

TechTarget Inc  
Form 10-Q  
May 10, 2013  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 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, 2013**

**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)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**04-3483216**  
(I.R.S. Employer  
Identification No.)

**275 Grove Street**

**Newton, Massachusetts 02466**

(Address of principal executive offices) (zip code)

**(617) 431-9200**

(Registrant's telephone number, including area code)

(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

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

Large Accelerated Filer  Accelerated Filer

Non-Accelerated Filer  (Do not check if a smaller reporting company) Smaller Reporting Company

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

The registrant had 38,438,529 shares of Common Stock, \$0.001 par value per share, outstanding as of April 30, 2013.

**Table of Contents**

**TABLE OF CONTENTS**

<b>Item</b>		<b>Page</b>
PART I.	<b><u>FINANCIAL INFORMATION</u></b>	
Item 1.	<u>Financial Statements</u>	3
	<u>Consolidated Balance Sheets as of March 31, 2013 (unaudited) and December 31, 2012</u>	3
	<u>Consolidated Statements of Operations and Comprehensive (Loss) Income for the Three Months Ended March 31, 2013 and 2012 (unaudited)</u>	4
	<u>Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2013 and 2012 (unaudited)</u>	5
	<u>Notes to Consolidated Financial Statements</u>	6
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	31
Item 4.	<u>Controls and Procedures</u>	31
PART II.	<b><u>OTHER INFORMATION</u></b>	
Item 1.	<u>Legal Proceedings</u>	32
Item 1A.	<u>Risk Factors</u>	32
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	43
Item 3.	<u>Defaults upon Senior Securities</u>	43
Item 4.	<u>Mine Safety Disclosures</u>	43
Item 5.	<u>Other Information</u>	43
Item 6.	<u>Exhibits</u>	43
	<u>Signatures</u>	44

**Table of Contents****PART I. FINANCIAL INFORMATION**

## Item 1. Financial Statements

**TECHTARGET, INC.****Consolidated Balance Sheets****(In thousands, except share and per share data)**

	March 31, 2013 (Unaudited)	December 31, 2012
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 25,388	\$ 48,409
Short-term investments	6,569	6,610
Accounts receivable, net of allowance for doubtful accounts of \$647 and \$911 as of March 31, 2013 and December 31, 2012, respectively	25,621	24,185
Prepaid expenses and other current assets	5,641	1,427
Deferred tax assets	863	862
<b>Total current assets</b>	<b>64,082</b>	<b>81,493</b>
Property and equipment, net	9,057	8,817
Long-term investments	29,961	21,321
Goodwill	93,988	93,792
Intangible assets, net of accumulated amortization	6,219	7,043
Deferred tax assets	7,156	7,457
Other assets	294	269
<b>Total assets</b>	<b>\$ 210,757</b>	<b>\$ 220,192</b>
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Accounts payable	\$ 2,161	\$ 2,907
Accrued expenses and other current liabilities	4,443	3,535
Accrued compensation expenses	510	1,233
Income taxes payable		1,186
Deferred revenue	7,346	5,985
<b>Total current liabilities</b>	<b>14,460</b>	<b>14,846</b>
Long-term liabilities:		
Deferred rent	3,174	3,250
Deferred tax liabilities	695	702
Contingent consideration	1,171	1,180
Other liabilities	904	900
<b>Total liabilities</b>	<b>20,404</b>	<b>20,878</b>
Commitments and contingencies (Note 9)		
Stockholders equity:		
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, 46,551,585 shares issued and 38,504,216 shares outstanding at March 31, 2013 and 45,461,257 shares issued and 39,507,439 shares outstanding at December 31, 2012	47	46

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Treasury stock	(45,922)	(35,810)
Additional paid-in capital	265,927	263,426
Accumulated other comprehensive income (loss)	55	(136)
Accumulated deficit	(29,754)	(28,212)
Total stockholders' equity	190,353	199,314
Total liabilities and stockholders' equity	\$ 210,757	\$ 220,192

See accompanying notes.

**Table of Contents****TECHTARGET, INC.****Consolidated Statements of Operations and Comprehensive (Loss) Income****(In thousands, except per share data)**

	<b>For the Three Months Ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
	<b>(Unaudited)</b>	
<b>Revenues:</b>		
Online	\$ 18,475	\$ 22,071
Events	1,073	1,643
<b>Total revenues</b>	<b>19,548</b>	<b>23,714</b>
<b>Cost of revenues:</b>		
Online <sup>(1)</sup>	5,928	6,041
Events <sup>(1)</sup>	676	764
<b>Total cost of revenues</b>	<b>6,604</b>	<b>6,805</b>
<b>Gross profit</b>	<b>12,944</b>	<b>16,909</b>
<b>Operating expenses:</b>		
Selling and marketing <sup>(1)</sup>	9,120	9,163
Product development <sup>(1)</sup>	1,741	1,855
General and administrative <sup>(1)</sup>	3,307	3,649
Depreciation	872	767
Amortization of intangible assets	734	937
<b>Total operating expenses</b>	<b>15,774</b>	<b>16,371</b>
<b>Operating (loss) income</b>	<b>(2,830)</b>	<b>538</b>
Interest income, net	3	25
<b>(Loss) income before (benefit from) provision for income taxes</b>	<b>(2,827)</b>	<b>563</b>
<b>(Benefit from) provision for income taxes</b>	<b>(1,285)</b>	<b>198</b>
<b>Net (loss) income</b>	<b>\$ (1,542)</b>	<b>\$ 365</b>
<b>Net (loss) income per common share:</b>		
Basic	\$ (0.04)	\$ 0.01
Diluted	\$ (0.04)	\$ 0.01
<b>Weighted average common shares outstanding:</b>		
Basic	40,023	39,862
Diluted	40,023	40,853
<b>Comprehensive (loss) income</b>	<b>\$ (1,351)</b>	<b>\$ 494</b>

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(1) Amounts include stock-based compensation expense as follows:

Cost of online revenue	\$	47	\$	53
Cost of events revenue		4		4
Selling and marketing		703		731
Product development		53		65
General and administrative		624		441

See accompanying notes.



**Table of Contents****TECHTARGET, INC.****Consolidated Statements of Cash Flows****(In thousands)**

	<b>Three Months Ended March 31, 2013      2012 (Unaudited)</b>	
<b>Operating Activities:</b>		
Net (loss) income	\$ (1,542)	\$ 365
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	1,606	1,704
Provision for bad debt	143	271
Amortization of investment premiums	116	330
Stock-based compensation expense	1,429	1,294
Deferred tax benefit	(1)	(5)
Excess tax benefit stock options	(434)	(198)
Other non-cash	(86)	
Changes in operating assets and liabilities:		
Accounts receivable	(1,536)	(3,536)
Prepaid expenses and other current assets	(4,234)	(1,462)
Other assets	(36)	(141)
Accounts payable	(739)	585
Income taxes payable	(838)	(1,089)
Accrued expenses and other current liabilities	1,023	(905)
Accrued compensation expenses	(680)	(379)
Deferred revenue	1,361	1,738
Other liabilities	6	(66)
Net cash used in operating activities	(4,442)	(1,494)
<b>Investing activities:</b>		
Purchases of property and equipment, and other assets	(1,151)	(1,481)
Purchases of investments	(8,710)	(1,040)
Proceeds from sales and maturities of investments		2,000
Net cash used in investing activities	(9,861)	(521)
<b>Financing activities:</b>		
Excess tax benefit stock options	434	198
Purchase of treasury shares	(10,112)	