

TechTarget Inc
Form 10-Q
May 09, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2018

OR

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

For the transition period from to

Commission File Number: 1-33472

TECHTARGET, INC.

(Exact name of registrant as specified in its charter)

Delaware

04-3483216

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(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)
275 Grove Street Newton, Massachusetts 02466
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (617) 431-9200

(Former name, former address and formal fiscal year, if changed since last report): Not applicable

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a small reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 27, 2018, the registrant had 27,497,254 shares of common stock, \$0.001 par value per share, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TECHTARGET, INC.

Consolidated Balance Sheets

(in thousands, except share and per share data)

	March 31,	December 31,
	2018	2017
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$25,422	\$ 25,966
Short-term investments	5,617	7,650
Accounts receivable, net of allowance for doubtful accounts of \$2,012 and \$1,783 as of March 31, 2018 and December 31, 2017, respectively	26,608	29,601
Prepaid taxes	843	1,303
Prepaid expenses and other current assets	3,713	3,088
Total current assets	62,203	67,608
Property and equipment, net	10,869	9,786
Long-term investments	—	496
Goodwill	93,927	93,793
Intangible assets, net	492	506
Deferred tax assets	153	98
Other assets	891	882
Total assets	\$ 168,535	\$ 173,169
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$1,601	\$ 1,542
Current portion of term loan	9,888	9,888
Accrued expenses and other current liabilities	2,723	3,343
Accrued compensation expenses	993	1,397
Income taxes payable	160	218
Contract liabilities	4,585	7,598
Total current liabilities	19,950	23,986
Long-term liabilities:		
Long-term portion of term loan	19,867	22,339
Deferred rent	5,233	5,259
Deferred tax liabilities	735	838
Total liabilities	45,785	52,422
Commitments and contingencies (Note 9)		
Stockholders' equity:		

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Preferred stock, 5,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock, \$0.001 par value per share, 100,000,000 shares authorized, 53,450,852 shares issued and 27,483,367 shares outstanding at March 31, 2018 and 53,338,297 shares issued and 27,483,115 shares outstanding at December 31, 2017	53	53
Treasury stock, 25,967,485 shares at March 31, 2018 and 25,885,182 shares at December 31, 2017, at cost	(172,429)	(170,816)
Additional paid-in capital	302,148	300,763
Accumulated other comprehensive gain	202	65
Accumulated deficit	(7,224)	(9,318)
Total stockholders' equity	122,750	120,747
Total liabilities and stockholders' equity	\$168,535	\$ 173,169

See accompanying Notes to Consolidated Financial Statements.

TechTarget, Inc.

Consolidated Statements of Operations and Comprehensive Income

(in thousands, except per share data)

	For the Three Months Ended March 31, 2018 2017 (Unaudited)	
Revenues:		
Online	\$27,299	\$23,409
Events	—	168
Total revenues	27,299	23,577
Cost of revenues:		
Online(1)	6,725	6,895
Events	—	41
Total cost of revenues	6,725	6,936
Gross profit	20,574	16,641
Operating expenses:		
Selling and marketing(1)	11,355	10,693
Product development(1)	2,118	1,943
General and administrative(1)	3,399	3,056
Depreciation	1,080	1,091
Amortization of intangible assets	28	40
Total operating expenses	17,980	16,823
Operating income (loss)		