



# Travelzoo

*Q4 EPS upside, and expect solid 2024 growth. Strong travel industry growth should drive continued growth. Raising P/T to \$19.*

## COMPANY UPDATE

**Rating: BUY**

Ticker: TZOO

Price: \$9.31

Target: \$19.00  
(from \$18)

**Q4 EPS upside:** Travelzoo recently (on February 28) reported its fiscal Q4 2023 (ending December) results. Revenue was \$21 million (+14% y-o-y), compared with our and consensus estimates of \$21 million. Pro forma EPS was \$0.32 vs. \$0.29 (y-o-y), compared with our estimates of \$0.18 and consensus of \$0.23. There was no specific Q4 2023 guidance, but did qualitatively state that Q4 will have “growth” in revenue.

**Strong results in Europe:** Revenue was +5% in N.A. and +34% in Europe as travel growth was strong in Europe.

**Travel industry strong:** The travel industry has rebounded strongly from COVID lockdowns with demand now exceeding pre-COVID levels in the U.S. and Europe, and prior issues with labor and capacity has eased so travel supply and inventory are approaching or exceeding prepandemic levels.

**So this is 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 and in 2023), 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 declined:** In Q4, the company had 16.2 million North American, and 9.2 million European subscribers to its newsletter (compared with 16.3 million and 9.3 million, respectively, last quarter). In Q4, Jack’s Flight Club had 2.4 million subscribers versus 2.3 million in Q3.

**Q1 guidance for growth:** There was no specific Q1 2024 guidance, but qualitatively Q4 will have “growth” in revenue but “smaller pace than 2023”.

**Adjusting estimates:** We are adjusting our 2024 estimates for revenue to \$93 million, from \$94 million, and for EPS to \$1.14 from \$0.98.

**Travel industry outlook strong:** The company’s near term outlook is very 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 even 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:** 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.

**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 \$19 from \$18, which is based on a ~15x P/E multiple on our 2025 EPS estimate of \$1.26 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

March 7, 2024

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

### Stock Data

Exchange:	NasdaqGS
52-week Range:	\$4.51 – 10.86
Shares Outstanding (million):	14
Market cap (\$million):	\$130
EV (\$million):	\$114
Debt (\$million):	\$0
Cash (\$million):	\$16
Avg. Daily Trading Vol. (\$million):	\$1
Float (million shares):	8
Short Interest (million shares):	0.1
Dividend, annual (yield):	\$0 (NA%)

### Revenues (US\$ million)

	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)
Q1 Mar	24E		25E	
Q2 Jun	23E		25E	
Q3 Sep	22E		24E	
Q4 Dec	<u>24E</u>	<u>25E</u>	<u>26E</u>	
<b>Total</b>	<b>93E</b>	<b>94E</b>	<b>100E</b>	
EV/Revs	1.2x		1.1x	

### Earnings per Share (pro forma)

	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)
Q1 Mar	0.32E	0.28E	0.37E	
Q2 Jun	0.30E	0.25E	0.31E	
Q3 Sep	0.24E	0.17E	0.25E	
Q4 Dec	<u>0.28E</u>	<u>0.28E</u>	<u>0.33E</u>	
<b>Total</b>	<b>\$1.14E</b>	<b>\$0.98E</b>	<b>\$1.26E</b>	
P/E	8x		7x	

### 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 February 28) reported its fiscal Q4 2023 (ending December) results.
- Revenue was \$21 million (+14% y-o-y), compared with our and consensus estimates of \$21 million.
- Pro forma EPS was \$0.32 (excluding \$0.05 in stock option expenses and other special charges) (vs. \$0.29 y-o-y), compared with our estimates of \$0.18 and consensus of \$0.23.
- There was no specific Q4 2023 guidance, but did qualitatively state that Q4 will have “growth” in revenue.
- The company did not provide specific Q1 2024 guidance, but did qualitatively state that Q4 will have “growth” in revenue but “smaller pace than 2023”.
- We are adjusting our 2024 estimates for revenue to \$93 million, from \$94 million, and for EPS to \$1.14 from \$0.98.
- We are initiating our 2025 estimates for revenue of \$100 million, and for EPS of \$1.26.

## **ADDITIONAL DETAILS**

- Gross profit for the quarter was \$19 million, compared with our estimate of \$18 million.
  - Gross margin for the quarter was 87%, versus 86% last year and our expectation of 85%.
  - Operating expenses were \$14 million, versus our expectation of \$15 million.
  - Operating income was \$4.5 million, versus our expectation of \$3.5 million.
  - Pro forma net income was \$4.5 million, versus our expectation of \$2.6 million.
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- In Q4, the company had 16.2 million North American, and 9.2 million European subscribers to its newsletter (compared with 16.3 million and 9.3 million, respectively, last quarter). This brings total subscribers to 25.4 million (compared with 25.6 million in Q3). This does not count Asia subscribers (where it licenses its name) of 3.3 million vs 3.3 million last quarter.
  - In Q4, Jack’s Flight Club had 2.4 million subscribers versus 2.3 million in Q3.
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- 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.

The company’s balance sheet is solid with \$16 million in cash (~\$1/share) and no debt, compared with \$16 million in cash and no debt as of September (especially considering its recent large share repurchase).

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**Exhibit 1: Q1 2024 Guidance and Management Focus (as of February 28, 2024)**

### **Looking Ahead**

For Q1 2024, we expect continued growth in revenue, albeit at a smaller pace than 2023. We expect higher cash flow from operations and higher profitability. In December 2023, we announced the introduction of a membership fee for Travelzoo beginning January 1, 2024. Existing members as of December 31, 2023, are exempt from the fee during 2024. Therefore, we do not anticipate to generate membership fee revenue from existing members before 2025.

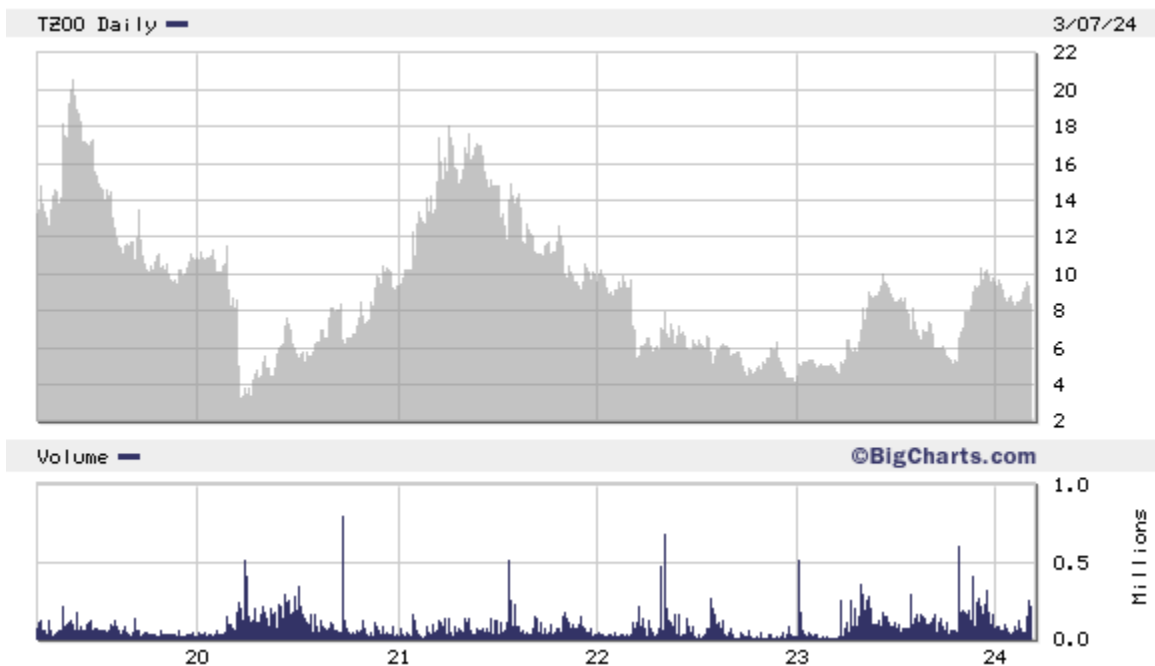
### **Management focus**

- Grow the number of Travelzoo club members.
- Leverage strong existing relationships with top travel suppliers and add new relationships to negotiate more exclusive offers.
- Utilize higher operating margins to increase EPS.
- Grow Jack's Flight Club's profitable subscription revenue.
- Develop Travelzoo META with discipline.

Source: Company report

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



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

### Exhibit 3: Consensus Expectations (as of February 28, 2024)

	Revenue (mils)			EPS	
	2023E	2024E		2023E	2024E
Q1 Mar	\$22A	\$25E	Q1 Mar	\$0.29A	\$0.36E
Q2 Jun	\$21A		Q2 Jun	\$0.23A	
Q3 Sep	\$21A		Q3 Sep	\$0.21A	
Q4 Dec	\$21E		Q4 Dec	\$0.23E	
<b>Total</b>	<b>\$85E</b>	<b>\$94E</b>	<b>Total</b>	<b>\$0.78E</b>	<b>\$0.96E</b>

\*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	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Revenue</b>	18.5	17.7	15.8	18.6	70.6	21.6	21.1	20.6	21.1	84.5	23.7	23.2	22.1	23.7	92.7	25.4	24.9	23.9	25.5	99.7
Cost of Revenues	2.8	2.2	2.3	2.7	10.0	2.7	2.9	2.7	2.7	10.9	3.1	3.0	2.9	3.1	12.1	3.8	3.7	3.3	3.6	14.5
Gross Profit	15.6	15.5	13.5	15.9	60.6	18.9	18.2	17.9	18.5	73.5	20.6	20.2	19.2	20.6	80.6	21.6	21.1	20.5	22.0	85.2
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	9.0	9.0	9.0	9.1	36.1	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					0.0					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	6.0	6.0	6.0	6.5	24.5	6.0	6.5	7.0	7.0	26.5
Restructuring and other					0.0					0.0					0.0					0.0
<b>Total operating expenses</b>	13.7	13.7	13.3	12.3	53.0	14.2	15.0	14.8	14.0	58.0	15.0	15.0	15.0	15.6	60.6	15.0	15.5	16.0	16.1	62.6
<b>Operating income (loss)</b>	1.9	1.8	0.3	3.6	7.6	4.7	3.3	3.1	4.5	15.6	5.6	5.2	4.2	5.0	20.0	6.6	5.6	4.5	5.9	22.6
Interest income and other	1.4	0.2	0.8	(0.1)	2.3	0.3	0.4	0.3	0.9	1.9	0.0	0.0	0.0	0.0	0.0	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	5.6	5.2	4.2	5.0	20.0	6.6	5.6	4.5	5.9	22.6
Income taxes	1.0	0.9	0.3	1.1	3.3	1.4	1.1	1.0	1.6	5.1	1.1	1.0	0.8	1.0	4.0	1.3	1.1	0.9	1.2	4.5
Net income (loss)	2.4	1.0	0.8	2.5	6.6	3.7	2.6	2.3	3.7	12.4	4.5	4.2	3.4	4.0	16.0	5.3	4.5	3.6	4.7	18.1
Nonrecurring/noncash adjustments	0.8	0.9	0.8	1.2	3.7	0.8	0.9	0.7	0.8	3.2					0.0					0.0
<b>Net income</b>	3.1	1.9	1.6	3.7	10.3	4.5	3.5	3.1	4.5	15.6	4.5	4.2	3.4	4.0	16.0	5.3	4.5	3.6	4.7	18.1
EBITDA	2.5	2.3	0.8	4.1	9.7	5.2	3.3	3.6	5.0	17.0	5.7	5.4	4.3	5.1	20.4	6.7	6.0	4.7	6.2	23.6
Shares, Basic	12.1	12.5	12.5	12.4	12.4	15.7	15.3	14.8	13.9	14.9	14.0	14.1	14.1	14.1	14.0	14.2	14.3	14.3	14.3	14.2
Shares, Diluted	12.5	12.6	12.6	12.5	12.6	15.8	15.3	14.8	13.9	15.0	14.0	14.1	14.1	14.1	14.1	14.2	14.3	14.3	14.3	14.3
EPS Basic (Pro forma)	0.26	0.15	0.13	0.29	0.83	0.29	0.23	0.21	0.32	1.05	0.32	0.30	0.24	0.28	1.14	0.37	0.32	0.25	0.33	1.27
<b>EPS Diluted (Pro forma)</b>	0.25	0.15	0.13	0.29	0.82	0.29	0.23	0.21	0.32	1.04	0.32	0.30	0.24	0.28	1.14	0.37	0.31	0.25	0.33	1.26
<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%	87.0%	87.0%	87.0%	87.0%	87.0%	85.0%	85.0%	86.0%	86.0%	85.5%
Operating margin	10%	10%	2%	19%	11%	22%	15%	15%	21%	18%	24%	22%	19%	21%	22%	26%	23%	19%	23%	23%
Net margin	13%	6%	5%	13%	9%	17%	12%	11%	18%	15%	19%	18%	15%	17%	17%	21%	18%	15%	18%	18%
Sales and marketing	47%	48%	54%	40%	47%	43%	48%	48%	40%	45%	38%	39%	41%	38%	39%	35%	36%	38%	36%	36%
General and administrative	25%	27%	27%	22%	25%	20%	20%	22%	23%	21%	25%	26%	27%	27%	26%	24%	26%	29%	27%	27%
Tax rate, GAAP	29%	47%	29%	30%	33%	27%	29%	30%	30%	29%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
<b>Y/Y % change</b>																				
Revenue	29%	-7%	1%	32%	12%	17%	19%	30%	14%	20%	10%	10%	7%	12%	10%	7%	7%	8%	8%	8%
Cost of Revenues	-6%	-14%	-22%	-10%	-13%	-5%	33%	15%	1%	9%	14%	5%	8%	14%	10%	24%	23%	16%	16%	20%
Operating income (loss)	NM	-49%	NM	NM	NM	145%	84%	NM	25%	106%	19%	59%	36%	11%	29%	17%	8%	7%	18%	13%
Net income (loss)	NM	-66%	-72%	NM	461%	56%	155%	195%	52%	86%	22%	59%	44%	7%	30%	17%	8%	7%	18%	13%
EPS Diluted (Pro forma)	NM	-55%	-60%	NM	61%	14%	53%	61%	10%	27%	12%	29%	15%	-13%	9%	15%	7%	6%	16%	11%

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	Q1E	Q2E	Q3E	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	\$22.3	\$25.8	\$29.8	\$33.2	\$ 37.2	\$42.3	\$46.7	\$50.5
Short term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, net	18.2	14.8	11.8	13.8	13.7	10.3	10.7	13.0	13.0	12.7	12.1	13.0	13.9	13.6	13.1	14.0
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other current assets	4.1	4.2	4.2	3.1	3.2	2.2	2.4	2.1	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Deferred income taxes	-	-	-	-	-	-	-	-	-	1.0	1.0	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>36.7</b>	<b>40.8</b>	<b>44.2</b>	<b>48.6</b>	<b>53.5</b>	<b>58.3</b>	<b>62.2</b>	<b>66.9</b>
Deposits	6.6	6.8	6.8	5.1	4.6	2.5	2.5	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income taxes	3.9	3.6	3.4	3.2	3.2	3.2	3.3	3.2	3.2	3.2	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	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Other	7.8	7.3	6.8	8.1	7.5	7.0	7.0	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
Intangibles	16.1	15.7	15.2	14.6	14.2	13.8	13.4	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
<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>\$61.3</b>	<b>\$65.5</b>	<b>\$68.8</b>	<b>\$73.2</b>	<b>\$ 78.1</b>	<b>\$82.9</b>	<b>\$86.8</b>	<b>\$91.6</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	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.2	\$ 5.0	\$ 5.2	\$ 5.3	\$ 5.4
Merchant payables	60.5	47.9	38.2	32.6	28.0	23.9	23.7	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6
Accrued expenses	9.2	7.6	5.9	5.0	4.6	4.3	4.4	3.7	3.9	3.9	3.9	4.1	3.9	4.1	4.2	4.2
Deferred revenue	2.3	2.1	2.5	2.2	3.1	2.7	2.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Income tax payable and other	3.3	3.0	2.7	3.4	3.1	3.1	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
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>34.9</b>	<b>34.9</b>	<b>34.9</b>	<b>35.3</b>	<b>34.9</b>	<b>35.2</b>	<b>35.5</b>	<b>35.6</b>
Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	11.0	10.6	10.2	10.9	11.5	11.8	12.0	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3
<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>12.3</b>	<b>12.3</b>	<b>12.3</b>	<b>12.3</b>	<b>12.3</b>	<b>12.3</b>	<b>12.3</b>	<b>12.3</b>
Minority interest	4.6	4.6	4.6	4.6	4.6	4.6	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
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	24.0	28.2	31.6	35.5	40.8	45.3	48.9	53.6
Additional paid-in capital	5.0	7.4	7.8	13.7	23.7	11.8	5.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Other	-	-	-	(4.8)	(14.3)	(14.3)	(14.3)	(11.3)	(11.3)	(11.3)	(11.3)	(11.3)	(11.3)	(11.3)	(11.3)	(11.3)
Accumulated other comprehensive (loss) in	(3.9)	(4.5)	(5.3)	(4.9)	(4.8)	(4.7)	(4.8)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)
Accumulated deficit	-	-	-	-	-	-	-	-	0.7	0.7	0.7	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>14.1</b>	<b>18.2</b>	<b>21.6</b>	<b>25.6</b>	<b>30.9</b>	<b>35.4</b>	<b>39.0</b>	<b>43.7</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>\$61.3</b>	<b>\$65.5</b>	<b>\$68.8</b>	<b>\$73.2</b>	<b>\$ 78.1</b>	<b>\$82.9</b>	<b>\$86.8</b>	<b>\$91.6</b>

Source: Company reports and Ascendant Capital Markets estimates.

**Travelzoo**

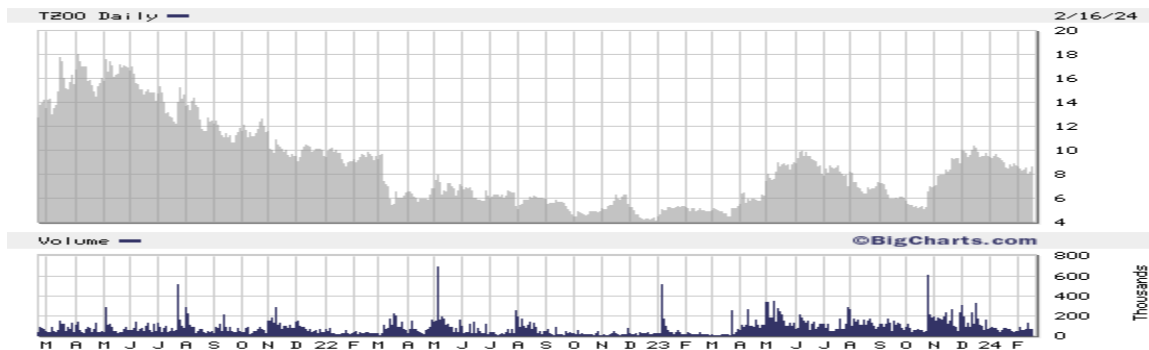
Cash Flow Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
<b>Cash flow from operating activities</b>																					
Net income	2.4	1.1	0.8	2.4	6.6	3.7	(1.0)	2.4	3.7	8.8	4.5	4.2	3.4	4.0	16.0	5.3	4.5	3.6	4.7	18.1	
Depreciation and amortization	0.6	0.5	0.5	0.5	2.2	0.5	(0.0)	0.5	0.5	1.4	0.0	0.1	0.0	0.1	0.4	0.1	0.4	0.1	0.4	-	1.0
Deferred income taxes	0.1	0.5	0.2	0.1	0.8	(0.1)	0.1	(0.1)	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-
Provision for losses on accounts receivable	(1.4)	(0.8)	(1.2)	(1.0)	(4.4)	(0.6)	0.3	(0.1)	-	(0.4)	-	-	-	-	-	-	-	-	-	-	-
Non-cash revenues other than barter	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock comp and tax benefits from options	0.5	0.6	0.3	0.3	1.8	0.4	0.0	0.4	0.4	1.2	0.4	0.4	0.4	0.4	1.5	0.4	0.4	0.4	0.4	1.5	
Accrued interest income from investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other gains/losses	(0.2)	-	-	0.2	0.1	-	0.0	-	(0.1)	(0.1)	(0.4)	(0.4)	(0.4)	(0.4)	(1.5)	(0.4)	(0.4)	(0.4)	(0.4)	(1.5)	
F/X gains/losses	(0.0)	0.2	(0.2)	0.2	0.2	0.0	(0.0)	0.1	(0.1)	(0.1)	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Changes in operating assets and liabilities:</b>																					
Accounts receivable	(3.2)	3.0	2.7	(1.2)	1.3	0.4	3.1	(0.6)	(2.2)	0.7	(0.0)	0.3	0.6	(0.8)	0.0	(0.9)	0.3	0.5	(0.9)	(1.0)	
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prepaid expenses & other current assets	2.2	(0.7)	0.2	2.7	4.4	0.4	2.7	(0.1)	1.7	4.6	0.7	(1.0)	-	(0.1)	(0.3)	0.1	(0.0)	(0.0)	(0.0)	(0.0)	
Accounts payable	0.1	(2.2)	2.5	0.5	0.9	(1.3)	0.2	0.7	1.2	0.8	0.5	-	-	0.2	0.7	(0.2)	0.2	0.2	0.0	0.2	
Merchant payables	(8.0)	(11.8)	(9.1)	(6.3)	(35.2)	(4.6)	0.6	(0.2)	(3.3)	(7.5)	-	-	-	-	-	-	-	-	-	-	
Accrued expenses	-	(0.7)	(0.0)	(0.6)	(1.4)	0.9	(1.4)	0.2	(1.5)	(1.8)	0.3	-	-	0.2	0.4	(0.2)	0.1	0.1	0.0	0.1	
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	-	-	-	-	-	-	-	-	-	-	
<b>Net cash (used in) provided by operating activities</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>\$ 6.0</b>	<b>\$ 3.6</b>	<b>\$ 4.0</b>	<b>\$ 3.6</b>	<b>\$ 17.2</b>	<b>\$ 4.2</b>	<b>\$ 5.4</b>	<b>\$ 4.6</b>	<b>\$ 4.2</b>	<b>\$ 18.3</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)	(0.1)	(0.0)	(0.1)	(0.4)	(0.1)	(0.4)	(0.1)	(0.4)	(1.0)	
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>\$ (0.1)</b>	<b>\$ (0.0)</b>	<b>\$ (0.1)</b>	<b>\$ (0.4)</b>	<b>\$ (0.1)</b>	<b>\$ (0.4)</b>	<b>\$ (0.1)</b>	<b>\$ (0.4)</b>	<b>\$ (1.0)</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)	-	-	-	-	-	-	-	-	-	-	
Proceeds from stock option exercises	-	1.9	-	(0.0)	1.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
Effect of exchange rate on cash and cash equivalents	(0.5)	(1.7)	(1.1)	0.8	(2.5)	0.2	0.0	(0.3)	0.4	0.3	-	-	-	-	-	-	-	-	-	-	
<b>Net increase (decrease) in cash and cash equivalents</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>5.9</b>	<b>3.4</b>	<b>4.0</b>	<b>3.4</b>	<b>16.8</b>	<b>4.0</b>	<b>5.0</b>	<b>4.4</b>	<b>3.8</b>	<b>17.3</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	22.3	25.8	29.8	16.4	33.2	37.2	42.3	46.7	33.2	
<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>22.3</b>	<b>25.8</b>	<b>29.8</b>	<b>33.2</b>	<b>33.2</b>	<b>37.2</b>	<b>42.3</b>	<b>46.7</b>	<b>50.5</b>	<b>50.5</b>	

Source: Company reports and Ascendant Capital Markets estimates.

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## Travelzoo



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

Report	Report Date 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

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**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.

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Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	52	98%	20	38%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	53	100%	20	38%

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