods, unless either party provides written notice to the other of its intent not to renew not fewer than 30 days prior to the expiration of the then current term (the "DAB Agreement"). DAB is owned by Daniel Brauser, a director of the Company at the time the DAB Agreement was entered into and the son of Michael Brauser, Executive Chairman of the Company. Under the DAB Agreement, the consulting service fee is $20 per month. The Company recognized consulting service fee of $240 and $100 for the years ended December 31, 2016 and 2015, respectively.

In October 2015, the Company entered into a Non-Exclusive Aircraft Dry Lease Agreement with Brauser Aviation, LLC, an affiliated entity of our Executive Chairman, to pay a set hourly rate for Company-related usage of the aircraft. The Company recognized aircraft lease fee of $216 and $94 for the years ended December 31, 2016 and 2015, respectively.

18. Commitments and contingencies

(a) Operating lease commitments

The Company recorded rental expenses of $1,378, $365 and $11 for the years ended December 31, 2016, 2015 and 2014, respectively. As of December 31, 2016, future minimum rental payments under non-cancellable operating leases having initial or remaining lease terms of more than one year are as follows:

(In thousands)

Year	December 31, 2016
2017	$ 857
2018	431
2019	415
2020	427
2021	440
2022 and thereafter	1,163
Total	$ 3,733

(b) Capital commitment

The Company incurred data costs of $3,200, $924 and $0 for the years ended December 31, 2016, 2015 and 2014, respectively, under certain non-cancellable data licensing agreements. As of December 31, 2016, material capital commitments under non-cancellable data licensing agreements of our Information Service segment were $16,728, shown as follows:

(In thousands)

Year	December 31, 2016
2017	$ 4,155
2018	4,298
2019	4,105
2020	3,270
2021	900
Total	$ 16,728

(c) Employment agreements

We have employment agreements with certain executives, mainly including our Executive Chairman, Chief Executive Officer, and Chief Financial Officer, etc., which provide for compensation and certain other benefits and for severance payments under certain circumstances.

(d) Contingency

Other than as described below, the Company is not currently a party to any legal proceeding, investigation or claim which, in the opinion of the management, is likely to have a material adverse effect on the business, financial condition, results of operations or cash flows. Legal fees associated with such legal proceedings, are expensed as incurred. For capitalized Purchased IP litigation costs, as discussed in Note 8, the Company has written off the balance into the operating expenses as write-off of intangible assets during the year ended December 31, 2016. We review legal proceedings and claims on an ongoing basis and follow appropriate accounting guidance, including ASC 450, when making accrual and disclosure decisions. We establish accruals for those contingencies where the incurrence of a loss is probable and can be reasonably estimated, and we disclose the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for our financial statements to not be misleading. To estimate whether a loss contingency should be accrued by a charge to income, we evaluate, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the loss. We do not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated. Based upon present information, we determined that there were no matters that required an accrual as of the balance sheet date, December 31, 2016. The Company estimates that adverse rulings in pending litigation matters could result in a possible loss of between $3,000 and $6,000.

On October 27, 2014, TRADS filed a Complaint for Declaratory Judgment against Interactive Data, among other parties, in the U.S. Bankruptcy Court, Southern District of Florida (the "Court"), regarding a dispute over ownership of certain intellectual property to which both TRADS and Company subsidiary TBO have asserted competing ownership claims. TBO asserted that it purchased this intellectual property from Ole Poulsen ("Poulsen"), the Company's Chief Science Officer ("Purchased IP"). TRADS has since dropped Interactive Data as a party, and added TBO and Ole Poulsen. On June 10, 2015, over TRADS' objections, the Court granted TBO's motion to expand the scope of discovery to include, among other things, whether TRADS is a good faith purchaser of any of the Purchased IP, free of any fraud or misconduct by or on behalf of TRADS, and whether there was a fraud on the Court by TRADS. On February 22, 2016, TBO and Mr. Poulsen filed a motion for summary judgment seeking judgment in their favor on all claims based upon, among other things, TRADS having committed a fraud on the Court. On April 20, 2016, the Court denied the motion for summary judgment. Trial took place on May 16 and 17, 2016 and June 15, 22-24 and 27, 2016. The parties submitted post-trial memoranda to the Court on July 12, 2016.

On August 18, 2016, the Court entered a trial order ("Trial Order") and final judgment (the "Final Judgment") in favor of TRADS finding the Purchased IP is owned by TRADS, and ordering the Company, TBO and Poulsen to turn over all copies of the Purchased IP in their possession. The Court also ordered the Company and TBO to pay TRADS' attorneys' fees and costs, in an amount to be determined at a later time by the Court.

On October 7, 2016, TRADS filed a motion seeking its attorneys' fees and costs. A preliminary hearing was initially set on this motion for October 18, 2016, and then continued until November 15, 2016. On November 15, 2016, the bankruptcy court again continued the motion to December 20, 2016 and again continued to February 15, 2017, and again continued to April 4, 2017. TBO intends to file an opposition to the attorneys' fee motion and/or the bill of costs.

The Company, TBO and Poulsen have appealed the Court's ruling to the United States District Court, Southern District of Florida ("Federal District Court"), and on October 11, 2016, filed a motion for stay of the Final Judgment pending appeal in the Federal District Court. By stipulation of the parties, TRADS agreed not to enforce the turnover of the Purchased IP until at least October 27, 2016, while the stay motion was briefed. On October 25, 2016, the Company, TBO and Poulsen filed an emergency motion for an interim stay of the Final Judgment until the stay motion filed October 11, 2016 could be resolved. The Federal District Court granted the interim stay and on November 8, 2016 held a hearing on whether to keep the stay in effect while the appeal is pending. On December 14, 2016, the Federal

District Court denied TBO and Poulsen's motion for stay of the final judgment pending appeal, however, the judge stayed the effectiveness of that order for seven days to allow TBO to appeal the stay ruling to the Eleventh Circuit Court of Appeals. The order further provided that the effectiveness of the order would be further delayed until the Eleventh Circuit Court of Appeals ruled on a request for stay. In December 2016, the Company, TBO and Poulsen filed notices of appeal to the Eleventh Circuit Court of Appeals seeking review of the District Court's orders denying their motions for stay pending appeal. TRADS moved to dismiss the appeal of the stay ruling to the Eleventh Circuit for lack of jurisdiction. On February 28, 2017, the Eleventh Circuit ruled that while it did not have jurisdiction over the appeals, before the district court finally adjudicated the appeals, it had inherent power to consider the stay motions. The Eleventh Circuit denied the stay motions but ruled that the Company "has established that it has strong likelihood of succeeding in its argument that the judgment incorrectly identifies it as The Best One, Inc.'s legal successor entity…" TBO and Poulsen have complied with the orders, with Poulsen turning over the Purchased IP to TRADS. The Eleventh Circuit returned the case to the District Court until completion of the appeal before that court.

As a result of the Trial Order and Final Judgment, as of September 30, 2016, the Company has written off $4,055 of intangible assets for both the Purchased IP and capitalized legal costs incurred and paid in defending the claims. An adverse ruling on the award of attorneys' fees and costs could have an immediate near-term impact on the Company's financial position, results of operations, and liquidity. As of the date hereof, this case is ongoing.

On October 23, 2014, TRADS filed a Complaint and Motion for Temporary Injunction, in the Fifteenth Judicial Circuit Court in and for Palm Beach County, Florida, against James Reilly, then President and Chief Operating Officer of the Company, seeking relief for alleged violation of a noncompetition agreement. On February 5, 2015, after the presentation of TRADS' case, the court denied TRADS' motion for a temporary injunction to prohibit Mr. Reilly from continuing employment with TBO. TRADS appealed that order, and on December 2, 2015, the Fourth District Court of Appeal reversed the order denying the temporary injunction and remanded for Mr. Reilly to present his case opposing the preliminary injunction. The evidentiary hearing on TRADS' motion took place on May 4 and 5, 2016. On July 1, 2016, a temporary injunction was entered against Mr. Reilly. On July 15, 2016, Mr. Reilly filed a notice of appeal, appealing the trial court's injunction order to the Fourth District Court of Appeal. On October 3, 2016, Mr. Reilly filed an answer, affirmative defenses, and counterclaim asserting claims against TRADS for fraudulent and negligent misrepresentation. TRADS responded to the counterclaim on November 16, 2016 by filing a motion to dismiss. On October 5, 2016, the Fourth District Court of Appeal affirmed the trial court's injunction order. On February 17, 2017, the court heard TRADS' motion to dismiss, granted the motion without prejudice, and gave leave to Mr. Reilly to amend his answer, affirmative defenses, and counterclaim alleging TRADS' fraudulent and negligent misrepresentation. On February 28, 2017, Mr. Reilly filed a motion to amend the temporary injunction. That motion was heard by the court on March 9, 2017. The court has not yet ruled on that motion. Mr. Reilly filed his amended answer, affirmative defenses and counterclaim on March 6, 2017. TRADS' response to the counterclaim is due on March 21, 2017. An adverse ruling could have an immediate near-term impact on the Company's financial position, results of operations, and liquidity. As of the date of this report, this case is ongoing.

On July 28, 2015, TRADS filed a Complaint and Motion for Preliminary Injunction in the United States District Court, Southern District of Florida, against Surya Challa, former Vice President of Technology of TBO, seeking relief for an alleged violation of a noncompetition agreement. The hearing on TRADS' Motion for Preliminary Injunction was held on February 19, 2016. On March 23, 2016, the court denied TRADS' motion for preliminary injunction. On April 22, 2016, TRADS filed a notice of appeal seeking review of the trial court's order denying the motion for preliminary injunction. On September 23, 2016, the district court judge entered an order staying the case pending appeal. On December 16, 2016, Challa filed a motion to dismiss the appeal as moot because he is no longer employed by the Company. On January 12, 2017, the Eleventh Circuit Court of Appeals issued an opinion affirming the district court's order denying TRADS' motion for preliminary injunction. The Eleventh Circuit also denied Challa's motion to dismiss the appeal as moot. Trial is scheduled during the two-week period commencing May 15, 2017. As of the date of this report, this case is ongoing. An adverse ruling could have an immediate near-term impact on the Company's financial position, results of operations, and liquidity.

On August 10, 2016, the Company filed a lawsuit against TransUnion and related parties alleging tortious interference with its prospective business relationship with Datamyx, LLC ("Datamyx"). The complaint was amended on October 18, 2016. The Company alleges that it was in negotiations to acquire Datamyx, and a definitive transaction was imminent, when TransUnion interfered with the proposed Datamyx acquisition solely as an act of malice in order to damage the Company. As a result of the interference, Datamyx abruptly terminated negotiations with the Company and was ultimately acquired by another suitor. As of the date hereof, this case is ongoing.

The Company has been made aware of a lawsuit filed by TRADS against the Company alleging trademark infringement. The Company has not been served with such lawsuit.

In addition to the foregoing, we may be involved in litigation from time to time in the ordinary course of business. We do not believe that the ultimate resolution of any such matters will have a material adverse effect on our business, financial condition, results of operations or cash flows. However, the results of such matters cannot be predicted with certainty and we cannot assure you that the ultimate resolution of any legal or administrative proceeding or dispute will not have a material adverse effect on our business, financial condition, results of operations and cash flows.

19. Quarterly financial data (unaudited)

The quarterly financial data (unaudited) for the years ended December 31, 2016 and 2015 consist of the following:

(In thousands, except share data)	Three Months Ended December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Statements of Operations:				
Revenue	$54,193	$52,176	$41,043	$39,424
Gross profit	$18,104	$12,518	$11,486	$10,930
Loss from operations	$(5,653)	$(12,357)	$(7,856)	$(8,172)
Net loss from continuing operations	$(5,386)	$(9,744)	$(7,184)	$(6,772)
Net loss attributable to cogint	$(5,386)	$(9,744)	$(7,184)	$(6,772)
Basic and diluted loss per share [1]				
Continuing operations	$(0.10)	$(0.19)	$(0.15)	$(0.25)

(In thousands, except share data)	Three Months Ended December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Statements of Operations:				
Revenue	$10,837	$1,002	$994	$1,258
Gross profit	$2,328	$236	$570	$704
Loss from operations	$(34,598)	$(4,523)	$(3,716)	$(1,563)
Net loss from continuing operations	$(32,639)	$(4,402)	$(3,981)	$(1,563)
Net loss from discontinued operations attributable to cogint	$-	$(387)	$(41,489)	$(74)
Net loss attributable to cogint	$(32,639)	$(4,789)	$(45,470)	$(1,637)
Basic and diluted loss per share [1]				
Continuing operations	$(2.09)	$(0.29)	$(0.29)	$(0.21)
Discontinued operations	-	(0.03)	(2.99)	(0.01)
	$(2.09)	$(0.32)	$(3.27)	$(0.22)

[1] The sum of quarterly loss per share amounts, may not equal amounts reported for year-to-date periods. This is due to the effects of rounding and changes in the number of weighted-average shares outstanding for each period.

20. Subsequent events

On January 18, 2017, the Company's management and Board of Directors approved the plan to merge and fully integrate Q Interactive's business into Fluent (the "Integration"), with Q Interactive becoming a wholly-owned subsidiary of Fluent. We expect little or no customer or revenue attrition associated with the Integration. As a result of the cost synergies we will achieve through the Integration, we expect to realize annualized savings in our operating expenses of approximately $4,500 beginning in the second quarter of 2017. We estimate an aggregate of $850 in restructuring costs associated with the Integration, which we expect to incur in 2017. Also, we estimate an impairment loss of intangible assets of $3,600, including primarily trade names and acquired proprietary technology, acquired in the Q Interactive Acquisition, to be recognized in the first quarter of 2017.

On January 19, 2017, Fluent entered into an Amendment No. 3 to Credit Agreement ("Amendment No. 3"), amending Fluent's Term Loan facility dated as of December 8, 2015. The Amendment No. 3, among other things, provides for a new term loan in the principal amount of $15,000 ("Incremental Term Loan"), subject to the terms and conditions of the Amendment No. 3, and modifies certain other provisions set forth in the Credit Agreement, including certain financial covenants and related definitions. The entire Incremental Term Loan was received on February 1, 2017. The Incremental Term Loan and Fluent's existing $45,000 Term Loan (collectively, the "Term Loans") are guaranteed by the Company and the other direct and indirect subsidiaries of the Company, and are secured by substantially all of the assets of the Company and its direct and indirect subsidiaries, including Fluent, in each case, on an equal and ratable basis. The Term Loans accrue interest at the rate of: (a) either, at Fluent's option, LIBOR (subject to a floor of 0.50%) plus 10.5% per annum, or base rate plus 9.5% per annum, payable in cash, plus (b) 1% per annum, payable, at Fluent's option, in either cash or in-kind. Principal amortization of the Term Loans will be $688 per quarter, payable at the end of each calendar quarter, commencing on March 31, 2017. The Term Loans mature on December 8, 2020.

Exhibit Index

Exhibit No.	Description
10.39	Amendment No. 3 to Credit Agreement, dated as of January 19, 2017, by and among Cogint, Inc., Fluent, LLC, the other borrowers party thereto, Whitehorse Finance, Inc., as administrative agent, and the other lenders party thereto.
21.1	Subsidiaries of Cogint, Inc.
23.1	Consent of Grant Thornton LLP.
23.2	Consent of RBSM LLP
23.3	Consent of EisnerAmper LLP
31.1	Certification of Executive Chairman filed pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer filed pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Executive Chairman pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Chief 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 Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document