



Travelzoo

Q1 upside, and expect solid Q2 growth. Solid signs of travel industry growth makes us positive. Raising P/T to \$18.

COMPANY UPDATE

Rating: BUY

Ticker: TZOO

Price: \$8.20 (intraday)

Target: \$18.00 (from \$17)

Q1 upside: Travelzoo recently (on April 27) reported its fiscal Q1 2023 (ending March) results. Revenue was \$22 million (+17% y-o-y), compared with our and consensus estimates of \$20 million. Pro forma EPS was \$0.29 (excluding \$0.06 in stock option expenses and other special charges) (vs. \$0.25 y-o-y), compared with our estimates of \$0.20 and consensus of \$0.16. The company had not provided Q1 2023 guidance, but did qualitatively state that Q1 it will have “higher revenue and profitability”.

Strong results in U.S.: Revenue was +26% in U.S. but was about flat in Europe as the strong US\$ again weighed on Europe results (weaker F/X). At “constant F/X”, Europe revenue would have been +6%.

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 Q1, the company had 16.3 million North American, and 9.1 million European subscribers to its newsletter (compared with 16.3 million and 9.0 million, respectively, last quarter). This brings total subscribers to 25.4 million (compared with 25.3 million in Q3). In Q1, Jack’s Flight Club had 2.0 million subscribers versus 1.9 million in Q4.

Q2 guidance for growth: The company did not provide specific Q2 2023 guidance, but did qualitatively state that Q2 will have “growth” in revenue and profitability.

Maintaining estimates: We are maintaining our 2023 estimates for revenue of \$88 million, and for EPS of \$1.00.

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 mostly recovered from the pandemic and is now experiencing strong growth. We are seeing continued 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).

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 15x P/E multiple on our 2024 EPS estimate of \$1.20 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

May 10, 2023

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

Stock Data

Exchange:	NasdaqGS
52-week Range:	\$4.10 – 8.47
Shares Outstanding (million):	16
Market cap (\$million):	\$131
EV (\$million):	\$112
Debt (\$million):	\$0
Cash (\$million):	\$19
Avg. Daily Trading Vol. (\$million):	\$1
Float (million shares):	5
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	20E	23E	
Q2 Jun	22E	23E	25E	26E
Q3 Sep	23E	24E	28E	27E
Q4 Dec	<u>21E</u>		<u>24E</u>	
Total	88E		100E	
EV/Revs	1.3x		1.1x	

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	0.20E	0.25E	0.24E
Q2 Jun	0.25E	0.29E	0.33E	0.35E
Q3 Sep	0.28E	0.32E	0.39E	
Q4 Dec	<u>0.18E</u>	<u>0.20E</u>	<u>0.23E</u>	
Total	\$1.00E		\$1.20E	
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 April 27) reported its fiscal Q1 2023 (ending March) results.
- Revenue was \$22 million (+17% y-o-y), compared with our and consensus estimates of \$20 million.
- Pro forma EPS was \$0.29 (excluding \$0.06 in stock option expenses and other special charges) (vs. \$0.25 y-o-y), compared with our estimates of \$0.20 and consensus of \$0.16.
- The company had not provided Q1 2023 guidance, but did qualitatively state that Q1 it will have “higher revenue and profitability”.
- The company did not provide specific Q2 2023 guidance, but did qualitatively state that Q2 will have “growth” in revenue and profitability.
- We are maintaining our 2023 estimates for revenue of \$88 million, and for EPS of \$1.00.
- We are maintaining our 2024 estimates for revenue of \$100 million, and for EPS of \$1.20.

ADDITIONAL DETAILS

- Gross profit for the quarter was \$19 million, compared with our estimate of \$17 million.
- Gross margin for the quarter was 88%, versus 85% last year and our expectation of 85%.
- Operating expenses were \$14 million, versus our expectation of \$13 million.
- Operating income was \$4.7 million, versus our expectation of \$4.0 million.
- Pro forma net income was \$4.5 million, versus our expectation of \$3.2 million.

- In Q1, the company had xx million North American, and xx million European subscribers to its newsletter (compared with 16.3 million and 9.0 million, respectively, last quarter). This brings total subscribers to xx million (compared with 25.3 million in Q4). This does not count Asia subscribers (where it licenses its name) of xx million vs 3.2 million last quarter.
- In Q1, Jack’s Flight Club had xx million subscribers versus 1.9 million in Q4.

- 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 \$19 million in cash (~\$1/share) and no debt, compared with \$19 million in cash and no debt as of December. We do note that its merchant payables is \$28 million so its net cash of payables is ~\$(1)/share.

Exhibit 1: Q2 2023 Guidance and Management Focus (as of April 27, 2023)

Looking Ahead

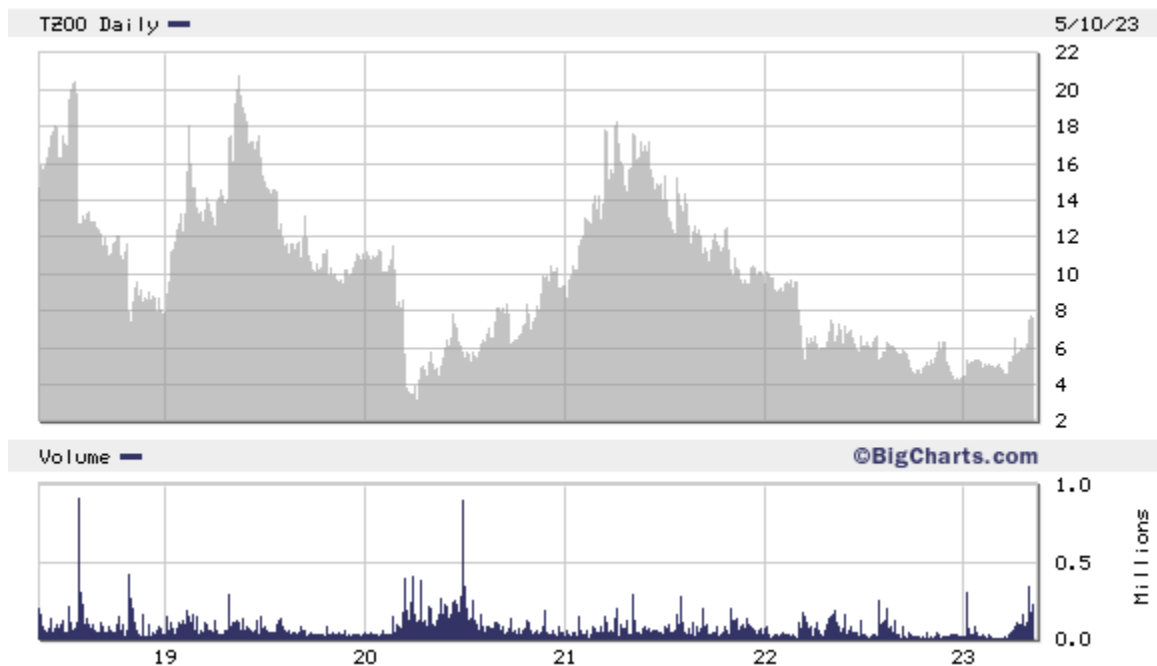
For Q2 2023, we currently expect growth in revenue and growth in operating profit to continue year-over-year. During the pandemic, we have been able to lower our fixed costs. We believe we can keep our fixed costs relatively low in the foreseeable future.

Management focus:

- Reach and surpass pre-pandemic number of members and accelerate revenue growth.
- Utilize higher operating margins to significantly increase EPS.
- Grow Jack's Flight Club's profitable subscription revenue.
- Launch Travelzoo META.

Source: Company report

Exhibit 2: Travelzoo Stock Price (Five Years)



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

Exhibit 3: Consensus Expectations (as of April 27, 2023)

	Revenue (mils)			EPS	
	2023E	2024E		2023E	2024E
Q1 Mar	\$20E		Q1 Mar	\$0.16E	
Q2 Jun	\$22E		Q2 Jun	\$0.23E	
Q3 Sep			Q3 Sep		
Q4 Dec			Q4 Dec		
Total	\$84E	\$94E	Total	\$0.76E	\$0.91E

*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	Q2E	Q3E	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	22.1	23.0	21.3	88.0	23.2	25.2	27.5	24.1	100.0
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	3.3	3.4	3.2	12.6	3.3	3.5	3.9	3.4	14.0
Gross Profit	11.3	16.6	12.7	11.1	51.7	15.6	15.5	13.5	15.9	60.6	18.9	18.8	19.5	18.1	75.3	20.0	21.7	23.7	20.7	86.0
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	9.0	9.0	9.1	36.4	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					0.0
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	4.8	4.9	5.5	19.6	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	13.8	13.9	14.6	56.5	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	5.0	5.6	3.5	18.8	5.0	6.7	7.9	4.6	24.1
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	0.0	0.0	0.0	0.3	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	5.0	5.6	3.5	19.1	5.0	6.7	7.9	4.6	24.1
Income taxes	0.7	1.1	0.2	(0.2)	1.8	1.0	0.9	0.3	1.1	3.3	1.4	1.0	1.1	0.7	4.2	1.0	1.3	1.6	0.9	4.8
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	4.0	4.5	2.8	15.0	4.0	5.3	6.3	3.7	19.3
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				0.8					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	4.0	4.5	2.8	15.8	4.0	5.3	6.3	3.7	19.3
EBITDA	(0.3)	4.0	0.2	(3.0)	0.8	2.5	2.3	0.8	4.1	9.7	5.2	5.4	5.7	4.0	20.3	5.4	7.8	8.3	5.7	27.3
Shares, Basic	11.4	11.5	11.6	12.1	11.6	12.1	12.5	12.5	12.4	12.4	15.7	15.8	15.8	15.8	15.8	15.9	16.0	16.0	16.0	16.0
Shares, Diluted	11.4	13.4	12.9	12.1	13.0	12.5	12.6	12.6	12.5	12.6	15.8	15.9	15.9	15.9	15.9	16.0	16.1	16.1	16.1	16.1
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	0.25	0.28	0.18	1.00	0.25	0.33	0.39	0.23	1.21
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	0.25	0.28	0.18	1.00	0.25	0.33	0.39	0.23	1.20
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%	85.0%	85.0%	85.0%	85.6%	86.0%	86.0%	86.0%	86.0%	86.0%
Operating margin	-5%	18%	-2%	-24%	-2%	10%	10%	2%	19%	11%	22%	23%	24%	16%	21%	21%	26%	29%	19%	24%
Net margin	-11%	16%	18%	-21%	2%	13%	6%	5%	13%	9%	17%	18%	20%	13%	17%	17%	21%	23%	15%	19%
Sales and marketing	48%	38%	49%	60%	48%	47%	48%	54%	40%	47%	43%	41%	39%	43%	41%	39%	36%	33%	38%	36%
General and administrative	32%	27%	29%	39%	31%	25%	27%	27%	22%	25%	20%	22%	21%	26%	22%	26%	24%	25%	29%	26%
Tax rate, GAAP	-82%	27%	8%	8%	61%	29%	47%	29%	30%	33%	27%	20%	20%	20%	22%	20%	20%	20%	20%	20%
Y/Y % change																				
Revenue	-30%	172%	14%	13%	18%	29%	-7%	1%	32%	12%	17%	25%	45%	14%	25%	8%	14%	20%	13%	14%
Cost of Revenues	12%	18%	2%	7%	9%	-6%	-14%	-22%	-10%	-13%	-5%	53%	48%	19%	26%	21%	6%	12%	5%	11%
Operating income (loss)	NM	NM	NM	NM	NM	NM	-49%	NM	NM	NM	145%	180%	NM	-2%	149%	6%	34%	41%	31%	28%
Net income (loss)	NM	NM	NM	NM	NM	NM	-66%	-72%	NM	461%	56%	287%	465%	14%	125%	8%	34%	41%	31%	29%
EPS Diluted (Pro forma)	NM	NM	257%	NM	NM	NM	-55%	-60%	NM	61%	14%	68%	118%	-40%	21%	-13%	32%	39%	30%	21%

Source: Company reports and Ascendant Capital Markets estimates.

Travelzoo

Balance Sheet (\$ mils)	Mar-21				Mar-22				Mar-23				Mar-24			
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	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	\$ 28.9	\$ 32.9	\$ 37.1	\$ 43.7	\$ 48.0	\$ 53.5	\$ 59.2
Short term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, net	7.3	9.9	9.1	15.3	18.2	14.8	11.8	13.8	13.7	14.1	14.6	13.6	12.7	13.8	15.1	13.2
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	1.2	1.3	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	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	45.2	49.7	52.9	58.8	64.1	71.0	74.8
Deposits	2.5	2.7	9.4	7.9	6.6	6.8	6.8	5.1	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income taxes	4.4	3.6	3.6	3.9	3.9	3.6	3.4	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Property and equipment, net	1.2	1.0	0.8	0.7	0.6	0.6	0.5	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Other	8.5	8.6	8.0	7.7	7.8	7.3	6.8	8.1	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Intangibles	15.2	14.9	14.6	14.4	16.1	15.7	15.2	14.6	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2
Total assets	\$ 114.8	\$ 126.8	\$ 116.9	\$ 100.1	\$ 92.9	\$ 78.5	\$ 68.3	\$ 67.3	\$ 66.3	\$ 75.5	\$ 80.0	\$ 83.2	\$ 89.1	\$ 94.4	\$ 101.2	\$ 105.1
Liabilities and stockholders' equity																
Accounts payable	\$ 8.8	\$ 8.5	\$ 11.9	\$ 4.0	\$ 3.5	\$ 1.2	\$ 3.6	\$ 4.3	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.2	\$ 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	28.0	28.0	28.0	28.0	28.0	28.0	28.0
Accrued expenses	10.8	8.2	7.5	9.7	9.2	7.6	5.9	5.0	4.6	4.5	4.5	4.7	4.9	4.9	5.1	5.2
Deferred revenue	2.4	2.2	1.8	1.7	2.3	2.1	2.5	2.2	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
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	3.1	3.1	3.1	3.1	3.1	3.1
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	41.8	41.8	42.2	44.1	44.1	44.6	44.8
Debt	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	12.8	12.5	12.0	11.5	11.0	10.6	10.2	10.9	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Total non-current liabilities	13.0	12.5	12.0	11.5	11.0	10.6	10.2	10.9	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Minority interest	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Common stock	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Treasury stock	(1.6)	(1.6)	(1.6)	(5.5)	(5.5)	(5.5)	(6.7)	(7.1)	(7.3)	(7.3)	(7.3)	(7.3)	(7.3)	(7.3)	(7.3)	(7.3)
Retained earnings	(2.0)	1.0	3.8	0.8	2.9	3.9	4.7	7.1	10.8	14.8	19.3	22.1	26.1	31.4	37.7	41.4
Additional paid-in capital	4.3	5.0	3.4	4.4	5.0	7.4	7.8	13.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7
Other	-	-	-	-	-	-	-	(4.8)	(14.3)	(8.9)	(8.9)	(8.9)	(8.9)	(8.9)	(8.9)	(8.9)
Accumulated other comprehensive (loss) in	(3.6)	(3.5)	(3.9)	(3.8)	(3.9)	(4.5)	(5.3)	(4.9)	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)
Accumulated deficit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total stockholders' equity	1.7	5.6	6.5	0.6	3.1	6.1	5.3	8.9	12.8	22.2	26.7	29.5	33.5	38.8	45.2	48.8
Total stockholders' equity and liabilities	\$ 114.8	\$ 126.8	\$ 116.9	\$ 100.1	\$ 92.9	\$ 78.5	\$ 68.3	\$ 67.3	\$ 66.3	\$ 75.5	\$ 80.0	\$ 83.2	\$ 89.1	\$ 94.4	\$ 101.2	\$ 105.1

Source: Company reports and Ascendant Capital Markets estimates.

Travelzoo

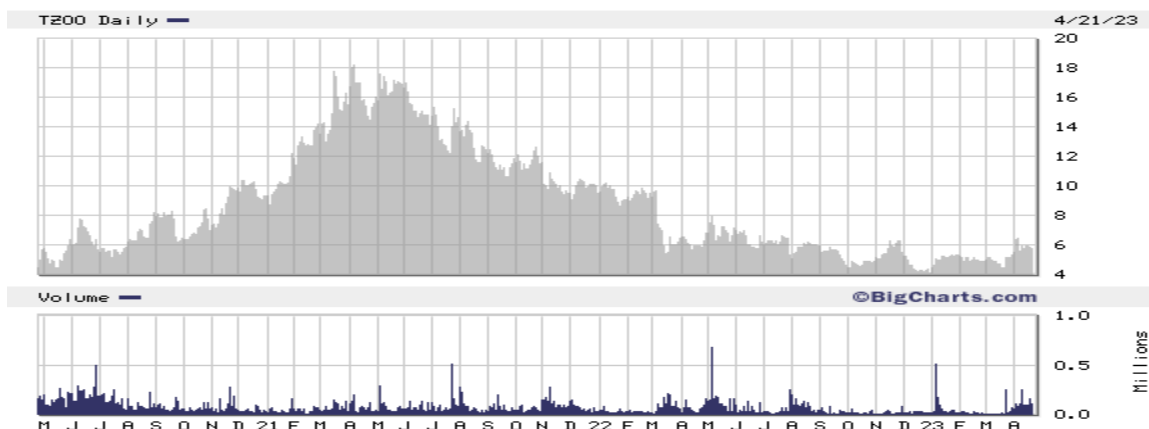
Cash Flow Statement (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Cash flow from operating activities																				
Net income	(1.7)	3.1	2.8	(3.0)	1.2	2.4	1.1	0.8	2.4	6.6	3.7	4.0	4.5	2.8	15.0	4.0	5.3	6.3	3.7	19.3
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	0.5	0.1	0.5	1.5	0.5	1.1	0.5	1.1	3.2
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)					-
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)				(0.6)					-
Non-cash revenues other than barter					-					-					-					-
Stock comp and tax benefits from options	0.9	0.9	1.0	1.0	3.7	0.5	0.6	0.3	0.3	1.8	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		(0.4)	(3.2)		(3.6)	(0.2)			0.2	0.1		(0.4)	(0.4)	(0.4)	(1.2)	(0.4)	(0.4)	(0.4)	(0.4)	(1.6)
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					-
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	(0.4)	(0.5)	1.0	0.5	0.8	(1.1)	(1.3)	1.9	0.4
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	0.9	(0.0)	(0.1)	1.3	(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)	(0.1)	0.0	0.2	(1.2)	1.8	-	0.3	0.1	2.1
Merchant payables	13.2	12.0	(8.7)	(4.3)	12.2	(8.0)	(11.8)	(9.1)	(6.3)	(35.2)	(4.6)				(4.6)					-
Accrued expenses	(0.6)	0.3	(0.6)	0.8	(0.1)		(0.7)	(0.0)	(0.6)	(1.4)	0.9	(0.1)	0.0	0.2	1.0	0.1	-	0.3	0.1	0.5
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	-	-	-	0.8	-	-	-	-	-
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	\$4.8	\$4.1	\$4.6	\$14.0	\$7.1	\$5.4	\$5.9	\$6.9	\$25.4
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)	(0.5)	(0.1)	(0.5)	(1.1)	(0.5)	(1.1)	(0.5)	(1.1)	(3.2)
Purchases of short-term investments				0.1	0.1					-					-					-
Sale of short-term investments					-	0.2				0.2	0.0				0.0					-
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)	\$(0.5)	\$(0.1)	\$(0.5)	\$(1.1)	\$(0.5)	\$(1.1)	\$(0.5)	\$(1.1)	\$(3.2)
Cash flow from financing activities																				
Repayment of loans from principal stockholder					-					-		4.8			4.8					-
Repurchase of common stock	(1.6)			(3.9)	(5.5)			(1.1)	(0.5)	(1.6)	(0.2)				(0.2)					-
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					-					-
Cash provided by (used in) financing activities	\$(1.6)	\$(3.1)	\$(2.4)	\$(4.1)	\$(11.1)	\$-	\$1.9	\$(1.1)	\$0.5	\$1.3	\$(0.2)	\$4.8	\$-	\$-	\$4.6	\$-	\$-	\$-	\$-	\$-
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				0.2					-
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	9.1	4.0	4.2	17.7	6.7	4.3	5.5	5.8	22.2
Beginning cash and equivalents	63.1	70.8	80.9	65.1	63.1	43.7	35.4	25.3	20.5	43.7	19.4	19.8	28.9	32.9	19.4	37.1	43.7	48.0	53.5	37.1
Ending cash and equivalents	70.8	80.9	65.1	43.7	43.7	35.4	25.3	19.2	19.4	19.4	19.8	28.9	32.9	37.1	37.1	43.7	48.0	53.5	59.2	59.2

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

- 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 April 14, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	49	98%	18	37%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	50	100%	18	36%

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.