

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 22, 2021

**TRAVELZOO®**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other  
Jurisdiction of  
Incorporation)

**000-50171**  
(Commission  
File Number)

**36-4415727**  
(I.R.S. Employer  
Identification No.)

**590 Madison Avenue, 35th Floor**  
**New York, New York**  
(Address of principal executive offices)

**10022**  
(Zip Code)

**Registrant's telephone number, including area code (212) 484-4900**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions ( see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	TZOO	The NASDAQ Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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**Item 2.02. Results of Operations and Financial Condition.**

On April 22, 2021, Travelzoo (the "Company") reported its first quarter 2021 financial results. A copy of the Company's press release containing this information is being furnished as Exhibit 99.1 to this report on Form 8-K and is incorporated herein by reference.

The information furnished pursuant to Item 2.02, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits. See Exhibit Index

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 22, 2021

TRAVELZOO

By: /s/ Lisa Su

Lisa Su

Chief Accounting Officer

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**EXHIBIT INDEX**

**Exhibit**

**Description**

[99.1](#)

Press Release, dated April 22, 2021.



Travelzoo  
590 Madison Avenue  
35th Floor  
New York, NY 10022

Investor Relations:  
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FOR IMMEDIATE RELEASE

## Travelzoo Reports First Quarter 2021 Results

**NEW YORK, April 22, 2021** — Travelzoo® (NASDAQ: TZOO):

- Consolidated revenue of \$14.3 million, down 30% year-over-year and up 14% quarter-over-quarter
- Non-GAAP consolidated operating profit of \$0.6 million
- Earnings per share (EPS) of (\$0.14) attributable to Travelzoo from continuing operations
- Cash flow from operations of \$9.1 million

Travelzoo, a global Internet media company that publishes exclusive offers and experiences for members, today announced financial results for the first quarter ended March 31, 2021.

Consolidated revenue was \$14.3 million, down 30% from \$20.3 million year-over-year and up 14% from \$12.5 million in the prior quarter. Reported revenue excludes revenue from discontinued operations in Asia Pacific. Travelzoo's reported revenue consists of advertising revenues and commissions, derived from and generated in connection with purchases made by Travelzoo members.

The reported net loss attributable to Travelzoo from continuing operations was \$1.6 million for Q1 2021. At the consolidated level, including minority interests, the reported net loss from continuing operations was \$1.7 million. EPS from continuing operations was (\$0.14), compared to (\$0.32) in the prior-year period.

Non-GAAP operating profit was \$0.6 million. The calculation of non-GAAP operating profit excludes amortization of intangibles (\$0.3 million), stock option expenses (\$0.9 million), and severance-related expenses (\$0.2 million). See section "Non-GAAP Financial Measures" below.

“We see continued improvement in our business. Travelzoo is loved by travel enthusiasts who look for quality offers. Travelzoo members are affluent, active, and open for new experiences. 75% say Travelzoo influences their travel destinations because they trust Travelzoo. We believe that trust is becoming an important competitive advantage for Travelzoo”, said Holger Bartel, Global CEO.

### **Cash Position**

As of March 31, 2021, consolidated cash, cash equivalents and restricted cash were \$72.0 million. Cash flow from operations was \$9.1 million. There were no significant capital expenditures.

### **Reserve**

Reported revenues include a reserve of \$4.0 million related to commissions to be earned from vouchers sold. The reserve is booked as contra revenue. For Q1 2021, an adjustment to the reserve reduced reported revenue by \$56,000.

### **Travelzoo North America**

North America business segment revenue decreased 23% year-over-year to \$9.8 million. Operating profit for Q1 2021 was \$39,000, or 0.4% of revenue, compared to an operating loss of \$976,000 in the prior-year period.

### **Travelzoo Europe**

Europe business segment revenue decreased 48% year-over-year to \$3.6 million. Operating loss for Q1 2021 was \$696,000, compared to an operating loss of \$1.3 million in the prior-year period.

### **Jack’s Flight Club**

On January 13, 2020, Travelzoo acquired 60% of Jack’s Flight Club, a membership subscription service. Jack’s Flight Club revenue increased 30% year-over-year to \$887,000. Operating loss for Q1 2021 was \$110,000, compared to an operating loss of \$3.0 million in the prior-year period. After consolidation with Travelzoo, Jack’s Flight Club’s net loss was \$121,000, with \$73,000 attributable to Travelzoo as a result of recording \$284,000 of amortization of intangible assets related to the acquisition.

## **Licensing**

In June 2020, Travelzoo sold its subsidiary in Japan, Travelzoo Japan K.K., to Mr. Hajime Suzuki. In connection with the sale, Travelzoo and Travelzoo Japan K.K. entered into a royalty-bearing licensing agreement for the exclusive use of Travelzoo members in Japan. In August 2020, Travelzoo sold its Singapore subsidiary to Mr. Julian Rembrandt and entered into a royalty-bearing licensing agreement for, among other things, the exclusive use of Travelzoo's members in Australia, New Zealand, and Singapore. Under the licensing agreements, Travelzoo's existing members in Australia, Japan, New Zealand, and Singapore will continue to be owned by Travelzoo as the licensor. Licensing revenue is booked with a lag of one quarter. Licensing revenue from Japan of \$9,000 generated in Q4 2020 was recognized in Q1 2021.

## **Members and Subscribers**

As of March 31, 2021, we had 31.8 million members worldwide. In North America, the unduplicated number of Travelzoo members was 18.1 million as of March 31, 2021, up 7% from March 31, 2020. In Europe, the unduplicated number of Travelzoo members was 8.6 million as of March 31, 2021, down 6% from March 31, 2020. On March 15, 2021, Travelzoo added more than 2 million new members in the U.S. in connection with a direct competitor from Europe exiting the U.S. market. Jack's Flight Club had 1.6 million subscribers as of March 31, 2021, down from 1.7 million subscribers as of March 31, 2020.

## **Discontinued Operations**

As announced in a press release on March 10, 2020, Travelzoo decided to exit its Asia Pacific business which in 2019 reduced EPS by \$0.60. The Asia Pacific business has been classified as discontinued operations since March 31, 2020. Prior periods have been reclassified to conform with the current presentation. Certain reclassifications have been made for current and prior periods between the continued operations and the discontinued operations in accordance with U.S. GAAP.

## **Income Taxes**

Income tax expense was \$742,000 in Q1 2021, compared to an income tax benefit of \$517,000 in the prior-year period.



**Non-GAAP Financial Measures**

Management calculates non-GAAP operating income when evaluating the financial performance of the business. Travelzoo's calculation of non-GAAP operating income, also called "non-GAAP operating profit" in this press release and today's earnings conference call, excludes the following items: impairment of intangibles and goodwill, amortization of intangibles, stock option expenses, and severance-related expenses. This press release includes a table which reconciles GAAP operating income to the calculation of non-GAAP operating income. Non-GAAP operating income is not required by, or presented in accordance with, generally accepted accounting principles in the United States of America ("GAAP"). This information should be considered as supplemental in nature and should not be considered in isolation or as a substitute for the financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similarly titled measures reported by other companies.

**Looking Ahead**

We currently expect for Q2 2021 to report significantly higher revenue and profitability. We see a trend of recovery of our revenue. We have been able to reduce our operating expenses, and we believe we can contain many of the lower costs in the foreseeable future.

**Conference Call**

Travelzoo will host a conference call to discuss first quarter results today at 11:00 a.m. ET. Please visit <http://ir.travelzoo.com/events-presentations> to

- download the management presentation (PDF format) to be discussed in the conference call; and
- access the webcast.

## **About Travelzoo**

Travelzoo® provides our 30 million members insider deals and one-of-a-kind experiences personally reviewed by one of our deal experts around the globe. We have our finger on the pulse of outstanding travel, entertainment, and lifestyle experiences. For over 20 years we have worked in partnership with more than 5,000 top travel suppliers—our long-standing relationships give Travelzoo members access to irresistible deals.

Certain statements contained in this press release that are not historical facts may be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934. These forward-looking statements may include, but are not limited to, statements about our plans, objectives, expectations, prospects and intentions, markets in which we participate and other statements contained in this press release that are not historical facts. When used in this press release, 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 press release.

Travelzoo, Top 20, and Jack's Flight Club are registered trademarks of Travelzoo.

**Travelzoo**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**  
**(In thousands, except per share amounts)**

	Three months ended March 31,	
	2021	2020
Revenues	\$ 14,284	\$ 20,327
Cost of revenues	3,018	2,703
Gross profit	11,266	17,624
Operating expenses:		
Sales and marketing	6,790	13,094
Product development	683	1,428
General and administrative	4,560	5,522
Impairment of intangible asset and goodwill	—	2,920
Total operating expenses	12,033	22,964
Operating loss	(767)	(5,340)
Other income (loss), net	(166)	(6)
Loss from continuing operations before income taxes	(933)	(5,346)
Income tax expense (benefit)	742	(517)
Loss from continuing operations	(1,675)	(4,829)
Loss from discontinued operations, net of tax	(15)	(2,919)
Net loss	(1,690)	(7,748)
Net loss attributable to non-controlling interest	(48)	(1,139)
Net loss attributable to Travelzoo	\$ (1,642)	\$ (6,609)
Net loss attributable to Travelzoo—continuing operations	\$ (1,627)	\$ (3,690)
Net loss attributable to Travelzoo—discontinued operations	\$ (15)	\$ (2,919)
Loss per share—basic		
Continuing operations	\$ (0.14)	\$ (0.32)
Discontinued operations	\$ —	\$ (0.26)
Net loss per share —basic	\$ (0.14)	\$ (0.58)
Loss per share—diluted		
Continuing operations	\$ (0.14)	\$ (0.32)
Discontinued operations	\$ —	\$ (0.26)
Net loss per share—diluted	\$ (0.14)	\$ (0.58)
Shares used in per share calculation from continuing operations—basic	11,391	11,439
Shares used in per share calculation from discontinued operations—basic	11,391	11,439
Shares used in per share calculation from continuing operations—diluted	11,391	11,439
Shares used in per share calculation from discontinued operations—diluted	11,391	11,439

**Travelzoo**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**  
**(In thousands)**

	March 31, 2021	December 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 70,862	\$ 63,061
Accounts receivable, net	7,293	4,519
Prepaid income taxes	1,443	931
Deposits	101	137
Prepaid expenses and other	3,275	1,166
Assets from discontinued operations	123	230
Total current assets	83,097	70,044
Deposits and other	1,351	745
Deferred tax assets	4,400	5,067
Restricted cash	1,157	1,178
Operating lease right-of-use assets	8,474	8,541
Property and equipment, net	1,152	1,347
Intangible assets, net	4,250	4,534
Goodwill	10,944	10,944
Total assets	\$ 114,825	\$ 102,400
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 8,750	\$ 6,996
Merchant payable	70,094	57,104
Accrued expenses and other	10,827	8,649
Deferred revenue	2,417	2,688
Operating lease liabilities	3,796	3,587
PPP notes payable - current portion	3,459	2,849
Income tax payable	201	326
Liabilities from discontinued operations	580	671
Total current liabilities	100,124	82,870
PPP notes payable	204	814
Deferred tax liabilities	235	357
Long-term operating lease liabilities	10,558	10,774
Other long-term liabilities	2,027	1,085
Total liabilities	113,148	95,900
Non-controlling interest	4,560	4,609
Common stock	115	114
Treasury stock (at cost)	(1,583)	—
Additional paid-in capital	4,279	6,239
Retained earnings (accumulated deficit)	(2,045)	(403)
Accumulated other comprehensive loss	(3,649)	(4,059)
Total stockholders' equity (deficit)	(2,883)	1,891
Total liabilities and stockholders' equity	\$ 114,825	\$ 102,400

**Travelzoo**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**(In thousands)**

	Three months ended	
	March 31,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Net loss	\$ (1,690)	\$ (7,748)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	484	551
Stock-based compensation	882	23
Deferred income tax	541	(609)
Impairment of intangible assets and goodwill	—	2,920
Loss on long-lived assets	—	437
Loss on equity investment in WeGo	—	195
Net foreign currency effects	(152)	(681)
Provision for loss on accounts receivable and other reserves	(454)	1,441
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(2,229)	2,509
Income tax receivable	(545)	989
Prepaid expenses and other	(2,357)	862
Accounts payable	1,727	547
Merchant payable	13,212	(6,940)
Accrued expenses and other	(641)	704
Income tax payable	(126)	(333)
Other liabilities	412	2,077
Net cash provided by (used in) operating activities	9,064	(3,056)
<b>Cash flows from investing activities:</b>		
Acquisition of business, net of cash acquired	—	(679)
Purchases of property and equipment	(7)	(131)
Net cash used in investing activities	(7)	(810)
<b>Cash flows from financing activities:</b>		
Repurchase of common stock	(1,583)	(1,205)
Payment of promissory notes	—	(1,000)
Net cash used in financing activities	(1,583)	(2,205)
Effect of exchange rate on cash, cash equivalents and restricted cash	270	(272)
Net increase in cash, cash equivalents and restricted cash	7,744	(6,343)
Cash, cash equivalents and restricted cash at beginning of period	64,385	20,710
Cash, cash equivalents and restricted cash at end of period	\$ 72,129	\$ 14,367

**Travelzoo**  
**Segment Information from Continuing Operations**  
**(Unaudited)**  
**(In thousands)**

<b>Three months ended March 31, 2021</b>	<b>Travelzoo North America</b>	<b>Travelzoo Europe</b>	<b>Jack's Flight Club</b>	<b>Elimination</b>	<b>Consolidated</b>
Revenue from unaffiliated customers	\$ 9,828	\$ 3,569	\$ 887	\$ —	\$ 14,284
Intersegment revenue	(9)	9	—	—	—
<b>Total net revenues</b>	<b>9,819</b>	<b>3,578</b>	<b>887</b>	<b>—</b>	<b>14,284</b>
Operating income (loss)	\$ 39	\$ (696)	\$ (110)	\$ —	\$ (767)

<b>Three months ended March 31, 2020</b>	<b>Travelzoo North America</b>	<b>Travelzoo Europe</b>	<b>Jack's Flight Club</b>	<b>Elimination</b>	<b>Consolidated</b>
Revenue from unaffiliated customers	\$ 12,549	\$ 7,103	\$ 683	\$ (8)	\$ 20,327
Intersegment revenue	148	(156)	—	8	—
<b>Total net revenues</b>	<b>12,697</b>	<b>6,947</b>	<b>683</b>	<b>—</b>	<b>20,327</b>
Operating loss	\$ (976)	\$ (1,341)	\$ (3,015)	\$ (8)	\$ (5,340)

**Travelzoo**  
**Reconciliation of GAAP to Non-GAAP Information**  
**(Unaudited)**  
**(In thousands, except per share amounts)**

	Three months ended March 31,	
	2021	2020
GAAP operating expense	\$ 12,033	\$ 22,964
Non-GAAP adjustments:		
Impairment of intangible and goodwill (A)	—	2,920
Amortization of intangibles (B)	284	215
Stock option expenses (C)	882	23
Severance-related expenses (D)	223	217
Non-GAAP operating expense	10,644	19,589
GAAP operating income (loss)	(767)	(5,340)
Non-GAAP adjustments (A through D)	1,389	3,375
Non-GAAP operating income (loss)	622	(1,965)

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