Risk Factors Comparison 2024-03-22 to 2023-03-31 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Investing in our common stock involves a high degree of risk. The business, financial condition and operating results of the Company can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause the Company' s actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any or all of the risks listed below, as well as other variables affecting our operating results, in whole or in part, could materially and adversely affect our business or financial condition, which could cause the market price of our stock to decline or cause substantial volatility in our stock price, in which event the value of your common stock could decline. You should also keep these risk factors in mind when you read forward- looking statements. Risks Related to Our Financial Condition and Business Model ~~The COVID pandemic had, and the after- effects of the pandemic may continue to have, a material adverse impact on the travel industry and our business and financial performance. The COVID pandemic resulted in a significant negative effect on our business, financial condition, and results of operations and cash flows. Specifically, the measures implemented in 2020 to contain the virus (quarantine restrictions, testing and vaccination requirements, business closures, etc.) led to a steep decline in travel and entertainment demand, which led to (1) many of our advertisers pausing or stopping advertising with us, (2) a high level of cancellations for our hotel partners and travel package partners, and (3) refund requests for vouchers sold by Travelzoo for restaurant and spa partners. At the time, we modified our policies to respond to the changing circumstances, particularly with our vouchers, where we extended expiration dates and allowed for full refundability, which enabled Travelzoo to mitigate some of the negative effects of the pandemic on Travelzoo' s financial performance. Now that the pandemic and its lingering effects have mostly subsided, we are seeing most of our advertisers and partners return to advertising with us and have altered our policies again to align with the changing environment (including reverting to a 14- day return window for vouchers and implementing a surcharge for full refundability for vouchers), although with the emergence of new variants, this trend could stop or even reverse. Any changes in laws or regulations that again impair the ability or desire of individuals to travel, including laws or regulations banning travel, requiring vaccination, COVID testing requirements in connection with travel, the closure of hotels or other travel- related businesses or other restrictions in connection with or as a result of the pandemic, may exacerbate the negative impact on our business, financial condition, results of operations, and cash flows. The ultimate extent of the pandemic and its impact on travel is unknown and difficult to predict. The pandemic and the emergence of new variants could continue to hamper global economic activity for an extended period of time, even as restrictions are lifted and vaccination rates increase, leading to decreased disposable income for consumers, increased and ongoing unemployment and / or a decline in consumer confidence, all of which could significantly reduce discretionary spending on travel. In turn, that could have a negative impact on demand for our services. Although all countries have opened their borders for travel again, there is inconsistency in testing, vaccination and safety protocols across countries, making trip planning unpredictable and undermining consumer confidence. Because we operate in various countries (including through our licensing arrangements), we are subject to varying rates of recovery. The aforementioned circumstances could result in a material adverse impact on our business, financial condition, results of operations and cash flows, potentially for a prolonged period. Impairments of goodwill, long- term investments and long- lived assets have a negative impact on our results of operations. We perform our impairment test annually in October unless there are events that trigger the need for an interim test. We recorded a $ 200, 000 impairment charge in connection with the indefinite lived intangible assets (JFC Trade name) in the annual impairment test for 2022. No impairment charge was identified in connection with the annual impairment test for 2021. The determination of the fair value reflects numerous assumptions that are subject to various risks and uncertainties. It requires significant judgments and estimates and actual results could be materially different. Future events and changing market conditions may lead us to re- evaluate the assumptions reflected in the current forecast, particularly the assumptions related to the length and severity of the global pandemic and the shape and timing of the subsequent recovery, which may result in a need to recognize additional impairment charges, which could have a material adverse effect on our results of operations. See Note 3 to the Consolidated Financial Statements for further information.~~ We cannot assure you that we will be profitable. In the year ended December 31, **2023, we generated consolidated net income of $ 12. 5 million, of which $ 12. 4 million income was attributable to Travelzoo. In the year ended December 31,** 2022, we generated consolidated net income of $ 6. 6 million, of which $ 6. 6 million income was attributable to Travelzoo. ~~In the year ended December 31, 2021, we generated consolidated net income of $ 902, 000 of which $ 911, 000 income was attributable to Travelzoo.~~ Our profitability was adversely impacted in 2022 and 2021 due to the global **COVID** pandemic ~~, and there is no assurance that we will be profitable in the future~~ . We forecast our future expense levels based on our operating plans and our estimates of future revenues. ~~Given the impact of the pandemic in 2020, we significantly cut expenses to preserve profitability as much as possible.~~ In the future, depending on various factors, including but not limited to, market conditions, **changes in** the **general** ~~improvement of the~~ economy and ~~the return of~~ the travel industry, we may need to ~~continue to~~ cut expenses to preserve profitability or **,** alternatively **,** we may find it necessary to significantly accelerate expenditures to meet increased demand or to maintain brand awareness. We may also expand ~~and~~ **,** upgrade **and / or add** technology and make investments in existing or new products **(including, but not limited to the move to a paid membership model)** that may impact our profitability. If our revenues grow at a slower rate than we anticipate or decline, or if our spending levels exceed expectations or cannot be adjusted to reflect slower growth, we may not be profitable. Fluctuations in our operating results may negatively impact our stock price. Our quarterly and annual operating results may fluctuate significantly in the future due to a variety of factors that could affect our revenues or our expenses in any particular period. You should not rely on our quarter to quarter comparisons of our results of operations, as they are not considered an indication of future performance. Factors that may affect quarterly results include: consumer refund rate; mismatches between resource allocation and client demand due to difficulties in predicting client demand; changes in general economic conditions (perceived or actual) that could impair consumer spending; the magnitude and timing of marketing initiatives, including member acquisition and expansion efforts; the introduction, development, timing, competitive pricing and market acceptance of our products and services **(including our move to a paid membership model)** and those of our competitors; our ability to attract, hire and retain key personnel; our ability to maintain merchant and member satisfaction such that we are able to continue to attract high **-** quality merchants and members; our ability to manage our planned growth; our ability to encourage our existing members to engage with our products and services and to convert them to revenue- generating users; technical difficulties or system downtime affecting the Internet or our products and services; and volatility of our operating results in new markets. We may significantly decrease our operating expenses in response to changes in general economic conditions, performance and / or declines in consumer demand. We may significantly increase our operating expenses for a certain period if, among other reasons, we see a unique opportunity for a brand marketing campaign, if we find it necessary to respond to increased brand marketing by a competitor, or if we decide to accelerate our acquisition of new members or engagement of existing members. If revenues fall below our expectations in any quarter and we are unable to quickly reduce our operating expenses in response, our operating results would be lower than expected and our stock price may fall. Expansion of product offerings may result in additional costs that exceed revenue and may trigger additional stock **price** volatility **. In December of 2023, we announced that effective January 1, 2024, we would be moving to a paid membership model, with existing Travelzoo members grandfathered in through the end of the year** . In March of 2022, we announced the creation of our new Metaverse business and ~~our plans to~~ **in 2023, we** ~~launch~~ **launched** Travelzoo META **Founding Membership** , **following a test and learn strategy, with plans for the launch of** a subscription membership service that provides members with exclusive access to Metaverse travel experiences ~~. In response~~ to **follow. We previously** ~~the global pandemic, we~~ expanded our voucher ~~product~~ offering to include fully refundable vouchers and **later** ~~have now~~ added a surcharge option where members can pay extra for full refundability. We have ~~also~~ historically invested in packaging technology and expansion of our hotel booking platform. We may in the future invest in ~~the~~ **upgraded** technology for our email products or invest in completely new **technology or** products. Such product modifications and expansions may result in an increase in costs in the near- term and an increase in cost structure in the long- term, which may be in excess of incremental revenue. If our expanded product offerings are not embraced by our users or our advertising partners, or if we are unsuccessful in our efforts to monetize these initiatives, our business and financial results could be adversely affected. If we cannot attract members to our product offerings, our financial results could be affected. ~~Fully refundable vouchers may also result in significant refunds and costs for the Company. In addition, the hotel booking platform and travel packages will be sensitive to fluctuations in hotel supply, occupancy and average daily rates and a fluctuation in any of these factors could impact our revenue.~~ We can give no assurances that any of our product offerings will yield the benefits we expect and will not result in additional costs. Our voucher products may be adversely impacted by competition and changing consumer demand for vouchers. Our Local Deals and Getaways products include the sale of vouchers directly to consumers to advertise promotional offers provided by merchants. This format may require additional investments to maintain and grow the business including the hiring of additional sales ~~force~~ **personnel** and additional spend on customer service, marketing, technology tracking systems and payment processing. Such vouchers had been typically non- refundable or refundable by the Company within 7- 14 days of purchase. In March 2020, the Company expanded its voucher products to include fully refundable vouchers, which ~~allow~~ **allowed** the consumer to request a refund through the expiration date of the voucher. This shift increased the rate at which our existing customers purchased vouchers. However, as market conditions have continued to shift, we have seen a decline in demand for vouchers again. We ~~have~~ therefore pivoted back to 14 day voucher refundability **in April 2022** , but ~~have~~ also added a surcharge option, where members can pay an extra fee for full refundability of the voucher. It is possible in the future that the Company may strategically move away from offering the surcharge or vouchers in general **, or the Company may invest further in voucher offerings to expand them from a product perspective** . It is also possible that travel restrictions may change again, resulting in consumers being unable to utilize their vouchers in the near- term or at all, meaning we would need to again work with partners to extend travel windows and ~~expirations~~ - **expiration** dates or **reinstate** ~~implement again~~ full refundability without a surcharge. While we are continually evolving our strategy, we may not always be successful in doing so and the demand for our vouchers may decline or refund rates may increase and may adversely impact revenues ~~.~~ A change in our estimate of our refund rates with respect to unredeemed vouchers could result in a change of our reported revenues and an increase in our refund rates could reduce our liquidity and adversely affect our profitability **.In order to adapt to the shift in consumer demand due to the pandemic,we modified our refund policy for Local Deals and Getaways vouchers to allow refunds through the expiration date of the voucher,which is typically at least 6- 12 months from the date of purchase.Our previous policy allowed refunds for only 7- 14 days after purchase with no limitations** .According to accounting standards for revenue recognition,revenue that is subject to refunds or returns is considered variable consideration and must be constrained so that it is probable that a significant reversal will not occur in the future as the uncertainty is resolved.To comply with this standard,we ~~estimate~~ **estimated** future refunds and refund rates ~~for Local Deals and Getaways vouchers~~ utilizing a **sophisticated** model that incorporates qualitative and quantitative factors,including but not limited to,historical refund rates based on deal category,relative risk of refund based on voucher type,and changing business and market conditions.However, **due to constantly shifting market factors,particularly due to COVID,and limited historical data due to the recent change in policy,** accurately predicting **the** refund ~~rates~~ - **rate** ~~requires judgement~~ **is difficult** ,and we can make no guarantees that our estimates will be correct.If our refund estimates are materially understated,it will result in a reversal of revenues previously reported and we may be required to restate our financial statements for the relevant periods,which could damage our reputation and impact our stock price. ~~Impairments of goodwill,long- term investments and long- lived assets have a negative impact on our results of operations.We perform our impairment test annually in October unless there are events that trigger the need for an interim test.No impairment was identified in connection with the annual impairment test for 2023.For the annual impairment test in 2022,we recorded a $ 200,000 impairment charge in connection with the indefinite lived intangible assets (JFC Trade name)~~ . Our business could be negatively affected by changes in search engine algorithms or other traffic- generating arrangements. We utilize Internet search engines such as Google, principally through the purchase of travel- related keywords and through organic search, to generate additional traffic to our websites. The number of users we attract from search engines to our websites is due in large part to how and where information from, and links to, our websites are displayed on search engine results pages. The display, including rankings, of unpaid search results can be affected by a number of factors, many of which are not in our control and may change frequently. Search engines frequently update and change the logic that determines the placement and display of results of a user' s search, such that the placement or cost of links to our websites can be negatively affected. In addition, a significant amount of traffic is directed to our websites through our participation in pay- per- click and display advertising campaigns on search engines, travel metasearch engines, and Internet media properties. Pricing and operating dynamics for these traffic sources can experience rapid change, both technically and competitively. Also, we may scale back our expenditures ~~in paid search, pay- per- click and display advertising campaigns~~ at any time. Moreover, a search or metasearch engine could ~~, for competitive or other purposes,~~ alter its search algorithms or display of results **,** causing a website to place lower in search query results. This would adversely affect our business and financial performance, potentially to a material extent. We could also face a significant decrease in traffic to our websites and / or increased costs. Additionally, in some of our contracts we or the other party have agreed to bidding restrictions. If bidding restrictions are held to be illegal or otherwise unenforceable, our performance marketing costs may increase if bidding on affected key words (especially those related to us) becomes more expensive, which could adversely affect our marketing efficiency and results of operations. Trends in consumer use of mobile devices continue to create challenges. Continued widespread use of mobile devices, smart phones, and tablets, coupled with improved web browsing functionality and development of thousands of useful " apps " available on these devices, has been driving substantial traffic and commerce activity to mobile. We have experienced a significant shift of both business and traffic to mobile. ~~Advertising and distribution opportunities may be more limited on mobile devices given their smaller screen sizes. The gross profit earned on a mobile transaction may be less than that earned from a typical desktop transaction.~~ The consumer experience with mobile applications, as well as brand recognition and loyalty, has become even more important. We also rely on application marketplaces, to drive downloads. In the future, marketplaces may make changes that make access to our products more difficult. We believe that **the Travelzoo** mobile ~~bookings~~ **experience** ~~continue~~ **continues** to present an opportunity for growth. Further development of **and investment into** our mobile ~~offerings~~ - **offering** is necessary to maintain and grow our business. **It** ~~As a result, it~~ is increasingly important for us to develop and maintain effective mobile websites optimized for mobile devices. If we are unable to continue to rapidly innovate and create new, user- friendly and differentiated mobile offerings and efficiently and effectively advertise and distribute on these platforms, or if our mobile applications are not downloaded and used by travel consumers, we could lose market share to existing competitors or new entrants and our future growth and results of operations could be adversely affected. We may have exposure to additional tax liabilities. As a global business, we are subject to income taxes as well as non- income based ~~tax~~ **taxes** , in the U. S. and various foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. Although we believe that our tax estimates are reasonable, there is no assurance that the final determination of **any** tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions and accruals. Changes in tax laws or tax rulings may have a significant adverse impact on our effective tax rate. There could be additional changes to the corporate tax rate in the future. The interpretation and implementation of regulations, rules or guidance that have or may be adopted could have a material impact on our business. A number of European Union member states have taken steps to unilaterally introduce a services tax. For example, effective in January 2021, Spain began taxing digital services at 3 % **of revenues** for companies that operate globally and have a significant digital footprint in Spain. Many questions remain regarding these digital services taxes. It is not clear whether digital services taxes can be deducted for income tax purposes or whether there is potential for double taxation on the same transaction. The interpretation and implementation of these taxes (especially if there is inconsistency in the application of these taxes across tax jurisdictions) could have a ~~materially~~ -- **material** adverse impact on our business, results of operations and cash flows. We ~~are~~ also **may be** subject to non- income based taxes, such as value- added, payroll, sales, use, net worth, property and goods and services taxes, in the U. S. and various foreign jurisdictions ~~, including for Jack' s Flight Club~~ . From time to time, the Company may by audited by tax authorities with respect to these non- income based taxes and may have exposure to additional non- income based tax liabilities. These examinations may lead to ordinary course adjustments or proposed adjustments to ~~its~~ **our** taxes or ~~its~~ **our** net operating income ~~or may result in recognition of previously unrecognized tax benefits~~ . The Company' s use of the **net operating losses ("** NOLs **")** of MTE ~~is subject to a possible~~ **or the NOLs themselves maybe** ~~audit~~ **audited** by the Internal Revenue Service (" IRS ") **or other taxing agency** . The IRS may disagree with the Company' s position that the NOLs may be fully utilized, resulting in a whole or partial limitation on the use of the NOLs by the Company. Adverse application of state and local tax laws could have an adverse effect on our business and results of operation. Our expansion of our product offerings may subject us to state and local tax laws and result in additional tax liabilities. A number of jurisdictions in the U. S. historically initiated lawsuits against other online travel companies, related to, among other things, the payment of hotel occupancy and other taxes (i. e., state and local sales tax). In addition, a number of municipalities initiated audit proceedings, issued proposed tax assessments or started inquiries relating to the payment of such taxes. ~~Given~~ **We operate** our hotel booking platform and packaging technology **as** ~~consist of~~ an agency model **,** whereby we ~~will~~ facilitate reservations on behalf of a hotel or other supplier, **therefore** the payment of hotel occupancy taxes and other taxes should be the responsibility of the applicable hotel or packaging partner, which are typically responsible for remitting applicable taxes to the various tax authorities. Nevertheless, to the extent that any tax authority succeeds in asserting that we have a tax collection responsibility (for hotel bookings, packaging or any other aspects of our business, including Jack' s Flight Club **and / or the new paid membership**), or we determine that we have one, with respect to future transactions, we may collect any such additional tax obligation from our customers, which would have the effect of increasing the cost to our customers and, consequently, could make our services less competitive and reduce reservation transactions **and with respect to past transactions, we could have a liability for tax that we did not collect from our customers** . This could have a material adverse effect on our business and results of operations. Our business model may not be adaptable to a changing market. Our current revenue model depends primarily on advertising fees paid by travel and entertainment companies and still relies significantly on email communications with our members. If current clients / partners decide not to continue or are unable to continue advertising their offers with us and we are unable to replace them with new clients / partners or alternative revenue streams **(such as, for example, from the sale of paid memberships)** , our business may be adversely affected. To be successful, we must provide online marketing solutions that achieve broad market acceptance by travel and entertainment companies. In addition, we must attract sufficient Internet users with attractive demographic characteristics to our products. It is possible that we will be required to further adapt our business model and products in response to changes in the online advertising market or travel industry or if our current **or planned** business model is not successful. For example, uncertainty surrounding the ability to travel would require us to adapt our product offerings to move away from our reliance on advertising fees and to provide consumers with additional flexibility in order to attract them to purchase. If we do not adapt to these trends fully or quickly enough, we may lose revenue as consumer usage ~~of our products and services~~ may decline. If we are not able to anticipate changes in the online advertising market or if our business model is not successful, our business could be materially adversely affected. If we fail to retain existing advertisers or add new advertisers, our revenue and business will be harmed. We depend on our ability to attract and retain advertisers that are prepared to offer products or services on compelling terms to our members. We do not generally have long- term arrangements to guarantee the availability of offers that provide attractive quality, value and variety to consumers or favorable payment terms to us. We must continue to attract and retain advertisers in order to increase revenue and maintain profitability. If new advertisers do not find our marketing and promotional services effective, or if existing advertisers do not believe that utilizing our products provides them with a long- term increase in customers, revenue or profit, they may stop making offers through our marketplace. In addition, we may experience attrition in our advertisers in the ordinary course of business resulting from several factors, including losses to competitors and advertiser closures or bankruptcies / insolvencies. We can also experience a decline in advertisers providing offers in certain destinations due to natural disasters or travel restrictions. If we are unable to attract new advertisers in numbers sufficient to grow our business, or if too many advertisers are unwilling to offer compelling terms to our members or favorable payment terms to us, we may sell less advertising, and our operating results will be adversely affected. We may not be able to add enough additional revenue to replace the lost revenue. Further, the new revenue may cost more to generate, impacting our operating results. A change in our estimate of our...... reputation and impact our stock price. If our advertisers do not meet the needs and expectations of our members, our business could suffer. Our business depends on our reputation for providing high- quality offers, and our brand and reputation may be harmed by actions taken by advertisers, partners, or merchants that are outside our control. For our Local Deals and Getaways merchants, we face exposure should merchants not fully honor the terms of the offers or the vouchers, including if the merchant were to go out of business or stop providing services for any reason. As for our travel business, although the advertiser is responsible directly to the consumer to provide the offer it advertised, our business can be adversely affected should an advertiser fail to comply with the terms of the advertised offer or provide us with misleading information about the offer that we use in our advertisements. From time to time, merchants and advertisers **experience** ~~risk the~~ insolvency, bankruptcy or closure of their ~~business~~ **businesses** and can face regulatory issues (including losing their licenses), which can result in the cancellation of services booked by consumers through the advertiser. Advertisers who fail to fulfill the travel services advertised in the promotions run by us can negatively impact our reputation, and advertisers that fail to pay for the advertisements can also negatively impact revenue growth. Moreover, any shortcomings of our advertisers or merchants, particularly with respect to an issue affecting the quality of the offer, may be attributed by our members to us, thus damaging our reputation and potentially affecting our results of operations. In addition, negative publicity and member sentiment generated as a result of fraudulent or deceptive conduct by our merchants or partners could also damage our reputation, reduce our ability to attract new members or retain our current members, and diminish the value of our brand. Our business relies heavily on email and other messaging services, and any restrictions on the sending of emails or messages or a decrease in member willingness to receive **emails or** messages could adversely affect our revenue and business. Our business is highly dependent upon email and other messaging services. Email offers sent by us, or on our behalf by our affiliates, generate a substantial portion of our revenue. Because of the importance of email and other messaging services, if we are unable to successfully deliver emails or messages, or if members decline to open our emails or messages, **or purchase any of our advertised offers,** our revenue and profitability could be adversely affected. Laws and regulations regulating the sending of commercial emails, including those enacted in foreign jurisdictions (such as Canada **, the U. K.** and Europe), may affect our ability to deliver emails or messages and may also result in increased compliance costs. Further, actions by third parties to block, impose restrictions on, or charge for the delivery of emails or other messages could also materially and adversely impact our business. From time to time, Internet service providers block bulk email transmissions or otherwise experience technical difficulties that result in our inability to successfully deliver emails or other messages to third parties. In addition, our use of email and other messaging services to send communications about our website or other matters may result in legal claims against us, which if successful might limit or prohibit our ability to send emails or other messages. Any disruption or restriction on the distribution of emails or other messages or any increase in ~~the associated~~ costs would materially and adversely affect our revenue and profitability. In addition, the shift in our ~~website~~ traffic originating from mobile devices accessing our services may decrease our members' willingness to use our services and could decrease their willingness to be an email member. “ Cookie ” laws could negatively impact the way we do business. A" cookie" is a text file that is stored on a user' s computer or mobile device. Cookies are common tools used by thousands of websites and mobile apps to, among other things, store or gather information (e. g., remember log- on details), market to consumers and enhance the user experience. Cookies are valuable tools to improve the customer experience and increase conversion. Many jurisdictions, including the European Union and more recently, California, have adopted regulations governing the use of ~~"~~ cookies. ~~"~~ To the extent any such regulations require" opt- in" consent before certain cookies can be placed on a user' s computer or mobile device, our ability to serve certain ~~customers~~ **consumers** in the manner we currently do might be adversely affected and our ability to continue to improve and optimize performance on our website might be impaired, either of which could negatively affect a consumer' s experience using our services and our business, market share and results of operations. **Additionally, in January 2024, Google began the process of phasing out third- party cookies in its Chrome browser. We expect that similar changes to Apple, Google or other browser or mobile platforms could occur, further limiting our ability to optimize performance for consumers.** Our reported total number of members may be higher than the number of our actual individual members and may not be representative of the number of persons who are active potential customers. The total number of members we report may be higher than the number of our actual individual members because some members have multiple registrations, other members have died or become incapacitated and others may have registered under fictitious names **or with email addresses they no longer use, and different members may have selected different preferences for email communications** . Given the challenges inherent in identifying these members, we do not have a reliable system to accurately identify the number of actual individual members, and thus we rely on the number of total members shown on our records as our measure of the size of our member base. In addition, the number of members we report includes the total number of individuals that have completed registration through a specific date, less individuals who have **fully** unsubscribed. Those numbers of members may include individuals who do not receive our emails because our emails have been blocked or are otherwise undeliverable. As a result, the reported number of members should not be considered as representative of the number of persons who continue to actively consider our deals by reviewing our email offers. We may not be able to obtain sufficient funds to grow our business and equity or debt financing may be on adverse terms. For the year ended December 31, ~~2022~~ **2023** , our cash and cash equivalents was $ ~~18~~ **15** . 7 million, of which $ 10. 7 million was held outside the U. S. in our foreign subsidiaries. As of December 31, ~~2022~~ **2023** , we had negative working capital of $ ~~11~~ **3** . ~~9~~ **4** million. Merchant payables was $ ~~32~~ **20** . 6 million as of December 31, ~~2022~~ **2023** . The payable to merchants is generally due upon redemption of the voucher. The **expiration dates of** vouchers **range between** ~~have maturities that extend from~~ January ~~2023~~ **2024** through December 2025 ~~with the majority of vouchers expiring in 2023 and the remaining primarily expiring in 2024~~ ; ~~provided~~ **however** , ~~that~~ these expiration dates may sometimes be extended on a case- by- case basis **and final payment upon expiration may not be due for up to a year after expiration** . However, if redemption ~~and refund~~ activities are more accelerated, ~~or~~ if ~~we~~ **our business is not profitable, and if our planned targets for cash flows from operations** are not **met** ~~able to increase operating income~~ , we may need to obtain additional financing ~~to meet our working capital needs~~ in the future. We ~~intend to continue to grow~~ **did receive certain subsidies, tax relief** ~~our~~ - **or other financial aid from various governmental programs relating to COVID (particularly in the US, Canada, UK and Germany), however, we repaid back any funds received that were required to be repaid. We may have been required to agree to certain restrictions, audit requirements and / or obligations to reimburse support payments in part or in total, which could negatively impact the** business ~~and fund our current operations using cash on hand. However, this may not be sufficient to meet our needs, including the payments required to settle merchant payables and various commitments and contingencies, as described under Note 6 to the accompanying consolidated financial statements~~ . We may not be able to obtain financing on commercially reasonable terms, or at all, especially due to volatile market conditions. If additional financing is not available when required or is not available on acceptable terms, we may be unable to fund our strategic objectives, meet our payroll obligations, successfully promote our brand, develop or enhance our products and services, take advantage of business opportunities, or respond to competitive pressures, any of which could have a material adverse effect on our business. If we choose to raise funds through an equity issuance, existing stockholders may experience dilution and holders of the additional equity securities may have rights senior to existing stockholders of our common stock. If we obtain additional financing through debt securities, the terms of these arrangements could ~~restrict or prevent us from paying dividends, could~~ require the pledging of assets, could subject the Company to restrictive covenants or large fees, and could limit our flexibility ~~. Utilization of governmental stimulus packages may negatively impact our business, operations and / or reputation. Certain governments have passed legislation to help businesses through the COVID pandemic with loans, wage subsidies, tax relief or other financial aid. We have been participating in, or have applied to participate in, several government programs, including but not limited to, the programs offered in the United States, Canada, the United Kingdom, Germany, and certain other jurisdictions. To the extent we have received or will receive any assistance, we may be, or may have been required to agree to certain restrictions, audit requirements and / or obligations to reimburse support payments in part or in total, which could negatively impact the business. Our reputation could also be harmed~~ . We may be sensitive to recessions or other macroeconomic circumstances or events ~~effecting~~ **affecting** the travel industry generally. The demand for online advertising may be linked to the level of economic activity and employment in the U. S. and abroad. Specifically, our business is primarily dependent on the demand for online advertising from travel and entertainment companies. Events like war **, political instability** or other conflicts (including the war in Ukraine **and the Israel- Hamas war**), terrorist attacks, mass shooting incidents, **strikes,** natural disasters **and extreme weather situations** , plane crashes, **major public** ~~travel- related~~ health events, such as the **COVID** pandemic, and logistical challenges such as widespread travel disruptions may have a negative impact on the travel industry and affect travelers’ behavior by limiting their ability or willingness to visit certain locations. In addition, advertisers may choose to limit advertising spend, which can adversely impact our business.

Macroeconomic factors and uncertainties such as rising interest rates, persistently high inflation and / or recession fears may have a negative impact on consumer behavior by reducing consumers' ability or willingness to engage in discretionary spending on travel. In turn, that could have a negative impact on demand for our services. We are not in a position to evaluate the net effect of these circumstances as many of these events and developments cannot be reliably forecasted ~~; however, we believe there has been negative impact to our business by such events and developments~~ . In the longer term, our business might be negatively affected by financial pressures on or changes to the travel industry and the economy overall. Our operations could be significantly hindered by the occurrence of a natural disaster or other catastrophic event. Our operations are susceptible to outages due to fire, floods, power loss, telecommunications failures, unexpected technical problems in the systems that power our websites and distribute our email newsletters, break- ins and similar events. Outages could cause significant interruptions of our service. In addition, despite our implementation of network security measures, and although we have moved most of our IT operations to the cloud, our servers are vulnerable to computer viruses, physical and electronic break- ins, and similar disruptions from unauthorized tampering with our systems. We do not carry business interruption insurance to compensate us for losses that may occur as a result of any of these events. We are subject to payments- related and fraud risks. We accept payments for the sale of vouchers using a variety of methods, including credit cards and debit cards. We pay interchange and other fees, which may increase over time, raise our operating expenses, and lower profitability. We rely on third parties to provide payment processing services and it could disrupt our business if these companies become unwilling **(on favorable terms or otherwise)** or unable to provide these services to us. ~~Because~~ **Macroeconomic circumstances over which** the **Company has no control may result in** ~~global pandemic increased the risk profile of travel- related companies, such~~ payment processing services ~~may require~~ **requiring** larger deposits, ~~impose~~ **imposing** stricter rules or requirements, or **deciding** ~~may decide~~ to stop working with companies related to the travel industry altogether ~~. For example, Travelzoo was required to change processors in certain jurisdictions in 2021 because its previous processor decided to stop working with companies related to the travel industry~~ . If we are unable to pivot to a new payment processor quickly, this could lead to periods of time where we are unable to accept or process payments from our members, impacting our ability to generate revenue. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers and regulations for electronic payment services, such as PSD2 in Europe, which could change or be reinterpreted to make it difficult or impossible for us to comply. In addition, our results can be negatively impacted by purchases made using fraudulent credit cards. Because we act as the merchant of record for certain transactions, we may be held liable for accepting fraudulent credit cards on our websites as well as other payment disputes with our customers. If we have an increase of charge- backs due to the use of fraudulent credit cards on our websites, our business, results of operations and financial condition could be adversely affected. Moreover, under payment card rules and our contracts with our card processors, if there is a security breach of payment card information that we store, we could be liable to the payment card issuing banks for their cost of issuing new cards and related expenses. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments, process electronic funds transfers, or facilitate other types of online payments, and our business and results of operations could be adversely affected. If one or more of these contracts are terminated and we are unable to replace them on similar terms, or at all, it could adversely affect our results of operations. Our ~~reported~~ financial results may be adversely affected by changes in United States generally accepted accounting principles, and we may incur significant costs to adjust our accounting systems and processes to comply. United States generally accepted accounting principles are subject to interpretation by the Financial Accounting Standards Board (~~"~~ **“** FASB ~~"~~ **”**), the American Institute of Certified Public Accountants **(“ AICPA ”)** , the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. We may need to change our accounting processes if we are required to adopt future or proposed changes in principles. The cost of these changes may negatively impact our results of operations during the transition **. Increased focus on environmental, social, and governance (" ESG") responsibilities have and will likely continue to result in additional costs and risks, and may adversely impact our business. There has been an increased focus on ESG practices of companies, including climate change, diversity, equity and inclusion, human capital management, data privacy and security, supply chains (including human rights issues), among other topics, by institutional, individual, and other investors, proxy advisory services, regulatory authorities, consumers, employees and other stakeholders. These evolving expectations and our efforts and ability to respond to and manage these issues, provide updates on them, and establish and meet appropriate goals, commitments, and targets present numerous operational, regulatory, reputational, financial, legal, and other risks, any of which may be outside of our control or could have a material adverse impact on our business. Our efforts in this area may result in a significant increase in costs and may not meet expectations, evolving standards or regulatory requirements, which may negatively impact our financial results, our reputation, our ability to attract or retain employees, or business partners, or expose us to various types of legal actions** . Risks Related to Our Markets and Strategy Our international operations may result in operating losses and are subject to other material risks. We may continue to invest in marketing as well as additional employees to support our operations (including licensing arrangements) or develop new products, such as Travelzoo META **or the new Travelzoo paid membership** , which may generate operating losses. Furthermore, operating losses in certain jurisdictions may not have any recognizable tax benefit. These factors could have a material negative impact on our consolidated net income and cash flows, which could result in a significant decrease in the trading price of our common stock. There are certain additional risks inherent in doing business internationally, including: uncertainties and instability in economic and market conditions; exposure to local economic or political instability and threatened or actual acts of war or terrorism; compliance with regulatory laws and requirements relating to anti- corruption, antitrust or competition, economic sanctions, data privacy, consumer protection, employment and labor laws, health and safety, information reporting and advertising and promotions; financial risks from transactions in multiple currencies; longer payment cycles and difficulties in collecting accounts receivable; trade barriers and changes in trade regulations, including new or increased tariffs; difficulties in developing, staffing and simultaneously managing foreign operations as a result of distance, language and cultural differences; stringent local labor laws and regulations; bans on travel among or between various countries; risks related to government regulation, including changing policies in areas such as trade, travel, immigration, and healthcare, among others; and potentially adverse tax consequences. Moreover, fluctuations in currency exchange rates can impact our revenues. Foreign currency movements relative to the U. S. dollar have negatively impacted our revenues from our operations in Europe. The uncertainty and volatility in foreign exchange rates, which may differ across regions, makes it more difficult to forecast industry and consumer trends and the timing and degree of their impact on our markets and business, which in turn could adversely affect our ability to effectively manage our business and adversely affect our results of operations. In addition, a decline in the growth rates of our international businesses could have a negative impact on our gross profit and earnings per share growth rates and, as a consequence, our stock price. Many of these regions have different customs, currencies, levels of consumer acceptance and use of the Internet for commerce, legislation, regulatory environments, tax laws and levels of political stability. International markets may have strong local competitors with ~~an~~ established ~~brand~~ **brands** that may make expansion in that market difficult and costly and take more time than anticipated. In addition, compliance with legal, regulatory or tax requirements in multiple jurisdictions places demands on our time and resources, and we may nonetheless experience unforeseen and potentially adverse legal, regulatory or tax consequences. As we continue to focus on increasing the profitability of our business, we may not achieve targeted operational cost savings, improvements and efficiencies, which could affect our results of operations and financial condition. In addition, significant potential risks could impair our ability to achieve anticipated operating improvements and / or cost reductions throughout the organization, including, but not limited to, higher than anticipated costs, management distraction from ongoing business activities, failure to maintain adequate controls and procedures, and damage to our reputation and brand image. Additionally, we could also experience a loss of continuity, loss of accumulated knowledge and / or inefficiency, adverse effects on employee morale and productivity and adverse effects on our ability to attract and retain highly skilled employees. Any of these consequences could adversely impact our business. We may not be able to continue developing awareness of our brand names. We believe that continuing to build awareness of the Travelzoo and Jack' s Flight Club brand names, and starting to build awareness of the Travelzoo META brand name, are critical to achieving widespread acceptance of our business. Brand recognition is a key differentiating factor among providers of online advertising opportunities ~~, and we believe it could become more important as competition in our industry continues to increase~~ . In order to maintain and build brand awareness, we must succeed in our marketing efforts. Our marketing spend is influenced by the marketing spend of our competitors as we seek to maintain and increase our brand recognition and to maintain and grow traffic to our platforms through performance marketing channels. If we fail to successfully promote and maintain our brand consistently across numerous jurisdictions and channels, incur significant expenses in promoting our brands and fail to generate a corresponding increase in ~~revenue~~ **revenues** as a result of our ~~branding~~ efforts, or encounter legal obstacles which prevent our continued use of our brand names, our business could be materially adversely affected. Deterioration in our marketing efficiency could result in reduced revenues or revenue growth, or marketing expenses increasing faster than revenues, which would reduce margins and earnings growth. If we fail to retain our existing members or acquire new members, our revenue and business will be harmed. We spent $ **7. 0 million and $** 5. 3 ~~million and $ 2. 9~~ million on marketing initiatives relating to member acquisition for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively, and expect to continue to spend significant amounts to acquire members. Our long- term success depends on our continued ability to **attract, retain** ~~increase the overall number of members~~ and engage ~~those~~ members. We cannot assure you that the revenue from members we acquire will ultimately exceed the cost of acquiring new members. If members do not perceive our offers to be of high value and quality or if we fail to introduce new and more relevant deals, we may not be able to acquire or retain members **, especially after the introduction of a paid membership** . If we reduce our member acquisition costs, we cannot assure you that this will not adversely impact our ability to acquire new members. If we are unable to acquire new members who purchase our **membership and** deals in numbers sufficient to grow our business, or if members cease to purchase ~~our deals~~ , the revenue we generate may decrease and our operating results will be adversely affected. If the level of usage by our ~~member~~ **members** ~~base~~ declines or does not grow as expected, we may suffer a decline in ~~member~~ growth or revenue. A significant decrease in the level of usage or ~~member~~ growth would have an adverse effect on our business, financial condition and results of operations. We may not be able to attract travel and entertainment companies or Internet users if we do not continually enhance and develop the content and features of our products and services. To remain competitive, we must continually improve the responsiveness, functionality, and features of our products and services. We may not succeed in developing features, functions, products, or services that travel and entertainment companies and Internet users find attractive **, including in unsettled and untested areas like artificial intelligence (AI) and the Metaverse** . Our current technology may not meet the future technical requirements of travel and entertainment companies. This could reduce the number of travel and entertainment companies and Internet users using our products and materially adversely affect our business. We are also continually looking to refine our product offerings. We cannot guarantee that any such refinements will be embraced by our members. It may take us longer than expected to fully realize the anticipated benefits, and those benefits may ultimately be smaller than anticipated, which could adversely affect our business. While we are striving to improve functionality, usability and design in our products, the ongoing enhancements on web and mobile and investment in packaging and other technology may not achieve the desired results we anticipate, and if unsuccessful, could result in a decline in revenues, an increase in costs, and a negative impact on our business. Our business and growth will suffer if we are unable to hire and retain highly skilled personnel. Our future success depends on our ability to attract, train, motivate, and retain highly skilled employees. We may be unable to retain our skilled employees, or attract, assimilate, and retain other highly skilled employees in the future. We have in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. If we are unable to hire and retain skilled personnel, our growth may be restricted, which could adversely affect our future success.

Additionally, the loss or departure of any of our key employees could materially adversely affect our ability to implement our business plan. We do not maintain key person life insurance for any member of our management team. We also expect new members to join our management team in the future. If our key management personnel are not able to work together effectively, our business could be materially adversely affected. Intense competition may adversely affect our ability to achieve or maintain market share and operate profitably. The markets for the services we offer are intensely competitive, constantly evolving and subject to rapid change, and current and new competitors can launch new services at a relatively low cost. We compete for advertising dollars with large Internet portal sites, such as **Tripadvisor** ~~Trip Advisor~~ , that offer listings or other advertising opportunities to travel, entertainment and local businesses. These companies have significantly greater financial, technical, marketing and other resources and larger advertiser bases **. They may be able to research, develop and deploy new products and technologies (including in the area of AI) faster than us** . We compete with companies like Groupon that sell vouchers for deals from local businesses such as spas, hotels and restaurants and tour operators for vacation packages. We compete with search engines like Google that offer pay- per- click listings. Additionally, certain search engines have increased their focus on acquiring or launching travel products, such as Google Flights. We compete with newspapers, magazines and other traditional media companies that operate websites which provide online advertising opportunities. We compete with travel metasearch engines like Kayak. com (owned by Booking Holdings) and online travel and entertainment deal publishers (including online restaurant reservation services). We compete with large online travel agencies like the Expedia Group and Booking Holdings, as well as thousands of individual travel agencies around the world, that also offer advertising placements and hotel booking platforms and capture consumer interest. We also compete with companies that offer similar services to Jack' s Flight Club, like Going (formerly Scott' s Cheap Flights) and Dollar Flight Club. There has been substantial consolidation of the global travel industry and we believe this trend will continue. Some of our competitors are large and have significant resources and substantial international operations. Such companies have also completed acquisitions to further consolidate the industry. There has also been a proliferation of new channels and platforms through which accommodation providers can offer reservations. For example, companies such as Airbnb (which acquired HotelTonight), HomeAway and VRBO (which are both owned by Expedia Group) offer services providing alternative accommodation property owners, particularly individuals, an online place to list their alternative accommodations, which compete with our hotel offers. Further, meta- search services may lower the cost for new companies to enter the market by providing a distribution channel without the cost of promoting the new entrant' s brand to drive consumers directly to its website. Some competitors offer a variety of online services, such as food delivery, shopping, gaming or search services, many of which are used by consumers more frequently than online travel services. As a result, a competitor that has established other, more frequent online interactions with consumers may be able to more easily acquire customers for its travel services than we can. If any of these platforms are successful in offering similar services to consumers who would otherwise use our platforms or if we are unable to offer our services to consumers within these super- apps, our customer acquisition efforts could be less effective and our customer acquisition costs could increase, either of which would harm our business and results of operations. We also have seen that some competitors will accept lower margins, or even negative margins, to attract attention and acquire new members. If competitors engage in group buying initiatives in which merchants receive a higher percentage of the face value than we currently offer, we may be forced to pay a higher percentage of the face value than we currently offer, which may reduce our revenue. We expect to face additional competition as other companies enter the online advertising market. Competition could result in reduced margins on our services, loss of market share or less use of Travelzoo by advertisers and consumers. If we are not able to compete effectively with current or future competitors as a result of these and other factors, our business could be materially adversely affected. We may not be able to access third- party technology upon which we depend. We use data technology and software products from third parties (such as hosting and cloud services), and technology from our vendors may not continue to be available to us on commercially reasonable terms, or at all. Our business, including Jack' s Flight Club which relies on third parties for flight data, will suffer if we are unable to access technology, to gain access to additional products or to integrate new technology with our existing systems. This could hinder our existing product offerings, cause delays in our development and introduction of new services and related products or enhancements of existing products until equivalent or replacement technology can be accessed, if available, or developed internally, if feasible. If we experience these delays, our business could be materially adversely affected. We also rely on certain third- party service providers, including Global Distribution Systems and computerized central reservation systems, in connection with providing our hotel booking services and travel package offerings. Any interruption in these services and systems or deterioration in their performance could have an adverse effect on our business, brands and results of operations. Our agreements with some third- party service providers are terminable upon short notice and often do not provide recourse for service interruptions. ~~We are in the process of a multi- year phased migration to integrate and upgrade certain cross- brand global systems and processes.~~ The implementation of new information technology, payment, enterprise resource planning, or other systems **(including AI)** could be disruptive and / or costly or we may experience difficulty successfully integrating new systems into existing systems or migrating to new systems from existing systems, any of which could adversely affect our business and results of operations. Any failure to implement or adapt to new technologies in a timely manner or at all could adversely affect our ability to compete, increase our ~~consumer acquisition~~ costs or otherwise adversely affect our business, brand, market share, and results of operations. Acquisitions, investments, licensing arrangements and joint ventures could result in operating difficulties, dilution, and other harmful consequences that may adversely impact our business and results of operations. We may evaluate and consider a wide array of potential strategic transactions as part of our overall business strategy, including business combinations, acquisitions and dispositions of businesses, technologies, services, and other assets, as well as strategic investments, licensing arrangements and joint ventures. At any given time, we may be engaged in discussions or negotiations with respect to one or more of these types of transactions. Any of these transactions could be material to our financial condition and results of operations. These transactions involve significant challenges and risks, including: diversion of management time; implementation or remediation of controls, procedures, and policies at the acquired company; integration of accounting, human resource, and other systems, and coordination of various functions; transition of operations, users, and customers; failure to obtain required approvals on a timely basis, if at all, or conditions placed upon approval, which could, among other things, delay or prevent us from completing a transaction, or otherwise restrict our ability to realize the expected goals of an acquisition; the need to integrate operations across different cultures and languages and to address the particular risks associated with specific countries; failure to successfully develop the acquired business; liability for activities of the acquired company; litigation or other claims in connection with the acquired company; challenges relating to the structure of an investment; expected and unexpected costs incurred in pursuing acquisitions; entrance into markets in which we have no prior experience and increased complexity in our business; inability to sell disposed assets or impairment of investments, goodwill and other assets acquired or divested; and failure to secure necessary financing in order to complete an applicable transaction. Future acquisitions may also require us to issue additional equity securities, spend our cash, or incur debt (and increased interest expense), liabilities and amortization expenses related to intangible assets or write- offs of goodwill, which could adversely affect our results of operations and dilute the economic and voting rights of our stockholders. Also, the anticipated benefit of an acquisition may not materialize. As licensing arrangements typically involve third parties unrelated to the Company operating under our brand name in foreign jurisdictions, we risk, among other things, damage to our reputation or brand image if such third parties are unsuccessful or behave in a way that is contrary to Travelzoo. For example, the business of MTE which Travelzoo acquired in December 2022 will require management resources to grow strategically and ~~to realize the synergies that~~ we ~~believe exist between MTE and Travelzoo META. We~~ cannot guarantee ~~that changes in management of MTE will not lead to disruption in the utilization of the contact network that MTE built up in the Metaverse creator community and~~ that MTE as part of Travelzoo will be able to source Metaverse travel experiences as successfully as anticipated. Risks Related to Legal Uncertainty We may become subject to shareholder lawsuits over **alleged** securities violations due to volatile stock price. Shareholder lawsuits for securities violations are often launched against companies whose stock price is volatile. Such lawsuits involving the Company would require management' s attention to defend, which may distract attention from operating the Company. In addition, even if the lawsuit is meritless, the Company may incur substantial costs to defend itself and / or settle such claims, to minimize the distraction and costs of defense. Such lawsuits could result in judgments against the Company requiring substantial payments to claimants. Such costs may materially impact our results of operations and financial condition. We are subject to laws and regulations worldwide, changes to which could increase the Company' s costs and individually or in the aggregate adversely affect the Company' s business. The Company is subject to laws and regulations affecting its domestic and international operations in a number of areas. These U. S. and foreign laws and regulations affect the Company' s activities including, but not limited to, in areas of employment, advertising, digital content, consumer protection, real estate, billing, e-commerce, promotions, intellectual property, tax, anti- corruption, foreign exchange controls and cash repatriation restrictions, data privacy, anti- competition, health and safety, and vacation packaging. Compliance with these laws, regulations and similar requirements may be onerous and expensive, and they may be inconsistent across jurisdictions, further increasing the costs of compliance and doing business. For example, the Company and Jack' s Flight Club employ employees and engage contractors in various countries and therefore could be subject to misclassification or tax claims related to such arrangements or increased costs to ensure continued compliance as both companies grow and add to their workforce. Any such costs, which may rise in the future as a result of changes in these laws and regulations or in their interpretation, could individually or in the aggregate make the Company' s services less attractive, delay the introduction of new products, or cause the Company to change or limit its business practices or incur more costs to comply or defend itself. We have implemented policies and procedures designed to ensure compliance, but there can be no assurance that our employees, contractors, partners, or agents will not violate such laws and regulations or the Company' s policies and procedures. The CARD Act and similar state and foreign laws may harm our Local Deals and Getaways business. Vouchers may be considered gift cards, gift certificates, stored value cards or prepaid cards (" gift cards ") and therefore governed by, among other laws, the Credit Card Act of 2009 (the " CARD Act "), and state laws governing gift cards. Other foreign jurisdictions have similar laws in place, in particular European jurisdictions where the European E- Money Directive regulates the business of electronic money institutions. Many of these laws contain provisions governing the use of gift cards, including specific disclosure requirements and prohibitions or limitations on the use of expiration dates and the imposition of certain fees. Purported class actions against other companies have been filed claiming that coupons similar to the vouchers are subject to the CARD Act and various state laws governing gift cards and that the defendants have violated these laws by issuing the coupons with expiration dates and other restrictions. In addition, investigations by certain state attorney general offices have been launched against other companies with regards to similar issues. If similar claims are asserted against the Company in respect of the Local Deals and Getaways vouchers and are successful, we may become subject to fines and penalties and incur additional costs. In addition, if federal or state laws require that the face value of our vouchers have a minimum expiration period beyond the period desired by a merchant for its promotional program, or no expiration period, this may affect the willingness of merchants to issue vouchers in jurisdictions where these laws apply. For unredeemed vouchers, similar laws in other jurisdictions require us or merchants to honor the face value of vouchers sold, after the redemption period. Such developments may materially and adversely affect the profitability or viability of our Local Deals and Getaways vouchers. Certain gift card laws could require us to materially increase the estimated liability recorded in our financial statements and our operating ~~result~~ **results** could be materially and adversely affected. Some ~~of~~ states and foreign jurisdictions include gift cards under their unclaimed and abandoned property laws **,** which require companies to remit to the government the value of the unredeemed balance on the gift cards after a specified period of time (generally between 1 and 5 years) and impose certain reporting and record keeping obligations. The analysis of the potential application of the unclaimed and abandoned property laws to our vouchers is complex, involving an analysis of constitutional and statutory provisions and factual issues, including our ~~relationship~~ **relationships** with members and merchants and our role as it relates to the issuance and delivery of a voucher. In the event that one or more jurisdictions successfully challenges our position on the application of its laws to vouchers, or if the estimates that we use in projecting the likelihood of vouchers being redeemed prove to be inaccurate, our liabilities with respect to unredeemed vouchers may be materially higher than the amounts shown in our financial statements. If we are required to materially increase the estimated liability recorded in our financial statements, our net income could be materially and adversely affected. Moreover, a successful challenge to our position could subject us to penalties or interest, which would have a further material adverse impact on our net income. Tax treatment of companies engaged in Internet commerce may adversely affect the use of our services and our results. Due to the global nature of the Internet, it is possible that various states or foreign countries might attempt to regulate our transmissions or levy sales, income or other taxes relating to our activities. New or revised international, federal, state or local tax regulations may subject us or our members to additional sales, income and other taxes. We cannot predict the effect of any attempts to impose sales, income or other taxes on commerce over the Internet. New or revised taxes and, in particular, sales taxes, Valued Added Tax and similar taxes would likely increase the cost of doing business online and decrease the attractiveness of advertising and selling goods and services over the Internet. For example, due to media sales for travel agents, clients or partners in certain states with economic nexus provisions, we could have potential tax exposure. We are continuing to evaluate states and countries where we could have such exposure, including for Jack' s Flight Club. New taxes could also create significant increases in internal costs. Any of these events could have an adverse effect on our business and results. We may suffer liability as a result of information transmitted over the Internet and claims related to our service offerings. We may be sued for legal claims relating to information that is published or made available on our websites or service offerings we make available. The fact that we distribute information via email may subject us to additional potential risks, such as liabilities or claims resulting from unsolicited email or spamming, security breaches, illegal or fraudulent use of email or interruptions or delays in email or mobile service, etc. **We have also seen an increase in claims relating to the Federal Wire Tap Act and " trap and trace " software in connection with the California Invasion of Privacy Act** . These risks are ~~enhanced~~ **elevated** in certain jurisdictions, where our liability for such third- party actions may be less clear and we may be less protected. In addition, we could incur significant costs in investigating and defending such claims, even if we ultimately are not found liable. We are subject to risks associated with information disseminated through our websites and applications, including content that is produced by our editorial staff and errors or omissions related to our product offerings. Such information, whether accurate or inaccurate, may result in a lawsuit, which could materially and adversely affect our business. In addition, we may acquire confidential information, including credit card information, from users of our websites and mobile applications. Our existing security measures may not be successful in preventing breaches. Outside parties may attempt to fraudulently induce disclosure of sensitive information in order to gain access to our secure networks or to ~~takeover~~ **take over** customer accounts. A party that is able to circumvent our security systems could steal proprietary **or other sensitive** information. A security breach at any third- party supplier could result in negative publicity and exposure. While we strive to use commercially acceptable means to protect personal data, no method of transmission over the Internet, or method of electronic storage, is 100 % secure. Cyberattacks are increasing in frequency and sophistication and are evolving. Consequently, we may be unable to anticipate these attacks or to implement adequate preventative measures. We have experienced and responded to cyberattacks, which we believe have not had a significant impact on our systems or the security of any data maintained by us. Security breaches or the unauthorized disclosure of personal information could result in negative publicity, damage our reputation, expose us to risk of loss or litigation and possible liability and subject us to regulatory penalties and sanctions. Any failure or perceived failure by us, or our service providers, to comply with any privacy- related obligations, or any compromise of security that results in the unauthorized release or transfer of data, may result in governmental enforcement actions, litigation or public statements against the Company by consumer advocacy groups or others and could cause our members to lose trust in us, which could have an adverse effect on our business and we may incur significant legal and financial exposure. We could also be adversely affected if legislation or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business. There are a number of proposals for enactment or modification of data privacy laws pending or proposed in other jurisdictions **(including various states across the United States), including laws and regulations which dictate whether, how and under what circumstances we can transfer, process, or receive certain data that is critical to our operations and consent- related requirements for email marketing. While we do not " sell " personal data and / or do not engage in " behavioral advertising ", as each are defined under the various laws and regulations in different jurisdictions, it is possible that these definitions may change and / or that regulators may not agree with our interpretations** . Complying with these varying requirements could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business. To the extent that regulatory authorities impose fines on the Company or require changes to the Company' s business practices, the Company' s business and results of operations could be materially and adversely affected. Claims have been asserted against us relating to shares not issued in our 2002 merger. In 2002, Travelzoo. com Corporation (" Netsurfers ") was merged into Travelzoo. Under and subject to the terms of the merger agreement, holders of promotional shares of Netsurfers who established that they had satisfied certain prerequisites were allowed a period of 2 years following the effective date of the merger to receive one share of Travelzoo in exchange for each share of common stock of Netsurfers. In 2004, certain promotional shares remained unexchanged. As the right to exchange these promotional shares expired, no additional shares were reserved for issuance. Thereafter, the Company began to offer a voluntary cash program for those who established that they had satisfied certain prerequisites for Netsurfers promotional shares. Beginning in 2010, the Company became subject to unclaimed property audits of various states in the U. S. Although the Company settled the claims with all states, the Company still receives inquiries from certain potential Netsurfers promotional stockholders that had not provided their state of residence to the Company. Therefore, the Company is continuing its voluntary program under which it makes cash payments to individuals related to the promotional shares for individuals whose residence was unknown by the Company and who establish that they satisfy the original conditions required and who failed to submit requests to convert their shares into shares of Travelzoo within the required time period. The Company did not make any material payments under this program in **2023 and** 2022 ~~and 2021~~. The total cost of this voluntary program is not reliably estimable because it is based on the ultimate number of valid requests received and future levels of the Company' s common stock price. Certain laws and regulations could be expanded to include Travelzoo products or services, including vouchers. Various federal laws, such as the Bank Secrecy Act and the USA PATRIOT Act and foreign laws and regulations, such as the European Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, impose certain anti- money laundering requirements on companies that are financial institutions or that provide financial products and services. For these purposes, financial institutions are broadly defined to include money services businesses such as ~~money transmitters, check cashers and~~ providers of prepaid access cards. Examples of ~~anti- money laundering~~ requirements imposed ~~on financial institutions~~ include customer identification and verification programs, suspicious activity monitoring and reporting, record retention policies ~~and procedures~~ and transaction reporting. We do not believe that we are a financial institution subject to these regulations based, in part, upon the closed loop nature and other characteristics of vouchers and our role with respect to the distribution of vouchers to members. However, the Financial Crimes Enforcement Network previously issued final rules regarding the scope and requirements for non- bank parties involved in stored value or prepaid access cards, including obligations on sellers or providers of " prepaid access ". Under the final rule, providers ~~or sellers~~ of closed loop vouchers, such as those offered through the Local Deals and Getaways ~~programs~~, would only be subject to registration if the vouchers exceed $ 2, 000 in total value or if they are sold in aggregate amounts exceeding $ 10, 000 to any single person in one day. Should the $ 2, 000 limit be exceeded or should more than $ 10, 000 in aggregate vouchers be sold to any individual person (sales to businesses for resale or distribution are excluded) then we may be deemed either a seller or provider of prepaid access subject to regulation. In the event that we become subject to these requirements or any other anti- money laundering ~~law~~ **laws** or ~~regulation~~ **regulations** imposing obligations on us as a money services business, our regulatory compliance costs to meet these obligations would likely increase which could reduce our net income. In addition, the costs for third parties to sell vouchers would increase, which may restrict our ability to enlist third parties to issue vouchers. Many states and certain foreign jurisdictions impose license and registration obligations on those companies engaged in the business of money transmission, with varying definitions of what constitutes money transmission. We currently believe that we are not a money transmitter **,** given our role and the product terms of Travelzoo vouchers or other Travelzoo products or services. However, a successful challenge to our position or expansion of laws could subject us to increased compliance costs and delay our ability to offer our products or services in certain jurisdictions **,** pending receipt of necessary licenses. Our internal control over financial reporting may not be effective which could impact our business. The SEC approved amendments in 2018 that raised the cap for status as a " smaller reporting company ". Travelzoo qualified as a smaller reporting company ~~in~~ **since** 2020 **,** meaning it is not subject to the SOX 404 (b) requirement of having an auditor attestation report on internal control over financial reporting. However, we may be obligated to evaluate our internal control over financial reporting if we ~~are~~ **were** no longer **a** smaller reporting company and **if** we ~~may~~ identify areas of internal control that may need improvement or require remediation efforts. For the year ended December 31, 2022, management identified a material weakness in our internal control over financial reporting related to having sufficient resources for the accounting for certain non- routine, non- recurring, unusual or complex transactions within our financial statement closing and reporting process. Specifically, the Company did not have internal financial staff with sufficient specific expertise to ensure complete and timely financial reporting and disclosures related to technical and complex accounting transactions. In case of any future non- routine, non- recurring, unusual and complex transactions, we have decided to take the following planned measures: Engage sufficient outside subject matter experts and specialists to ensure the complete and timely accounting and financial reporting for certain non- routine, unusual or complex transactions and technical matters, where appropriate. In some cases, multiple experts may be required. Maintain adequate internal qualified personnel to properly supervise and review the information provided by outside ~~subject matter~~ experts ~~and specialists~~. We cannot assure you that these planned measures will be sufficient to avoid potential future material weaknesses. We are unable to predict the time when we will again have a non- routine, non- recurring, unusual and complex transaction. **This material weakness continued to exist as of December 31, 2023.** We may be unable to protect our registered trademark or other proprietary intellectual property rights and may face liability from intellectual property litigation. Our success depends to a significant degree upon the protection of the Travelzoo brand name. We rely on a combination of copyright and trademark laws, non- disclosure and other contractual arrangements to protect our intellectual property (" IP ") rights. The steps we have taken to protect our IP rights, however, may not always succeed in deterring misappropriation of proprietary information or preventing improper utilization **of** the Travelzoo brand name. We have registered the Travelzoo and Jack' s Flight Club trademarks in various jurisdictions. If we are unable to protect our rights, a key element of our strategy could be disrupted and our business could be adversely affected. We may not always be able to detect unauthorized use or take appropriate steps to enforce our IP rights. The laws of countries in which we may market our services in the future are uncertain and may afford little or no effective protection of our IP. The unauthorized reproduction or other misappropriation of our proprietary technology could enable third parties to benefit from our technology and brand name without paying us. If this were to occur, our business could be materially adversely affected. We cannot be certain that our products, content and brand names do not or will not infringe valid IP rights held by third parties. We may be subject to legal proceedings and claims from time to time relating to the IP of others in the ordinary course of business. We may incur substantial expenses in defending against these claims, regardless of their merit. Successful claims against us may result in monetary liability or a material disruption of our business. We endeavor to defend our IP rights diligently, but litigation is expensive and time consuming, and has and is likely to continue to divert managerial attention and resources from our business objectives. Resolution of claims may require us to obtain licenses to use IP rights, which may be expensive to procure. Risks Related to Investment in our Shares Our stock price has been volatile historically and may continue to be volatile. The trading price of our common stock has been and may continue to be subject to wide fluctuations. During the twelve months ended December 31, ~~2022~~ **2023** , the closing price of our common stock on NASDAQ ranged from $ 4. ~~11~~ **51** to $ 10. ~~33~~ **45** . Our stock price may fluctuate in response to a number of factors, such as quarterly variations in operating results; announcements by us or our competitors; changes in financial estimates and recommendations by securities analysts; the operating and stock price performance of comparable companies; news reports relating to trends in our markets or general economic conditions; the level of demand for our stock, including the amount of short interest in our stock; stockholder collateral arrangements, and cash requirement on funds or stockholders that result in stockholder trades **; and repurchases of our common stock, including failure to meet internal or external expectations around the timing or price of share repurchases and any reductions or discontinuances of repurchase activities** . There are several products offered in the market that allow stockholders to hedge stock, pledge their stock for collateral or engage in short selling, which can negatively impact the price of our stock. The Company does not prohibit these arrangements but does have strict policies against trading with material non- public information. Our stock price may be volatile given that operating results may vary from the expectations of securities analysts and investors, which are beyond our control. In the event that our operating results fall below expectations, the trading price of our common shares may decline significantly. Moreover, fluctuations in our stock price and our price- to- earnings multiple may have made our stock attractive to hedge or day- trading investors who often shift funds into and out of stocks rapidly, exacerbating price fluctuations in either direction, particularly when viewed on a quarterly basis. In addition, the stock market in general, and the market prices for Internet- related companies in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. These broad market and industry fluctuations ~~,~~ may adversely affect the price of our stock, regardless of our operating performance. Negative market conditions could adversely affect our ability to raise additional capital or the value of our stock in connection with merger and acquisition activities. We ~~are~~ **have** a ~~controlled company~~ **significant shareholder** . Ralph Bartel, who founded Travelzoo, is the sole beneficiary of the Ralph Bartel 2005 Trust, which is the controlling shareholder of Azzurro ~~Capital Inc. (" Azzurro ")~~ . Azzurro is the Company' s largest shareholder, and as of December 31, ~~2022~~ **2023** ~~together with Ralph Bartel, in his individual capacity (together, the " Azzurro Parties")~~ , holds approximately ~~50~~ **40** . ~~3~~ **2** % of the Company ~~'~~ **'** s outstanding shares ~~. This means that the Company is a controlled company again~~ . Azzurro previously held greater than 50 % ownership until approximately 2018 **and again from late 2022 until Q2 2023 and should Azzurro purchase additional shares or should the Company repurchase additional shares of its common stock, Azzurro' s ownership percentage could increase again, potentially above 50 %, resulting in the Company being a controlled company again** . The Company already has in place applicable corporate governance processes and procedures necessary for a controlled company to ensure independence (e. g., board of directors with majority independent directors, committees comprised solely of independent directors, etc.). Holger Bartel, the Company' s Global Chief Executive Officer, is Ralph Bartel' s brother and holds approximately 3. ~~3~~ **8** % of the Company' s outstanding shares. It is possible that the interests of ~~the~~ Azzurro ~~Parties~~ may conflict with those of the Company or **its** ~~the~~ **other** stockholders ~~of the Company~~ in the future. As a result of ~~the~~ Azzurro ~~Parties~~ ' **s** ownership interests and voting power, they ~~are~~ **could be** in a position to influence ~~and control~~ significant corporate actions ~~, including corporate transactions such as mergers, business combinations or dispositions of assets~~ . Our other stockholders will therefore have limited influence and control on matters requiring stockholder approval and this ~~controlling~~ **significant** ownership position could discourage others from initiating any potential merger ~~,~~ or takeover that may otherwise be beneficial to Travelzoo stockholders.