



## Third Quarter 2020 Performance

October 21, 2020

## Important Notice to Investors

Please read this management presentation together with the Company's press release issued earlier today announcing the Company's third 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:  
Third Quarter 2020 Performance

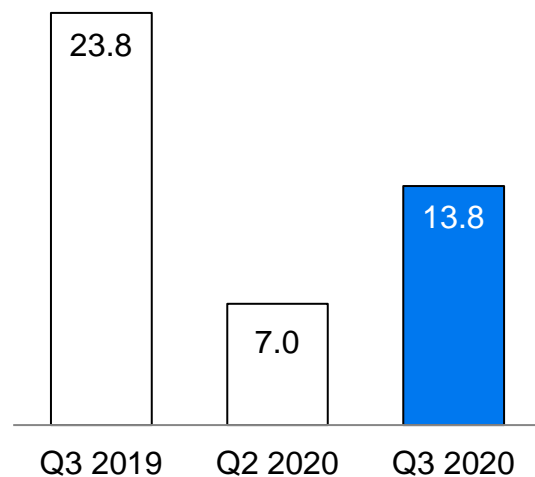
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Part 2:  
Management Focus

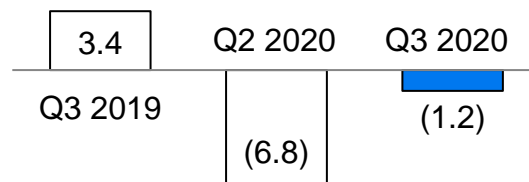
After a significant decline in Q2 due to the effects of the pandemic, we see a strong improvement of the business in Q3.

### Financial Performance (Continuing Operations)

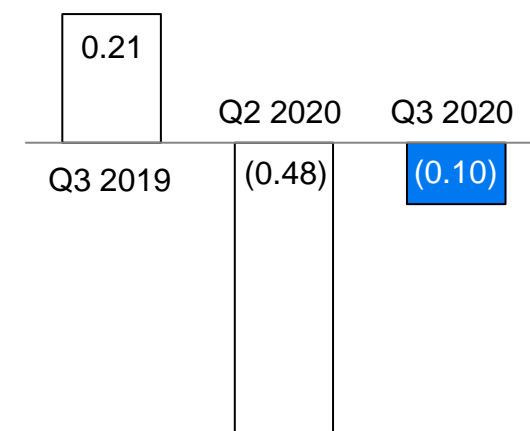
**Revenue**  
\$ millions



**Operating Income/Loss**  
\$ millions

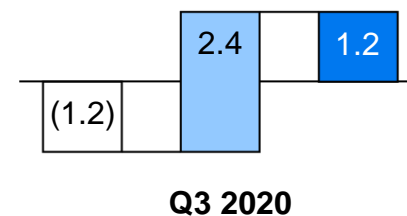
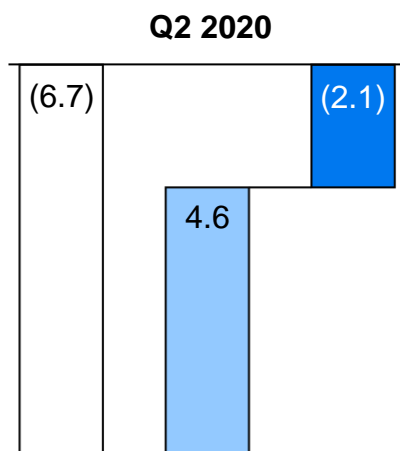
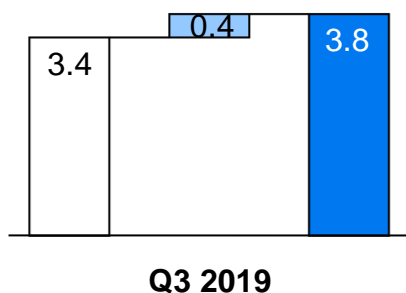
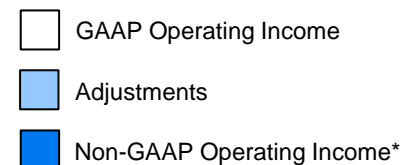


**EPS**  
\$ per share



Going forward, we will provide information on Non-GAAP operating income\* which better explains how we evaluate performance.

**Non-GAAP Operating Income\***  
\$ millions



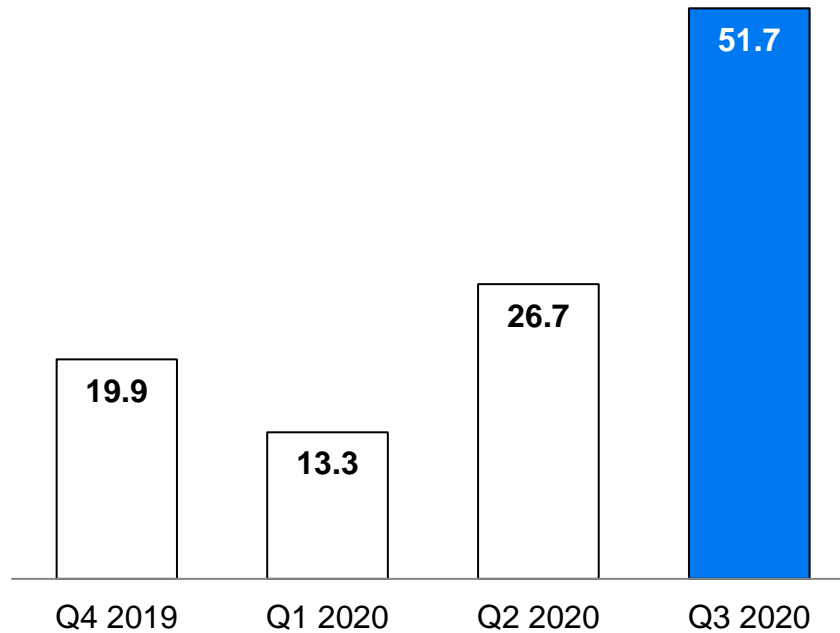
\* GAAP operating income + impairment of intangibles and goodwill + amortization of intangibles + stock option expenses + severance-related expenses = Non-GAAP operating income

Here are the details on the items that are excluded in the calculation of Non-GAAP operating income.

\$ millions	Q3 2019	Q2 2020	Q3 2020
<b>Adjustments</b>	<b>0.4</b>	<b>4.6</b>	<b>2.4</b>
Impairment of intangibles and goodwill	0	0	0
Amortization of intangibles	0	0.5	0.3
Stock option expense	0.3	4.1	1.2
Severance-related expenses	0.1	0	0.9

Our success in voucher sales is driving the positive development in cash balance.

**Cash Balance at End of Quarter\***  
\$ millions

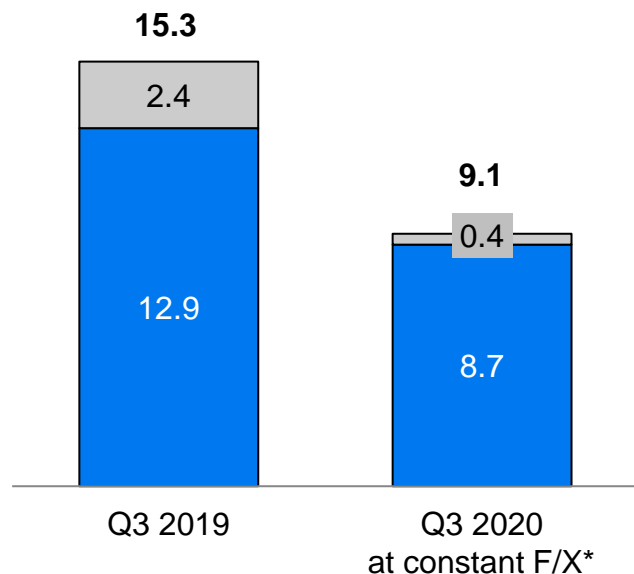


\* Includes cash, cash equivalents and restricted cash

# North America business segment revenue

## North America Revenue by Type

\$ millions



YOY % change (as reported)	YOY %* change (constant F/X)
-82%	-82%
-33%	-32%

### Highlights

- **Local** – YOY 82% decrease due to lockdowns in many countries, which closed most restaurants, spas, local businesses and entertainment.
- **Travel** – YOY 32% decrease due to smaller advertising revenue, partially offset by strong voucher sales.



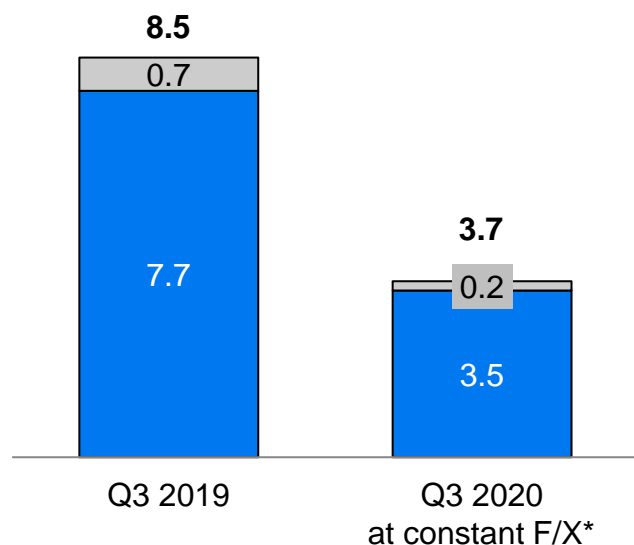
\* Based on constant F/X rates for CAD



# Europe business segment revenue

## Europe Revenue by Type

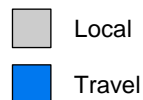
\$ millions



YOY % change (as reported)	YOY %* change (constant F/X)
-73%	-74%
-55%	-57%

### Highlights

- **Local** – YOY 73% decrease due to lockdowns in many countries, which closed most restaurants, spas, local businesses and entertainment.
- **Travel** – YOY 55% decrease due to smaller advertising revenue, partially offset by strong voucher sales.

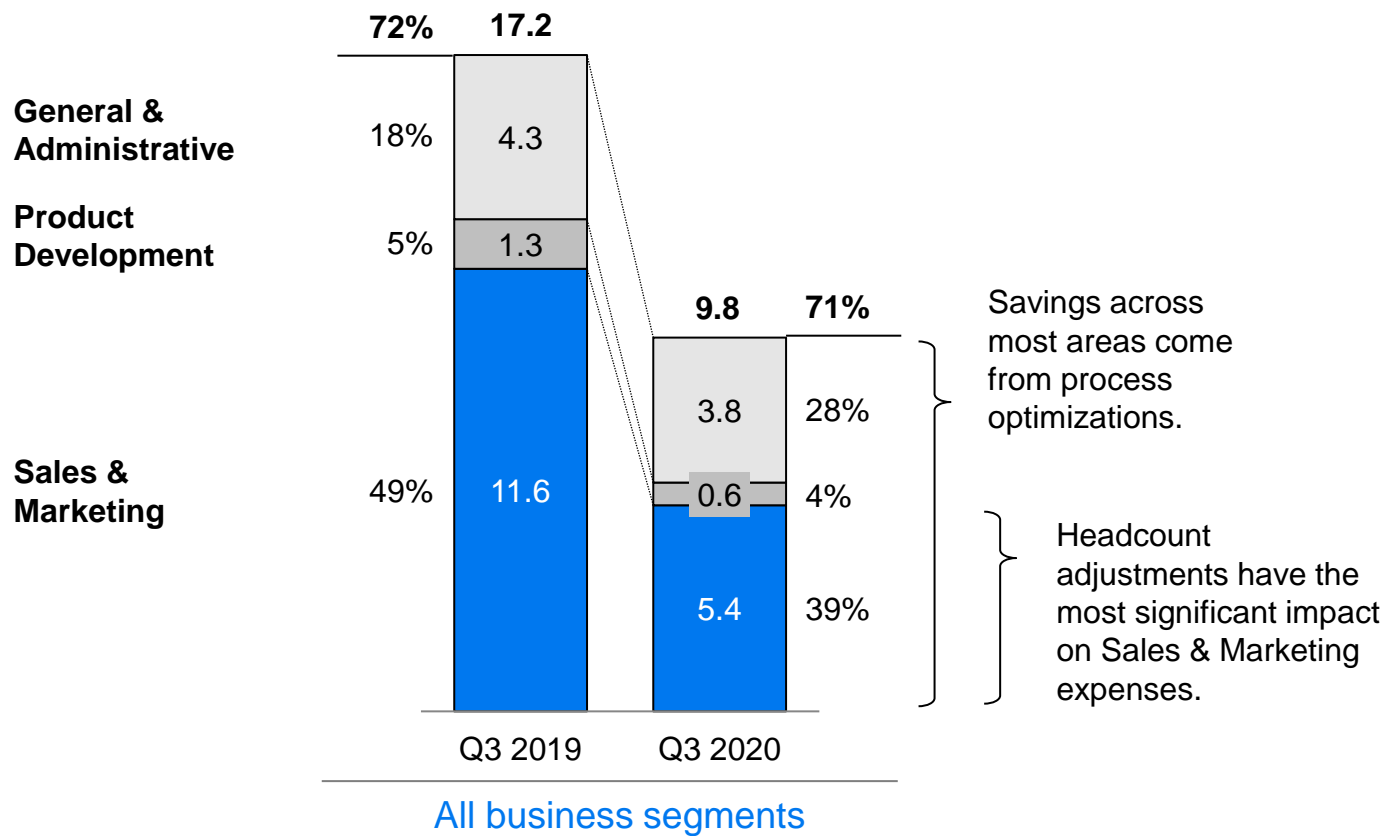


\* Based on constant F/X rates for EUR and GBP

We believe we will permanently benefit from the quick adjustment of our cost structure in Q2.

**Non-GAAP Operating Expenses\***

\$ millions and as percentage of revenue

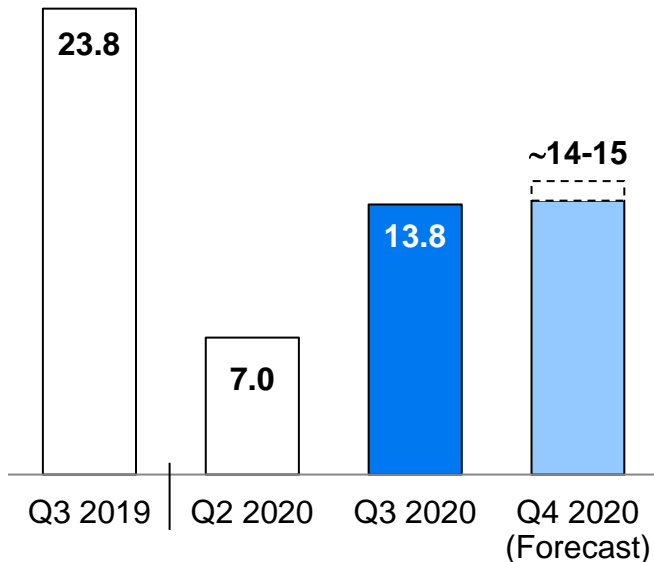


\* Excluding amortization of intangibles, stock option expenses, severance-related expenses

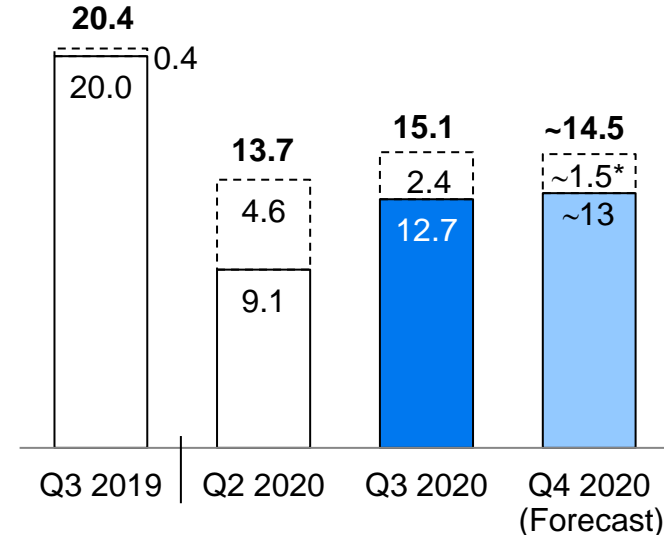
As expected, we almost regained profitability in Q3. We will see a result close to break-even or profit in Q4 if we can stay on the current path of recovery.

### Financial Performance (Continuing Operations)

#### Revenue \$ millions



#### Operating Expenses and Cost of Revenues \$ millions



Non-GAAP Adjustments

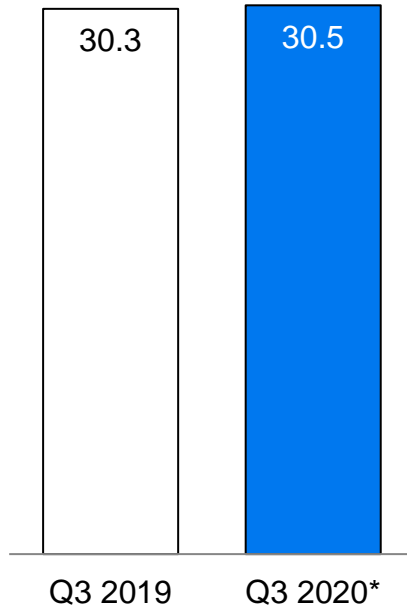
OPEX and Cost of Revenues

\* This amount could possibly increase as a result of a regular impairment review of Jack's Flight Club

With more than 30 million members, 6.5 million mobile app users, and 4 million social media followers, Travelzoo is loved by high-quality travel enthusiasts.

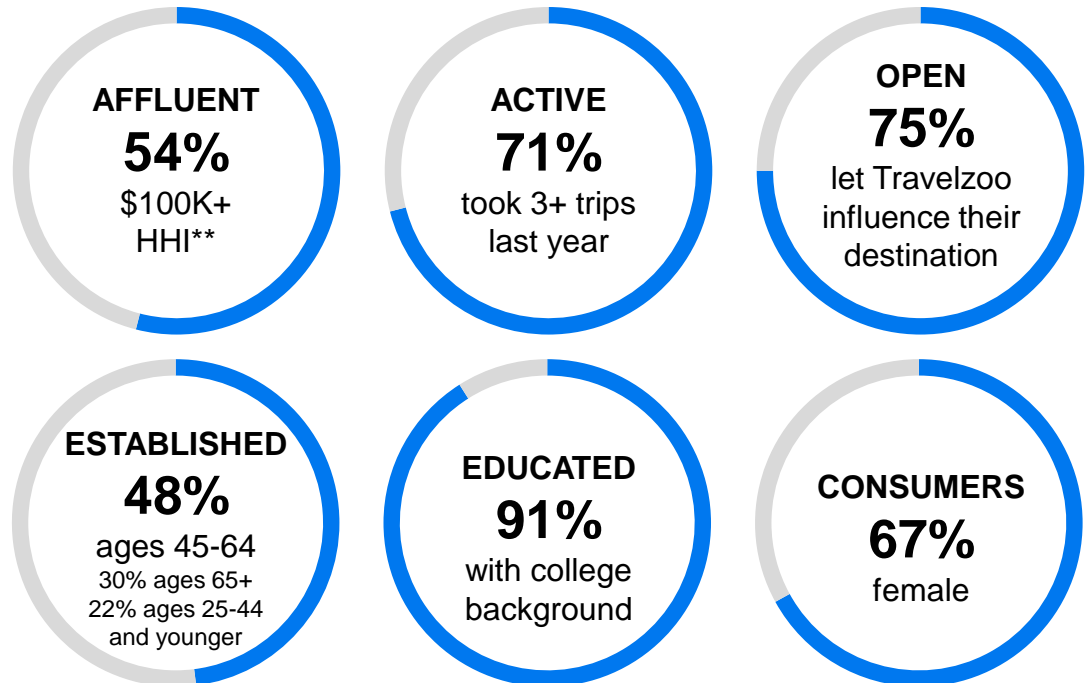
## Travelzoo's Global Reach

### Members (Email Subscribers) Millions



## High-Quality Users, Followers and Subscribers

### Travelzoo U.S. Member Survey December 2019



\* Including members of Jack's Flight Club

\*\* As a reference point: Of the total U.S. population, 20% have an HHI of \$100K+

Part 1:  
Third Quarter 2020 Performance

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Part 2:  
Management Focus

- Take advantage of an exceptional industry opportunity for sourcing travel, entertainment, and local deals.
- Continue to offer members flexible and worry-free deals for future travel—a format that is working well.
- Take the crisis as an opportunity to permanently optimize cost structure and profitability.
- After getting close to break-even in Q3, our goal for Q4 is to regain profitability.
- Grow Jack's Flight Club's profitable subscription revenue.
- Further push the positive cash flow development.



THANK YOU

For questions please contact  
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