

TRAVELZOO
Form 10-Q
May 10, 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 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 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 April 27, 2018 was 12,461,553 shares.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

TRAVELZOO

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except par value)

	March 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,103	\$ 22,553
Accounts receivable, less allowance for doubtful accounts of \$368 and \$315 as of March 31, 2018 and December 31, 2017, respectively	12,898	11,769
Income tax receivable	89	517
Deposits	174	259
Prepaid expenses and other	2,189	2,141
Total current assets	38,453	37,239
Deposits and other	637	548
Deferred tax assets	1,437	1,516
Restricted cash	1,468	1,448
Property and equipment, net	4,641	4,921
Total assets	\$ 46,636	\$ 45,672
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 14,817	\$ 19,105
Accrued expenses and other	9,688	8,702
Deferred revenue	931	825
Income tax payable	1,202	961
Total current liabilities	26,638	29,593
Long-term tax liabilities	380	373
Long-term deferred rent and other	2,734	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 March 31, 2018 and December 31, 2017)	125	125
Additional paid in capital	173	—
Retained earnings	20,366	16,550
Accumulated other comprehensive loss	(3,780)	(3,597)
Total stockholders' equity	16,884	13,078
Total liabilities and stockholders' equity	\$ 46,636	\$ 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 Ended March 31,	
	2018	2017
Revenues	\$30,884	\$28,429
Cost of revenues	3,385	3,207
Gross profit	27,499	25,222
Operating expenses:		
Sales and marketing	15,542	15,356
Product development	2,511	2,357
General and administrative	5,789	5,447
Total operating expenses	23,842	23,160
Income from continuing operations	3,657	2,062
Other income (loss), net	161	7
Income from continuing operations before income taxes	3,818	2,069
Income tax expense	1,316	1,209
Income from continuing operations	\$2,502	\$860
Income from discontinued operations, net of income taxes	—	1,884
Net income	\$2,502	\$2,744
Income per share—basic:		
Continuing operations	\$0.20	\$0.07
Discontinued operations	—	0.14
Net income per share—basic	\$0.20	\$0.21
Income per share—diluted:		
Continuing operations	\$0.20	\$0.07
Discontinued operations	—	0.14
Net income per share—diluted	\$0.20	\$0.21
Shares used in computing basic net income per share	12,462	13,288
Shares used in computing diluted net income per share	12,462	13,288

See accompanying notes to unaudited condensed consolidated financial statements.

TRAVELZOO
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2018	2017
Net income	\$2,502	\$2,744
Other comprehensive loss:		
Foreign currency translation adjustment	(183)	(33)
Total comprehensive income	\$2,319	\$2,711