



# Travelzoo

*Q3 EPS upside, and expect continued 2024 growth. Strong travel industry growth should drive strong 2024/25. Raising P/T to \$23.*

## COMPANY UPDATE

**Rating: BUY**

Ticker: TZOO

Price: \$17.07

Target: \$23.00  
(from \$18)

**Q3 EPS upside:** Travelzoo recently (on October 23) reported its fiscal Q3 2024 (ending September) results. Revenue was \$20 million (-2% y-o-y), compared with our and consensus estimates of \$21 million. Pro forma EPS was \$0.33, compared with our estimates of \$0.25 and consensus of \$0.20. The company did not provide specific Q3 2024 guidance, but did qualitatively state that Q3 will have “growth” in revenue but “smaller pace than 2023”.

**Strong profits in Europe:** Europe had significant improvement in operating profits y-o-y.

**Increasing demand for Travelzoo:** When travel suppliers were selling out at very high prices in early 2022, this negatively impacted their demand for Travelzoo’s advertising. However, the company stated that since then (Q4 2022), travel demand and travel supply and prices are returning to more normal rates and patterns. This return to normal is also good for Travelzoo’s business to promote travel deals.

**Subscribers down:** In Q3, the company had 15.8 million North American, and 9.1 million European subscribers to its newsletter (compared with 16.1 million and 9.2 million, respectively, last quarter). In Q3, Jack’s Flight Club had 2.1 million subscribers versus 2.2 million in Q2.

**Q4 guidance for growth:** The company did not provide specific Q4 2024 guidance, but did qualitatively state that Q4 will have “growth” in revenue but “smaller pace than 2023”. The company also expects Q4 profitability to be higher y-o-y and q-o-q.

**Adjusting 2024 estimates:** We are adjusting our 2024 estimates for revenue to \$85 million, from \$87 million, and for EPS to \$1.30 from \$1.10.

**Travel industry outlook remains positive:** The company’s near term outlook is positive which is similar to the travel industry (airlines and hotels) which has recovered from the pandemic and is now experiencing strong growth. We are seeing continued strong positive data for the U.S. and global travel industry that indicate that the travel industry has recovered strongly to prepandemic levels and now is growing much higher.

**Major cost cuts improves profitability:** Travelzoo’s “substantial” expense reductions in 2020 and its divestiture of its money losing Asia business in Q1 2020 has positioned it to generate much higher profitability as revenue returns (as it is demonstrating now).

**New membership fee to drive 2025:** In December 2023, Travelzoo announced a new membership fee of \$40/year to be a new or existing subscriber to its newsletter (which had previously been free). This fee is waived in 2024 for existing subscribers, but is expected to grow strongly in 2025.

**Long term positive:** We believe that execution of its long term plan, a strong rebound/long term travel industry, and a positive long-term growth outlook bodes well for its share price to increase longer term.

**Current valuation attractive:** We are maintaining our BUY rating, but raising our 12-month P/T to \$23 from \$18, which is based on a 17x P/E multiple on our 2025 EPS estimate of \$1.35 which we estimate is its long term EPS growth rate. We believe this appropriately balances out the company’s risks with its high growth prospects and large upside opportunities.

### Company Description

Based in New York, Travelzoo publishes emails offering travel-related specials and travel and entertainment local deals.

United States  
Internet Software and Services

November 10, 2024

Edward Woo, CFA  
(561) 327-9435  
ewoo@ascendant.com

### Stock Data

Exchange:	NasdaqGS
52-week Range:	\$7.12 – 18.40
Shares Outstanding (million):	12
Market cap (\$million):	\$205
EV (\$million):	\$194
Debt (\$million):	\$0
Cash (\$million):	\$11
Avg. Daily Trading Vol. (\$million):	\$3
Float (million shares):	8
Short Interest (million shares):	0.2
Dividend, annual (yield):	\$0 (NA%)

### Revenues (US\$ million)

	2024E (Cur.)	2024E (Old)	2025E (Cur.)	2025E (Old)
Q1 Mar	22A		24E	
Q2 Jun	21A		24E	
Q3 Sep	20A	21E	25E	
Q4 Dec	22E		27E	26E
Total	85E	87E	100E	
EV/Revs	2.3x		1.9x	

### Earnings per Share (pro forma)

	2024E (Cur.)	2024E (Old)	2025E (Cur.)	2025E (Old)
Q1 Mar	0.34A		0.32E	0.29E
Q2 Jun	0.29A		0.28E	0.25E
Q3 Sep	0.33A	0.25E	0.32E	0.34E
Q4 Dec	0.34E	0.21E	0.43E	0.38E
Total	\$1.30E	\$1.10E	\$1.35E	\$1.26E
P/E	13x		13x	

### Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

**For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 8.**

## OVERVIEW

- Travelzoo recently (on October 23) reported its fiscal Q3 2024 (ending September) results.
- Revenue was \$20 million (-2% y-o-y), compared with our and consensus estimates of \$21 million.
- Pro forma EPS was \$0.33 (excluding \$0.07 in stock option expenses and other special charges) (vs. \$0.21 y-o-y), compared with our estimates of \$0.25 and consensus of \$0.20.
- The company did not provide specific Q3 2024 guidance, but did qualitatively state that Q3 will have “growth” in revenue but “smaller pace than 2023”.
- The company did not provide specific Q4 2024 guidance, but did qualitatively state that Q4 will have “growth” in revenue but “smaller pace than 2023”. The company also expects Q4 profitability to be higher y-o-y and q-o-q.
- For 2025, the company expects substantial growth in revenue as a result of additional revenue from membership fees.
- We are adjusting our 2024 estimates for revenue to \$85 million, from \$87 million, and for EPS to \$1.30 from \$1.10.
- We are maintaining our 2025 revenue estimate of \$100 million, but raising it for EPS to \$1.35 from \$1.26.

## ADDITIONAL DETAILS

- Gross profit for the quarter was \$18 million, compared with our estimate of \$18 million.
  - Gross margin for the quarter was 87%, versus 87% last year and our expectation of 86%.
  - Operating expenses were \$14 million, versus our expectation of \$14 million.
  - Operating income was \$4.0 million, versus our expectation of \$4.0 million.
  - Pro forma net income was \$4.1 million, versus our expectation of \$3.2 million.
- 
- In Q3, the company had 15.8 million North American, and 9.1 million European subscribers to its newsletter (compared with 16.1 million and 9.2 million, respectively, last quarter). This brings total subscribers to 24.9 million (compared with 25.3 million in Q2). This does not count Asia subscribers (where it licenses its name) of 3.1 million vs 3.3 million last quarter.
  - In Q3, Jack’s Flight Club had 2.1 million subscribers versus 2.2 million in Q2.
- 
- In August 2022, the company appointed Wayne Lee as CFO. Mr. Lee previously served as Travelzoo’s Chief Financial Officer from 2005 to 2011. At the time, the company did not have a CFO.
  - In December 2022, the company purchased Metaverse Travel Experiences, Inc. from a company controlled by its largest shareholder (Ralph Bartel) for ~\$15 million (through the issuance of 3.41 million shares valued at the then current market price of \$4.40). Travelzoo acquired Metaverse Travel Experiences, Inc. and will also receive \$1 million in cash at closing and a \$4.8 million note (due June 2023).
  - In March 2023, Wayne Lee’s consulting and CFO agreement with the company expired. The company has designated Ms. Lijun Qi, Finance Director, to act as principal accounting officer while the search for a new Chief Financial Officer is performed.
  - In September 2024, Lijun Qi was appointed as the company’s Chief Accounting Officer.

The company’s balance sheet is solid with \$11 million in cash (~\$1/share) and no debt, compared with \$13 million in cash and no debt as of June (especially considering its recent large share repurchase of \$6 million in Q3 and YTD of \$17 million).

---

**Exhibit 1: Q4 2024 Guidance and Management Focus (as of October 23, 2024)**

### **Looking Ahead**

For Q4 2024, we expect growth in revenue year-over-year, albeit at a smaller pace than in 2023. However, there could be unexpected fluctuations. We also expect for Q4 2024 higher profitability year-over-year and quarter-over-quarter. For 2025, we expect substantial growth in revenue as a result of additional revenue from membership fees.

In December 2023, we announced the introduction of a membership fee for Travelzoo beginning January 1, 2024. We recognize membership fee revenue ratably over the subscription period. Legacy Travelzoo members as of December 31, 2023, which represent more than 95% of members, are exempt from the fee during 2024. Therefore, we do not anticipate membership fee revenue from these members before 2025.

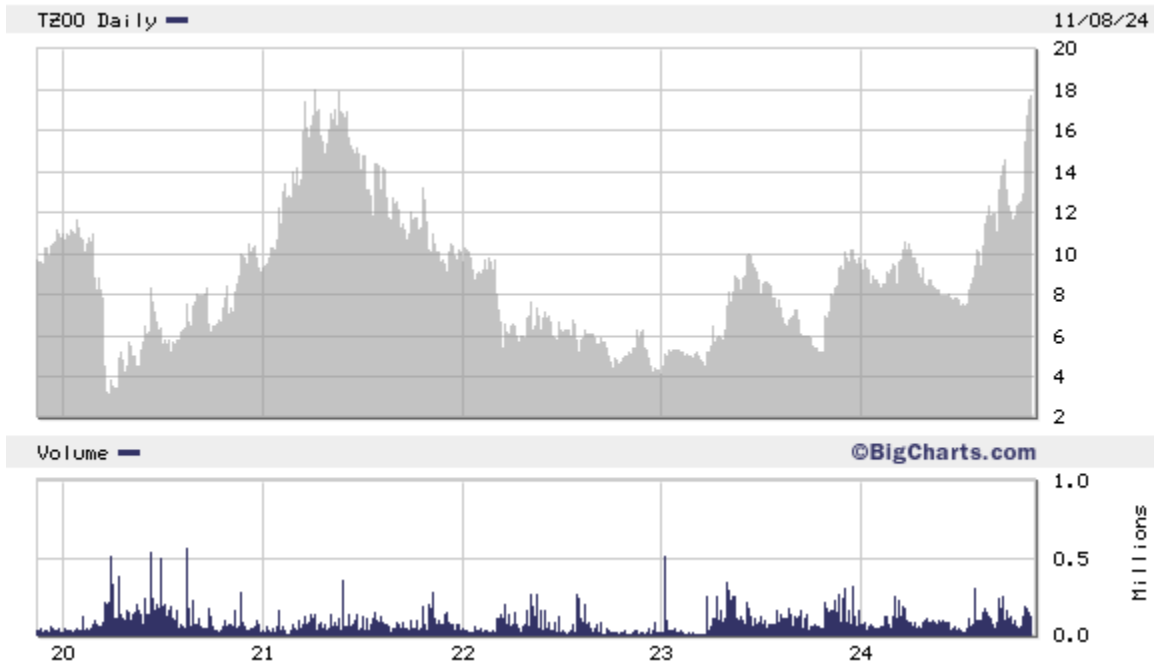
### **Management focus**

- **Convert a large number of legacy members\*, which represent more than 95% of members, into (paying) members from January 1, 2025 on**
- **Add new benefits to the paid membership**
- **Retain, and grow, our profitable advertising business from the popular Top 20® product**
- **Utilize higher operating margins to increase EPS**
- **Grow Jack's Flight Club's profitable subscription revenue**
- **Develop Travelzoo META with discipline**

Source: Company report

---

**Exhibit 2: Travelzoo Stock Price (Five Years)**



Source: <https://bigcharts.marketwatch.com/>

**Exhibit 3: Consensus Expectations (as of October 23, 2024)**

	Revenue (mils)			EPS	
	2024E	2025E		2024E	2025E
Q1 Mar	\$22A		Q1 Mar	\$0.34A	
Q2 Jun	\$21A		Q2 Jun	\$0.29A	
Q3 Sep	\$21E		Q3 Sep	\$0.20E	
Q4 Dec	\$22E		Q4 Dec	\$0.24E	
Total	\$86E	\$99E	Total	\$0.97E	\$1.21E

*\*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.*

Source: Company report, LSEG, and Ascendant Capital Markets estimates

## FINANCIAL MODEL

### Travelzoo

Income Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Revenue</b>	<b>18.5</b>	<b>17.7</b>	<b>15.8</b>	<b>18.6</b>	<b>70.6</b>	<b>21.6</b>	<b>21.1</b>	<b>20.6</b>	<b>21.1</b>	<b>84.5</b>	<b>22.0</b>	<b>21.1</b>	<b>20.1</b>	<b>22.0</b>	<b>85.3</b>	<b>24.3</b>	<b>23.7</b>	<b>24.5</b>	<b>27.3</b>	<b>99.9</b>
Cost of Revenues	2.8	2.2	2.3	2.7	10.0	2.7	2.9	2.7	2.7	10.9	2.6	2.5	2.5	3.1	10.8	3.4	3.3	3.4	4.1	14.3
Gross Profit	15.6	15.5	13.5	15.9	60.6	18.9	18.2	17.9	18.5	73.5	19.3	18.6	17.6	19.0	74.5	20.9	20.4	21.1	23.2	85.7
Operating expenses:																				
Sales and marketing	8.6	8.5	8.5	7.5	33.1	9.3	10.1	9.8	8.5	37.8	8.6	9.4	8.2	9.1	35.3	9.0	9.0	9.0	9.1	36.1
Product development	0.5	0.5	0.5	0.7	2.1	0.5	0.5	0.5	0.6	2.1	0.6	0.6	0.6		1.8					0.0
General and administrative	4.7	4.8	4.3	4.2	17.9	4.4	4.3	4.5	4.9	18.1	4.6	4.6	4.7	4.6	18.5	6.9	7.0	7.0	7.4	28.3
Restructuring and other					0.0					0.0					0.0					0.0
<b>Total operating expenses</b>	<b>13.7</b>	<b>13.7</b>	<b>13.3</b>	<b>12.3</b>	<b>53.0</b>	<b>14.2</b>	<b>15.0</b>	<b>14.8</b>	<b>14.0</b>	<b>58.0</b>	<b>13.8</b>	<b>14.6</b>	<b>13.5</b>	<b>13.7</b>	<b>55.6</b>	<b>15.9</b>	<b>16.0</b>	<b>16.0</b>	<b>16.5</b>	<b>64.4</b>
<b>Operating income (loss)</b>	<b>1.9</b>	<b>1.8</b>	<b>0.3</b>	<b>3.6</b>	<b>7.6</b>	<b>4.7</b>	<b>3.3</b>	<b>3.1</b>	<b>4.5</b>	<b>15.6</b>	<b>5.6</b>	<b>4.0</b>	<b>4.0</b>	<b>5.3</b>	<b>18.9</b>	<b>5.0</b>	<b>4.4</b>	<b>5.1</b>	<b>6.7</b>	<b>21.3</b>
Interest income and other	1.4	0.2	0.8	(0.1)	2.3	0.3	0.4	0.3	0.9	1.9	0.2	0.2	0.3	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Income before income taxes	3.3	2.0	1.1	3.5	9.9	5.1	3.7	3.4	5.3	17.5	5.7	4.2	4.3	5.3	19.5	5.0	4.4	5.1	6.7	21.3
Income taxes	1.0	0.9	0.3	1.1	3.3	1.4	1.1	1.0	1.6	5.1	1.5	1.3	1.1	1.1	5.0	1.0	0.9	1.0	1.3	4.3
Net income (loss)	2.4	1.0	0.8	2.5	6.6	3.7	2.6	2.3	3.7	12.4	4.2	2.9	3.2	4.2	14.6	4.0	3.5	4.1	5.4	17.0
Nonrecurring/noncash adjustments	0.8	0.9	0.8	1.2	3.7	0.8	0.9	0.7	0.8	3.2	0.4	0.9	0.9		2.2					0.0
<b>Net income</b>	<b>3.1</b>	<b>1.9</b>	<b>1.6</b>	<b>3.7</b>	<b>10.3</b>	<b>4.5</b>	<b>3.5</b>	<b>3.1</b>	<b>4.5</b>	<b>15.6</b>	<b>4.6</b>	<b>3.8</b>	<b>4.1</b>	<b>4.2</b>	<b>16.7</b>	<b>4.0</b>	<b>3.5</b>	<b>4.1</b>	<b>5.4</b>	<b>17.0</b>
EBITDA	2.5	2.3	0.8	4.1	9.7	5.2	3.3	3.6	5.0	17.0	6.0	4.2	4.2	5.3	19.7	5.1	4.6	5.2	6.9	21.7
Shares, Basic	12.1	12.5	12.5	12.4	12.4	15.7	15.3	14.8	13.9	14.9	13.5	12.9	12.2	12.2	12.7	12.3	12.4	12.4	12.4	12.4
Shares, Diluted	12.5	12.6	12.6	12.5	12.6	15.8	15.3	14.8	13.9	15.0	13.6	13.0	12.4	12.4	12.8	12.5	12.6	12.6	12.6	12.6
EPS Basic (Pro forma)	0.26	0.15	0.13	0.29	0.83	0.29	0.23	0.21	0.32	1.05	0.34	0.29	0.33	0.35	1.32	0.33	0.28	0.33	0.44	1.38
<b>EPS Diluted (Pro forma)</b>	<b>0.25</b>	<b>0.15</b>	<b>0.13</b>	<b>0.29</b>	<b>0.82</b>	<b>0.29</b>	<b>0.23</b>	<b>0.21</b>	<b>0.32</b>	<b>1.04</b>	<b>0.34</b>	<b>0.29</b>	<b>0.33</b>	<b>0.34</b>	<b>1.30</b>	<b>0.32</b>	<b>0.28</b>	<b>0.32</b>	<b>0.43</b>	<b>1.35</b>
<b>Margins</b>																				
Gross margin	84.7%	87.8%	85.3%	85.6%	85.8%	87.5%	86.4%	87.1%	87.2%	87.1%	88.0%	88.1%	87.3%	86.0%	87.3%	86.0%	86.0%	86.0%	85.0%	85.7%
Operating margin	10%	10%	2%	19%	11%	22%	15%	15%	21%	18%	25%	19%	20%	24%	22%	21%	18%	21%	25%	21%
Net margin	13%	6%	5%	13%	9%	17%	12%	11%	18%	15%	19%	14%	16%	19%	17%	17%	15%	17%	20%	17%
Sales and marketing	47%	48%	54%	40%	47%	43%	48%	48%	40%	45%	39%	44%	41%	41%	41%	37%	38%	37%	33%	36%
General and administrative	25%	27%	27%	22%	25%	20%	20%	22%	23%	21%	21%	22%	23%	21%	22%	28%	30%	29%	27%	28%
Tax rate, GAAP	29%	47%	29%	30%	33%	27%	29%	30%	30%	29%	26%	30%	27%	20%	25%	20%	20%	20%	20%	20%
<b>Y/Y % change</b>																				
Revenue	29%	-7%	1%	32%	12%	17%	19%	30%	14%	20%	2%	0%	-2%	4%	1%	11%	12%	22%	24%	17%
Cost of Revenues	-6%	-14%	-22%	-10%	-13%	-5%	33%	15%	1%	9%	-2%	-13%	-4%	14%	-1%	29%	32%	35%	33%	32%
Operating income (loss)	NM	-49%	NM	NM	NM	145%	84%	NM	25%	106%	19%	23%	30%	17%	21%	-10%	9%	26%	28%	12%
Net income (loss)	NM	-66%	-72%	NM	461%	56%	155%	195%	52%	86%	15%	11%	36%	13%	18%	-5%	20%	28%	28%	17%
EPS Diluted (Pro forma)	NM	-55%	-60%	NM	61%	14%	53%	61%	10%	27%	19%	28%	57%	6%	25%	-6%	-5%	-1%	26%	4%

Source: Company reports and Ascendant Capital Markets estimates.

Travelzoo

Balance Sheet (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
<b>Assets</b>																
Cash and cash equivalents	\$35.6	\$25.6	\$19.5	\$18.7	\$19.1	\$19.5	\$15.9	\$15.7	\$16.2	\$12.6	\$ 11.4	\$15.7	\$ 21.5	\$25.4	\$29.1	\$33.2
Short term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, net	18.2	14.8	11.8	13.8	13.7	10.3	10.7	13.0	13.2	13.2	13.2	14.5	13.3	13.0	13.4	15.0
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other current assets	4.1	4.2	4.2	3.1	3.2	2.2	2.4	2.1	2.2	2.7	2.8	1.2	1.4	1.4	1.4	1.5
Deferred income taxes	-	-	-	-	-	-	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
<b>Total current assets</b>	<b>57.9</b>	<b>44.6</b>	<b>35.5</b>	<b>35.6</b>	<b>36.0</b>	<b>32.0</b>	<b>29.0</b>	<b>30.8</b>	<b>31.6</b>	<b>28.5</b>	<b>27.3</b>	<b>32.4</b>	<b>37.3</b>	<b>40.9</b>	<b>45.0</b>	<b>50.7</b>
Deposits	6.6	6.8	6.8	5.1	4.6	2.5	2.5	1.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income taxes	3.9	3.6	3.4	3.2	3.2	3.2	3.3	3.2	3.1	3.1	3.2	3.2	3.2	3.2	3.2	3.2
Property and equipment, net	0.6	0.6	0.5	0.7	0.7	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other	7.8	7.3	6.8	8.1	7.5	7.0	7.0	6.7	6.6	6.5	6.8	6.8	6.8	6.8	6.8	6.8
Intangibles	16.1	15.7	15.2	14.6	14.2	13.8	13.4	13.0	12.7	12.6	12.5	12.5	12.5	12.5	12.5	12.5
<b>Total assets</b>	<b>\$92.9</b>	<b>\$78.5</b>	<b>\$68.3</b>	<b>\$67.3</b>	<b>\$66.3</b>	<b>\$59.1</b>	<b>\$55.8</b>	<b>\$55.4</b>	<b>\$54.7</b>	<b>\$51.5</b>	<b>\$ 50.5</b>	<b>\$55.5</b>	<b>\$ 60.5</b>	<b>\$64.1</b>	<b>\$68.1</b>	<b>\$73.9</b>
<b>Liabilities and stockholders' equity</b>																
Accounts payable	\$ 3.5	\$ 1.2	\$ 3.6	\$ 4.3	\$ 3.1	\$ 2.3	\$ 2.9	\$ 4.5	\$ 5.5	\$ 5.2	\$ 5.0	\$ 5.1	\$ 5.3	\$ 5.3	\$ 5.3	\$ 5.5
Merchant payables	60.5	47.9	38.2	32.6	28.0	23.9	23.7	20.6	17.8	16.7	17.3	17.3	17.3	17.3	17.3	17.3
Accrued expenses	9.2	7.6	5.9	5.0	4.6	4.3	4.4	3.7	3.6	4.2	4.1	4.2	4.9	4.9	4.9	5.0
Deferred revenue	2.3	2.1	2.5	2.2	3.1	2.7	2.8	2.0	3.2	3.2	3.9	3.9	3.9	3.9	3.9	3.9
Income tax payable and other	3.3	3.0	2.7	3.4	3.1	3.1	3.3	3.3	3.3	3.5	4.1	4.1	4.1	4.1	4.1	4.1
Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>78.8</b>	<b>61.8</b>	<b>52.9</b>	<b>47.5</b>	<b>42.0</b>	<b>36.2</b>	<b>37.1</b>	<b>34.2</b>	<b>33.5</b>	<b>32.8</b>	<b>34.4</b>	<b>34.5</b>	<b>35.4</b>	<b>35.5</b>	<b>35.5</b>	<b>35.8</b>
Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	11.0	10.6	10.2	10.9	11.5	11.8	12.0	12.3	12.4	13.0	13.6	13.6	13.6	13.6	13.6	13.6
<b>Total non-current liabilities</b>	<b>11.0</b>	<b>10.6</b>	<b>10.2</b>	<b>10.9</b>	<b>11.5</b>	<b>11.8</b>	<b>12.0</b>	<b>12.3</b>	<b>12.4</b>	<b>13.0</b>	<b>13.6</b>	<b>13.6</b>	<b>13.6</b>	<b>13.6</b>	<b>13.6</b>	<b>13.6</b>
Minority interest	4.6	4.6	4.6	4.6	4.6	4.6	4.7	4.7	4.7	4.7	4.8	4.8	4.8	4.8	4.8	4.8
Common stock	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Treasury stock	(5.5)	(5.5)	(6.7)	(7.1)	(7.3)	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	2.9	3.9	4.7	7.1	10.8	13.4	15.8	19.5	20.1	17.1	14.2	18.4	22.4	25.9	30.0	35.4
Additional paid-in capital	5.0	7.4	7.8	13.7	23.7	11.8	5.2	0.4	-	-	-	-	-	-	-	-
Other	-	-	-	(4.8)	(14.3)	(14.3)	(14.3)	(11.3)	(11.3)	(11.3)	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)
Accumulated other comprehensive (loss) in	(3.9)	(4.5)	(5.3)	(4.9)	(4.8)	(4.7)	(4.8)	(4.6)	(4.9)	(5.0)	(5.1)	(5.1)	(5.1)	(5.1)	(5.1)	(5.1)
Accumulated deficit	-	-	-	-	-	-	-	-	-	-	-	0.7	0.7	0.7	0.7	0.7
<b>Total stockholders' equity</b>	<b>3.1</b>	<b>6.1</b>	<b>5.3</b>	<b>8.9</b>	<b>12.8</b>	<b>11.1</b>	<b>6.7</b>	<b>8.9</b>	<b>8.8</b>	<b>5.6</b>	<b>2.5</b>	<b>7.4</b>	<b>11.4</b>	<b>14.9</b>	<b>19.0</b>	<b>24.4</b>
<b>Total stockholders' equity and liabilities</b>	<b>\$92.9</b>	<b>\$78.5</b>	<b>\$68.3</b>	<b>\$67.3</b>	<b>\$66.3</b>	<b>\$59.1</b>	<b>\$55.8</b>	<b>\$55.4</b>	<b>\$54.7</b>	<b>\$51.5</b>	<b>\$ 50.5</b>	<b>\$55.5</b>	<b>\$ 60.5</b>	<b>\$64.1</b>	<b>\$68.1</b>	<b>\$73.9</b>

Source: Company reports and Ascendant Capital Markets estimates.

**Travelzoo**

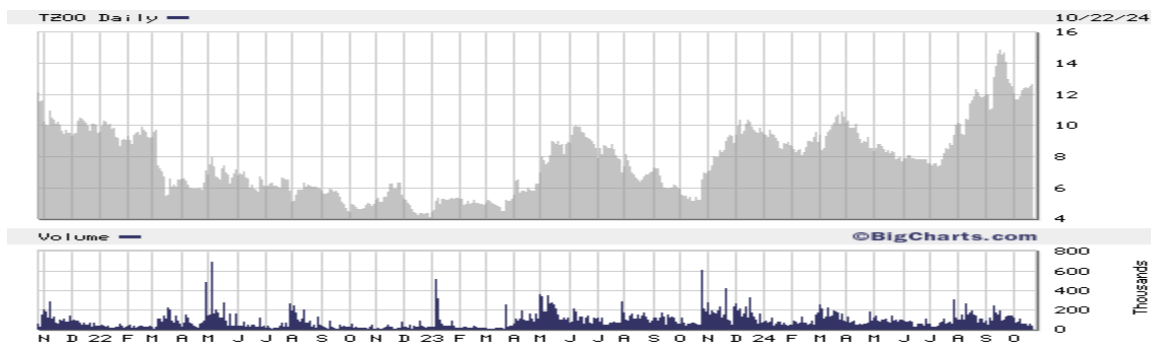
Cash Flow Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
<b>Cash flow from operating activities</b>																					
Net income	2.4	1.1	0.8	2.4	6.6	3.7	(1.0)	2.4	3.7	8.8	4.2	2.9	3.3	4.2	14.6	4.0	3.5	4.1	5.4	17.0	
Depreciation and amortization	0.6	0.5	0.5	0.5	2.2	0.5	(0.0)	0.5	0.5	1.4	0.4	0.2	0.2	0.0	0.8	0.0	0.2	0.0	0.2	0.5	
Deferred income taxes	0.1	0.5	0.2	0.1	0.8	(0.1)	0.1	(0.1)	0.2	0.1	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)					-	
Provision for losses on accounts receiv	(1.4)	(0.8)	(1.2)	(1.0)	(4.4)	(0.6)	0.3	(0.1)		(0.4)	(0.0)	0.0		(0.0)						-	
Non-cash revenues other than barter	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Stock comp and tax benefits from opti	0.5	0.6	0.3	0.3	1.8	0.4	0.0	0.4	0.4	1.2	0.1	0.7	0.5	0.5	1.7	0.5	0.5	0.5	0.5	1.8	
Accrued interest income from investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other gains/losses	(0.2)			0.2	0.1		0.0		(0.1)	(0.1)			0.1	(0.5)	(0.3)	(0.5)	(0.5)	(0.5)	(0.5)	(1.8)	
F/X gains/losses	(0.0)	0.2	(0.2)	0.2	0.2	0.0	(0.0)	0.1	(0.1)	(0.1)	0.0	(0.0)	(0.2)		(0.2)					-	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in operating assets and liabilities:																					
Accounts receivable	(3.2)	3.0	2.7	(1.2)	1.3	0.4	3.1	(0.6)	(2.2)	0.7	(0.2)	(0.2)	0.1	(1.3)	(1.6)	1.1	0.3	(0.5)	(1.5)	(0.5)	
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prepaid expenses & other current assi	2.2	(0.7)	0.2	2.7	4.4	0.4	2.7	(0.1)	1.7	4.6	0.6	(0.4)	(0.2)	0.5	0.5	(0.2)	(0.0)	-	(0.0)	(0.3)	
Accounts payable	0.1	(2.2)	2.5	0.5	0.9	(1.3)	0.2	0.7	1.2	0.8	1.0	(0.3)	(0.3)	0.1	0.5	0.2	0.0	-	0.2	0.4	
Merchant payables	(8.0)	(11.8)	(9.1)	(6.3)	(35.2)	(4.6)	0.6	(0.2)	(3.3)	(7.5)	(2.7)	(1.1)	0.4		(3.3)					-	
Accrued expenses	(0.7)	(0.0)	(0.6)	(0.6)	(1.4)	0.9	(1.4)	0.2	(1.5)	(1.8)	1.0	0.5	0.5	0.1	2.0	0.7	0.0	-	0.2	0.9	
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Income tax payable and other	0.0	0.1	(0.5)	(0.1)	(0.4)	0.8	(0.0)	0.5	1.0	2.3	0.3	0.8	0.9	-	2.0	-	-	-	-	-	
<b>Net cash (used in) provided by operat</b>	<b>\$ (6.8)</b>	<b>\$ (10.2)</b>	<b>\$ (3.9)</b>	<b>\$ (2.3)</b>	<b>\$ (23.1)</b>	<b>\$ 0.5</b>	<b>\$ 4.6</b>	<b>\$ 3.6</b>	<b>\$ 1.4</b>	<b>\$ 10.1</b>	<b>\$ 4.6</b>	<b>\$ 3.1</b>	<b>\$ 5.3</b>	<b>\$ 3.6</b>	<b>\$ 16.6</b>	<b>\$ 5.9</b>	<b>\$ 4.1</b>	<b>\$ 3.7</b>	<b>\$ 4.3</b>	<b>\$ 18.0</b>	
<b>Cash flow from investing activities</b>																					
Purchases of property and equipment	(0.1)	(0.1)	(0.1)	(0.2)	(0.5)	(0.1)	0.1	(0.1)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.0)	(0.2)	(0.0)	(0.2)	(0.5)	
Purchases of short-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of short-term investments	0.2				0.2	0.0	0.0		0.1	0.2					-					-	
Acquisitions	(1.0)				(1.0)					-					-					-	
Purchases of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Net cash used in investing activities</b>	<b>\$ (0.9)</b>	<b>\$ (0.1)</b>	<b>\$ (0.1)</b>	<b>\$ (0.2)</b>	<b>\$ (1.3)</b>	<b>\$ (0.1)</b>	<b>\$ 0.1</b>	<b>\$ (0.1)</b>	<b>\$ 0.1</b>	<b>\$ 0.0</b>	<b>\$ (0.0)</b>	<b>\$ (0.0)</b>	<b>\$ (0.0)</b>	<b>\$ (0.0)</b>	<b>\$ (0.2)</b>	<b>\$ (0.0)</b>	<b>\$ (0.2)</b>	<b>\$ (0.0)</b>	<b>\$ (0.2)</b>	<b>\$ (0.5)</b>	
<b>Cash flow from financing activities</b>																					
Repayment of loans from principal stockholder	-	-	-	-	-		(4.7)	(6.9)	(2.0)	(13.6)					-					-	
Repurchase of common stock	-	-	(1.1)	(0.5)	(1.6)	(0.2)	(0.1)		(0.1)	(0.4)	(3.9)	(6.6)	(6.2)		(16.6)					-	
Proceeds from stock option exercises	1.9			(0.0)	1.9								(0.3)		(0.3)					-	
Proceeds from issuance of common stock	-	-	-	1.0	1.0										-					-	
<b>Cash provided by (used in) financing :</b>	<b>\$ -</b>	<b>\$ 1.9</b>	<b>\$ (1.1)</b>	<b>\$ 0.5</b>	<b>\$ 1.3</b>	<b>\$ (0.2)</b>	<b>\$ (4.8)</b>	<b>\$ (6.9)</b>	<b>\$ (2.1)</b>	<b>\$ (14.0)</b>	<b>\$ (3.9)</b>	<b>\$ (6.6)</b>	<b>\$ (6.5)</b>	<b>\$ -</b>	<b>\$ (16.9)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
Effect of exchange rate on cash and casl	(0.5)	(1.7)	(1.1)	0.8	(2.5)	0.2	0.0	(0.3)	0.4	0.3	(0.2)	(0.1)	0.1		(0.2)					-	
<b>Net increase (decrease) in cash and eq</b>	<b>(8.2)</b>	<b>(10.1)</b>	<b>(6.1)</b>	<b>(1.2)</b>	<b>(25.6)</b>	<b>0.4</b>	<b>(0.1)</b>	<b>(3.6)</b>	<b>(0.2)</b>	<b>(3.4)</b>	<b>0.5</b>	<b>(3.6)</b>	<b>(1.1)</b>	<b>3.6</b>	<b>(0.7)</b>	<b>5.9</b>	<b>3.9</b>	<b>3.6</b>	<b>4.1</b>	<b>17.5</b>	
Beginning cash and equivalents	43.7	35.4	25.3	20.5	43.7	19.8	20.3	20.2	16.6	19.8	16.4	16.9	13.2	12.1	16.4	15.7	21.5	25.4	29.1	15.7	
<b>Ending cash and equivalents</b>	<b>35.4</b>	<b>25.3</b>	<b>19.2</b>	<b>19.4</b>	<b>19.4</b>	<b>20.3</b>	<b>20.2</b>	<b>16.6</b>	<b>16.4</b>	<b>16.4</b>	<b>16.9</b>	<b>13.2</b>	<b>12.1</b>	<b>15.7</b>	<b>15.7</b>	<b>21.5</b>	<b>25.4</b>	<b>29.1</b>	<b>33.2</b>	<b>33.2</b>	

Source: Company reports and Ascendant Capital Markets estimates.

## ANALYST CERTIFICATION

Each analyst hereby certifies that the views expressed in this report reflect the analyst’s personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst’s compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

### Travelzoo



Source: <https://bigcharts.marketwatch.com/>

Report	Report Date	Rating	Price Target
50	2/8/2018	Hold	
51	4/25/2018	Hold	
52	7/25/2018	Hold	
53	10/24/2018	Hold	
54	2/7/2019	Hold	
55	4/29/2019	Hold	
56	7/25/2019	Hold	
57	10/28/2019	Hold	
58	3/3/2020	Hold	
59	6/25/2020	Hold	
60	8/5/2020	Hold	
61	10/22/2020	Hold	
62	3/25/2021	Buy	\$ 20.00
63	4/28/2021	Buy	\$ 21.00
64	8/8/2021	Buy	\$ 22.00
65	11/21/2021	Buy	\$ 20.00
66	3/17/2022	Buy	\$ 18.00
67	5/15/2022	Buy	\$ 19.00
68	8/6/2022	Buy	\$ 17.00
69	11/10/2022	Buy	\$ 16.00
70	3/26/2023	Buy	\$ 17.00
71	5/10/2023	Buy	\$ 18.00
72	8/7/2023	Buy	\$ 17.00
73	10/29/2023	Buy	\$ 18.00
74	3/7/2024	Buy	\$ 19.00
75	5/9/2024	Buy	\$ 17.00
76	8/17/2024	Buy	\$ 18.00

- Ascendant Capital Markets, LLC has received compensation for advisory or investment banking services from the company in the past 12 months.



## **IMPORTANT DISCLOSURES**

This report has been distributed by Ascendant Capital Markets, LLC and is for the sole use of our clients. This report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. This report contains information from various sources, including United States government publications, The Wall Street Journal and other periodicals, Yahoo! Finance and other sources, and is for informational purposes only and is not a recommendation to trade in the securities of the companies mentioned within the report. We seek to update our research and recommendations as appropriate, but the large majority of reports are published at irregular intervals as we consider appropriate and, in some cases, as constrained by industry regulations.

We may have a business relationship with companies covered in this report. Ascendant Capital Markets, LLC may make a market in the securities of the subject company. We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives (including options and warrants) thereof of covered companies referred to in this report. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to in this report may fluctuate.

Following are some general risks that can adversely impact future operational and financial performance and share price valuation: (1) industry fundamentals with respect to legislation, mandates, incentives, customer demand, or product pricing; (2) issues relating to competing companies or products; (3) unforeseen developments with respect to management, financial condition or accounting policies or practices; or (4) external factors that affect the interest rates, currency, the economy or major segments of the economy. Past performance is not a guide to future performance, future returns are not guaranteed, and loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Our report is disseminated primarily electronically, and, in some cases, in printed form. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof. Copyright Ascendant Capital Markets, LLC. No part of this material may be copied, photocopied or duplicated by any means or redistributed without the prior written consent of Ascendant Capital Markets, LLC.

### **Risks & Considerations**

Risks to attainment of our share price target include changes in competition, economic conditions, merchant and travel supplier relationships, investor sentiment for Internet stocks, consumer sentiment, and industry growth for travel and daily deals.

### **Ascendant Capital Markets, LLC Rating System**

**BUY:** We expect the stock to provide a total return of 15% or more within a 12-month period.

**HOLD:** We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

**SELL:** We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

### Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of October 11, 2024)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	58	98%	25	43%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	59	100%	25	42%

### Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

### Dissemination of Research

Ascendant Capital Markets, LLC research is distributed electronically via the Thomson Reuters platforms, Bloomberg, Capital IQ and FactSet. Please contact your investment advisor or institutional salesperson for more information.

### General Disclaimer

The information and opinions in this report were prepared by Ascendant Capital Markets, LLC. This information is not intended to be used as the primary basis of investment decisions and because of individual client objectives it should not be construed as advice designed to meet the particular investment needs of any investor. This material is for information purposes only and is not an offer or solicitation with respect to the purchase or sale of any security. The reader should assume that Ascendant Capital Markets, LLC may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The opinions, estimates, and projections contained in this report are those of Ascendant Capital Markets, LLC as of the date of this report and are subject to change without notice. Ascendant Capital Markets, LLC endeavors to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, Ascendant Capital Markets, LLC makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein, and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to Ascendant Capital Markets, LLC, or its affiliates that is not reflected in this report. This report is not to be construed as an offer or solicitation to buy or sell any security.

### Additional Disclosures

Ascendant Capital Markets, LLC is a broker-dealer registered with the United States Securities and Exchange Commission (SEC) and a member of the FINRA and SIPC. Ascendant Capital Markets, LLC is not a Registered Investment Advisor nor is it an investment advisor registered with the Securities and Exchange Commission or with the securities regulators of any state, and at the present time is not eligible to file for federal registration.