

TRAVELZOO
Form 10-Q
August 02, 2018

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 June 30, 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 No.: 000-50171

Travelzoo
(Exact name of registrant as specified in its charter)

DELAWARE 36-4415727
(State or other jurisdiction of (I.R.S. employer
incorporation or organization) identification no.)

590 Madison Avenue, 37th Floor 10022
New York, New York
(Address of principal executive offices) (Zip code)
Registrant's telephone number, including area code: (212) 484-4900

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller 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 revisited financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of shares of Travelzoo common stock outstanding as of August 1, 2018 was 12,284,165 shares.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

TRAVELZOO

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except par value)

	June 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$19,409	\$ 22,553
Accounts receivable, less allowance for doubtful accounts of \$362 and \$315 as of June 30, 2018 and December 31, 2017, respectively	12,509	11,769
Income tax receivable	794	517
Deposits	88	259
Prepaid expenses and other	1,731	2,141
Total current assets	34,531	37,239
Deposits and other	692	548
Deferred tax assets	1,476	1,516
Restricted cash	1,458	1,448
Investment	2,961	—
Property and equipment, net	4,528	4,921
Total assets	\$45,646	\$ 45,672
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$14,251	\$ 19,105
Accrued expenses and other	9,141	8,702
Deferred revenue	966	825
Income tax payable	1,086	961
Total current liabilities	25,444	29,593
Long-term tax liabilities	387	373
Long-term deferred rent and other	2,440	2,628
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value (40,000 shares authorized; 12,462 shares issued and outstanding as of June 30, 2018 and December 31, 2017)	125	125
Additional paid in capital	522	—
Retained earnings	20,843	16,550
Accumulated other comprehensive loss	(4,115)	(3,597)
Total stockholders' equity	17,375	13,078
Total liabilities and stockholders' equity	\$45,646	\$ 45,672

See accompanying notes to unaudited condensed consolidated financial statements.

TRAVELZOO
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share amounts)

	Three Months		Six Months	
	Ended		Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenues	\$28,075	\$26,411	\$58,959	\$54,840
Cost of revenues	3,016	3,222	6,401	6,429
Gross profit	25,059	23,189	52,558	48,411
Operating expenses:				
Sales and marketing	15,628	14,213	31,170	29,569
Product development	2,386	2,344	4,897	4,701
General and administrative	5,967	5,246	11,756	10,693
Total operating expenses	23,981	21,803	47,823	44,963
Income from operations	1,078	1,386	4,735	3,448
Other income, net	30	18	191	25
Income from continuing operations before income taxes	1,108	1,404	4,926	3,473
Income tax expense	631	771	1,947	1,980
Income from continuing operations, net of income taxes	\$477	\$633	\$2,979	\$1,493
Income from discontinued operations, net of income taxes	—	54	—	1,938
Net income	\$477	\$687	\$2,979	\$3,431