



NASDAQ: TZOO

## Fourth Quarter 2020 Performance

March 17, 2021

## Important Notice to Investors

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

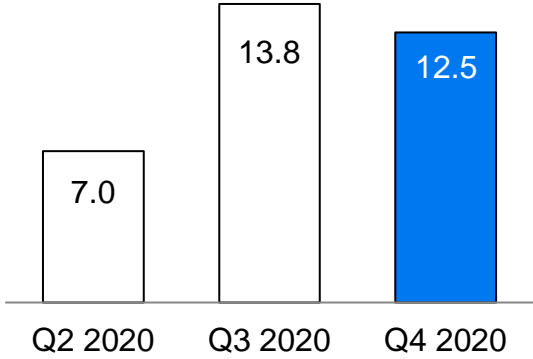
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Part 2:  
Management Focus

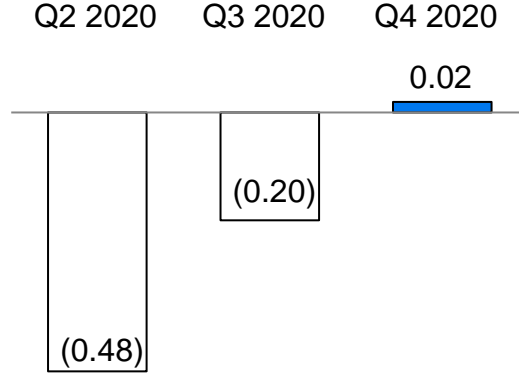
We see continued improvement in our business. Q4 revenue was not indicative of the trend. EPS was positive.

**Financial Performance (Continuing Operations)**

**Revenue**  
\$ millions

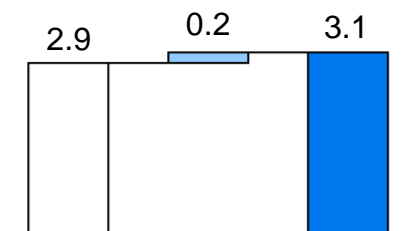
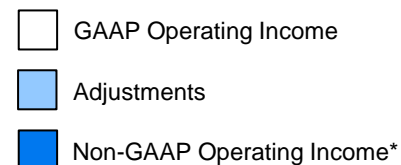


**EPS (basic)**  
\$ per share

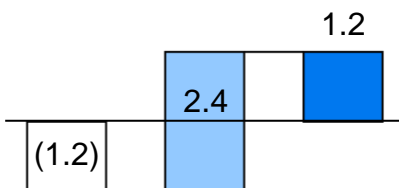


The financial performance is perfectly in line with our expectations.

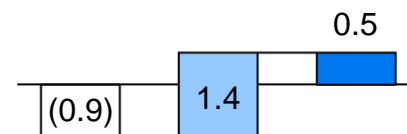
**Non-GAAP Operating Income\***  
\$ millions



**Q4 2019**



**Q3 2020**



**Q4 2020**

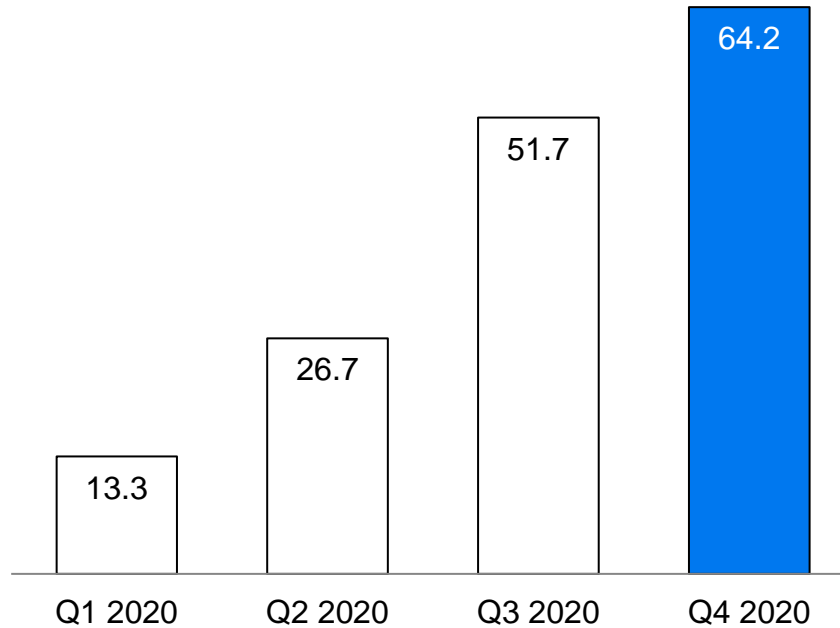
\* GAAP operating income + impairment of intangibles and goodwill + amortization of intangibles + stock option expenses + severance-related expenses = Non-GAAP operating income

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

\$ millions	Q4 2019	Q3 2020	Q4 2020
<b>Adjustments</b>	<b>0.2</b>	<b>2.4</b>	<b>1.4</b>
Impairment of intangibles and goodwill	0	0	0
Amortization of intangibles	0	0.3	0.3
Stock option expense	0.1	1.2	1.0
Severance-related expenses	0.1	0.9	0.1

Our continued success in voucher sales keeps pushing the positive development in cash balance.

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

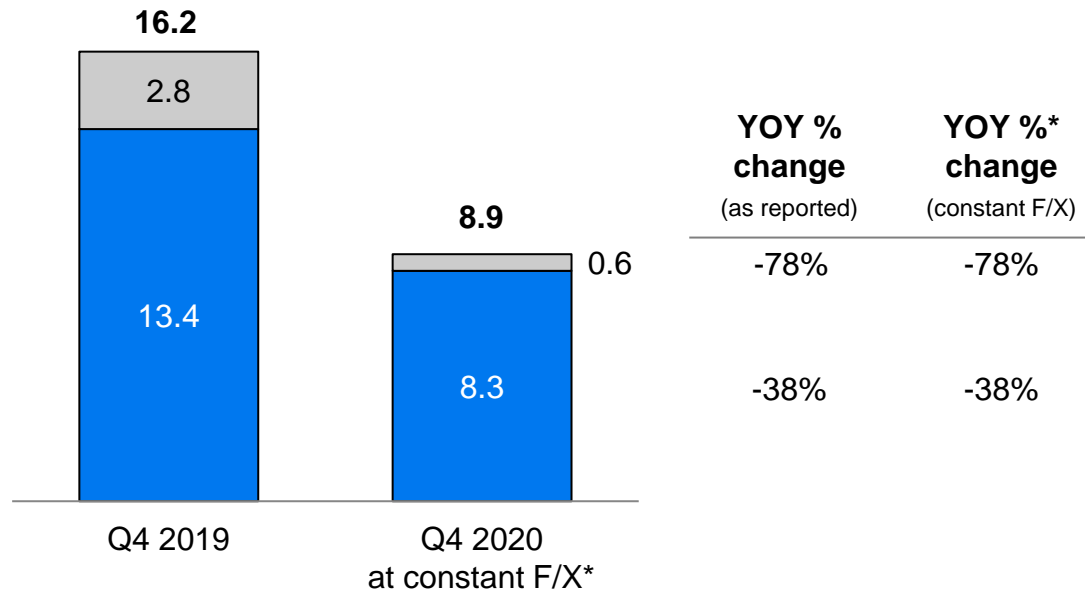


\* Includes cash, cash equivalents and restricted cash

# North America business segment revenue

## North America Revenue by Type

\$ millions



### Highlights

- **Local** – YOY 78% decrease due to lockdowns in the US and Canada, which closed most restaurants, spas, local businesses and entertainment.
- **Travel** – YOY 38% decrease due to lower advertising revenue, partially offset by strong voucher sales.

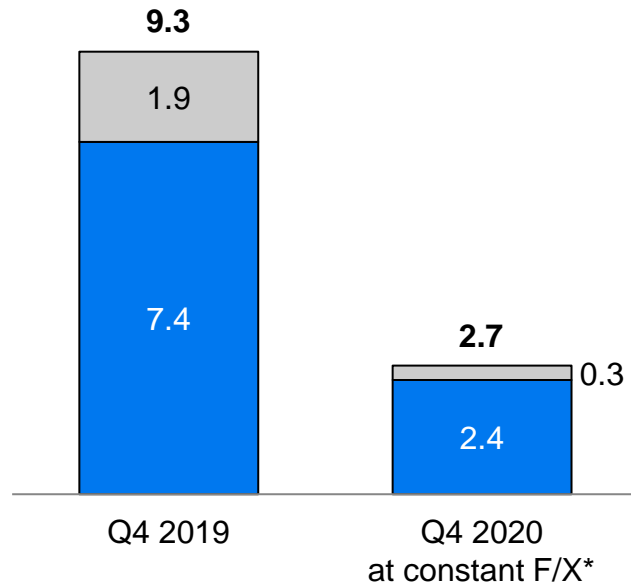
\* Based on constant F/X rates for CAD



# Europe business segment revenue

## Europe Revenue by Type

\$ millions



YOY % change (as reported)	YOY %* change (constant F/X)
-84%	-84%
-67%	-69%

### Highlights

- **Local** – YOY 69% decrease due to lockdowns in the UK and EU countries, which closed most restaurants, spas, local businesses and entertainment.
- **Travel** – YOY 84% decrease due to reduced activity from advertisers, partially offset by strong voucher sales.

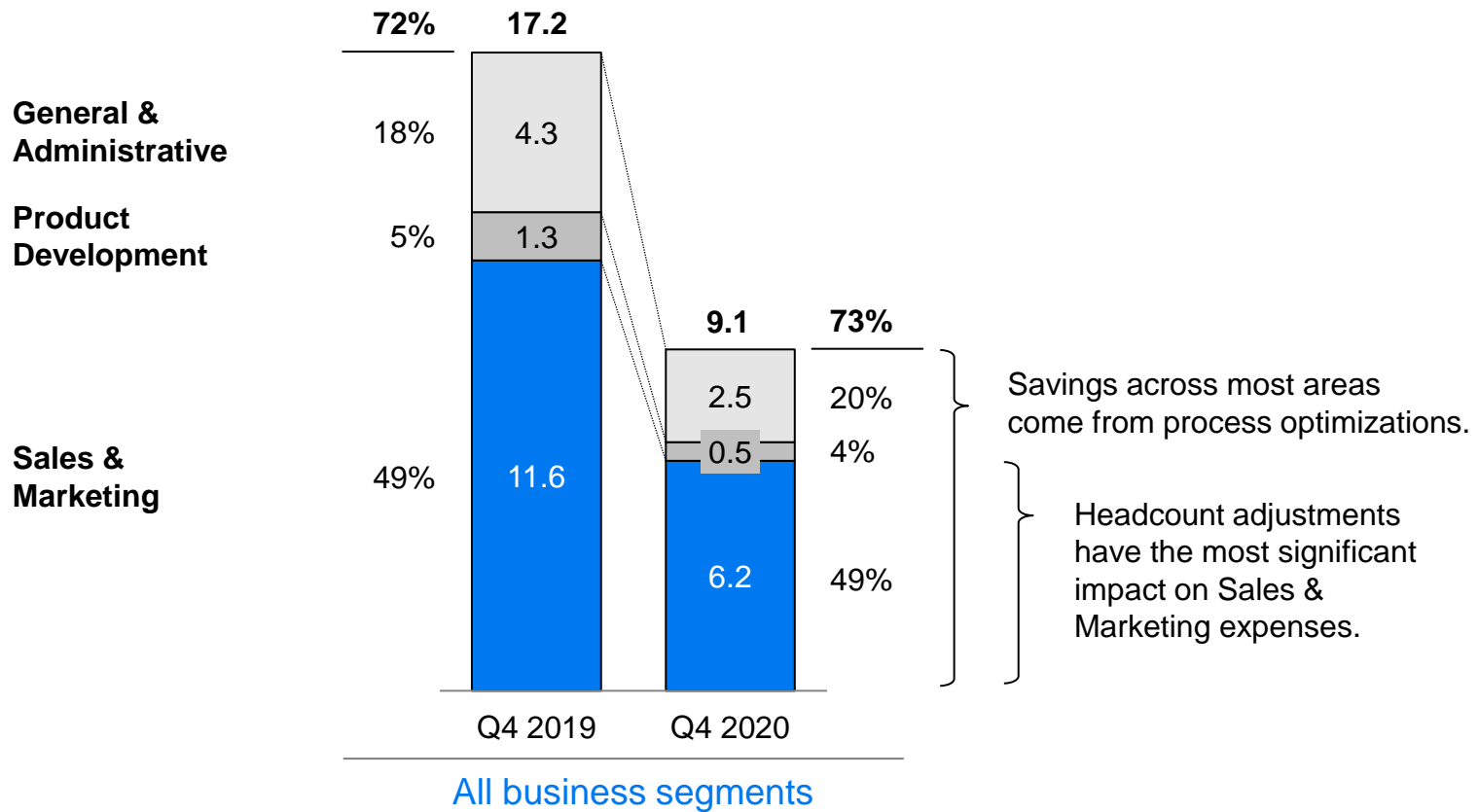


\* Based on constant F/X rates for EUR and GBP

The quick adjustment of our cost structure right at the beginning of the pandemic has resulted in lower fixed costs.

### Non-GAAP Operating Expenses\*

\$ millions and as percentage of revenue

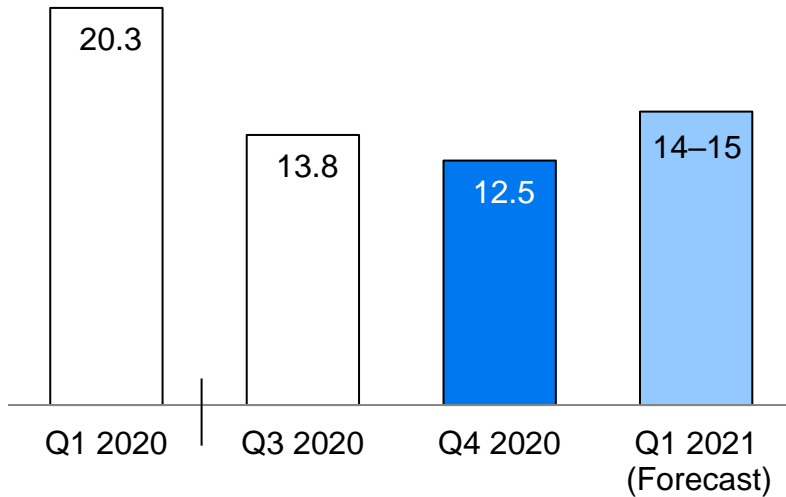


\* Excluding amortization of intangibles, stock option expenses, severance-related expenses

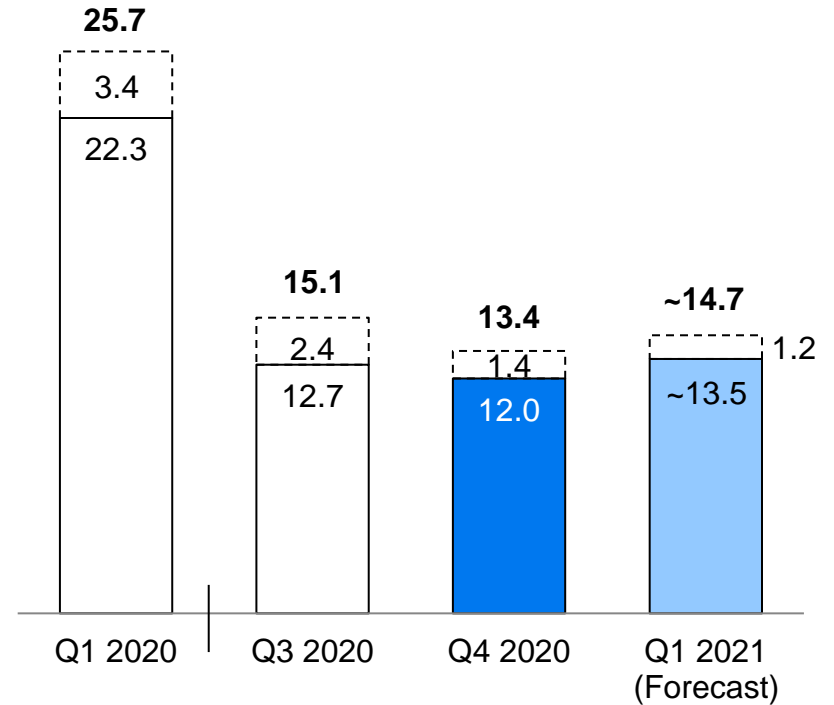
# Q4 2020 was in line with our expectations.

## Financial Performance (Continuing Operations)

**Revenue**  
\$ millions



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



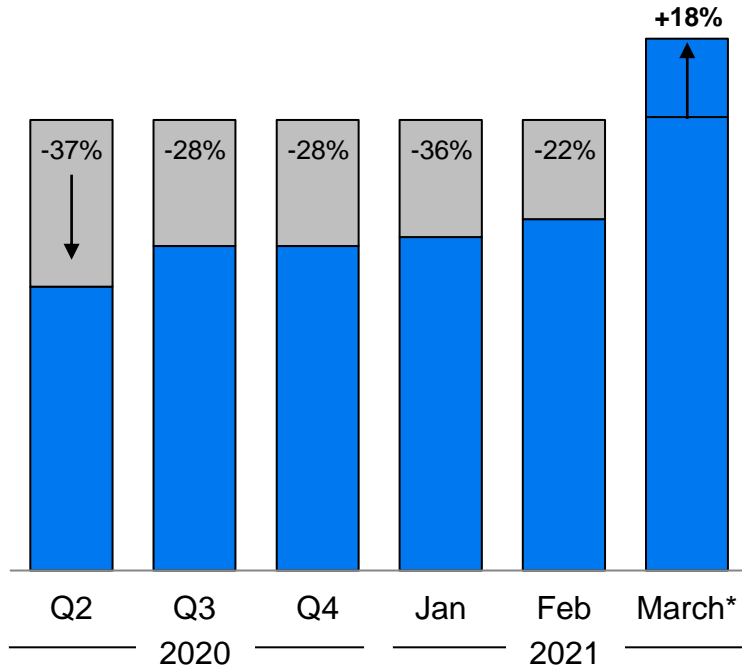
Non-GAAP Adjustments

OPEX and Cost of Revenues

As vaccinations are progressing and consumer confidence is strengthening, our members have become more active in responding to deals and buying them.

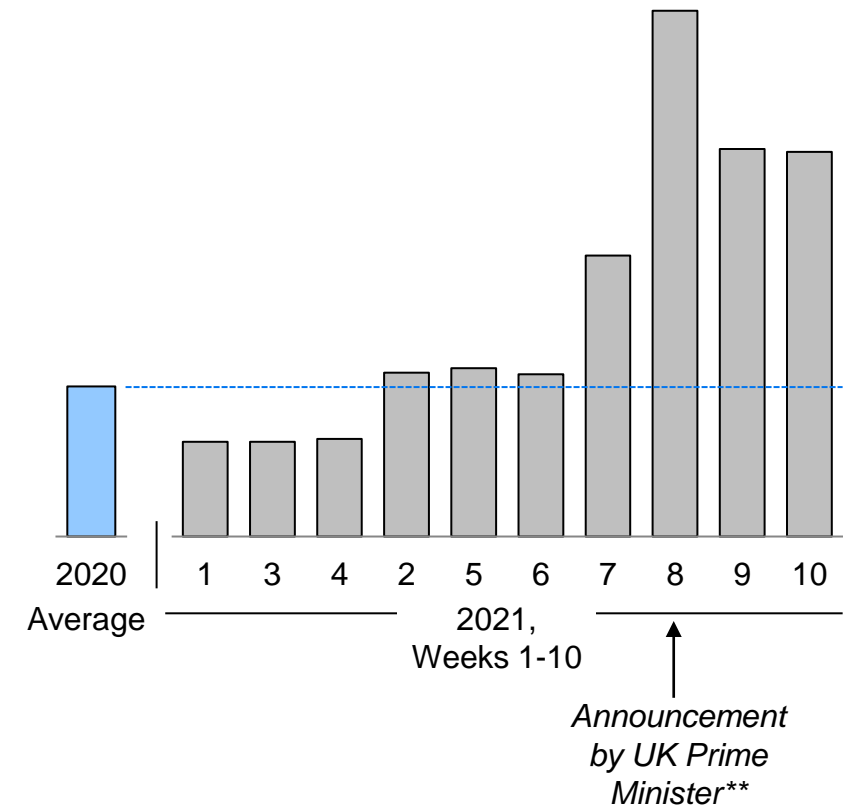
### Member Activity – U.S.

YOY change in email-generated user sessions on website and app



### Voucher Purchases – UK

Weekly gross purchases indexed against 2020 average



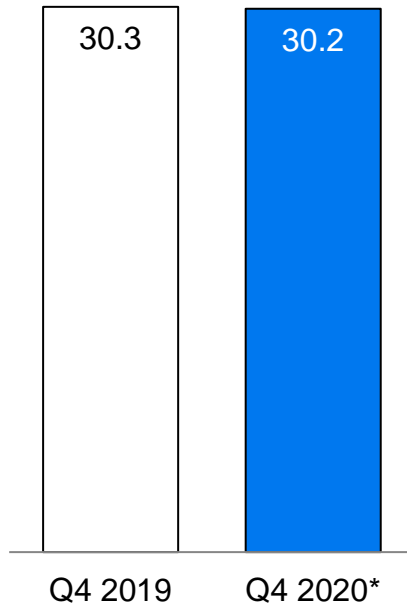
\* Month-to-date (March 1-15, 2021 vs March 1-15, 2020)

\*\* UK Prime Minister Boris Johnson announces timeline for removal of COVID-related restrictions

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.

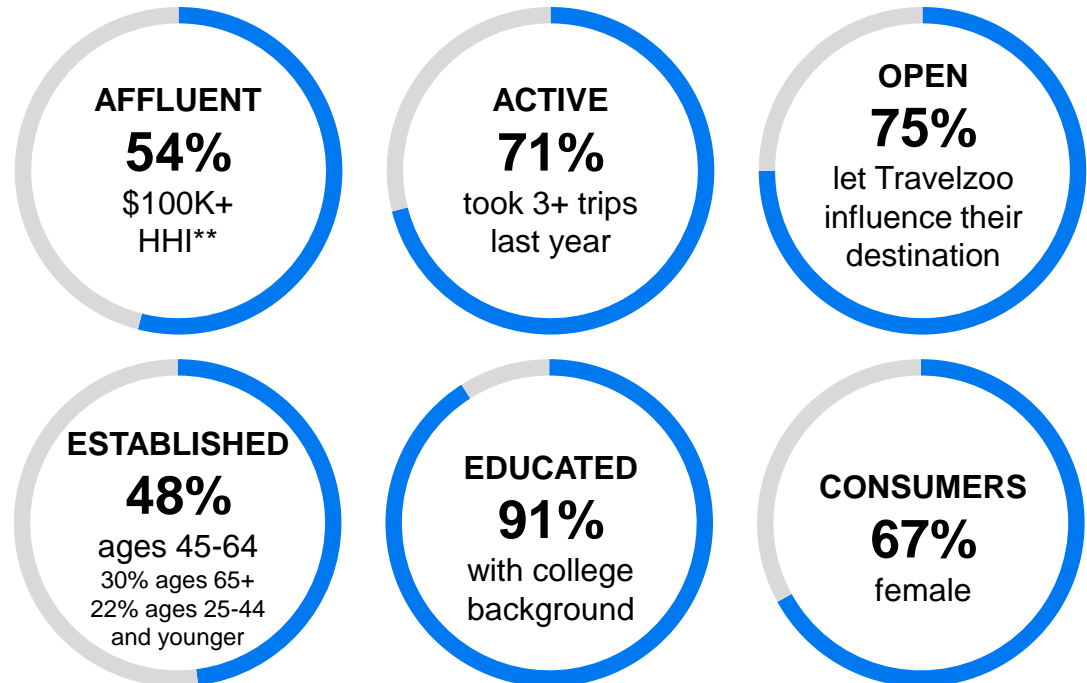
## Travelzoo's Global Reach

### 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:  
Fourth Quarter 2020 Performance

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Part 2:  
Management Focus

- Expand and seize the exceptional industry opportunities 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.
- Grow Jack's Flight Club's profitable subscription revenue.
- Grow profitability as demand for travel returns.

**TRAVELZOO<sup>®</sup>**

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**THANK YOU**

For questions, please contact Travelzoo Investor Relations:

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