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FOR IMMEDIATE RELEASE

# Travelzoo Reports Fourth Quarter 2021 Results

**NEW YORK, March 3, 2022** — Travelzoo® (NASDAQ: TZOO):

- Consolidated revenue of $14.1 million, up 13% year-over-year
- Non-GAAP consolidated operating loss of $2.1 million
- Earnings per share (EPS) of ($0.25) attributable to Travelzoo from continuing operations

Travelzoo, a global Internet media company that provides exclusive offers and experiences for members, today announced financial results for the fourth quarter ended December 31, 2021. Consolidated revenue was $14.1 million, up 13% from $12.5 million year-over-year and down 10% from 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 $3.0 million for Q4 2021. At the consolidated level, including minority interests, the reported net loss from continuing operations was $3.0 million. EPS from continuing operations was ($0.25), compared to $0.02 in the prior-year period. GAAP operating loss was $3.4 million.

Non-GAAP operating loss was $2.1 million. The calculation of non-GAAP operating profit (loss) excludes amortization of intangibles ($0.3 million), stock option expenses ($1.0 million), and severance-related expenses ($0.1 million). See section “Non-GAAP Financial Measures” below.

“The surge of the Omicron variant and related increased safety measures during Q4 2021 affected our reported revenue and operating income,” said Holger Bartel, Global CEO. "We believe this to be a short-term effect. We expect the Company’s financial performance to significantly improve in 2022.”

**Cash Position**

As of December 31, 2021, consolidated cash, cash equivalents and restricted cash were $45.0 million. Net cash used in operations was $17.4 million. Cash was used primarily in connection with the payment of accounts payable and merchant payables as well an increase in accounts receivables of $8.8 million related to switching to a more efficient payment processor. The switch also increased deposits by $5.5 million during a transition period. There were no significant capital expenditures.

**Reserve**

Reported revenues are net of a reserve of $4.7 million related to commissions earned from refundable vouchers sold. The reserve is booked as contra revenue, which lowered revenue and operating income by $1.6 million for the quarter.

**Travelzoo North America**

North America business segment revenue decreased 3% year-over-year to $8.6 million. Operating loss for Q4 2021 was $2.2 million, compared to an operating profit of $1.3 million in the prior-year period.

**Travelzoo Europe**

Europe business segment revenue increased 77% year-over-year to $4.8 million. Operating loss for Q4 2021 was $1.2 million, compared to an operating loss of $2.4 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 decreased 13% year-over-year to $803,000. Non-GAAP operating income for Q4 2021 was $292,000, compared to Non-GAAP operating income of $532,000 in the prior-year period. After consolidation with Travelzoo, which includes $275,000 in amortization of intangible assets related to the accounting of the acquisition, Jack’s Flight Club's reported net loss was $19,000, with $11,000 attributable to Travelzoo.

**Licensing**

In June of 2020, Travelzoo entered into a royalty-bearing licensing agreement with a local licensee in Japan for the exclusive use of Travelzoo's brand, business model, and members in Japan. In August of 2020, Travelzoo entered into a royalty-bearing licensing agreement with a local licensee in Australia for the exclusive use of Travelzoo's brand, business models, and members in Australia, New Zealand, and Singapore. Under these arrangements, 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. Travelzoo recorded $1,000 in licensing revenue from the licensee in Australia, New Zealand, and Singapore in Q4 2021. Licensing revenue is expected to increase going forward.

**Members and Subscribers**

As of December 31, 2021, we had 30.3 million members worldwide. In North America, the unduplicated number of Travelzoo members was 16.9 million as of December 31, 2021, up 4% from December 31, 2020. In Europe, the unduplicated number of Travelzoo members was 8.4 million as of December 31, 2021, down 4% from December 31, 2020. Jack's Flight Club had 1.8 million subscribers as of December 31, 2021, up 6% from December 31, 2020.

**Discontinued Operations**

As announced in a press release on March 10, 2020, Travelzoo decided to exit its Asia Pacific business and operate it as a licensing business going forward. Consequently, 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 benefit was $248,000 in Q4 2021, compared to an income tax benefit of $368,000 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 (loss)" 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 substantially higher revenue and a return to profitability in Q1 2022. We continue to see a trend of recovery of our revenue. However, there could be unexpected fluctuations in the short term. 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—while revenue is expected to grow.

**Conference Call**

Travelzoo will host a conference call to discuss third 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 its 30 million members exclusive offers and one-of-a-kind experiences personally reviewed by our deal experts around the globe. We have our finger on the pulse of outstanding travel, entertainment, and lifestyle experiences. We work 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 December 31, | | Twelve months ended December 31, | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| Revenues | $ 14,139 | $ 12,483 | $ 63,190 | $ 53,601 |
| Cost of revenues | 2,993 | 2,795 | 11,525 | 10,563 |
| Gross profit | 11,146 | 9,688 | 51,665 | 43,038 |
| Operating expenses: | | | | |
| Sales and marketing | 8,455 | 6,305 | 30,294 | 30,616 |
| Product development | 538 | 495 | 2,590 | 3,081 |
| General and administrative | 5,573 | 3,785 | 19,753 | 20,494 |
| Impairment of intangible asset and goodwill | — | — | — | 2,920 |
| Total operating expenses | 14,566 | 10,585 | 52,637 | 57,111 |
| Operating loss | (3,420) | (897) | (972) | (14,073) |
| Other income, net | 144 | 677 | 4,006 | 455 |
| Income (loss) from continuing operations before income taxes | (3,276) | (220) | 3,034 | (13,618) |
| Income tax expense (benefit) | (248) | (368) | 1,863 | (2,438) |
| Income (loss) from continuing operations | (3,028) | 148 | 1,171 | (11,180) |
| Income (loss) from discontinued operations, net of tax | (8) | 554 | (13) | (3,390) |
| Net income (loss) | (3,036) | 702 | 1,158 | (14,570) |
| Net loss attributable to non-controlling interest | (8) | (25) | (9) | (1,147) |
| Net income (loss) attributable to Travelzoo | $ (3,028) | $ 727 | $ 1,167 | $ (13,423) |
| | | | | |
| Net income (loss) attributable to Travelzoo—continuing operations | $ (3,020) | $ 173 | $ 1,180 | $ (10,033) |
| Net income (loss) attributable to Travelzoo—discontinued operations | $ (8) | $ 554 | $ (13) | $ (3,390) |
| | | | | |
| Income (loss) per share—basic | | | | |
| Continuing operations | $ (0.25) | $ 0.01 | $ 0.10 | $ (0.88) |
| Discontinued operations | $ — | $ 0.05 | $ — | $ (0.30) |
| Net income (loss) per share —basic | $ (0.25) | $ 0.06 | $ 0.10 | $ (1.18) |
| | | | | |
| Income (loss) per share—diluted | | | | |
| Continuing operations | $ (0.25) | $ 0.01 | $ 0.09 | $ (0.88) |
| Discontinued operations | $ — | $ 0.05 | $ — | $ (0.30) |
| Net income (loss) per share—diluted | $ (0.25) | $ 0.06 | $ 0.09 | $ (1.18) |
| Shares used in per share calculation from continuing operations—basic | 12,050 | 11,315 | 11,646 | 11,344 |
| Shares used in per share calculation from discontinued operations—basic | 12,050 | 11,315 | 11,646 | 11,344 |
| Shares used in per share calculation from continuing operations—diluted | 12,050 | 12,605 | 12,991 | 11,344 |
| Shares used in per share calculation from discontinued operations—diluted | 12,050 | 12,605 | 11,646 | 11,344 |

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 43,815 | $ 63,061 |
| Accounts receivable, net | 15,305 | 4,519 |
| Prepaid income taxes | 3,239 | 931 |
| Deposits | 190 | 137 |
| Prepaid expenses and other | 2,851 | 1,166 |
| Assets from discontinued operations | 71 | 230 |
| Total current assets | 65,471 | 70,044 |
| Deposits and other | 6,784 | 745 |
| Deferred tax assets | 3,949 | 5,067 |
| Restricted cash | 1,142 | 1,178 |
| Operating lease right-of-use assets | 7,700 | 8,541 |
| Property and equipment, net | 659 | 1,347 |
| Intangible assets, net | 3,426 | 4,534 |
| Goodwill | 10,944 | 10,944 |
| Total assets | $ 100,075 | $ 102,400 |
| **Liabilities and Stockholders' Equity (Deficit)** | | |
| Current liabilities: | | |
| Accounts payable | $ 3,981 | $ 6,996 |
| Merchant payables | 68,678 | 57,104 |
| Accrued expenses and other | 9,734 | 8,649 |
| Deferred revenue | 1,733 | 2,688 |
| Operating lease liabilities | 3,180 | 3,587 |
| PPP notes payable (current portion) | — | 2,849 |
| Income tax payable | 185 | 326 |
| Liabilities from discontinued operations | 485 | 671 |
| Total current liabilities | 87,976 | 82,870 |
| PPP notes payables | — | 814 |
| Deferred tax liabilities | — | 357 |
| Long-term operating lease liabilities | 9,111 | 10,774 |
| Other long-term liabilities | 2,364 | 1,085 |
| Total liabilities | 99,451 | 95,900 |
| Non-controlling interest | 4,600 | 4,609 |
| Common stock | 126 | 114 |
| Treasury stock (at cost) | (5,488) | — |
| Additional paid-in capital | 4,415 | 6,239 |
| Retained earnings (accumulated deficit) | 764 | (403) |
| Accumulated other comprehensive loss | (3,793) | (4,059) |
| Total stockholders' equity (deficit) | (3,976) | 1,891 |
| Total liabilities and stockholders' equity (deficit) | $ 100,075 | $ 102,400 |

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

| | Three months ended December 31, | | Twelve months ended December 31, | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| **Cash flows from operating activities:** | | | | |
| Net income (loss) | $ (3,036) | $ 702 | $ 1,158 | $ (14,570) |
| Adjustments to reconcile net income (loss) to net cash provided by | | | | |
| Depreciation and amortization | 412 | 508 | 1,820 | 2,314 |
| Stock-based compensation | 960 | 960 | 3,748 | 6,203 |
| Deferred income tax | (259) | (1,666) | 813 | (3,413) |
| Impairment of intangible assets and goodwill | — | — | — | 2,920 |
| Gain on notes payable settlement | — | — | — | (1,500) |
| Gain on long-lived assets | — | (822) | — | (385) |
| Loss on equity investment in WeGo | — | — | — | 474 |
| Gain on sale of equity investment in WeGo | — | (468) | — | (468) |
| Gain on PPP notes payable forgiveness | — | — | (3,588) | — |
| Net foreign currency effects | (73) | (143) | (373) | (685) |
| Provision for (reversal of) loss on accounts receivable and other | 1,667 | 1,452 | (58) | 5,375 |
| Changes in operating assets and liabilities, net of acquisitions: | | | | |
| Accounts receivable | (6,321) | (50) | (10,169) | 6,196 |
| Prepaid income taxes | (366) | (610) | (2,373) | 75 |
| Prepaid expenses and other | 1,381 | (443) | (8,092) | 1,183 |
| Accounts payable | (7,765) | (13,457) | (2,740) | (748) |
| Merchant payables | (4,307) | 23,604 | 12,179 | 44,136 |
| Accrued expenses and other | 785 | (731) | 333 | (2,112) |
| Income tax payable | 125 | (61) | (138) | (540) |
| Other liabilities | (563) | 660 | (597) | 2,564 |
| Net cash provided by (used in) operating activities | (17,360) | 9,435 | (8,077) | 47,019 |
| **Cash flows from investing activities:** | | | | |
| Acquisition of business, net of cash acquired | — | — | — | (679) |
| Other investment | — | — | — | (430) |
| Proceeds from investment | 133 | — | 133 | — |
| Proceeds from sale of equity investment in WeGo | — | 2,607 | — | 2,607 |
| Purchases of property and equipment | (5) | (1) | (29) | (253) |
| Proceeds from sale of long-lived assets | — | 822 | — | 822 |
| Net cash provided by investing activities | 128 | 3,428 | 104 | 2,067 |
| **Cash flows from financing activities:** | | | | |
| Repurchase of common stock | (3,905) | — | (5,488) | (1,205) |
| Payment of promissory notes | — | (1,700) | (110) | (9,500) |
| Proceeds from notes payable | — | — | — | 3,663 |
| Exercise of stock options and taxes paid for net share settlement | (148) | 60 | (5,572) | 60 |
| Net cash used in financing activities | (4,053) | (1,640) | (11,170) | (6,982) |
| Effect of exchange rate on cash, cash equivalents and restricted cash | (127) | 1,178 | (253) | 1,571 |
| Net increase (decrease) in cash, cash equivalents and restricted cash | (21,412) | 12,401 | (19,396) | 43,675 |
| Cash, cash equivalents and restricted cash at beginning of period | 66,401 | 51,984 | 64,385 | 20,710 |
| Cash, cash equivalents and restricted cash at end of period | $ 44,989 | $ 64,385 | $ 44,989 | $ 64,385 |

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

| Three months ended December 31, 2021 | Travelzoo North America | Travelzoo Europe | Jack's Flight Club | Elimination | Consolidated |
|---|---|---|---|---|---|
| Revenue from unaffiliated customers | $ 8,678 | $ 4,658 | $ 803 | $ — | $ 14,139 |
| Intersegment revenue | (99) | 99 | — | — | — |
| Total net revenues | 8,579 | 4,757 | 803 | — | 14,139 |
| Operating income (loss) | $ (2,240) | $ (1,197) | $ 17 | $ — | $ (3,420) |

| Three months ended December 31, 2020 | Travelzoo North America | Travelzoo Europe | Jack's Flight Club | Elimination | Consolidated |
|---|---|---|---|---|---|
| Revenue from unaffiliated customers | $ 8,858 | $ 2,703 | $ 922 | $ — | $ 12,483 |
| Intersegment revenue | 12 | (12) | — | — | — |
| Total net revenues | 8,870 | 2,691 | 922 | — | 12,483 |
| Operating income (loss) | $ 1,318 | $ (2,414) | $ 199 | $ — | $ (897) |

| Twelve months ended December 31, 2021 | Travelzoo North America | Travelzoo Europe | Jack's Flight Club | Elimination | Consolidated |
|---|---|---|---|---|---|
| Revenue from unaffiliated customers | $ 41,683 | $ 18,161 | $ 3,346 | $ — | $ 63,190 |
| Intersegment revenue | 363 | (363) | — | — | — |
| Total net revenues | 42,046 | 17,798 | 3,346 | — | 63,190 |
| Operating income (loss) | $ 414 | $ (1,520) | $ 134 | $ — | $ (972) |

| Twelve months ended December 31, 2020 | Travelzoo North America | Travelzoo Europe | Jack's Flight Club | Elimination | Consolidated |
|---|---|---|---|---|---|
| Revenue from unaffiliated customers | $ 34,663 | $ 15,409 | $ 3,537 | $ (8) | $ 53,601 |
| Intersegment revenue | 249 | (257) | — | 8 | — |
| Total net revenues | 34,912 | 15,152 | 3,537 | — | 53,601 |
| Operating loss | $ (5,056) | $ (6,195) | $ (2,814) | $ (8) | $ (14,073) |

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

| | Three months ended December 31, | | Twelve months ended December 31, | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| GAAP operating expense | $ 14,566 | $ 10,585 | $ 52,637 | $ 57,111 |
| Non-GAAP adjustments: | | | | |
| Impairment of intangible and goodwill (A) | — | — | — | 2,920 |
| Amortization of intangibles (B) | 275 | 333 | 1,108 | 1,277 |
| Stock option expenses (C) | 960 | 958 | 3,747 | 6,201 |
| Severance-related expenses (D) | 87 | 153 | 580 | 1,292 |
| Non-GAAP operating expense | 13,244 | 9,141 | 47,202 | 45,421 |
| | | | | |
| GAAP operating loss | (3,420) | (897) | (972) | (14,073) |
| Non-GAAP adjustments (A through D) | 1,322 | 1,444 | 5,435 | 11,690 |
| Non-GAAP operating income (loss) | (2,098) | 547 | 4,463 | (2,383) |

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