



Travelzoo

Q3 upside, and expect solid 2023 growth. Strong travel industry growth should drive continued growth. Raising P/T to \$18.

COMPANY UPDATE

Rating: BUY

Ticker: TZOO

Price: \$6.89

Target: \$18.00
(from \$17)

Q3 upside: Travelzoo recently (on October 24) reported its fiscal Q3 2023 (ending September) results. Revenue was \$21 million (+30% y-o-y), compared with our estimates of \$18 million and consensus of \$19 million. Pro forma EPS was \$0.21, compared with our and consensus estimates of \$0.09. Q3 qualitatively guidance was for “growth” in revenue and profitability.

Strong results in N.A. and Europe: Revenue was +28% in N.A. and +33% in Europe as travel growth was strong in both regions.

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 and so far 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 growth: In Q3, the company had 16.3 million North American, and 9.3 million European subscribers to its newsletter (compared with 16.2 million and 9.2 million, respectively, last quarter). This brings total subscribers to 25.6 million (compared with 25.4 million in Q2). In Q3, Jack’s Flight Club had 2.3 million subscribers versus 2.2 million in Q2.

Q4 guidance for growth: The company did not provide specific Q4 2023 guidance, but did qualitatively state that Q4 will have “growth” in revenue.

Raising estimates: We are raising our 2023 estimates for revenue to \$85 million, from \$82 million, and for EPS to \$0.90 from \$0.79.

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).

Large share buyback: The company just announced a new 1.0 million share buyback (timing tbd). We note that the company repurchased approximately 1 million shares in Q3 (~\$7 million).

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 \$18 from \$17, which is based on a ~18.5x P/E multiple on our 2024 EPS estimate of \$0.98 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

October 29, 2023

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Stock Data

Exchange:	NasdaqGS
52-week Range:	\$4.10 – 10.86
Shares Outstanding (million):	15
Market cap (\$million):	\$103
EV (\$million):	\$87
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>2023E</u> (Cur.)	<u>2023E</u> (Old)	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)
Q1 Mar	22A		24E	25E
Q2 Jun	21A		23E	
Q3 Sep	21A	18E	22E	21E
Q4 Dec	<u>21E</u>	<u>21E</u>	<u>25E</u>	
Total	85E	82E	94E	
EV/Revs	1.0x		0.9x	

Earnings per Share (pro forma)

	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)
Q1 Mar	0.29A		0.28E	0.33E
Q2 Jun	0.23A		0.25E	0.26E
Q3 Sep	0.21A	0.09E	0.17E	0.11E
Q4 Dec	<u>0.18E</u>	<u>0.18E</u>	<u>0.28E</u>	<u>0.27E</u>
Total	\$0.90E	\$0.79E	\$0.98E	
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 October 24) reported its fiscal Q3 2023 (ending September) results.
- Revenue was \$21 million (+30% y-o-y), compared with our estimates of \$18 million and consensus of \$19 million.
- Pro forma EPS was \$0.21 (excluding \$0.05 in stock option expenses and other special charges) (vs. \$0.13 y-o-y), compared with our and consensus estimates of \$0.09.
- The company did not provide specific Q3 2023 guidance, but did qualitatively state that Q3 will have “growth” in revenue and profitability.
- The company did not provide specific Q4 2023 guidance, but did qualitatively state that Q4 will have “growth” in revenue.
- We are raising our 2023 estimates for revenue to \$85 million, from \$82 million, and for EPS to \$0.90 from \$0.79.
- We are maintaining our 2024 estimates for revenue of \$94 million, and for EPS of \$0.98.

ADDITIONAL DETAILS

- Gross profit for the quarter was \$18 million, compared with our estimate of \$16 million.
- Gross margin for the quarter was 87%, versus 85% last year and our expectation of 85%.
- Operating expenses were \$15 million, versus our expectation of \$14 million.
- Operating income was \$3.1 million, versus our expectation of \$1.7 million.
- Pro forma net income was \$3.1 million, versus our expectation of \$1.4 million.
- The company just announced a new 1.0 million share buyback (timing tbd). We note that the company repurchased approximately 1 million shares in Q3 (~\$7 million).

- In Q3, the company had 16.3 million North American, and 9.3 million European subscribers to its newsletter (compared with 16.2 million and 9.2 million, respectively, last quarter). This brings total subscribers to 25.6 million (compared with 25.4 million in Q2). This does not count Asia subscribers (where it licenses its name) of 3.3 million vs 3.2 million last quarter.
- In Q3, Jack’s Flight Club had 2.3 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.

The company’s balance sheet is solid with \$16 million in cash (~\$1/share) and no debt, compared with \$20 million in cash and no debt as of June (especially considering its recent large share repurchase). We do note that its merchant payables is \$24 million so its net cash of payables is ~\$0/share.

Exhibit 1: Q4 2023 Guidance and Management Focus (as of October 24, 2023)

Looking Ahead

For Q4 2023, we currently expect growth in revenue to continue year-over-year. During the pandemic, we have been able to lower our fixed costs. We believe we can keep our fixed costs relatively low in the foreseeable future.

Management focus

- Reach and surpass pre-pandemic number of members and accelerate revenue growth.
- Add more innovative exclusive benefits for travel enthusiasts to make the Travelzoo membership even more valuable.
- Utilize higher operating margins to significantly 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 24, 2023)

	Revenue (mils)			EPS	
	2023E	2024E		2023E	2024E
Q1 Mar	\$22A		Q1 Mar	\$0.29A	
Q2 Jun	\$21A		Q2 Jun	\$0.23A	
Q3 Sep	\$19E		Q3 Sep	\$0.09E	
Q4 Dec	\$22E		Q4 Dec	\$0.23E	
Total	\$83E	\$93E	Total	\$0.77E	\$0.89E

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

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

FINANCIAL MODEL

Travelzoo

Income Statement (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	2021	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
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
Revenue	14.3	19.1	15.7	14.1	63.2	18.5	17.7	15.8	18.6	70.6	21.6	21.1	20.6	21.3	84.6	23.7	23.2	22.1	24.9	94.0
Cost of Revenues	3.0	2.5	3.0	3.0	11.5	2.8	2.2	2.3	2.7	10.0	2.7	2.9	2.7	3.2	11.4	3.6	3.5	3.1	3.5	13.6
Gross Profit	11.3	16.6	12.7	11.1	51.7	15.6	15.5	13.5	15.9	60.6	18.9	18.2	17.9	18.1	73.2	20.1	19.8	19.0	21.4	80.3
Operating expenses:																				
Sales and marketing	6.8	7.3	7.7	8.5	30.3	8.6	8.5	8.5	7.5	33.1	9.3	10.1	9.8	9.1	38.4	9.0	9.0	9.0	9.1	36.1
Product development	0.7	0.7	0.7	0.5	2.6	0.5	0.5	0.5	0.7	2.1	0.5	0.5	0.5	1.5						0.0
General and administrative	4.6	5.1	4.6	5.6	19.8	4.7	4.8	4.3	4.2	17.9	4.4	4.3	4.5	5.5	18.7	6.0	6.0	6.8	7.0	25.8
Restructuring and other					0.0					0.0					0.0					0.0
Total operating expenses	12.0	13.1	13.0	14.6	52.6	13.7	13.7	13.3	12.3	53.0	14.2	15.0	14.8	14.6	58.6	15.0	15.0	15.8	16.1	61.9
Operating income (loss)	(0.8)	3.5	(0.3)	(3.4)	(1.0)	1.9	1.8	0.3	3.6	7.6	4.7	3.3	3.1	3.5	14.6	5.1	4.8	3.2	5.3	18.4
Interest income and other	(0.1)	0.7	3.3	0.1	4.0	1.4	0.2	0.8	(0.1)	2.3	0.3	0.4	0.3	0.0	1.0	0.0	0.0	0.0	0.0	0.0
Income before income taxes	(0.9)	4.2	3.1	(3.3)	3.0	3.3	2.0	1.1	3.5	9.9	5.1	3.7	3.4	3.5	15.6	5.1	4.8	3.2	5.3	18.4
Income taxes	0.7	1.1	0.2	(0.2)	1.8	1.0	0.9	0.3	1.1	3.3	1.4	1.1	1.0	0.9	4.4	1.0	1.0	0.6	1.1	3.7
Net income (loss)	(1.6)	3.0	2.8	(3.0)	1.2	2.4	1.0	0.8	2.5	6.6	3.7	2.6	2.3	2.6	11.3	4.1	3.8	2.6	4.3	14.8
Nonrecurring/noncash adjustments	1.4	1.4	1.3	1.3	5.4	0.8	0.9	0.8	1.2	3.7	0.8	0.9	0.7		2.5					0.0
Net income	(0.3)	4.4	4.2	(1.7)	6.6	3.1	1.9	1.6	3.7	10.3	4.5	3.5	3.1	2.6	13.7	4.1	3.8	2.6	4.3	14.8
EBITDA	(0.3)	4.0	0.2	(3.0)	0.8	2.5	2.3	0.8	4.1	9.7	5.2	3.3	3.6	3.4	15.5	5.1	4.8	3.1	5.4	18.4
Shares, Basic	11.4	11.5	11.6	12.1	11.6	12.1	12.5	12.5	12.4	12.4	15.7	15.3	14.8	14.8	15.1	14.9	15.0	15.0	15.0	14.9
Shares, Diluted	11.4	13.4	12.9	12.1	13.0	12.5	12.6	12.6	12.5	12.6	15.8	15.3	14.8	14.8	15.2	14.9	15.0	15.0	15.0	15.0
EPS Basic (Pro forma)	(0.02)	0.38	0.36	(0.14)	0.57	0.26	0.15	0.13	0.29	0.83	0.29	0.23	0.21	0.18	0.91	0.28	0.25	0.17	0.29	0.99
EPS Diluted (Pro forma)	(0.02)	0.33	0.32	(0.14)	0.51	0.25	0.15	0.13	0.29	0.82	0.29	0.23	0.21	0.18	0.90	0.28	0.25	0.17	0.28	0.98
Margins																				
Gross margin	78.9%	86.8%	80.9%	78.8%	81.8%	84.7%	87.8%	85.3%	85.6%	85.8%	87.5%	86.4%	87.1%	85.0%	86.5%	85.0%	85.0%	86.0%	86.0%	85.5%
Operating margin	-5%	18%	-2%	-24%	-2%	10%	10%	2%	19%	11%	22%	15%	15%	16%	17%	22%	20%	15%	21%	20%
Net margin	-11%	16%	18%	-21%	2%	13%	6%	5%	13%	9%	17%	12%	11%	12%	13%	17%	16%	12%	17%	16%
Sales and marketing	48%	38%	49%	60%	48%	47%	48%	54%	40%	47%	43%	48%	48%	43%	45%	38%	39%	41%	37%	38%
General and administrative	32%	27%	29%	39%	31%	25%	27%	27%	22%	25%	20%	20%	22%	26%	22%	25%	26%	31%	28%	27%
Tax rate, GAAP	-82%	27%	8%	8%	61%	29%	47%	29%	30%	33%	27%	29%	30%	25%	28%	20%	20%	20%	20%	20%
Y/Y % change																				
Revenue	-30%	172%	14%	13%	18%	29%	-7%	1%	32%	12%	17%	19%	30%	14%	20%	10%	10%	7%	17%	11%
Cost of Revenues	12%	18%	2%	7%	9%	-6%	-14%	-22%	-10%	-13%	-5%	33%	15%	19%	14%	32%	21%	16%	9%	19%
Operating income (loss)	NM	NM	NM	NM	NM	NM	-49%	NM	NM	NM	145%	84%	NM	-2%	93%	9%	45%	3%	52%	26%
Net income (loss)	NM	NM	NM	NM	NM	NM	-66%	-72%	NM	461%	56%	155%	195%	7%	70%	12%	45%	9%	62%	31%
EPS Diluted (Pro forma)	NM	NM	257%	NM	NM	NM	-55%	-60%	NM	61%	14%	53%	61%	-39%	10%	-3%	11%	-18%	60%	9%

Source: Company reports and Ascendant Capital Markets estimates.

Travelzoo

Balance Sheet (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	\$ 70.9	\$ 81.0	\$ 65.2	\$ 43.8	\$35.6	\$25.6	\$19.5	\$18.7	\$19.1	\$19.5	\$15.9	\$19.1	\$23.3	\$27.4	\$31.0	\$33.9
Short term investments																
Accounts receivable, net	7.3	9.9	9.1	15.3	18.2	14.8	11.8	13.8	13.7	10.3	10.7	10.8	13.0	12.7	12.1	13.7
Deposits	0.1	0.1	0.1	0.2												
Prepaid expenses and other current assets	3.4	3.3	3.1	2.9	4.1	4.2	4.2	3.1	3.2	2.2	2.4	1.3	1.4	1.4	1.4	1.4
Deferred income taxes	1.4	1.6	2.9	3.2								1.0	1.0	1.0	1.0	1.0
Total current assets	83.1	95.9	80.4	65.5	57.9	44.6	35.5	35.6	36.0	32.0	29.0	32.2	38.6	42.4	45.5	50.0
Deposits	2.5	2.7	9.4	7.9	6.6	6.8	6.8	5.1	4.6	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Investments																
Deferred income taxes	4.4	3.6	3.6	3.9	3.9	3.6	3.4	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.3	3.3
Property and equipment, net	1.2	1.0	0.8	0.7	0.6	0.6	0.5	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6
Other	8.5	8.6	8.0	7.7	7.8	7.3	6.8	8.1	7.5	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Intangibles	15.2	14.9	14.6	14.4	16.1	15.7	15.2	14.6	14.2	13.8	13.4	13.4	13.4	13.4	13.4	13.4
Total assets	\$114.8	\$126.8	\$116.9	\$100.1	\$92.9	\$78.5	\$68.3	\$67.3	\$66.3	\$59.1	\$55.8	\$59.0	\$65.4	\$69.2	\$72.3	\$76.8
Liabilities and stockholders' equity																
Accounts payable	\$ 8.8	\$ 8.5	\$ 11.9	\$ 4.0	\$ 3.5	\$ 1.2	\$ 3.6	\$ 4.3	\$ 3.1	\$ 2.3	\$ 2.9	\$ 2.8	\$ 5.0	\$ 5.0	\$ 5.3	\$ 5.4
Merchant payables	70.1	82.2	73.2	68.7	60.5	47.9	38.2	32.6	28.0	23.9	23.7	23.7	23.7	23.7	23.7	23.7
Accrued expenses	10.8	8.2	7.5	9.7	9.2	7.6	5.9	5.0	4.6	4.3	4.4	4.3	4.4	4.4	4.7	4.7
Deferred revenue	2.4	2.2	1.8	1.7	2.3	2.1	2.5	2.2	3.1	2.7	2.8	2.8	2.8	2.8	2.8	2.8
Income tax payable and other	4.6	4.3	4.0	3.9	3.3	3.0	2.7	3.4	3.1	3.1	3.3	3.3	3.3	3.3	3.3	3.3
Debt	\$ 3.5	\$ 3.2										\$ -	\$ -	\$ -	\$ -	\$ -
Total current liabilities	100.1	108.7	98.4	88.0	78.8	61.8	52.9	47.5	42.0	36.2	37.1	36.9	39.3	39.3	39.8	39.9
Debt	0.2															
Other liabilities	12.8	12.5	12.0	11.5	11.0	10.6	10.2	10.9	11.5	11.8	12.0	12.0	12.0	12.0	12.0	12.0
Total non-current liabilities	13.0	12.5	12.0	11.5	11.0	10.6	10.2	10.9	11.5	11.8	12.0	12.0	12.0	12.0	12.0	12.0
Minority interest	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.7	4.7	4.7	4.7	4.7	4.7
Common stock	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Treasury stock	(1.6)	(1.6)	(1.6)	(5.5)	(5.5)	(5.5)	(6.7)	(7.1)	(7.3)							
Retained earnings	(2.0)	1.0	3.8	0.8	2.9	3.9	4.7	7.1	10.8	13.4	15.8	18.4	22.5	26.3	28.9	33.2
Additional paid-in capital	4.3	5.0	3.4	4.4	5.0	7.4	7.8	13.7	23.7	11.8	5.2	5.2	5.2	5.2	5.2	5.2
Other								(4.8)	(14.3)	(14.3)	(14.3)	(14.3)	(14.3)	(14.3)	(14.3)	(14.3)
Accumulated other comprehensive (loss) in	(3.6)	(3.5)	(3.9)	(3.8)	(3.9)	(4.5)	(5.3)	(4.9)	(4.8)	(4.7)	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)
Accumulated deficit												0.7	0.7	0.7	0.7	0.7
Total stockholders' equity	1.7	5.6	6.5	0.6	3.1	6.1	5.3	8.9	12.8	11.1	6.7	10.0	14.1	17.9	20.5	24.8
Total stockholders' equity and liabilities	\$114.8	\$126.8	\$116.9	\$100.1	\$92.9	\$78.5	\$68.3	\$67.3	\$66.3	\$59.1	\$55.8	\$59.0	\$65.4	\$69.2	\$72.3	\$76.8

Source: Company reports and Ascendant Capital Markets estimates.

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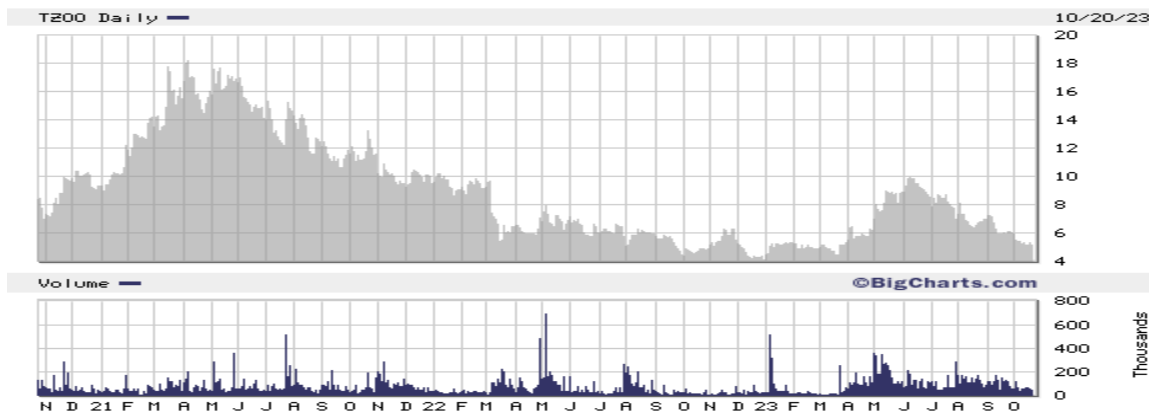
Cash Flow Statement (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	(1.7)	3.1	2.8	(3.0)	1.2	2.4	1.1	0.8	2.4	6.6	3.7	(1.0)	2.4	2.6	7.7	4.1	3.8	2.6	4.3	14.8	
Depreciation and amortization	0.5	0.5	0.4	0.4	1.8	0.6	0.5	0.5	0.5	2.2	0.5	(0.0)	0.5	(0.1)	0.9	(0.1)	0.0	(0.1)	0.0	(0.0)	
Deferred income taxes	0.5	0.6	(0.1)	(0.3)	0.8	0.1	0.5	0.2	0.1	0.8	(0.1)	0.1	(0.1)	(0.0)	(0.0)						
Provision for losses on accounts receivable	(0.5)	(0.4)	(0.9)	1.7	(0.1)	(1.4)	(0.8)	(1.2)	(1.0)	(4.4)	(0.6)	0.3	(0.1)	(0.4)	(0.4)						
Non-cash revenues other than barter	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Stock comp and tax benefits from option	0.9	0.9	1.0	1.0	3.7	0.5	0.6	0.3	0.3	1.8	0.4	0.0	0.4	0.4	1.1	0.4	0.4	0.4	0.4	1.4	
Accrued interest income from investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Other gains/losses	(0.2)	(0.4)	(3.2)	(3.6)	(0.2)	(0.2)	(0.2)	(0.2)	0.2	0.1	0.0	0.0	(0.4)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(1.4)	
FX gains/losses	(0.2)	(0.1)	(0.0)	(0.1)	(0.4)	(0.0)	0.2	(0.2)	0.2	0.2	0.0	(0.0)	0.1	0.1	0.1						
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Changes in operating assets and liabilities:																					
Accounts receivable	(2.2)	(2.6)	0.9	(6.3)	(10.2)	(3.2)	3.0	2.7	(1.2)	1.3	0.4	3.1	(0.6)	(0.2)	2.8	(2.1)	0.3	0.6	(1.5)	(2.8)	
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Prepaid expenses & other current assets	(2.4)	(0.4)	(6.7)	1.4	(8.1)	2.2	(0.7)	0.2	2.7	4.4	0.4	2.7	(0.1)	0.1	3.1	(0.0)	-	(0.1)	(0.0)	(0.1)	
Accounts payable	1.7	(0.3)	3.6	(7.8)	(2.7)	0.1	(2.2)	2.5	0.5	0.9	(1.3)	0.2	0.7	(0.0)	(0.4)	2.2	-	0.3	0.1	2.6	
Merchant payables	13.2	12.0	(8.7)	(4.3)	12.2	(8.0)	(11.8)	(9.1)	(6.3)	(35.2)	(4.6)	0.6	(0.2)	(4.2)	(4.2)						
Accrued expenses	(0.6)	0.3	(0.6)	0.8	(0.1)	(0.7)	(0.0)	(0.6)	(0.6)	(1.4)	0.9	(1.4)	0.2	(0.1)	(0.4)	0.1	-	0.2	0.1	0.4	
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Income tax payable and other	(0.3)	(0.4)	(1.3)	(0.8)	(2.7)	0.0	0.1	(0.5)	(0.1)	(0.4)	0.8	(0.0)	0.5	-	1.3	-	-	-	-	-	
Net cash (used in) provided by operating activities	\$9.064	\$ 12.8	\$(12.7)	\$(17.4)	\$(8.2)	\$(6.8)	\$(10.2)	\$(3.9)	\$(2.3)	\$(23.1)	\$ 0.5	\$ 4.6	\$ 3.6	\$ 2.4	\$ 11.2	\$ 4.2	\$ 4.1	\$ 3.6	\$ 2.9	\$ 14.8	
Cash flow from investing activities																					
Purchases of property and equipment	(0.0)	(0.1)	0.1	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.2)	(0.5)	(0.1)	0.1	(0.1)	0.1	(0.0)	0.1	(0.0)	0.1	(0.0)	0.0	
Purchases of short-term investments	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of short-term investments	-	-	-	-	-	0.2	-	-	-	0.2	0.0	0.0	-	-	0.1	-	-	-	-	-	
Acquisitions	-	-	-	-	-	(1.0)	-	-	-	(1.0)	-	-	-	-	-	-	-	-	-	-	
Purchases of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash used in investing activities	\$(0.0)	\$(0.1)	\$0.1	\$0.1	\$0.1	\$(0.9)	\$(0.1)	\$(0.1)	\$(0.2)	\$(1.3)	\$(0.1)	\$0.1	\$(0.1)	\$0.1	\$0.0	\$0.1	\$(0.0)	\$0.1	\$(0.0)	\$0.0	
Cash flow from financing activities																					
Repayment of loans from principal stockholder	-	-	-	-	-	-	-	-	-	-	-	(4.7)	(6.9)	-	(11.6)	-	-	-	-	-	
Repurchase of common stock	(1.6)	-	-	(3.9)	(5.5)	-	-	(1.1)	(0.5)	(1.6)	(0.2)	(0.1)	-	-	(0.3)	-	-	-	-	-	
Proceeds from stock option exercises	-	(3.1)	(2.4)	(0.1)	(5.6)	1.9	-	-	(0.0)	1.9	-	-	-	-	-	-	-	-	-	-	
Proceeds from issuance of common stock	-	-	-	-	-	-	-	-	1.0	1.0	-	-	-	-	-	-	-	-	-	-	
Cash provided by (used in) financing	\$(1.6)	\$(3.1)	\$(2.4)	\$(4.1)	\$(11.1)	\$ 1.9	\$(1.1)	\$0.5	\$1.3	\$(0.2)	\$(4.8)	\$(6.9)	\$-	\$(11.9)	\$(11.9)	\$-	\$-	\$-	\$-	\$-	
Effect of exchange rate on cash and cash equivalents	0.3	0.4	(0.8)	(0.1)	(0.3)	(0.5)	(1.7)	(1.1)	0.8	(2.5)	0.2	0.0	(0.3)	(0.1)	(0.1)						
Net increase (decrease) in cash and cash equivalents	7.7	10.1	(15.8)	(21.4)	(19.4)	(8.2)	(10.1)	(6.1)	(1.2)	(25.6)	0.4	(0.1)	(3.6)	2.5	(0.8)	4.2	4.1	3.6	2.9	14.8	
Beginning cash and equivalents	63.1	70.8	80.9	65.1	63.1	43.7	35.4	25.3	20.5	43.7	19.8	20.3	20.2	16.6	19.8	19.1	23.3	27.4	31.0	19.1	
Ending cash and equivalents	70.8	80.9	65.1	43.7	43.7	35.4	25.3	19.2	19.4	19.4	20.3	20.2	16.6	19.1	19.1	23.3	27.4	31.0	33.9	33.9	

Source: Company reports and Ascendant Capital Markets estimates.

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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

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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 13, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	51	98%	19	37%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	52	100%	19	37%

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