



First Quarter 2020 Performance

June 25, 2020

Important Notice to Investors

Please read this management presentation together with the Company's press release issued earlier today announcing the Company's first quarter 2020 financial results and in conjunction with the Company's recent Annual Report and Quarterly Results as filed with the Securities and Exchange Commission (SEC).

Certain statements contained in this presentation that are not historical facts may be forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. These forward looking statements may include, but are not limited to, statements about our plans, objectives, expectations, prospects, expected future financial guidance and intentions, markets in which we participate and other statements contained in this presentation that are not historical facts. When used in this presentation, the words "expect," "predict," "project," "anticipate," "believe," "estimate," "intend," "plan," "seek" and similar expressions are generally intended to identify forward looking statements. Because these forward looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward looking statements, including changes in our plans, objectives, expectations, prospects and intentions and other factors discussed in our filings with the SEC. We cannot guarantee any future levels of activity, performance or achievements. Travelzoo undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this presentation.

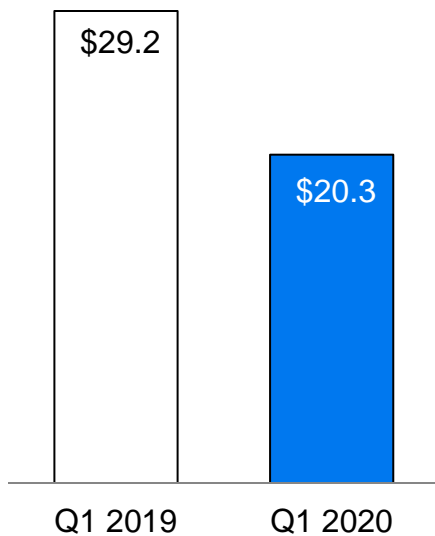
Part 1:
First Quarter 2020 Performance

Part 2:
Strategy

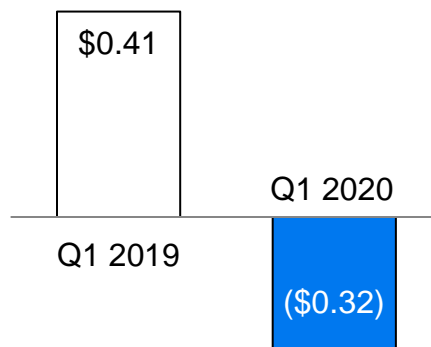
Revenues decreased due to the COVID-19 pandemic.
Certain one-time expenses and lower revenue caused the EPS
to go negative.

Q1 2020 Financial Performance (Continuing Operations)

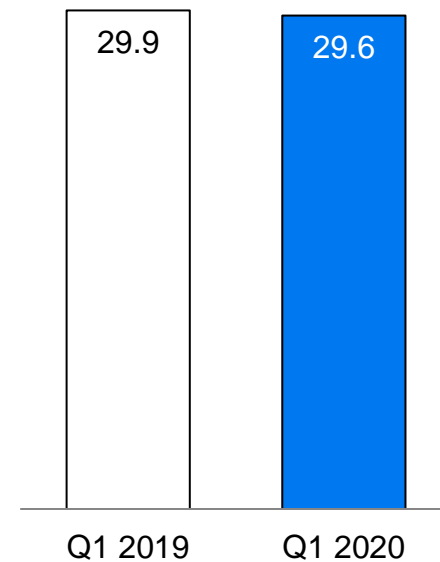
Revenue
\$ millions



EPS
\$ per share



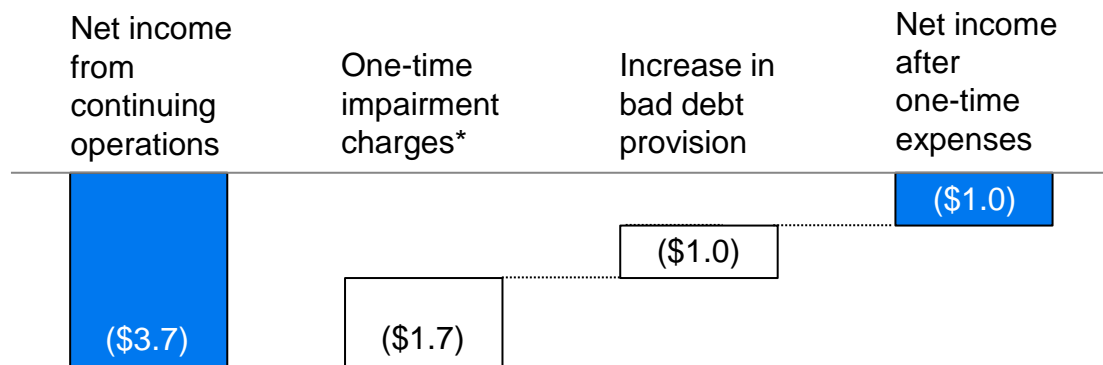
Travelzoo® Members
Millions



Without one-time charges in the quarter, losses would have been smaller.

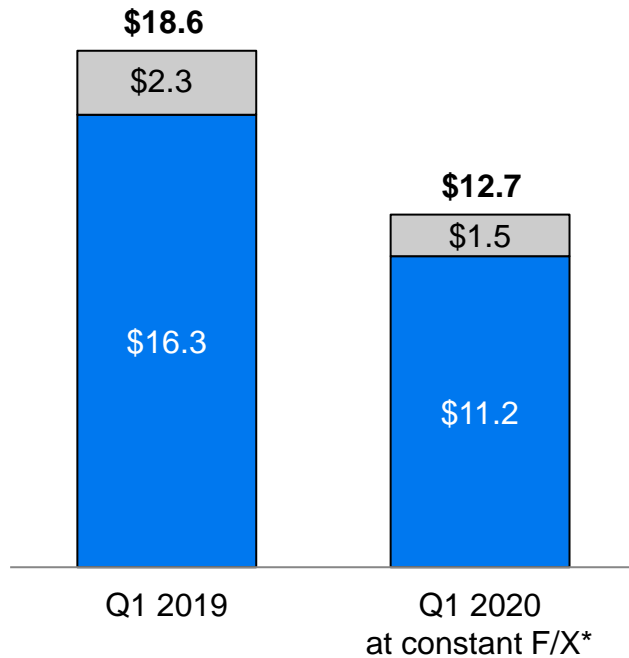
Q1 2020 Net Income and One-Time Charges

Net Income from continuing operations
\$ millions



* Impairment of \$2.9 million for intangible assets and goodwill due to COVID-19 pandemic; Travelzoo's share was \$1.7 million

North America Revenue by Type \$ millions



YOY % change (as reported)	YOY %* change (constant F/X)
-32%	-32%
-32%	-31%

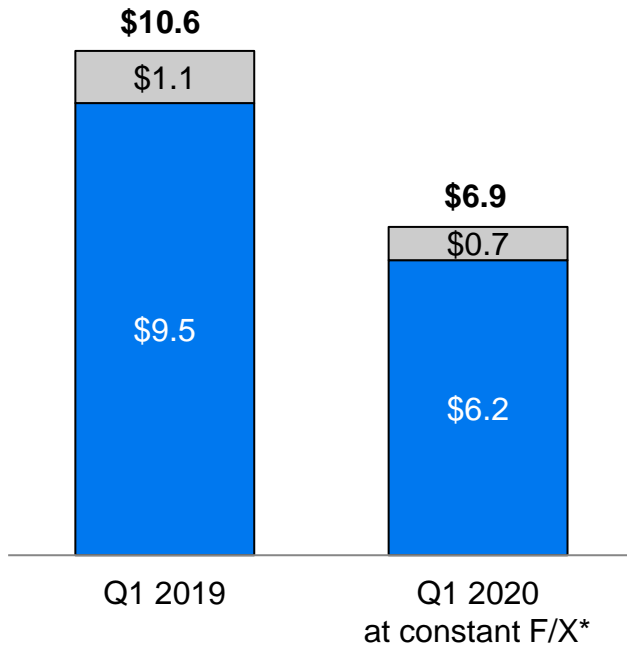
Highlights

- **Local** – YOY 32% decrease due to an increase of refunds in March and respective reversal of revenue, and lower voucher sales due to closures of many local businesses.
- **Travel** – YOY 31% decrease due to advertisers reducing or cancelling advertising due to pandemic.

* Based on constant F/X rates for CAD

Europe Revenue by Type

\$ millions



YOY % change (as reported)	YOY %* change (constant F/X)
-33%	-32%
-34%	-33%

Highlights

- **Local** – YOY 32% decrease due to an increase of refunds in March and respective reversal of revenue, and lower voucher sales due to closures of many local businesses.
- **Travel** – YOY 33% decrease due to advertisers reducing or cancelling advertising due to pandemic.

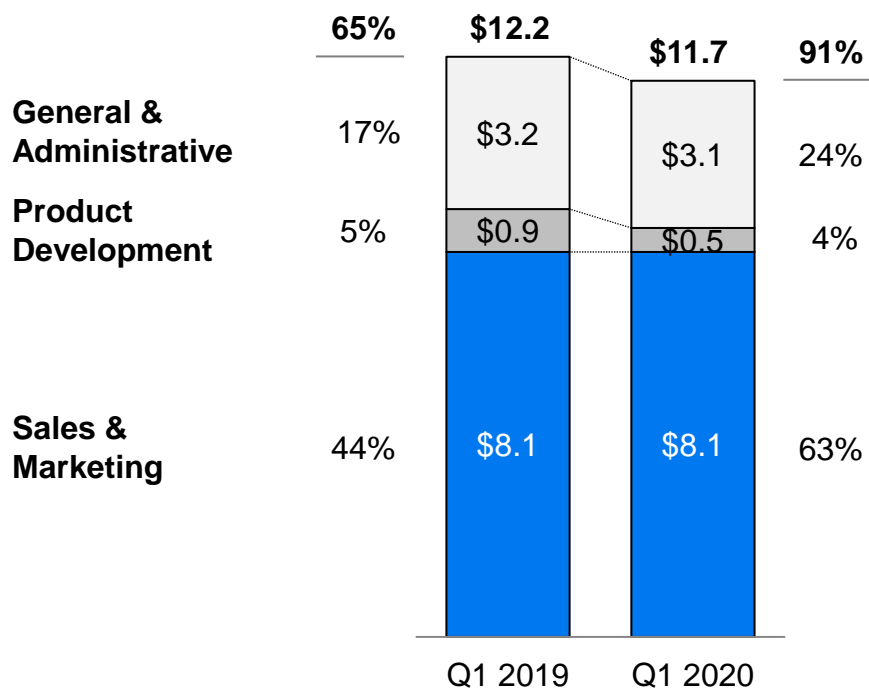


* Based on constant F/X rates for GBP and EUR

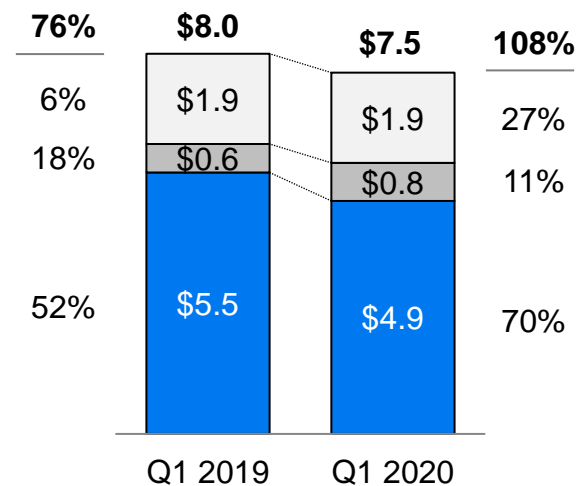
We reduced operating expenses starting in March. However, full effects will only materialize in Q2.

Operating Expenses

\$ millions and as percentage of revenue



North America
business segment



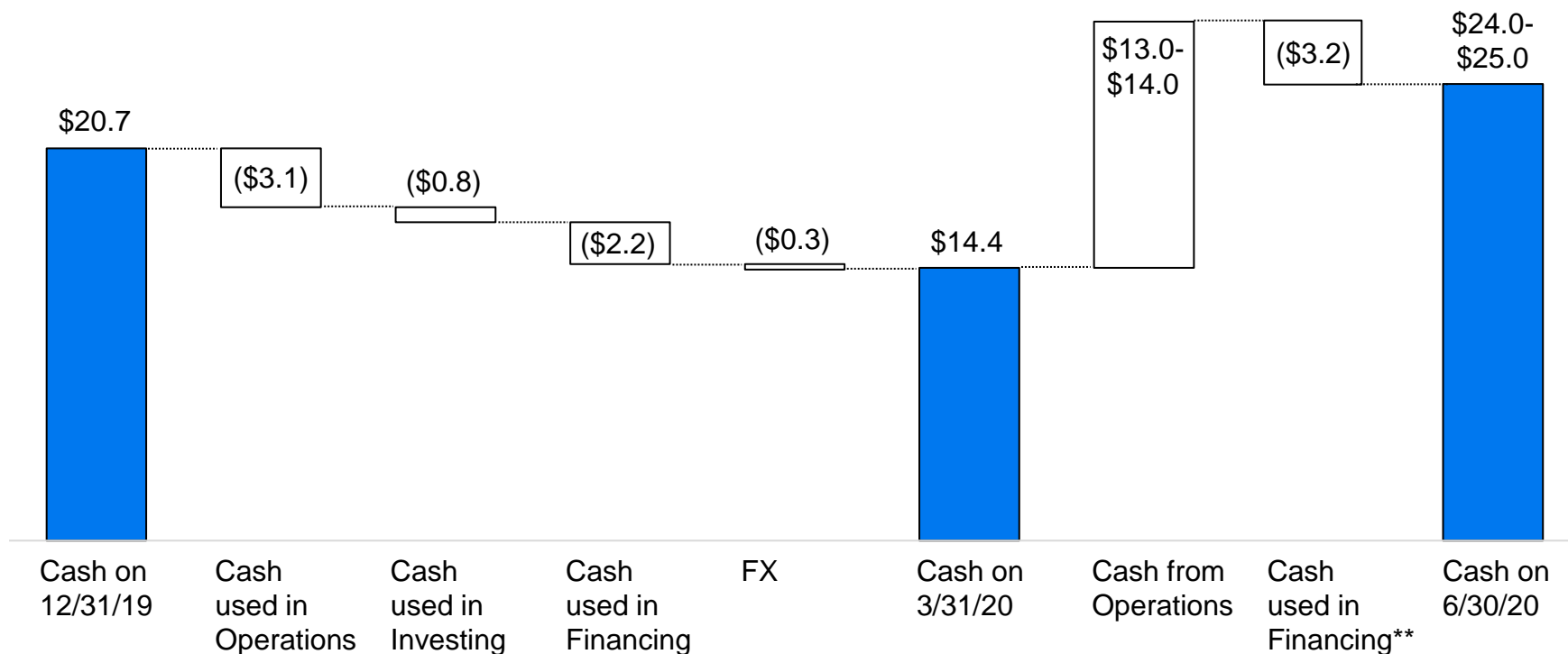
Europe
business segment

While our cash position decreased in Q1, we anticipate a significant increase in Q2 from a stronger than expected demand by members and despite making a cash payment of \$6.8 million to the sellers of Jack's Flight Club.

Evolution of Cash Position*

Q1 2020

Q2 2020 Estimate



* Cash, cash equivalents and \$1.1 million of restricted cash

** Includes \$6.8 million pay down of Promissory Note to sellers of Jack's Flight Club in June and receipt of low-interest government loan in April

- Revenue decline due to COVID-19 pandemic primarily in March, but April to May and May to June show consistent, consecutive increases.
- Expense reductions had limited impact in Q1 but will be substantial in Q2.
- Discontinuation of APAC business segment caused one-time losses of \$1.6 million in Q1 and will eliminate significant losses going forward.
- Acquisition of profitable Jack's Flight Club had negative impact on EPS in Q1 due to one-time impairment charges and reduced revenue recognition but will yield positive EPS contribution and higher revenue in subsequent quarters.
- One-time increase in bad debt provision in Q1 2020 of \$1 million reduced EPS. No further increases of bad debt provision expected in Q2.

First Quarter 2020 Performance

Part 2: Strategy

In March and early April, we took decisive action to protect the Company from the impact of COVID-19.

We adjusted our content offering quickly and successfully

- Focused our weekly Top 20[®] on flexible and worry-free offers for future travel.
- Continue to stimulate member demand via exceptional deals primarily from hotels and resorts.
- Irresistible and member-friendly deals resulting in strong cash flow.

Significant reduction of expenses

- Exit of loss-making business in APAC with subsequent sale of Japan business.
- Substantial reduction of staff in Europe and North America via reduced work hours, temporary lay-offs and furloughs.
- Shift from paid marketing to organic member acquisition and partnerships.
- Reduction of various expenses in IT, operations and product development.

Management Focus for 2020

- Continue to focus on deal formats that have shown very favorable response from members and that drive significant new demand for the travel, leisure and entertainment industries.
- Shape and focus our business and increase productivity.
- Establish permanently reduced cost structure for remainder of 2020 and beyond.
- Continue to generate positive cash flow.
- Leverage opportunity to grow Jack's Flight Club's profitable subscription revenue particularly in the U.S., where it launched in Q2 2020.



Thank you!

For questions please contact
Travelzoo Investor Relations: ir@travelzoo.com