

TechTarget Inc
Form 424B5
December 12, 2014
Table of Contents

Filed pursuant to Rule 424(b)(5)
Registration No. 333-200080

PROSPECTUS SUPPLEMENT

(To Prospectus dated November 26, 2014)

1,000,000 Shares

TechTarget, Inc.

Common Stock

The selling stockholders named in this prospectus supplement under the caption **Selling Stockholders** are offering 1,000,000 shares of our common stock in this offering at a price of \$10.00 per share. The selling stockholders will pay brokerage commissions in an aggregate amount of \$50,000 relating to the shares sold in this offering, and the proceeds to the selling stockholders will be \$9,950,000. We will not receive any of the proceeds from the sale of the shares. We estimate the total expenses of this offering, excluding brokerage commissions, will be approximately \$19,000, which will be paid by us.

Our common stock is listed on the NASDAQ Global Market under the symbol **TTGT**. On December 10, 2014, the last reported sale price of our common stock on the NASDAQ Global Market was \$10.47 per share.

Investing in our common stock involves a high degree of risk. Please read Risk Factors beginning on page S-3 of this prospectus supplement and the documents incorporated by reference into this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful and complete. Any representation to the contrary is a criminal offense.

Prospectus Supplement dated December 11, 2014.

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	PAGE
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-ii
<u>INDUSTRY AND MARKET DATA</u>	S-iii
<u>SUMMARY</u>	S-1
<u>RISK FACTORS</u>	S-3
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	S-5
<u>USE OF PROCEEDS</u>	S-5
<u>DIVIDEND POLICY</u>	S-5
<u>SELLING STOCKHOLDERS</u>	S-6
<u>PLAN OF DISTRIBUTION</u>	S-7
<u>LEGAL MATTERS</u>	S-8
<u>EXPERTS</u>	S-8
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-9
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	S-9

Prospectus

<u>ABOUT THIS PROSPECTUS</u>	2
<u>SUMMARY</u>	2
<u>RISK FACTORS</u>	2
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	3
<u>USE OF PROCEEDS</u>	3
<u>DESCRIPTION OF COMMON STOCK</u>	3
<u>SELLING STOCKHOLDERS</u>	8
<u>PLAN OF DISTRIBUTION</u>	10
<u>LEGAL MATTERS</u>	14
<u>EXPERTS</u>	14
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	14
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	15

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is part of the registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process and consists of two parts. The first part is this prospectus supplement, including the documents incorporated by reference, which describes the specific terms of this offering. The second part, the accompanying prospectus, including the documents incorporated by reference, gives more general information, some of which may not apply to this offering. Generally, when we refer only to the prospectus, we are referring to both parts of this document combined. This prospectus supplement may add to, update or change information in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement or the accompanying prospectus.

If information in this prospectus supplement is inconsistent with the accompanying prospectus or with any document incorporated by reference that was filed with the SEC before the date of this prospectus supplement, you should rely on this prospectus supplement. This prospectus supplement, the accompanying prospectus and the documents incorporated into each by reference include important information about us, the securities being offered and other information you should know before investing in our securities. You should also read and consider information in the documents we have referred you to in the sections of this prospectus supplement and the accompanying prospectus entitled *Where You Can Find More Information*.

You should rely only on this prospectus supplement and the accompanying prospectus and the information incorporated or deemed to be incorporated by reference herein and therein. Neither we nor the selling stockholders have authorized anyone to provide you with information that is in addition to or different from that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. The selling stockholders are not offering to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of any date other than as of the date of this prospectus supplement and the accompanying prospectus, as the case may be, or in the case of the documents incorporated by reference, the date of such documents regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sale of our securities. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

No action has been or will be taken in any jurisdiction by us that would permit a public offering of the common stock in any jurisdiction, other than in the United States. Persons outside the United States who come into possession of this prospectus supplement or the accompanying prospectus must inform themselves about, and observe any restrictions relating to, the offering of the common stock and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

References in this prospectus supplement and in the accompanying prospectus to we, us, our or the company refer to TechTarget, Inc., alone, unless otherwise indicated.

Table of Contents

INDUSTRY AND MARKET DATA

This prospectus supplement and the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus include industry and market data that we derived from internal company records, publicly-available information and industry publications and surveys. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. We believe that this data is accurate in all material respects as of the date of the applicable document, however, we have not independently verified this data. You should carefully consider the inherent risks and uncertainties associated with the industry and market data contained in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus.

S-iii

Table of Contents

SUMMARY

Overview

We are a leading provider of specialized online content and brand advertising that brings together buyers and sellers of corporate information technology, or IT , products. We sell customized marketing programs that enable IT vendors to reach corporate IT decision makers who are actively researching specific purchases. In addition we offer a number of data analytics solutions that help our customers more efficiently target their sales efforts.

IT professionals have become increasingly specialized, and rely on our network of over 150 websites, each of which focuses on a specific IT sector such as storage, security or networking, for key decision support information tailored to their specific areas of responsibility. We work with our advertising customers to develop customized marketing programs, often providing them with multiple offerings in order to target their desired audience of IT professionals more effectively. Our service offerings address the lead generation, project opportunity information, and branding objectives of our advertising customers. In the nine months ended September 30, 2014, lead generation and branding remained our primary sources of revenue, while project opportunity information, driven by growth in our IT Deal Alert products, contributed approximately 20% of online revenue as compared with approximately 3% for the same period in 2013.

We enable IT professionals to navigate the complex and rapidly-changing IT landscape where purchasing decisions can have significant financial and operational consequences. Our content strategy includes three primary sources which IT professionals use to assist them in their pre-purchase research: independent content provided by our professionals, vendor-generated content provided by our customers and user-generated, or peer-to-peer, content. In addition to utilizing our independent content, registered members are able to conduct their pre-purchase research by accessing extensive vendor content across our network of websites. Our network of websites also allows users to seamlessly interact and contribute content, which is highly valued by IT professionals during their research process.

We have a large and growing base of registered members, which totaled over 14.9 million as of September 30, 2014. The targeted nature of our user base enables IT vendors to reach a specialized audience efficiently because our content is highly segmented and aligned with the IT vendors specific products. Since our founding in 1999, we have developed a broad customer base. During 2013, we delivered advertising campaigns for approximately 1,200 customers. No customer represented 10% or more of total revenues during 2013.

Corporate Information

We were incorporated in Delaware on September 14, 1999. Our principal offices are located at 275 Grove Street, Newton, Massachusetts 02466 and our phone number is (617) 431-9200. Our website address is www.techtarget.com. The information on, or accessible through, our website is not a part of this prospectus supplement and shall not be deemed to be incorporated into this prospectus supplement or the registration statement of which it forms a part.

Table of Contents

THE OFFERING

Common stock offered by the selling stockholders 1,000,000 shares

Common stock to be outstanding before and after this offering 32,331,783 shares

Selling stockholders Entities affiliated with Technology Crossover Ventures. For more information, see the section of this prospectus supplement entitled Selling Stockholders.

Common stock to be beneficially owned by the selling stockholders after this offering 5,618,103 shares

Use of proceeds We will not receive any proceeds from the sale of any shares of our common stock offered by the selling stockholders.

Risk factors See Risk Factors on page S-3 of this prospectus supplement and other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.

NASDAQ Global Market symbol for our common stock TTGT

The number of shares of our common stock outstanding before and after this offering is based on 32,331,783 outstanding shares of our common stock, which equals the number of shares of common stock outstanding on December 10, 2014, after giving effect to the 1,000,000 shares we repurchased from the selling stockholders pursuant to a purchase agreement entered into on December 9, 2014, and excludes:

3,356,282 shares of our common stock issuable upon the exercise of options outstanding as of December 10, 2014, at a weighted-average exercise price of \$7.84 per share;

an aggregate of 1,626,420 additional shares of our common stock available for future issuance under our stock incentive plans; and

2,766,667 shares issuable upon vesting of restricted stock units.

S-2

Table of Contents

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, as well as the other information in this prospectus supplement, the prospectus and the documents incorporated by reference herein or therein, our financial statements and the related notes included in our quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2014 (the Third Quarter Form 10-Q), which was filed with the SEC on November 7, 2014 before deciding whether to invest in our common stock. The risks and uncertainties described in this prospectus supplement, the prospectus and the documents incorporated by reference herein are not the only risks we face. Additional risks and uncertainties that we do not presently know about or that we currently believe are not material may also adversely affect our business. For more information, see the section of this prospectus supplement entitled Where You Can Find More Information.

Risks Related to Our Common Stock and this Offering

The trading value of our common stock may be volatile and decline substantially.

The trading price of our common stock may be volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. In addition to the factors discussed in this Risk Factors section and in Item 1A of our Third Quarter Form 10-Q, these factors include:

our operating performance and the operating performance of similar companies;

the overall performance of the equity markets;

announcements by us or our competitors of acquisitions, business plans, commercial relationships or new product or service offerings;

threatened or actual litigation;

changes in laws or regulations relating to the provision of Internet content;

any change in our board of directors or management;

publication of research reports about us, our competitors or our industry, or positive or negative recommendations or withdrawal of research coverage by securities analysts;

our sale of common stock or other securities in the future;

large volumes of sales of our shares of common stock by existing stockholders; and

general political and economic conditions.

In addition, the stock market in general, and historically the market for Internet-related companies in particular, has experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in substantial costs, divert our management's attention and resources and harm our business, operating results and financial condition.

Provisions of our certificate of incorporation, bylaws and Delaware law could deter takeover attempts.

Various provisions in our certificate of incorporation and bylaws could delay, prevent or make more difficult a merger, tender offer, proxy contest or change of control. Our stockholders might view any transaction of this type as being in their best interest since the transaction could result in a higher stock price than the then-current market price for our common stock. Among other things, our certificate of incorporation and bylaws:

authorize our board of directors to issue preferred stock with the terms of each series to be fixed by our board of directors, which could be used to institute a poison pill that would work to dilute the share ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board;

Table of Contents

divide our board of directors into three classes so that only approximately one-third of the total number of directors is elected each year;

permit directors to be removed only for cause;

prohibit action by written consent of our stockholders; and

specify advance notice requirements for stockholder proposals and director nominations. In addition, with some exceptions, the Delaware General Corporation Law restricts or delays mergers and other business combinations between us and any stockholder that acquires 15% or more of our voting stock.

Future sales of shares of our common stock by existing stockholders could depress the market price of our common stock.

If our existing stockholders sell, or indicate an intent to sell, substantial amounts of our common stock in the public market, the trading price of our common stock could decline significantly. A large portion of our outstanding shares of common stock is held by our officers, directors and significant stockholders. Two of the largest percentages of our shares are owned by venture capital funds, which are typically structured to have a finite life. As these venture capital funds approach or pass the respective terms of the fund, the decision to sell or hold our stock may be based not only on the underlying investment merits of our stock but also on the requirements of their internal fund structure. Immediately after this offering, our directors, executive officers and significant stockholders will beneficially own approximately 11,715,581 shares of our common stock, which represents approximately 36% of our shares outstanding as of December 10, 2014, after giving effect to the repurchase of 1,000,000 shares of our common stock from the selling stockholders in December 2014. If these additional shares are sold, or if it is perceived that they will be sold in the public market, the trading price of our common stock could decline substantially.

A limited number of stockholders will have the ability to influence the outcome of director elections and other matters requiring stockholder approval.

Immediately after this offering, our directors, executive officers and significant stockholders will beneficially own approximately 11,715,581 shares of our common stock. These stockholders, if they act together, could exert substantial influence over matters requiring approval by our stockholders, including the election of directors, the amendment of our certificate of incorporation and bylaws and the approval of mergers or other business combination transactions. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our stockholders of an opportunity to receive a premium for their stock as part of a sale of our company and might reduce our stock price. These actions may be taken even if they are opposed by other stockholders.

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the information incorporated by reference in this prospectus supplement or the accompanying prospectus may contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, which are subject to a number of risks and uncertainties. All statements other than statements of historical facts, including statements regarding our future results of operations and financial position, business strategy, plans and objectives of management for future operations and plans for future product development, industry trends and manufacturing are forward-looking statements. Without limiting the foregoing, the words anticipates, believes, could, estimates, expects, intends, may, plans, seeks and language, whether in the negative or affirmative, are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We therefore caution you against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in these forward-looking statements are discussed in the section entitled Risk Factors included in this prospectus supplement, the accompanying prospectus and in the Third-Quarter 10-Q incorporated by reference herein and therein. Also, any forward-looking statement made by us in this prospectus supplement speaks only as of the date on which this prospectus supplement was first filed. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

USE OF PROCEEDS

All shares of our common stock offered by this prospectus supplement will be sold by the selling stockholders. We will not receive any of the proceeds from the sale of these shares. The selling stockholders are not paying underwriting discounts or commissions. The selling stockholders will pay transfer taxes incurred by the selling stockholders in disposing of the shares. We will pay all other costs, fees and expenses incurred in effecting the registration of the shares covered by this prospectus supplement and the accompanying prospectus, including, without limitation, fees and expenses of counsel and accountants, the SEC registration fee with respect to the shares covered by this prospectus and printing and engraving expenses.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings to support operations and finance the growth and development of our business and do not intend to pay cash dividends on our common stock for the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our board of directors.

Table of Contents**SELLING STOCKHOLDERS**

The following table presents information concerning the beneficial ownership of the shares of our common stock by the selling stockholders assuming 32,331,783 shares of our common stock outstanding, which equals the number of shares of common stock outstanding on December 10, 2014, after giving effect to the 1,000,000 shares we repurchased from the selling stockholders pursuant to a purchase agreement entered into on December 9, 2014 and which includes all of the shares to be sold by the selling stockholders in connection with this offering.

The information in the table below with respect to the selling stockholders has been obtained from the selling stockholders. When we refer to the selling stockholders in this prospectus supplement, we mean the selling stockholders listed in the table below as offering shares, as well as their respective pledgees, donees, assignees, transferees and other successors-in-interest and others who may hold any of the selling stockholders' interest.

NAME OF SELLING STOCKHOLDER	SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING			SHARES BENEFICIALLY OWNED AFTER THE OFFERING	
	NUMBER	PERCENTAGE	SHARES OFFERED	NUMBER	PERCENTAGE
TCV V, L.P. (1)	6,439,611	19.92%	981,325	5,458,286	16.88%
TCV Member Fund, L.P. (1)	122,549	0.38%	18,675	103,847	0.32%
TCV Management Fund 2004 LLC (1)	55,943	0.17%	0	55,943	0.17%
Total for Entities affiliated with Technology Crossover Ventures	6,618,103	20.47%	1,000,000	5,618,103	17.38%

- (1) Includes (i) 6,439,611 shares of common stock held by TCV V, L.P. (TCV V), (ii) 122,549 shares of common stock held by TCV Member Fund L.P. (TCV Member Fund) and together with TCV V, the TCV Funds), and (iii) 55,943 shares of common stock held by TCV Management 2004, L.L.C. (TCM 2004). Technology Crossover Management V, L.L.C. (TCM V) is the sole general partner of TCV V and a general partner of TCV Member Fund. The investment activities of TCM V are managed by Jay C. Hoag, a director of the company, Richard H. Kimball, John L. Drew, and Jon Q. Reynolds, Jr. (collectively, the TCM V Members) who share voting and investment power with respect to the shares beneficially owned by the TCV Funds. The TCM V Members are also members of TCM 2004. TCM V and the TCM V Members disclaim beneficial ownership of the shares held by the TCV Funds except to the extent of their respective pecuniary interests therein. The TCM V Members also disclaim beneficial ownership of the shares held by TCM 2004 except to the extent of their respective pecuniary interests therein. The address of the TCV Funds, TCM V and TCM 2004 is c/o Technology Ventures 528 Ramona Street, Palo Alto, California 94301.

Table of Contents

PLAN OF DISTRIBUTION

The selling stockholders have agreed to sell to various purchasers an aggregate of 1,000,000 shares of our common stock at a price of \$10.00 per share. The selling stockholders engaged Craig-Hallum Capital Group LLC, as selling agent, to assist in identifying the purchasers and the selling stockholders will pay a customary brokerage commission of \$0.05 per share to such agent for this transaction. No underwriters were engaged by us or the selling stockholders for this transaction.

We estimate that the total expenses for this offering, excluding brokerage commissions, will be approximately \$19,000, and will be paid by us. The selling stockholders will pay brokerage commissions in an aggregate amount of \$50,000 relating to the shares sold in this offering.

S-7

Table of Contents

LEGAL MATTERS

The validity of the common stock offered by this prospectus supplement has been passed upon by Wilmer Cutler Pickering Hale and Dorr LLP.

EXPERTS

The consolidated financial statements as of December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2013, incorporated by reference in this prospectus, have been so incorporated in reliance on the reports of BDO USA, LLP, an independent registered public accounting firm, incorporated herein by reference, given on the authority of said firm as experts in auditing and accounting.

S-8

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We file reports, proxy statements and other documents with the SEC. You may read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You should call 1-800-SEC-0330 for more information on the public reference room. Our SEC filings are also available to you on the SEC's website at <http://www.sec.gov>.

This prospectus supplement is part of a registration statement that we filed with the SEC. The registration statement contains more information than this prospectus supplement regarding us and our common stock, including certain exhibits and schedules. You can obtain a copy of the registration statement from the SEC at the address listed above or from the SEC's website.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC requires us to incorporate into this prospectus supplement information that we file with the SEC in other documents. This means that we can disclose important information to you by referring to other documents that contain that information. The information incorporated by reference is considered to be part of this prospectus supplement. Information contained in this prospectus supplement and information that we file with the SEC in the future and incorporate by reference in this prospectus supplement automatically updates and supersedes previously filed information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and prior to the sale of all the shares covered by this prospectus supplement, in each case other than any documents or portions thereof that are furnished and not deemed filed with the SEC, including any information furnished pursuant to Item 2.02 or Item 7.01 of our Current Reports on Form 8-K or Form 8-K/A unless, and except to the extent, specified in such Current Report:

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as filed with the SEC on March 17, 2014, including the information specifically incorporated by reference in to the Annual Report on Form 10-K from our definitive proxy statement for the 2014 Annual Meeting of Stockholders as filed on April 25, 2014;

Our Quarterly Reports on Form 10-Q for the three months ended March 31, 2014, June 30 and September 30, 2014 as filed with the SEC on May 12, 2014, August 8, 2014 and November 7 2014;

Our Current Reports on Form 8-K filed May 23, 2014, June 24, 2014, August 5, 2014 (solely with respect to Item 8.01) and December 9, 2014; and

The description of our common stock contained in our Registration Statement on Form 8-A, as filed on May 16, 2007, including any amendments or reports filed for the purpose of updating such description. In addition, this prospectus supplement incorporates by reference all documents and reports that we file pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and prior to completion or termination of this offering.

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You should read the information relating to us in this prospectus supplement together with the information in the accompanying prospectus and the documents incorporated by reference. Nothing contained herein shall be deemed to incorporate information furnished to, but not filed with, the SEC.

You may request a copy of these documents, which will be provided to you at no cost, by writing or telephoning us using the following contact information:

TechTarget, Inc.

275 Grove Street

Newton, Massachusetts 02466

Attn: Corporate Secretary

Telephone: (617) 431-9200

S-9

Table of Contents

PROSPECTUS

TECHTARGET, INC.

14,278,779 Shares

3,000,000 Shares

of Common Stock

11,278,779 Shares

of Common Stock

Offered by Selling Stockholders

We may from time to time offer and sell up to 3,000,000 shares of our common stock. In addition, the selling stockholders named in this prospectus may from time to time sell up to 11,278,779 shares of common stock. We will not receive any proceeds from the sale, if any, of common stock by the selling stockholders.

The common stock may be sold in one or more transactions directly to purchasers, to or through underwriters, dealers or agents or through a combination of these methods. If any underwriters, dealers or agents are used in the sale of our common stock, we will specify in an accompanying prospectus supplement the names of the underwriters, dealers or agents and the terms under which the common stock will be sold. Our registration of the shares of common stock owned by the selling stockholders and covered by this prospectus does not mean that the selling stockholders will offer or sell any of the shares.

Our common stock is listed on the Nasdaq Global Market under the symbol TTGT. On November 24, 2014, the last reported sale price of the shares of our common stock on the Nasdaq Global Market was \$10.40 per share.

Investing in our common stock involves a high degree of risk. See Risk Factors on page 2 of this prospectus and any other risk factors included in any accompanying prospectus supplement and in the documents incorporated by reference in this prospectus for a discussion of the factors you should carefully consider before deciding to purchase these securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 26, 2014.

Table of Contents

Table of Contents

	Page
<u>ABOUT THIS PROSPECTUS</u>	2
<u>SUMMARY</u>	2
<u>RISK FACTORS</u>	2
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	3
<u>USE OF PROCEEDS</u>	3
<u>DESCRIPTION OF COMMON STOCK</u>	3
<u>SELLING STOCKHOLDERS</u>	8
<u>PLAN OF DISTRIBUTION</u>	10
<u>LEGAL MATTERS</u>	14
<u>EXPERTS</u>	14
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	14
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	15

You should rely only on the information contained or incorporated by reference in this prospectus, any accompanying prospectus supplement or any free writing prospectus we may authorize to be delivered to you. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus, any prospectus supplement and the documents incorporated by reference herein and therein are accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates. Neither this prospectus nor any accompanying prospectus supplement shall constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under this shelf registration process, we may from time to time sell up to an aggregate of 3,000,000 shares of our common stock. In addition, the selling stockholders named in this prospectus may from time to time sell up to 11,278,779 shares of our common stock in one or more transactions. We have provided to you in this prospectus a general description of the common stock we and the selling stockholders may offer. Each time we or the selling stockholders sell securities, we will, to the extent required by law, provide a prospectus supplement that will contain specific information about the terms of the offering. We may also add, update or change in any accompanying prospectus supplement or any free writing prospectus we may authorize to be delivered to you any of the information contained in this prospectus. To the extent there is a conflict between the information contained in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement, provided that if any statement in one of these documents is inconsistent with a statement in another document having a later date—for example, a document incorporated by reference in this prospectus or any prospectus supplement—the statement in the document having the later date modifies or supersedes the earlier statement.

As permitted by the rules and regulations of the SEC, the registration statement, of which this prospectus forms a part, includes additional information not contained in this prospectus. You may read the registration statement and the other reports we file with the SEC at the SEC's web site or at the SEC's offices described below under the heading **Where You Can Find Additional Information**.

SUMMARY

TechTarget, Inc.

TechTarget, Inc. is a Delaware corporation incorporated on September 14, 1999. We are a leading provider of specialized online content and brand advertising that brings together buyers and sellers of corporate information technology, or IT, products. We sell customized marketing programs that enable IT vendors to reach corporate IT decision makers who are actively researching specific IT purchases. In addition, we offer a number of data analytics solutions that help our customers more efficiently target their sales force.

Corporate Information

Our principal executive offices are located at TechTarget, Inc., 275 Grove Street, Newton, Massachusetts 02466. Our telephone number is (617) 431-9200. Our website address is www.techtarget.com. We have included our website address as an inactive textual reference only. The information contained on, or that can be accessed through, our website is not a part of this prospectus or the registration statement of which it forms a part.

In this prospectus, unless otherwise stated or the context otherwise requires, references to **TechTarget**, **the Company**, **we**, **us** and **our** and similar references refer to TechTarget, Inc., which is our trademark. Each of the other trademarks, trade names or service marks appearing or incorporated by reference in this prospectus or any applicable prospectus supplement are the property of their respective owners.

RISK FACTORS

An investment in our common stock involves significant risks. You should carefully consider the risks and uncertainties described in this prospectus and any prospectus supplement, including the risk factors set forth in the

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documents and reports filed with the SEC that are incorporated by reference herein, such as the risk factors under the heading Risk Factors in our most recent Annual Report on Form 10-K on file with the SEC, as revised or supplemented by our Quarterly Reports on Form 10-Q filed with the SEC since the filing of our most recent Annual Report on Form 10-K, all of which are incorporated by reference in this prospectus, before you

Table of Contents

make an investment decision pursuant to this prospectus and any accompanying prospectus supplement. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business operations.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, any prospectus supplement and the documents incorporated by reference herein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that involve substantial risks and uncertainties. All statements, other than statements of historical fact, including statements regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management, are forward-looking statements. The words anticipate, believe, estimate, expect, intend, may, plan, predict, project, will and would and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included and incorporated by reference in this prospectus that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. See **Risk Factors** for more information. You should consider these factors and other cautionary statements made in this prospectus and in the documents we incorporate by reference as being applicable to all related forward-looking statements wherever they appear in the prospectus and in the documents incorporated by reference. Unless specifically indicated, our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make. We do not assume any obligation to update any forward-looking statements.

USE OF PROCEEDS

Unless otherwise provided in an applicable prospectus supplement, we intend to use the net proceeds from any sale of common stock by us for general corporate purposes, which may include the development of our products and services, the acquisition of products, technologies or businesses, working capital and capital expenditures. We may set forth additional information on the use of proceeds from the sale of securities we offer under this prospectus in a prospectus supplement relating to a specific offering. We have not determined the amount of net proceeds to be used specifically for the foregoing purposes. As a result, our management will have broad discretion in the allocation of the net proceeds.

We will not receive any proceeds from the sale of shares of common stock by the selling stockholders.

DESCRIPTION OF COMMON STOCK

The following description of our common stock, together with any additional information we include in any applicable prospectus supplement, summarizes the material terms and provisions of our common stock that we or the selling stockholders may offer under this prospectus. For the complete terms of our common stock, please refer to our certificate of incorporation, and by-laws, which are exhibits to the registration statement to which this prospectus relates. The terms of our common stock may also be affected by Delaware law.

Table of Contents

Authorized Capital Stock

Under our certificate of incorporation, our authorized capital stock consists of 100,000,000 shares of common stock, \$0.001 par value per share, and 5,000,000 shares of undesignated preferred stock, \$0.001 par value per share. As of October 31, 2014, we had 32,972,967 shares of common stock outstanding and no shares of preferred stock outstanding.

Common Stock

Voting Rights. The holders of our common stock are entitled to one vote per share with respect to each matter presented to our stockholders on which the holders of common stock are entitled to vote and do not have cumulative voting rights. An election of directors by our stockholders is determined by a plurality of the votes cast by the stockholders entitled to vote on the election.

Dividends. Holders of common stock are entitled to receive proportionately any dividends as may be declared by our board of directors or any authorized committee of the board of directors, subject to any preferential dividend rights of outstanding preferred stock. These dividends are non-cumulative.

Liquidation and Dissolution. In the event of our liquidation or dissolution, the holders of common stock are entitled to receive ratably all assets available for distribution to stockholders after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock.

Other Rights. Holders of common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Listing. Our common stock is listed on the Nasdaq Global Market under the symbol TTGT. As of November 24, 2014, the closing price per share of our common stock on the Nasdaq Global Market was \$10.40.

Transfer Agent and Registrar. The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

Registration Rights

The selling stockholders have the right to require us to register the shares of our common stock held by them under the Securities Act under specified circumstances, including any additional shares issued or distributed by way of a dividend, stock split or other distribution in respect of these shares.

Demand Registration Rights. Subject to specified limitations, holders of these registrations rights may require that we register all or part of our common stock subject to the registration rights for sale under the Securities Act. These holders may demand registration of our common stock on Form S-3 so long as the offering price to the public of the shares requested to be registered is at least \$1,000,000. This offering is a result of these holders exercising their demand registration rights.

Incidental Registration Rights. If we propose to register any of our common stock under the Securities Act, subject to specified exceptions, either for our own account or for the account of other security holders, holders of registration rights are entitled to notice of the registration and to include shares of common stock subject to the registration rights in the registered offering.

Limitations and Expenses. With specified exceptions, the right to include shares in a registration is subject to the right of the underwriters for the offering, if any, to limit the number of shares included in the offering. We are required to pay all fees, costs and expenses of any demand registration, other than underwriting discounts,

Table of Contents

commissions and fees and expenses of any counsel to the selling stockholders (other than those related to counsel to our company) in connection with the offering. We are paying all expenses of the selling stockholders in connection with this offering, other than underwriting discounts and commissions, if any.

Preferred Stock

Under the terms of our certificate of incorporation, our board of directors is authorized or any authorized committee thereof is expressly authorized to provide for the issuance of the shares of undesignated preferred stock in one or more series of such stock, and by filing a certificate pursuant to applicable law of the State of Delaware, to establish or change from time to time the number of shares of each such series, and to fix the designations, powers, including voting powers, full or limited, or no voting powers, preferences and the relative, participating, optional or other special rights of the shares of each series and any qualifications, limitations and restrictions thereof. Currently, we have no shares of preferred stock outstanding.

Anti-takeover Effects of Delaware Law and our Certificate of Incorporation and By-laws

Our certificate of incorporation and by-laws and Delaware law contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors.

Immediately prior to the date of this prospectus, our directors, executive officers and significant stockholders beneficially owned approximately 42% of our outstanding common stock. These stockholders, if they act together, could exert substantial influence over matters requiring approval by our stockholders, including the election of directors, the amendment of our certificate of incorporation and by-laws and the approval of mergers or other business combination transactions. As a result, such stockholders may have significant influence over the election of the members of our board of directors. In addition, some of the provisions summarized below may further enhance such control of our corporate affairs for at least the next several years, including control of our board of directors. This control could discourage others from initiating a potential merger, takeover or other change of control transaction that other stockholders may view as beneficial.

Number of Directors. Subject to the rights of holders of any series of preferred stock to elect directors, our board of directors will establish the number of directors.

Staggered Board; Removal of Directors. Our certificate of incorporation divides our directors into three classes with staggered three-year terms. Our directors may be removed from office only for cause and only by the affirmative vote of holders of our capital stock representing at least 75% of the voting power of all outstanding stock entitled to vote.

Any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by the affirmative vote of a majority of our directors then in office, even if less than a quorum of the board of directors.

The classification of our board of directors and the limitations on the removal of directors and filling of vacancies could make it more difficult for a third party to acquire, or discourage a third party from seeking to acquire, control of our company.

Stockholder Action by Written Consent; Special Meetings. Our certificate of incorporation and our by-laws provide that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Our certificate of incorporation and our by-laws also provide that, except as otherwise required by law, special meetings of our stockholders can only be called by our board of directors.

Table of Contents

Advance Notice Requirements. Our by-laws contain an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of persons for election to the board of directors. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors or by a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder's intention to bring such business before the meeting. These provisions could have the effect of delaying until the next stockholder meeting stockholder actions that are favored by the holders of a majority of our outstanding voting securities.

Delaware Business Combination Statute. We are subject to Section 203 of the Delaware General Corporation Law. Subject to certain exceptions, Section 203 prevents a publicly held Delaware corporation from engaging in a business combination with any interested stockholder for three years following the date that the person became an interested stockholder, unless the interested stockholder attained such status with the approval of our board of directors or unless the business combination is approved in a prescribed manner. Under Delaware law, a business combination includes, among other things, a merger or consolidation involving us and the interested stockholder and the sale of more than 10% of our assets. In general, an interested stockholder is any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person.

Super-Majority Voting. The Delaware General Corporation Law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or by-laws, unless a corporation's certificate of incorporation or by-laws, as the case may be, requires a greater percentage. The affirmative vote of holders of our capital stock representing at least 75% of the voting power of all outstanding stock entitled to vote is required to amend or repeal these provisions of our certificate of incorporation described in this section entitled *Anti-takeover Effects of Delaware Law* and our Certificate of Incorporation and By-laws. The affirmative vote of either a majority of the directors then in office or holders of our capital stock representing at least 75% of the voting power of all outstanding stock entitled to vote is required to amend or repeal our by-laws.

Effects of Authorized but Unissued Stock

We have shares of common stock and preferred stock available for future issuance without stockholder approval, subject to any limitations imposed by the listing standards of the Nasdaq Global Market. We may utilize these additional shares for a variety of corporate purposes including for future public offerings to raise additional capital or facilitate corporate acquisitions or for payment as a dividend on our capital stock. The existence of unissued and unreserved common stock and preferred stock may enable our board of directors to issue shares to persons friendly to current management or to issue preferred stock with terms that could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a controlling interest in our company by means of a merger, tender offer, proxy contest or otherwise. In addition, if we issue preferred stock, the issuance could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation.

Limitation of Liability and Indemnification of Officers and Directors

As permitted by the Delaware General Corporation Law, we have adopted provisions in our certificate of incorporation and by-laws that limit or eliminate the personal liability of our directors. Consequently, a director is not personally liable to us or our stockholders for monetary damages or breach of fiduciary duty as a director, except for liability for:

any breach of the director's duty of loyalty to us or our stockholders;

any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

Table of Contents

any unlawful payments related to dividends or unlawful stock repurchases, redemptions or other distributions; or

any transaction from which the director derived an improper personal benefit.

These limitations of liability do not alter director liability under the federal securities laws and do not affect the availability of equitable remedies such as an injunction or rescission.

In addition, our by-laws provide that:

we will indemnify our directors, officers and, in the discretion of our board of directors, certain employees to the fullest extent permitted by the Delaware General Corporation Law; and

we will advance expenses, including attorneys' fees, to our directors and, in the discretion of our board of directors, to our officers and certain employees, in connection with legal proceedings, subject to limited exceptions.

We have entered into indemnification agreements with each of our directors. These agreements provide that we will indemnify each of our directors to the fullest extent permitted by law and advance expenses to each indemnitee in connection with any proceeding in which indemnification is available.

We also maintain general liability insurance that covers certain liabilities of our directors and officers arising out of claims based on acts or omissions in their capacities as directors or officers, including liabilities under the Securities Act. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, or persons controlling the registrant pursuant to the foregoing provisions, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

These provisions may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. Furthermore, a stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. We believe that these provisions, the indemnification agreements and the insurance are necessary to attract and retain talented and experienced directors and officers.

Table of Contents**SELLING STOCKHOLDERS**

The table below sets forth, to our knowledge, information concerning the beneficial ownership of the shares of our common stock by the selling stockholders assuming 32,972,967 shares of our common stock outstanding on October 31, 2014, which includes all of the shares that may be sold by the selling stockholders under this prospectus.

The information in the table below with respect to the selling stockholders has been obtained from the selling stockholders. When we refer to the selling stockholders in this prospectus, we mean the selling stockholders listed in the table below as offering shares, as well as their respective pledgees, donees, assignees, distributees, transferees and other successors-in-interest and others who may hold any of the selling stockholders' interest.

We do not know if, when or in what amounts the selling stockholders may offer their shares for sale. The selling stockholders may sell some, all or none of the shares identified below. Because the number of shares the selling stockholders may offer and sell is not presently known, and because there are currently no agreements, arrangements or understandings with respect to the sale of any of the shares other than the investor rights agreement described below, we cannot estimate the number of shares that will continue to be held by the selling stockholders. This table, however, presents the maximum number of shares of common stock that the selling stockholders may offer pursuant to this prospectus and the number of shares of common stock that would be beneficially owned after the sale of the maximum number of shares of common stock by each selling stockholder.

The shares of common stock to be sold by the selling stockholders hereunder have been previously acquired (1) in connection with private financing transactions for which exemptions from the registration requirements of the Securities Act were available that occurred prior to the Company's initial public offering in 2007, (2) in our initial public offering, (3) in open market purchases, and/or (4) under our equity compensation plans. Such shares were acquired in the ordinary course of business and the selling stockholders did not have any intent to distribute the shares. If required, these selling stockholders will be named in a post-effective amendment to the registration statement of which this prospectus forms a part, in a supplement to this prospectus or in a periodic or current report that we file with the SEC that is incorporated or deemed incorporated by reference in this prospectus. See [Incorporation by Reference](#) and [Where You Can Find More Information](#).

NAME OF SELLING STOCKHOLDER	SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING		SHARES BENEFICIALLY OWNED AFTER THE OFFERING	
	NUMBER	PERCENTAGE	SHARES OFFERED	NUMBER PERCENTAGE
TCV V, L.P. (1)	7,420,936	22.50%	7,420,936	0 0%
TCV Member Fund, L.P. (1)	141,224	0.43%	141,224	0 0%
TCV Management Fund 2004 LLC (1)	55,943	0.17%	55,943	0 0%
Total for Entities affiliated with Technology Crossover Ventures	7,618,103	23.10%	7,618,103	0 0%
Additional paid-in capital	227,539	194,177		
Accumulated deficit	(62,390)	(64,985)		
Accumulated other comprehensive income	1,293	253		

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Total AXT, Inc. stockholders' equity	170,013	133,010
Noncontrolling interests	3,700	4,380
Total stockholders' equity	173,713	137,390
Total liabilities and stockholders' equity	\$ 191,772	\$ 154,246

See accompanying notes to condensed consolidated financial statements.

3

Table of Contents

AXT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Revenue	\$ 23,557	\$ 20,495	\$ 44,173	\$ 39,208
Cost of revenue	16,301	14,468	30,629	27,928
Gross profit	7,256	6,027	13,544	11,280
Operating expenses:				
Selling, general and administrative	3,942	3,419	7,735	6,793
Research and development	1,019	1,472	2,143	2,853
Restructuring charge	—	226	—	226
Total operating expenses	4,961	5,117	9,878	9,872
Income from operations	2,295	910	3,666	1,408
Interest income, net	114	100	212	198
Equity in loss of unconsolidated joint ventures	(188)	(400)	(1,121)	(856)
Other (expense) income, net	(102)	328	(54)	518
Income before provision for income taxes	2,119	938	2,703	1,268
Provision for income taxes	321	140	480	537
Net income	1,798	798	2,223	731
Less: Net loss attributable to noncontrolling interests	132	353	372	462
Net income attributable to AXT, Inc.	\$ 1,930	\$ 1,151	\$ 2,595	\$ 1,193
Net income attributable to AXT, Inc. per common share:				
Basic	\$ 0.05	\$ 0.03	\$ 0.07	\$ 0.03
Diluted	\$ 0.05	\$ 0.03	\$ 0.07	\$ 0.03
Weighted average number of common shares outstanding:				
Basic	38,306	32,020	36,238	32,011
Diluted	39,706	32,451	37,645	32,354

See accompanying notes to condensed consolidated financial statements.

Table of Contents

AXT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited, in thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2017	2016	June 30, 2017	2016
Net income	\$ 1,798	\$ 798	\$ 2,223	\$ 731
Other comprehensive income (loss), net of tax:				
Change in foreign currency translation gain (loss), net of tax	847	(1,870)	1,322	(1,568)
Change in unrealized loss on available-for-sale investments, net of tax	(2)	(166)	(125)	(141)
Total other comprehensive income (loss), net of tax	845	(2,036)	1,197	(1,709)
Comprehensive income (loss)	2,643	(1,238)	3,420	(978)
Less: Comprehensive loss attributable to noncontrolling interests	30	568	215	633
Comprehensive income (loss) attributable to AXT, Inc.	\$ 2,673	\$ (670)	\$ 3,635	\$ (345)

See accompanying notes to condensed consolidated financial statements.

5

Table of Contents

AXT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

	Six Months Ended	
	June 30,	2016
	2017	2016
Cash flows from operating activities:		
Net income	\$ 2,223	\$ 731
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,250	2,398
Amortization of marketable securities premium	75	62
Impairment charge on equity investee	313	—
Stock-based compensation	622	508
Realized gain on sale of available-for-sale securities	(77)	(345)
Gain on disposal of equipment	(1)	—
Loss from equity method investments, net	808	856
Changes in operating assets and liabilities:		
Accounts receivable	(3,683)	313
Inventories	(119)	(947)
Prepaid expenses and other current assets	(264)	(1,081)
Other assets	(28)	336
Accounts payable	1,368	1,507
Accrued liabilities	21	(942)
Other long-term liabilities, including royalties	(302)	(426)
Net cash provided by operating activities	3,206	2,970
Cash flows from investing activities:		
Purchases of equipment	(1,831)	(1,695)
Purchases of available-for-sale securities	(23,763)	(7,875)
Proceeds from sales and maturities of available-for-sale securities	10,170	8,298
Repayment of related party notes receivable	53	—
Net cash used in investing activities	(15,371)	(1,272)
Cash flows from financing activities:		
Proceeds from issuance of common stock and options exercised, net of issuance costs	32,746	2
Dividends paid by joint ventures to their minority shareholders	(465)	(39)
Net cash provided by (used in) financing activities	32,281	(37)
Effect of exchange rate changes on cash and cash equivalents	215	(421)
Net increase in cash and cash equivalents	20,331	1,240
Cash and cash equivalents at the beginning of the period	36,152	24,875
Cash and cash equivalents at the end of the period	\$ 56,483	\$ 26,115
Supplemental disclosures:		

Income taxes paid, net of refunds

— —

* Dividend accrued but not paid by joint ventures of \$512 and \$522 was included in accrued liabilities as of June 30, 2017 and June 30, 2016, respectively.

See accompanying notes to condensed consolidated financial statements.

6

Table of Contents

AXT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Basis of Presentation

The accompanying condensed consolidated financial statements of AXT, Inc. (“AXT,” the “Company,” “we,” “us,” and “our” refer to AXT, Inc. and all of its consolidated subsidiaries) are unaudited, and have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly this interim quarterly financial report does not include all disclosures required by accounting principles generally accepted in the United States of America. In the opinion of our management, the unaudited condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, considered necessary to present fairly the financial position, results of operations and cash flows of AXT and our consolidated subsidiaries for all periods presented.

Certain reclassifications have been made to prior periods’ financial statements to conform to the current period presentation. These reclassifications did not result in any change in previously reported net income or total assets.

Our management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ materially from those estimates.

The results of operations for the three and six months ended June 30, 2017 are not necessarily indicative of the results to be expected in the future or for the full fiscal year. It is recommended that these condensed consolidated financial statements be read in conjunction with our consolidated financial statements and the notes thereto included in our 2016 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 27, 2017 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2017 filed with the SEC on May 8, 2017.

The condensed consolidated financial statements include the accounts of AXT, our wholly-owned subsidiary, Beijing Tongmei Xtal Technology Co., Ltd., and our majority-owned, or significantly controlled subsidiaries, Beijing JiYa Semiconductor Material Co., Ltd., Nanjing JinMei Gallium Co., Ltd. and Beijing BoYu Semiconductor Vessel

Craftwork Technology Co., Ltd. All significant inter company accounts and transactions have been eliminated. Investments in business entities in which we do not have controlling interests, but have the ability to exercise significant influence over operating and financial policies (generally 20-50% ownership), are accounted for by the equity method. For partially-owned subsidiaries that we consolidate, we reflect the noncontrolling interest of the portion we do not own on our condensed consolidated balance sheets in stockholders' equity and in our condensed consolidated statements of operations.

7

Table of Contents

Note 2. Investments and Fair Value Measurements

Our cash and cash equivalents consist of cash and instruments with original maturities of less than three months. Our investments consist of instruments with original maturities of more than three months. As of June 30, 2017 and December 31, 2016, our cash, cash equivalents and investments are classified as follows (in thousands):

	June 30, 2017				December 31, 2016			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized (Loss)	Fair Value	Amortized Cost	Gross Unrealized Gain	Gross Unrealized (Loss)	Fair Value
Classified as:								
Cash	\$ 55,775	\$ —	\$ —	\$ 55,775	\$ 23,948	\$ —	\$ —	\$ 23,948
Cash equivalents:								
Certificates of deposit 1	708	—	—	708	12,204	—	—	12,204
Total cash and cash equivalents	56,483	—	—	56,483	36,152	—	—	36,152
Investments (available-for-sale):								
Certificates of deposit 2	5,728	1	(12)	5,717	8,999	1	(20)	8,980
Corporate bonds	25,393	—	(69)	25,324	8,479	—	(47)	8,432
Corporate equity securities	—	—	—	—	48	111	—	159
Total investments	31,121	1	(81)	31,041	17,526	112	(67)	17,571
Total cash, cash equivalents and investments	\$ 87,604	\$ 1	\$ (81)	\$ 87,524	\$ 53,678	\$ 112	\$ (67)	\$ 53,723
Contractual maturities on investments:								
Due within 1 year 3	\$ 22,504			\$ 22,463	\$ 11,325			\$ 11,415
Due after 1 through 5 years 4	8,617			8,578	6,201			6,156
	\$ 31,121			\$ 31,041	\$ 17,526			\$ 17,571

1. Certificates of deposit with original maturities of less than three months.
2. Certificates of deposit with original maturities of more than three months.
3. Classified as “Short-term investments” in our condensed consolidated balance sheets.
4. Classified as “Long-term investments” in our condensed consolidated balance sheets.

We manage our investments as a single portfolio of highly marketable securities that is intended to be available to meet our current cash requirements. We have no investments in auction rate securities. Certificates of deposit and corporate bonds are typically held until maturity. Corporate equity securities have no maturity and may be sold at any time. Our holding of corporate equity securities consists of common stock of GCS Holdings, Inc. (“GHI”) (previously Global Communication Semiconductors, Inc.), a Taiwan publicly-traded company. We began classifying GHI as an available-for-sale security in the second quarter of 2015 when we determined that there was sufficient trading volume in the exchange for the stock to be deemed readily marketable.

During the three months ended March 31, 2017, we sold the remainder of our GHI stock; therefore, there were no GHI transactions in the three months ended June 30, 2017. During the six months ended June 30, 2017, our cash proceeds from sales of GHI stock were \$125,000. Our cost was \$48,000 and our gross realized gain from sales of GHI stock was \$77,000. As of June 30, 2017, we no longer hold any GHI stock.

During the three months ended June 30, 2016, we sold some of our GHI stock and our cash proceeds from sales of available-for-sale-investments were \$222,000. Our cost was \$58,000 and our gross realized gain from sales of available-for-sale-investments was \$164,000. During the six months ended June 30, 2016, we sold some of our GHI

Table of Contents

stock and our cash proceeds from sales of available-for-sale investments were \$468,000. Our cost was \$123,000 and our gross realized gain from sales of available-for-sale investments was \$345,000.

The gross unrealized losses related to our portfolio of available-for-sale securities were primarily due to changes in interest rates and market and credit conditions of the underlying securities. We have determined that the gross unrealized losses on our available-for-sale securities as of June 30, 2017 are temporary in nature. We periodically review our investment portfolio to identify and evaluate investments that have indications of possible impairment. Factors considered in determining whether a loss is temporary include the magnitude of the decline in market value, the length of time the market value has been below cost (or adjusted cost), credit quality, and our ability and intent to hold the securities for a period of time sufficient to allow for any anticipated recovery in market value.

A portion of our investments would generate a loss if we sold them on June 30, 2017. The following table summarizes the fair value and gross unrealized losses related to available-for-sale securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of June 30, 2017 (in thousands):

	In Loss Position < 12 months		In Loss Position > 12 months		Total In Loss Position	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
As of June 30, 2017						
Investments:						
Certificates of deposit	\$ 2,391	\$ (9)	\$ 1,867	\$ (3)	\$ 4,258	\$ (12)
Corporate bonds	23,624	(68)	1,700	(1)	25,324	(69)
Total in loss position	\$ 26,015	\$ (77)	\$ 3,567	\$ (4)	\$ 29,582	\$ (81)

The following table summarizes the fair value and gross unrealized losses related to available-for-sale securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2016 (in thousands):

	In Loss Position < 12 months		In Loss Position > 12 months		Total In Loss Position	
	Fair Value	Gross Unrealized (Loss)	Fair Value	Gross Unrealized (Loss)	Fair Value	Gross Unrealized (Loss)
As of December 31, 2016						
Investments:						
Certificates of deposit	\$ 5,211	\$ (20)	\$ 1,200	\$ —	\$ 6,411	\$ (20)
Corporate bonds	5,037	(35)	3,395	(12)	8,432	(47)

Total in loss position	\$ 10,248	\$ (55)	\$ 4,595	\$ (12)	\$ 14,843	\$ (67)
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Investments in Privately-held Companies

We have made strategic investments in private companies located in China in order to gain access at a competitive cost to raw materials that are critical to our substrate business (see Note 7). The investment balances for all of these companies, including minority investments indirectly in privately-held companies made by our consolidated subsidiaries, are accounted for under the equity method and included in "Other assets" in the condensed consolidated balance sheets and totaled \$10.3 million and \$11.3 million as of June 30, 2017 and December 31, 2016, respectively. As of June 30, 2017, there were seven companies accounted for under the equity method. There were no impairment charges in the three months ended June 30, 2017. The six months ended June 30, 2017 include an impairment charge of \$313,000 for one of the gallium companies. During the first quarter of 2017, management determined that it is unlikely that this company will recover from the difficult pricing environment and we had written the investment down to zero. We had no impairment charges for the three and six months ended June 30, 2016.

Table of Contents

Fair Value Measurements

We invest primarily in money market accounts, certificates of deposits, corporate bonds and notes, and government securities. Accounting Standards Codification (“ASC”) Topic 820, Fair Value Measurements and Disclosures (“ASC 820”), establishes three levels of inputs that may be used to measure fair value. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets of the asset or identical assets. Level 2 instrument valuations are obtained from readily-available, observable pricing sources for comparable instruments. Level 3 instrument valuations are obtained from unobservable inputs in which there is little or no market data, which require us to develop our own assumptions. On a recurring basis, we measure certain financial assets and liabilities at fair value, primarily consisting of our short-term and long-term investments.

The type of instrument valued based on quoted market prices in active markets include our money market funds, which are generally classified within Level 1 of the fair value hierarchy. Other than corporate equity securities which are based on quoted market prices and classified as Level 1, we classify our available-for-sale securities including certificates of deposit and corporate bonds as having Level 2 inputs. The valuation techniques used to measure the fair value of these financial instruments having Level 2 inputs were derived from bank statements, quoted market prices, broker or dealer statements or quotations, or alternative pricing sources with reasonable levels of price transparency.

We place short-term foreign currency hedges that are intended to offset the potential cash exposure related to fluctuations in the exchange rate between the United States dollar and Japanese Yen. We measure the fair value of these foreign currency hedges at each month end and quarter end using current exchange rates and in accordance with generally accepted accounting principles. At quarter end any foreign currency hedges not settled are netted in “accrued liabilities” on the condensed consolidated balance sheet and classified as Level 3 assets and liabilities. As of June 30, 2017 the net change in fair value from the placement of the hedge to settlement at each month end during the quarter had a de minimis impact to the consolidated results.

There were no changes in valuation techniques or related inputs in the three and six months ended June 30, 2017. There have been no transfers between fair value measurements levels during the three months ended June 30, 2017.

The following table summarizes our financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2017 (in thousands):

Balance as of	Quoted Prices in Active Markets of Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
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	June 30, 2017	(Level 1)	(Level 2)	(Level 3)
Assets:				
Cash equivalents and investments:				
Certificates of deposit	\$ 6,425	\$ —	\$ 6,425	\$ —
Corporate bonds	25,324	—	25,324	—
Total	\$ 31,749	\$ —	\$ 31,749	\$ —

10

Table of Contents

The following table summarizes our financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 (in thousands):

	Balance as of December 31, 2016	Quoted Prices in Active Markets of Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents and investments:				
Certificates of deposit	\$ 21,184	\$ —	\$ 21,184	\$ —
Corporate bonds	8,432	—	8,432	—
Corporate equity securities	159	159	—	—