



# Travelzoo

*Q4 EPS inline, but expect strong 2025 growth. Strong travel industry growth should drive strong 2025. Raising P/T to \$24.*

## COMPANY UPDATE

**Rating: BUY**

Ticker: TZOO

Price: \$16.47

Target: \$24.00  
(from \$23)

**Q4 EPS inline:** Travelzoo recently (on February 25) reported its fiscal Q4 2024 (ending December) results. Revenue was \$21 million (-2% y-o-y), compared with our and consensus estimates of \$22 million. Pro forma EPS was \$0.30, compared with our estimates of \$0.34 and consensus of \$0.30. The company did not provide specific Q4 2024 guidance.

**Weakness in Europe:** Europe had weakness with revenue -13% (y-o-y). North America revenue was +1% (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 have returned to more normal rates and patterns and have been strong the past 2 years. This return to normal is also good for Travelzoo's business to promote travel deals.

**Q1 guidance for growth:** The company did not provide specific Q1 2025 guidance, but did qualitatively state that Q1 revenue will "increase at a higher pace". For 2025, the company expects substantial growth in revenue and profitability as a result of additional revenue from membership fees.

**Lowering 2025 estimates:** We are lowering our 2025 estimates for revenue to \$96 million, from \$100 million, and for EPS to \$1.33 from \$1.35.

**Initiating solid 2026 estimates:** We are initiating our 2026 estimates for revenue of \$104 million, and for EPS of \$1.48.

**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 \$24 from \$23, which is based on a ~16x P/E multiple on our 2026 EPS estimate of \$1.48 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 1, 2025

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### Stock Data

Exchange:	NasdaqGS
52-week Range:	\$7.12 – 24.85
Shares Outstanding (million):	12
Market cap (\$million):	\$198
EV (\$million):	\$181
Debt (\$million):	\$0
Cash (\$million):	\$17
Avg. Daily Trading Vol. (\$million):	\$3
Float (million shares):	7
Short Interest (million shares):	0.2
Dividend, annual (yield):	\$0 (NA%)

### Revenues (US\$ million)

	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)	<u>2026E</u> (Cur.)	<u>2026E</u> (Old)
Q1 Mar	23E	24E	25E	
Q2 Jun	23E	24E	25E	
Q3 Sep	25E		26E	
Q4 Dec	<u>26E</u>	<u>27E</u>	<u>28E</u>	
<b>Total</b>	<b>96E</b>	<b>100E</b>	<b>104E</b>	
EV/Revs	1.9x		1.7x	

### Earnings per Share (pro forma)

	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)	<u>2026E</u> (Cur.)	<u>2026E</u> (Old)
Q1 Mar	0.25E	0.32E	0.35E	
Q2 Jun	0.26E	0.28E	0.34E	
Q3 Sep	0.37E	0.32E	0.35E	
Q4 Dec	<u>0.44E</u>	<u>0.43E</u>	<u>0.43E</u>	
<b>Total</b>	<b>\$1.33E</b>	<b>\$1.35E</b>	<b>\$1.48E</b>	
P/E	12x		11x	

### 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 25) reported its fiscal Q4 2024 (ending December) results.
- Revenue was \$21 million (-2% y-o-y), compared with our and consensus estimates of \$22 million.
- Pro forma EPS was \$0.30 (excluding \$0.04 in stock option expenses and other special charges) (vs. \$0.32 y-o-y), compared with our estimates of \$0.34 and consensus of \$0.30.
- 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.
- The company did not provide specific Q1 2025 guidance, but did qualitatively state that Q1 revenue will “increase at a higher pace”.
- For 2025, the company expects substantial growth in revenue and profitability as a result of additional revenue from membership fees.
- We are lowering our 2025 estimates for revenue to \$96 million, from \$100 million, and for EPS to \$1.33 from \$1.35.
- We are initiating our 2026 estimates for revenue of \$104 million, and for EPS of \$1.48.

### **ADDITIONAL DETAILS**

- Gross profit for the quarter was \$18 million, compared with our estimate of \$19 million.
- Gross margin for the quarter was 87%, versus 87% last year and our expectation of 86%.
- Operating expenses were \$13 million, versus our expectation of \$14 million.
- Operating income was \$4.8 million, versus our expectation of \$5.3 million.
- Pro forma net income was \$3.8 million, versus our expectation of \$4.2 million.

Travelzoo reaches 30 million travelers. This includes Jack's Flight Club. Comparisons to prior periods are no longer meaningful due to strategic developments of the Travelzoo membership so the company no longer provides subscribers information.

- 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 \$17 million in cash (~\$1/share) and no debt, compared with \$11 million in cash and no debt as of September.

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**Exhibit 1: Q1 2025 Guidance and Management Focus (as of February 25, 2025)**

**Looking Ahead**

For Q1 2025, we expect revenue to increase at a higher pace. The pro rata portion of membership fee revenue will already add 5% incremental growth this quarter. This percentage is expected to increase over subsequent quarters, as membership fee revenue is recognized ratably over the subscription period, we acquire new members, and more Legacy Members become Club Members. For the whole year, we expect substantially higher revenue growth. Over time, we expect profitability to further increase as recurring membership fee revenue will be recognized.

In 2024, we introduced a membership fee for Travelzoo. Legacy Members, who joined before 2024, were exempt from the fee during 2024. Legacy Members represent more than 95% of Travelzoo's reach. In 2025, Legacy Members continue to receive certain travel offers. But Club Offers and new benefits are only available to Club Members. We generally see Legacy Members being excited to become Club Members.

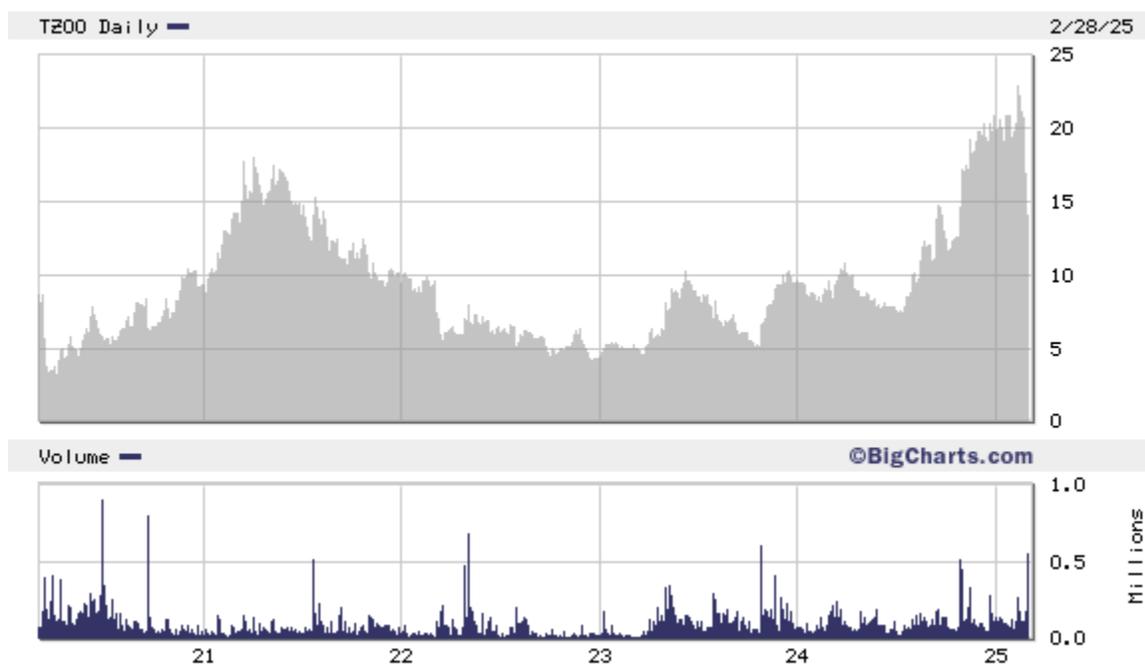
**Management focus**

- **Grow the number of (paying) members by converting Legacy Members and adding new Club Members.**
- **Add new benefits to the paid membership**
- **Retain, and grow, our profitable advertising business from the popular Top 20<sup>®</sup> 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

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



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

### Exhibit 3: Consensus Expectations (as of February 25, 2025)

	Revenue (mils)			EPS	
	2024E	2025E		2024E	2025E
Q1 Mar	\$22A	\$24E	Q1 Mar	\$0.34A	\$0.27E
Q2 Jun	\$21A		Q2 Jun	\$0.29A	
Q3 Sep	\$20A		Q3 Sep	\$0.33A	
Q4 Dec	\$22E		Q4 Dec	\$0.30E	
Total	\$85E	\$98E	Total	\$1.09E	\$1.26E

\*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-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	Mar-26	Jun-26	Sep-26	Dec-26	2026
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>	<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>20.7</b>	<b>83.9</b>	<b>22.9</b>	<b>23.1</b>	<b>24.5</b>	<b>25.9</b>	<b>96.4</b>	<b>25.2</b>	<b>25.4</b>	<b>25.8</b>	<b>27.7</b>	<b>104.0</b>
Cost of Revenues	2.7	2.9	2.7	2.7	10.9	2.6	2.5	2.5	2.8	10.5	3.4	3.5	3.2	3.4	13.5	3.5	3.6	3.6	4.2	14.8
Gross Profit	18.9	18.2	17.9	18.5	73.5	19.3	18.6	17.6	17.9	73.4	19.4	19.6	21.3	22.6	83.0	21.7	21.9	22.2	23.5	89.2
Operating expenses:																				
Sales and marketing	9.3	10.1	9.8	8.5	37.8	8.6	9.4	8.2	8.3	34.5	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	0.6	2.1	0.6	0.6	0.6	0.6	2.4					0.0					0.0
General and administrative	4.4	4.3	4.5	4.9	18.1	4.6	4.6	4.7	4.2	18.1	6.5	6.5	6.5	6.5	26.0	7.2	7.4	7.5	7.5	29.6
Restructuring and other					0.0					0.0					0.0					0.0
<b>Total operating expenses</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>13.1</b>	<b>55.0</b>	<b>15.5</b>	<b>15.5</b>	<b>15.5</b>	<b>15.6</b>	<b>62.1</b>	<b>16.2</b>	<b>16.4</b>	<b>16.5</b>	<b>16.6</b>	<b>65.7</b>
<b>Operating income (loss)</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>4.8</b>	<b>18.5</b>	<b>3.9</b>	<b>4.1</b>	<b>5.8</b>	<b>7.0</b>	<b>20.9</b>	<b>5.5</b>	<b>5.5</b>	<b>5.7</b>	<b>6.9</b>	<b>23.5</b>
Interest income and other	0.3	0.4	0.3	0.9	1.9	0.2	0.2	0.3	(0.1)	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income before income taxes	5.1	3.7	3.4	5.3	17.5	5.7	4.2	4.3	4.7	19.0	3.9	4.1	5.8	7.0	20.9	5.5	5.5	5.7	6.9	23.5
Income taxes	1.4	1.1	1.0	1.6	5.1	1.5	1.3	1.1	1.5	5.4	0.8	0.8	1.2	1.4	4.2	1.1	1.1	1.1	1.4	4.7
Net income (loss)	3.7	2.6	2.3	3.7	12.4	4.2	2.9	3.2	3.3	13.6	3.2	3.3	4.7	5.6	16.7	4.4	4.4	4.5	5.5	18.8
Nonrecurring/noncash adjustments	0.8	0.9	0.7	0.8	3.2	0.4	0.9	0.9	0.5	2.7					0.0					0.0
<b>Net income</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>3.8</b>	<b>16.3</b>	<b>3.2</b>	<b>3.3</b>	<b>4.7</b>	<b>5.6</b>	<b>16.7</b>	<b>4.4</b>	<b>4.4</b>	<b>4.5</b>	<b>5.5</b>	<b>18.8</b>
EBITDA	5.2	3.3	3.6	5.0	17.0	6.0	4.2	4.2	5.0	19.4	4.0	4.3	5.9	7.1	21.3	5.6	5.9	5.8	7.4	24.7
Shares, Basic	15.7	15.3	14.8	13.9	14.9	13.5	12.9	12.2	11.8	12.6	11.9	12.0	12.0	12.0	12.0	12.1	12.2	12.2	12.2	12.2
Shares, Diluted	15.8	15.3	14.8	13.9	15.0	13.6	13.0	12.4	12.4	12.9	12.5	12.6	12.6	12.6	12.5	12.7	12.8	12.8	12.8	12.7
EPS Basic (Pro forma)	0.29	0.23	0.21	0.32	1.05	0.34	0.29	0.33	0.32	1.29	0.26	0.27	0.39	0.46	1.39	0.36	0.36	0.37	0.45	1.54
<b>EPS Diluted (Pro forma)</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>0.30</b>	<b>1.27</b>	<b>0.25</b>	<b>0.26</b>	<b>0.37</b>	<b>0.44</b>	<b>1.33</b>	<b>0.35</b>	<b>0.34</b>	<b>0.35</b>	<b>0.43</b>	<b>1.48</b>
<b>Margins</b>																				
Gross margin	87.5%	86.4%	87.1%	87.2%	87.1%	88.0%	88.1%	87.3%	86.6%	87.5%	85.0%	85.0%	87.0%	87.0%	86.0%	86.0%	86.0%	86.0%	85.0%	85.7%
Operating margin	22%	15%	15%	21%	18%	25%	19%	20%	23%	22%	17%	18%	24%	27%	22%	22%	21%	22%	25%	23%
Net margin	17%	12%	11%	18%	15%	19%	14%	16%	16%	16%	14%	14%	19%	21%	17%	17%	17%	18%	20%	18%
Sales and marketing	43%	48%	48%	40%	45%	39%	44%	41%	40%	41%	39%	39%	37%	35%	37%	36%	35%	35%	33%	35%
General and administrative	20%	20%	22%	23%	21%	21%	22%	23%	20%	22%	28%	28%	26%	25%	27%	29%	29%	29%	27%	28%
Tax rate, GAAP	27%	29%	30%	30%	29%	26%	30%	27%	31%	28%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
<b>Y/Y % change</b>																				
Revenue	17%	19%	30%	14%	20%	2%	0%	-2%	-2%	-1%	4%	9%	22%	25%	15%	10%	10%	5%	7%	8%
Cost of Revenues	-5%	33%	15%	1%	9%	-2%	-13%	-4%	2%	-4%	30%	37%	25%	22%	29%	3%	3%	13%	23%	10%
Operating income (loss)	145%	84%	NM	25%	106%	19%	23%	30%	8%	19%	-30%	3%	45%	44%	13%	39%	32%	-3%	-1%	13%
Net income (loss)	56%	155%	195%	52%	86%	15%	11%	36%	-12%	10%	-26%	13%	47%	70%	23%	39%	32%	-3%	-1%	13%
EPS Diluted (Pro forma)	14%	53%	61%	10%	27%	19%	28%	57%	-5%	22%	-26%	-10%	14%	46%	5%	36%	30%	-5%	-2%	11%

Source: Company reports and Ascendant Capital Markets estimates.

## Travelzoo

Balance Sheet (\$ mils)	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
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	\$19.1	\$19.5	\$15.9	\$15.7	\$16.2	\$12.6	\$ 11.4	\$17.1	\$ 21.3	\$23.5	\$27.4	\$32.2	\$ 37.3	\$41.7	\$46.0	\$50.6
Short term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, net	13.7	10.3	10.7	13.0	13.2	13.2	13.2	12.8	12.5	12.7	13.4	14.2	13.8	13.9	14.1	15.2
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other current assets	3.2	2.2	2.4	2.1	2.2	2.7	2.8	1.9	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5
Deferred income taxes	-	-	-	-	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total current assets	36.0	32.0	29.0	30.8	31.6	28.5	27.3	31.8	35.2	38.6	43.2	48.9	53.6	58.1	62.7	68.2
Deposits	4.6	2.5	2.5	1.1	0.2	0.2	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income taxes	3.2	3.2	3.3	3.2	3.1	3.1	3.2	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Property and equipment, net	0.7	0.7	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Other	7.5	7.0	7.0	6.7	6.6	6.5	6.8	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
Intangibles	14.2	13.8	13.4	13.0	12.7	12.6	12.5	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4
Total assets	\$66.3	\$59.1	\$55.8	\$55.4	\$54.7	\$51.5	\$ 50.5	\$54.7	\$ 58.2	\$61.5	\$66.2	\$71.8	\$ 76.5	\$81.0	\$85.6	\$91.2
<b>Liabilities and stockholders' equity</b>																
Accounts payable	\$ 3.1	\$ 2.3	\$ 2.9	\$ 4.5	\$ 5.5	\$ 5.2	\$ 5.0	\$ 6.1	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.2	\$ 5.4	\$ 5.5	\$ 5.5	\$ 5.5
Merchant payables	28.0	23.9	23.7	20.6	17.8	16.7	17.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3
Accrued expenses	4.6	4.3	4.4	3.7	3.6	4.2	4.1	3.4	4.0	4.0	4.0	4.1	4.2	4.3	4.3	4.3
Deferred revenue	3.1	2.7	2.8	2.0	3.2	3.2	3.9	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Income tax payable and other	3.1	3.1	3.3	3.3	3.3	3.5	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	42.0	36.2	37.1	34.2	33.5	32.8	34.4	36.5	36.2	36.2	36.2	36.2	36.6	36.7	36.8	36.8
Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	11.5	11.8	12.0	12.3	12.4	13.0	13.6	13.9	13.9	13.9	13.9	13.9	13.9	13.9	13.9	13.9
Total non-current liabilities	11.5	11.8	12.0	12.3	12.4	13.0	13.6	13.9	13.9	13.9	13.9	13.9	13.9	13.9	13.9	13.9
Minority interest	4.6	4.6	4.7	4.7	4.7	4.7	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Common stock	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Treasury stock	(7.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	10.8	13.4	15.8	19.5	20.1	17.1	14.2	14.3	17.4	20.7	25.4	31.0	35.4	39.7	44.2	49.8
Additional paid-in capital	23.7	11.8	5.2	0.4	-	-	-	-	-	-	-	-	-	-	-	-
Other	(14.3)	(14.3)	(14.3)	(11.3)	(11.3)	(11.3)	(11.5)	(9.5)	(9.5)	(9.5)	(9.5)	(9.5)	(9.5)	(9.5)	(9.5)	(9.5)
Accumulated other comprehensive (loss) in	(4.8)	(4.7)	(4.8)	(4.6)	(4.9)	(5.0)	(5.1)	(5.3)	(5.3)	(5.3)	(5.3)	(5.3)	(5.3)	(5.3)	(5.3)	(5.3)
Accumulated deficit	-	-	-	-	-	-	-	-	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Total stockholders' equity	12.8	11.1	6.7	8.9	8.8	5.6	2.5	4.4	8.2	11.5	16.2	21.7	26.1	30.4	35.0	40.5
Total stockholders' equity and liabilities	\$66.3	\$59.1	\$55.8	\$55.4	\$54.7	\$51.5	\$ 50.5	\$54.7	\$ 58.2	\$61.5	\$66.2	\$71.8	\$ 76.5	\$81.0	\$85.6	\$91.2

Source: Company reports and Ascendant Capital Markets estimates.

**Travelzoo**

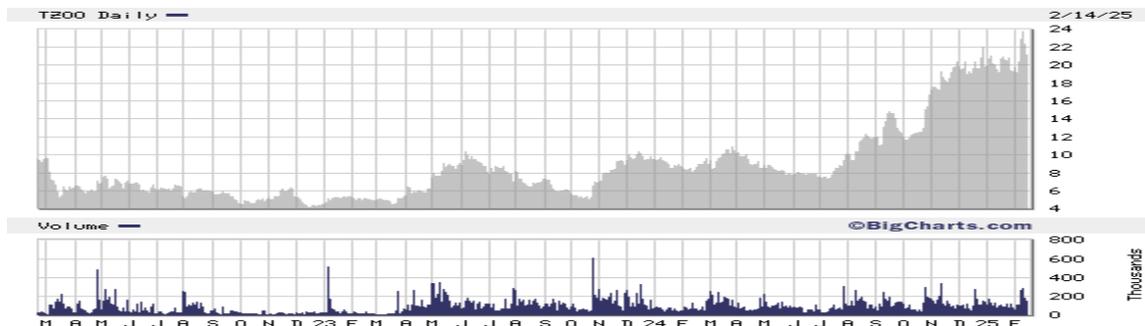
Cash Flow Statement (\$ mils)	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	Mar-26	Jun-26	Sep-26	Dec-26	2026	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
<b>Cash flow from operating activities</b>																					
Net income	3.7	(1.0)	2.4	3.7	8.8	4.2	2.9	3.3	3.3	13.7	3.2	3.3	4.7	5.6	16.7	4.4	4.4	4.5	5.5	18.8	
Depreciation and amortization	0.5	(0.0)	0.5	0.5	1.4	0.4	0.2	0.2	0.2	0.9	0.0	0.2	0.0	0.2	0.5	0.2	0.5	0.2	0.5	1.3	
Deferred income taxes	(0.1)	0.1	(0.1)	0.2	0.1	(0.0)	(0.0)	(0.0)	(0.5)	(0.5)	-	-	-	-	-	-	-	-	-	-	
Provision for losses on accounts receiv	(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	0.4	0.0	0.4	0.4	1.2	0.1	0.7	0.5	0.4	1.6	0.4	0.4	0.4	0.4	1.6	0.4	0.4	0.4	0.4	1.6	
Accrued interest income from investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other gains/losses	-	0.0	-	(0.1)	(0.1)	-	-	0.1	(0.1)	0.0	(0.4)	(0.4)	(0.4)	(0.4)	(1.6)	(0.4)	(0.4)	(0.4)	(0.4)	(1.6)	
F/X gains/losses	0.0	(0.0)	0.1	(0.1)	(0.1)	0.0	(0.0)	(0.2)	0.1	(0.0)	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Changes in operating assets and liabilities:</b>																					
Accounts receivable	0.4	3.1	(0.6)	(2.2)	0.7	(0.2)	(0.2)	0.1	0.1	(0.1)	0.3	(0.1)	(0.8)	(0.8)	(1.4)	0.4	(0.1)	(0.2)	(1.0)	(1.0)	
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prepaid expenses & other current ass	0.4	2.7	(0.1)	1.7	4.6	0.6	(0.4)	(0.2)	0.7	0.7	0.5	(1.0)	-	(0.0)	(0.5)	(0.1)	(0.0)	(0.0)	(0.0)	(0.1)	
Accounts payable	(1.3)	0.2	0.7	1.2	0.8	1.0	(0.3)	(0.3)	1.3	1.7	(1.0)	-	-	0.0	(0.9)	0.2	0.1	0.0	0.0	0.3	
Merchant payables	(4.6)	0.6	(0.2)	(3.3)	(7.5)	(2.7)	(1.1)	0.4	(0.7)	(4.1)	-	-	-	-	-	-	-	-	-	-	
Accrued expenses	0.9	(1.4)	0.2	(1.5)	(1.8)	1.0	0.5	0.5	(0.7)	1.3	0.6	-	-	0.0	0.7	0.2	0.1	0.0	0.0	0.3	
Deferred revenue	-	-	-	-	-	-	-	-	2.8	2.8	-	-	-	-	-	-	-	-	-	-	
Income tax payable and other	0.8	(0.0)	0.5	1.0	2.3	0.3	0.8	0.9	0.8	2.7	-	-	-	-	-	-	-	-	-	-	
<b>Net cash (used in) provided by operat</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>\$ 7.7</b>	<b>\$ 20.7</b>	<b>\$ 3.6</b>	<b>\$ 2.4</b>	<b>\$ 3.9</b>	<b>\$ 5.0</b>	<b>\$ 15.0</b>	<b>\$ 5.3</b>	<b>\$ 4.8</b>	<b>\$ 4.6</b>	<b>\$ 5.0</b>	<b>\$ 19.6</b>	
<b>Cash flow from investing activities</b>																					
Purchases of property and equipment	(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)	(0.2)	(0.5)	(0.2)	(0.5)	(1.3)	
Purchases of short-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of short-term investments	0.0	0.0	-	0.1	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchases of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Net cash used in investing activities</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>\$ (0.2)</b>	<b>\$ (0.5)</b>	<b>\$ (0.2)</b>	<b>\$ (0.5)</b>	<b>\$ (1.3)</b>	
<b>Cash flow from financing activities</b>																					
Repayment of loans from principal stockholder	-	(4.7)	(6.9)	(2.0)	(13.6)	-	-	-	1.9	1.9	-	-	-	-	-	-	-	-	-	-	
Repurchase of common stock	(0.2)	(0.1)	-	(0.1)	(0.4)	(3.9)	(6.6)	(6.2)	(2.3)	(18.9)	-	-	-	-	-	-	-	-	-	-	
Proceeds from stock option exercises	-	-	-	-	-	-	-	(0.3)	(1.2)	(1.5)	-	-	-	-	-	-	-	-	-	-	
Proceeds from issuance of common stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Cash provided by (used in) financing :</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>\$ (1.6)</b>	<b>\$ (18.5)</b>	<b>\$ -</b>										
Effect of exchange rate on cash and cash	0.2	0.0	(0.3)	0.4	0.3	(0.2)	(0.1)	0.1	(0.4)	(0.6)	-	-	-	-	-	-	-	-	-	-	
<b>Net increase (decrease) in cash and eq</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>5.6</b>	<b>1.3</b>	<b>3.6</b>	<b>2.2</b>	<b>3.9</b>	<b>4.9</b>	<b>14.5</b>	<b>5.1</b>	<b>4.3</b>	<b>4.4</b>	<b>4.5</b>	<b>18.3</b>	
Beginning cash and equivalents	19.8	20.3	20.2	16.6	19.8	16.4	16.9	13.2	12.1	16.4	17.7	21.3	23.5	27.4	17.7	32.2	37.3	41.7	46.0	32.2	
<b>Ending cash and equivalents</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>17.7</b>	<b>17.7</b>	<b>21.3</b>	<b>23.5</b>	<b>27.4</b>	<b>32.2</b>	<b>32.2</b>	<b>37.3</b>	<b>41.7</b>	<b>46.0</b>	<b>50.6</b>	<b>50.6</b>	

Source: Company reports and Ascendant Capital Markets estimates.

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### 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
77	11/10/2024	Buy	\$ 23.00

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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.

### Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of January 10, 2025)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	56	98%	20	36%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	57	100%	20	35%

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