

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

Filing Date: **2004-08-12** | Period of Report: **2004-08-12**  
SEC Accession No. **0001157523-04-007654**

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### FILER

#### **KNOT INC**

CIK: **1062292** | IRS No.: **133895178** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **000-28271** | Film No.: **04968795**  
SIC: **5960** Nonstore retailers

#### Mailing Address

462 BROADWAY, 6TH FLOOR  
NEW YORK NY 10013

#### Business Address

462 BROADWAY 6TH FLOOR  
NEW YORK NY 10013  
2122198555

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (Date of Earliest Event Reported): August 12, 2004

THE KNOT, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)

13-3895178  
(I.R.S. Employer  
Identification Number)

0-28271  
(Commission File Number)

462 Broadway, 6th Floor, New York, New York  
(Address of Principal Executive Offices)

10013  
(Zip Code)

(212) 219-8555  
(Registrant's telephone number, including area code)

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Item 7. Financial Statements and Exhibit.

(c) Exhibit

99.1 Press Release dated August 12, 2004 regarding The Knot's  
announcement of its financial results as of and for the quarter

ended June 30, 2004.

Item 12. Results of Operations and Financial Condition

On August 12, 2004, The Knot, Inc. ("The Knot") issued a press release announcing its financial results as of and for the quarter ended June 30, 2004. A copy of The Knot's press release announcing these financial results is attached as Exhibit 99.1 hereto, and is incorporated by reference into this report. The information included in this Current Report on Form 8-K (including Exhibit 99.1 hereto) that is furnished pursuant to this Item 12 shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a) (2) of the Securities Act of 1933, as amended. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing of The Knot, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference into such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

THE KNOT, INC.  
(Registrant)

Date: August 12, 2004

By: /s/ Richard Szefc

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Richard Szefc  
Chief Financial Officer

EXHIBIT INDEX

Exhibit

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99.1 Press Release dated August 12, 2004 regarding The Knot, Inc.'s announcement of its financial results as of and for the quarter ended June 30, 2004.

The Knot Reports Second Quarter and Six Month Results;  
Company's Online Advertising Revenue up 43%

NEW YORK--(BUSINESS WIRE)--Aug. 12, 2004--

Conference Call Today at 4:30 Interactive Dial in  
800-638-7172, 10 Minutes in Advance

The Knot, Inc. (OTCBB: KNOT.OB, [www.theknot.com](http://www.theknot.com)), one of the world's leading wedding media and services companies, providing today's to-be-weds with comprehensive wedding planning information, interactive tools and other resources including extensive online wedding-related shopping, today reported financial results for its second quarter and six months ended June 30, 2004.

#### Second Quarter 2004 Results

For the second quarter ended June 30, 2004, The Knot reported net revenues of \$10.9 million up from net revenues of \$10.1 million for the second quarter of 2003. The major contributors to the higher revenues were increased advertising revenue from national and local online programs, which were up 43% and publishing revenues that rose 22% over the prior year due, in part, to the timing of publications in certain local markets.

"Our active membership, representing a significant percentage of all couples having a wedding in the next 12 to 18 months, is a very compelling target for advertisers," explained David Liu, CEO of The Knot. "On average, our members visit our site seven times a month and stay for over 16 minutes during each visit, which provides our advertisers with frequent opportunities to capture the attention of a prime audience that has a finite time to spend a significant wedding budget."

The Knot reported net income for the second quarter of 2004 of \$182,000, or \$0.01 per basic and diluted share as compared to net income of \$772,000 or \$0.04 per basic and diluted share in the second quarter of 2003. Total operating expenses for the second quarter increased to \$7.6 million from \$6.1 million in the prior year as The Knot continued to invest in additional personnel and other resources to support its growth strategy. In addition, operating expenses for the recent quarter included approximately \$625,000 in professional fees related to The Knot's current litigation with WeddingChannel.com, Inc.

"We were disappointed with e-commerce revenues which were down 20% during the quarter compared to the prior year." Mr. Liu said. "While site performance during the month of May was a factor in this decline, we are also seeing further competition developing online with respect to the sale of wedding supplies. These results reinforce the

importance of implementing our new technology platform for e-commerce, which we currently expect to test launch by the end of the year. This platform will significantly improve the efficiency of the shopping process on our site and enhance our competitive position with respect to online merchandising."

As of June 30, 2004, The Knot's cumulative membership reached over 5.1 million compared to the approximately 4.1 million in 2003. "Our focus is maximizing the lifetime value of our membership database," Mr. Liu said. "We have a loyal audience, and increasingly, they are staying with us through their first years of marriage. Average monthly page views for the second quarter of 2004, were 91 million, approximately 20% greater than the 76 million average monthly page views recorded for the comparable 2003 period. Of the total, approximately 70% of traffic to TheKnot is non-referred direct to its URL, [www.theknot.com](http://www.theknot.com).

#### Results for the Six Months Ended June 30, 2004

For the six months ended June 30, 2004, The Knot reported net revenues of \$20.7 million, and net income of \$85,000 or \$0.00 per basic and diluted share compared to net revenues of \$18.8 million and net income of \$576,000, or \$0.03 per basic and diluted share in 2003.

#### THE KNOT'S RECENT HIGHLIGHTS

Consistent with the Company's strategy to tap into the potential of the local advertising markets, beginning in May 2004, The Knot launched the all-new THE KNOT Weddings(R) regional magazines. The sixteen new publications feature an updated design, the signature fresh voice of The Knot and best-of-class regional expertise. A new local resource directory at the back of each guide profiles hundreds of vendors, while the magazines work exclusively in tandem with TheKnot.com, allowing couples to tour reception venues, view portfolios of photographers portfolios and find essential wedding professionals.

During the second quarter, The Knot's recognized wedding expert, Editor in Chief Carley Roney, was in the national broadcast spotlight with several high profile appearances including guiding engaged Star Jones, host of ABC's The View, through her myriad of wedding planning options, revealing fantasy looks for her wedding gown, bridesmaid dresses, photography and wedding websites. Carley also hosted a 25-city broadcast media tour profiling key trends covered in the new THE KNOT Weddings regional magazines. Connected via satellite to morning shows across the country, Carley revealed ways couples may incorporate color into their weddings from the gown, to the invitations, to the cake. The media tour generated over 1.7 million viewers.

#### CONFERENCE CALL AND WEBCAST

The Knot will host a conference call with investors at 4:30 p.m.,

ET on Thursday, August 12, 2004, to discuss its second quarter 2004 financial results. Participants should dial in 800-638-7172 at least 10 minutes before the call is scheduled to begin. Participants can also access the live broadcast over the Internet on the Investor Relations section of The Knot Web site, accessible at [http://www.theknot.com/au\\_corpoverview.shtml](http://www.theknot.com/au_corpoverview.shtml). To access the Web cast, participants should visit The Knot Web site at least 15 minutes prior to the conference call in order to download or install any necessary audio software.

A replay of the Web cast will also be archived on The Knot Web site approximately 2 hours after the conference call ends for a period of two weeks and will also be available at 800-642-1687.

#### ABOUT THE KNOT, INC.

The Knot, Inc. (OTCBB: KNOT.OB; [www.theknot.com](http://www.theknot.com)) is one of the world's leading wedding media and services companies, providing today's to-be-weds with comprehensive wedding planning information, interactive tools and other resources including extensive online wedding-related shopping. Its award-winning website, TheKnot.com, is the leading online wedding destination and wedding content provider to America Online and MSN.

The Knot also offers a diverse collection of wedding-planning print publications. The Knot produces a national publication, The Knot Weddings Magazine, and publishes The Knot Weddings, regional wedding magazines in sixteen U.S. markets and The Knot Real Weddings in two additional markets. The Company also publishes a wedding-planning book trilogy with Random House's Broadway Books and a gift book series with Chronicle Books. The Knot is based in New York and has several other offices across the country.

This release may contain projections or other forward-looking statements regarding future events or the future financial performance of The Knot. These statements are only predictions and reflect the current beliefs and expectations of The Knot. Actual events or results may differ materially from those contained in the projections or forward-looking statements. It is routine for internal projections and expectations to change as the quarter progresses, and therefore it should be clearly understood that the internal projections and beliefs upon which The Knot bases its expectations may change prior to the end of the quarter. Although these expectations may change, The Knot will not necessarily inform you if they do. The Knot's policy is to provide its expectations not more than once per quarter, and not to update that information until the next quarter. Some of the factors that could cause actual results to differ materially from the forward-looking statements contained herein include, without limitation, (i) The Knot's unproven business model and limited operating history, (ii) The Knot's history of losses, (iii) the significant fluctuation to which The Knot's quarterly revenues and operating results are subject, (iv) the seasonality of the wedding industry and (v) other factors detailed in documents The Knot files from time to time with the Securities and Exchange Commission,

including its recent filings on Forms 10-K and 10-Q. Forward-looking statements in this release are made pursuant to the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995.

The Knot Inc.  
Consolidated Balance Sheets  
(in thousands)

	June 30, 2004	December 31, 2003
	----- (Unaudited)	----- (Audited)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$22,467	\$22,511
Accounts receivable, net	2,602	2,883
Inventories	2,250	1,195
Deferred production and marketing costs	352	318
Other current assets	685	747
	-----	-----
Total current assets	28,356	27,654
Property and equipment, net	2,030	2,006
Intangible assets, net	8,684	8,734
Other assets	302	313
	-----	-----
Total assets	\$39,372	\$38,707
	=====	=====
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$6,003	\$5,790
Deferred revenue	4,831	4,891
Current portion of long-term debt	40	40
	-----	-----
Total current liabilities	10,874	10,721
Long term debt	196	196
Other liabilities	502	490
	-----	-----
Total liabilities	11,572	11,407
<b>Stockholders' equity:</b>		
Common stock	221	217
Additional paid-in-capital	74,944	74,533
Accumulated deficit	(47,365)	(47,450)
	-----	-----
Total stockholders' equity	27,800	27,300
	-----	-----



Total liabilities and stockholders' equity                      \$39,372                      \$38,707  
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The Knot Inc.  
Consolidated Statements of Operations  
(in thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net revenues:				
Sponsorship and advertising	\$4,174	\$2,912	\$8,135	\$5,771
Merchandise	4,013	5,022	7,233	8,799
Publishing and other	2,696	2,209	5,293	4,239
Total net revenues	10,883	10,143	20,661	18,809
Cost of revenues	3,119	3,303	5,928	6,234
Gross profit	7,764	6,840	14,733	12,575
Operating expenses:				
Product and content development	1,264	1,032	2,460	2,104
Sales and marketing	3,603	2,757	7,051	5,619
General and administrative	2,526	2,026	4,793	3,765
Non-cash compensation	-	12	-	32
Depreciation and amortization	201	238	398	491
Total operating expenses	7,594	6,065	14,702	12,011
Income from operations	170	775	31	564
Interest and other income, net	57	27	111	42
Income before income taxes	227	802	142	606

Provision for income taxes	45	30	57	30
Net income	\$182	\$772	\$85	\$576
Basic earnings per share	\$0.01	\$0.04	\$0.00	\$0.03
Diluted earnings per share	\$0.01	\$0.04	\$0.00	\$0.03
Weighted average number of common shares outstanding				
Basic	22,020,775	18,409,892	21,924,910	18,402,106
Diluted	23,547,450	19,783,362	23,655,992	19,354,868

CONTACT: Investor Relations:

VMW Corporate & Investor Relations

Vicki Weiner or Sylvia Dresner, 212-616-6161

info@vmwcom.com

or

Media Contact:

The Knot Inc.

Amy Shey Jacobs, 212-219-8555 Ext. 1246

ashey@theknot.com