



Booking Holdings Inc.

Q3 upside as travel industry strong. 2022/23 travel outlook above pre-pandemic levels. Lowering P/T to \$2,400.

Q3 upside: Booking recently (on November 2) reported its fiscal Q3 2022 (ending September) results. Revenue was \$6.05 billion (+29% y-o-y), compared to our estimate of \$6.00 billion and consensus of \$5.92 billion. Pro forma EPS was \$53.03, compared to our estimate of \$51.53 and consensus of \$49.99. EBITDA was \$2,658 million (vs. \$2,111 million y-o-y), compared to our estimate of \$2,608 million. Q3 qualitative guidance was that operating profit will be slightly higher than Q3 2019's (EBITDA was \$2,482 million).

Q3 continued strong rebound: Gross bookings were \$32.1 billion (+36% y-o-y), compared to our estimate of \$28.3 billion. The company saw strong growth in most of its business around the world (with many above pre-pandemic levels).

Q4 tracking above pre-pandemic levels: In October, room nights increased +12% versus 2019, a slight improvement from the 10% growth in September driven primarily by the continued recovery in Asia as well as a slight improvement in Europe. In October, all regions were above 2019 levels.

Q4 guidance: The company declined to provide any specific forward guidance, but it did provide Q4 qualitative guidance that EBITDA will be over \$1.1 billion.

Raising 2023 estimates: We are adjusting our 2022 estimates for revenue to \$16.7 billion, from \$16.6 billion, and for EPS to \$99.11 from \$101.24. We are raising our 2023 estimates for revenue to \$19.5 billion, from \$19.4 billion, and for EPS to \$119.62 from \$118.71.

Travel's strong growth: Like all other travel services providers, Booking had material negative impact from the recent coronavirus pandemic. However, with pandemic impact waning over time since the initial outbreak in March 2020, Booking has returned to and even above normalized (pre-pandemic) business in 2022. The company expects increased consumer confidence and pent up demand to drive a rebound in the travel industry over the next several years.

Positive risk versus reward: Despite volatility from the coronavirus (which we believe future impact will be relatively minimal) and macro conditions, we continue to be positive on Booking longer term. We believe longer term, traveling and the travel industry has now returned relatively back to normal and will continue to grow stronger and that Booking as one of the world's largest OTA is in good position to capture a significant share of the economics within the travel industry.

Current valuation attractive: Maintaining our BUY rating, but lowering our 12-month price target to \$2,400 from \$2,500, which reflects a forward P/E of ~20x our 2023 EPS estimate of \$120. This P/E multiple is about inline with the peer group of online travel companies to reflect about inline normalized earnings growth.

Company Description

Based in Norwalk, CT, Booking Holdings is a global online travel company that offers airline tickets, hotel rooms, car rentals, and other travel services through its Booking.com, priceline, and Agoda brands.

United States
Internet Software and Services

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COMPANY UPDATE

Rating: BUY

Ticker: BKNG

Price: \$1,966

Target: \$2,400
(from \$2,500)

Stock Data

Exchange:	NasdaqGS
52-week Range:	\$1,617 – 2,716
Shares Outstanding (million):	40
Market cap (\$million):	\$78,640
EV (\$million):	\$78,687
Debt (\$million):	\$9,184
Cash (\$million):	\$9,137
Avg. Daily Trading Vol. (\$million):	\$9
Float (million shares):	39
Short Interest (million shares):	1
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2022E</u> (Cur.)	<u>2022E</u> (Old)	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)
Q1 Mar	2,695A		3,862E	4,077E
Q2 Jun	4,294A		4,891E	4,933E
Q3 Sep	6,052A	5,995E	6,959E	6,404E
Q4 Dec	<u>3,617E</u>		<u>3,755E</u>	<u>3,958E</u>
Total	16,658E	16,600E	19,466E	19,373E
EV/Revs	5x		4x	

Earnings per Share (pro forma)

	<u>2022E</u> (Cur.)	<u>2022E</u> (Old)	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)
Q1 Mar	3.91A		12.28E	12.62E
Q2 Jun	19.08A		22.56E	23.12E
Q3 Sep	53.03A	51.53E	56.11E	52.77E
Q4 Dec	<u>24.02E</u>	<u>26.91E</u>	<u>28.57E</u>	<u>30.10E</u>
Total	99.11E	101.24E	119.62E	118.71E
P/E	20x		16x	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 9.

OVERVIEW

- Booking recently (on November 2) reported its fiscal Q3 2022 (ending September) results.
- Revenue was \$6.05 billion (+29% y-o-y), compared to our estimate of \$6.00 billion and consensus of \$5.92 billion.
- Pro forma EPS was \$53.03, compared to our estimate of \$51.53 and consensus of \$49.99.
- Gross bookings were \$32.1 billion (+36% y-o-y), compared to our estimate of \$28.3 billion.
- EBITDA was \$2,658 million (vs. \$2,111 million y-o-y), compared to our estimate of \$2,608 million.
- Q3 general qualitative guidance was that July room nights were +4% vs. 2019's, and that operating profit will be slightly higher than Q3 2019's (EBITDA was \$2,482 million).
- Q4 qualitative guidance is that EBITDA will be over \$1.1 billion.
- We are adjusting our 2022 estimates for revenue to \$16.7 billion, from \$16.6 billion, and for EPS to \$99.11 from \$101.24.
- We are raising our 2023 estimates for revenue to \$19.5 billion, from \$19.4 billion, and for EPS to \$119.62 from \$118.71.

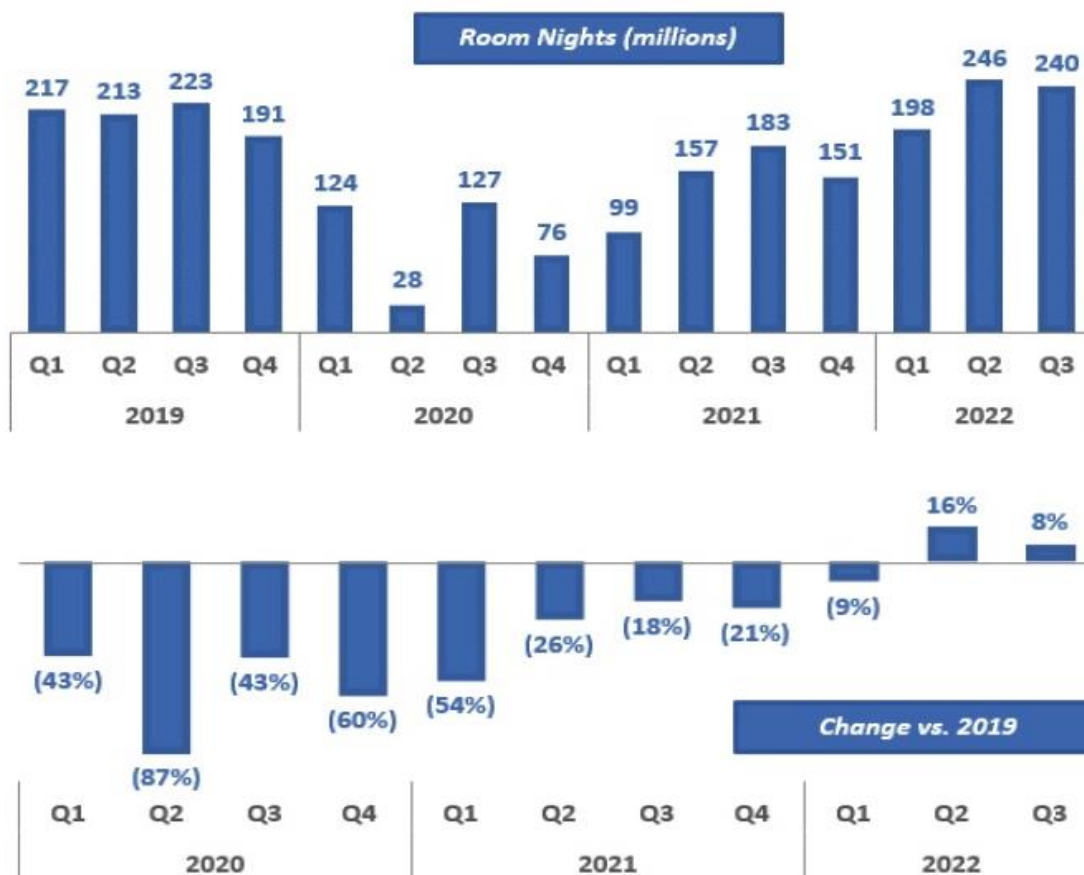
ADDITIONAL DETAILS

- Growth by product were: Hotels Room Nights +32% (vs. +56% in Q2 2022 and +44% in Q3 2021), Air Tickets +45% (vs. +31% in Q2 2022 and +155% in Q3 2021), and Rental Car Days +25% (vs. +22% in Q2 2022 and +44% in Q3 2021).
- Revenue as a percentage of gross bookings was 19%, compared with our estimate of 21% and 20% last year.
- Operating expenses were \$3.47 billion, versus our expectation of \$3.49 billion.
- Operating income was \$2,583 million, versus our expectation of \$2,503 million.
- Pro forma net income was \$2,104 million, versus our expectation of \$2,101 million.
- In November 2021, Booking announced that it has entered into an agreement with funds managed by CVC Capital Partners to acquire global flight booking provider, Etraveli Group, for approximately €1.63 billion. The deal has not yet closed and is expected to close in 2022. This deal is expected to have a "minor impact on P&L" in 2022.

The company's balance sheet remains solid, with \$9.1 billion in cash and \$9.2 billion in debt (~\$1/share in net debt), compared with \$11.8 billion in cash and \$9.5 billion in debt at the end of June.

Exhibit 1: Quarterly Room Nights Change versus 2019

Quarterly Room Nights and Change versus 2019



Source: Company report.

Exhibit 2: Q4 2022 Guidance (as of November 2, 2022)

Outlook

In October 2022, we saw a slight improvement in the room night growth rate relative to September 2022, with room nights growing about 12% versus October 2019, driven primarily by the continued recovery in Asia, as well as a slight improvement in Europe. Given the continued uncertainty in the near-term environment, we cannot accurately predict the number of room nights that will be booked in the fourth quarter of 2022. Assuming room night growth is about 10% for the fourth quarter of 2022 relative to the fourth quarter of 2019, which is about in line with the levels of growth over the last three months, we currently expect the following for the fourth quarter of 2022:

- the change in gross bookings relative to the fourth quarter of 2019 will be about 15 percentage points better than the

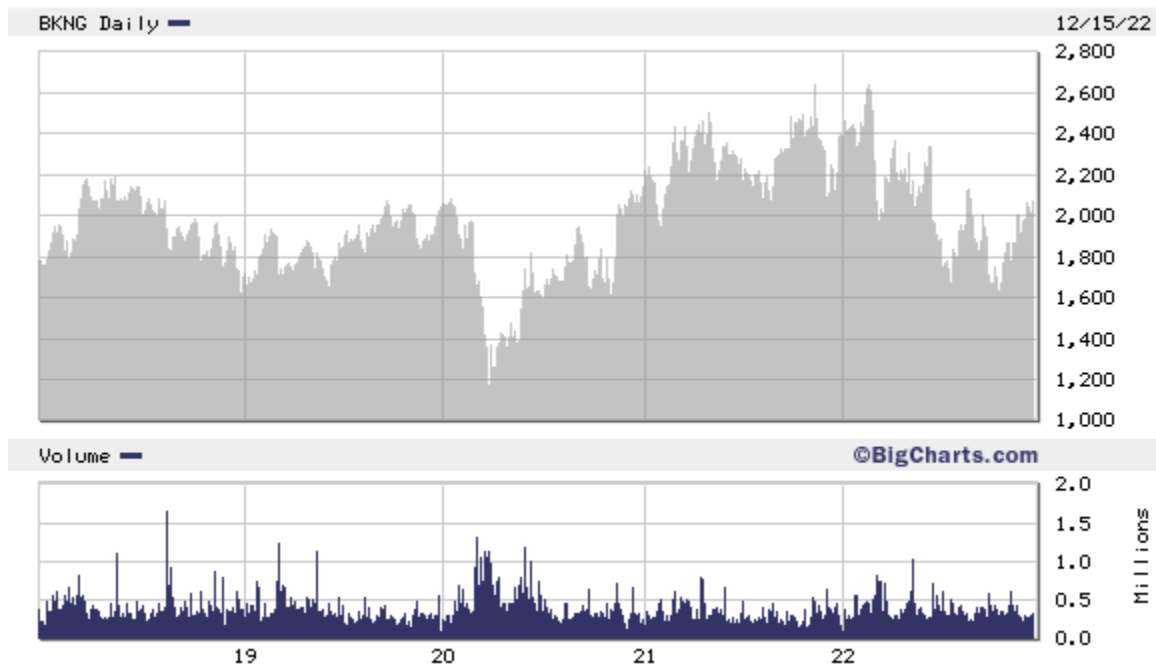
change in room nights relative to the same period, due primarily to an increase in constant currency accommodation

ADRs, partially offset by the negative impact of foreign exchange rate fluctuations, which we expect to be higher than they were in the third quarter of 2022;

- revenues as a percentage of gross bookings will be lower than it was in the fourth quarter of 2019; and
- operating profit will be lower than the fourth quarter of 2019, but would be higher than the fourth quarter of 2019 if not for the negative impact of foreign exchange rate fluctuations.

Source: Company report.

Exhibit 3: Booking Holdings Stock Price (Five Years)



Source: <https://bigcharts.marketwatch.com/>

Exhibit 4: Consensus Expectations (as of November 2, 2022)

	Revenue (mil)			EPS	
	2022E	2023E		2022E	2023E
Q1 Mar	\$2,695A		Q1 Mar	\$3.91A	
Q2 Jun	\$4,294A		Q2 Jun	\$19.08A	
Q3 Sep	\$5,919E		Q3 Sep	\$49.99E	
Q4 Dec	\$3,914E		Q4 Dec	\$23.68E	
Total	\$16,817E	\$19,089E	Total	\$96.99E	\$122.30E

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, Refinitiv, and Ascendant Capital Markets estimates

Booking Holdings Inc.																
Balance Sheet (\$ millions)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	\$6,363	\$10,404	\$11,197	\$10,562	\$12,151	\$11,231	\$11,643	\$11,127	\$10,549	\$11,841	\$9,021	\$7,081	\$7,757	\$8,117	\$9,513	\$10,893
Short term investments	826			501	500	501	522	25			116	116	116	116	116	116
Restricted cash												0	0	0	0	0
Accounts receivable, net	667	566	859	529	586	1,290	1,555	1,358	1,611	2,249	2,284	804	1,073	1,413	2,010	834
Prepaid expenses and other current assets	1,404	483	527	614	871	767	632	635	715	834	989	289	270	245	278	300
Deferred income taxes												0	0	0	0	0
Total current assets	9,260	11,453	12,583	12,206	14,108	13,789	14,352	13,145	12,875	14,924	12,410	8,290	9,216	9,891	11,918	12,144
Property and equipment, net	720	736	744	756	734	748	762	822	844	858	879	905	931	1,250	1,276	1,595
Intangibles, net	4,288	4,277	3,703	3,707	3,644	3,611	3,549	4,944	4,875	4,767	4,663	4,618	4,573	4,528	4,483	4,438
Deferred income taxes												0	0	0	0	0
Long term investments	2,056	2,946	3,672	3,759	3,788	4,319	3,283	3,175	2,200	2,381	2,650	2,650	2,650	2,650	2,650	2,650
Other	1,538	1,500	1,443	1,446	1,381	1,414	1,395	1,555	1,590	1,563	1,461	1,461	1,461	1,461	1,461	1,461
Total assets	17,862	20,912	22,145	21,874	23,655	23,881	23,341	23,641	22,384	24,493	22,063	17,924	18,831	19,780	21,788	22,288
Liabilities and stockholders' equity																
Accounts payable	926	581	1,114	735	570	1,028	1,466	1,586	1,504	2,240	2,131	434	541	734	835	451
Accrued expenses	1,255	1,445	1,388	1,382	1,350	1,620	2,069	1,765	1,876	2,364	2,925	1,085	1,545	1,223	1,392	1,126
Deferred merchant	960	910	487	323	643	1,896	1,086	906	2,765	4,395	2,253	796	772	1,076	696	826
Income tax payable and other																
Convertible/short term debt	995	973	979	985	3,905	2,180	1,158	1,989	1,333	1,283	1,234	1,234	1,234	1,234	1,234	1,234
Total current liabilities	4,136	3,909	3,968	3,425	6,468	6,724	5,779	6,246	7,478	10,282	8,543	3,549	4,092	4,266	4,157	3,637
Deferred income taxes	786	931	1,006	2,050	2,034	1,107	906	905	721	805	723	723	723	723	723	723
Other long term liabilities	1,552	1,440	1,429	477	459	1,260	1,235	1,375	1,377	1,214	1,177	1,177	1,177	1,177	1,177	1,177
Convertible/long term debt	7,557	10,633	10,829	11,029	9,930	9,991	9,876	8,937	8,435	8,190	7,950	7,950	7,950	7,950	7,950	7,950
Minority interest												0	0	0	0	0
Total other liabilities	9,895	13,004	13,264	13,556	12,423	12,358	12,017	11,217	10,533	10,209	9,850	9,850	9,850	9,850	9,850	9,850
Common stock												0	0	0	0	0
Treasury Stock	(24,115)	(24,119)	(24,123)	(24,128)	(24,274)	(24,283)	(24,286)	(24,290)	(25,390)	(26,664)	(28,630)	(28,630)	(28,630)	(28,630)	(28,630)	(28,630)
Additional paid-in capital	5,758	5,699	5,779	5,851	5,965	6,059	6,068	6,159	6,163	6,278	6,385	6,385	6,385	6,385	6,385	6,385
Retained earnings	22,530	22,652	23,453	23,288	23,233	23,066	23,835	24,453	23,783	24,640	26,306	27,136	27,500	28,274	30,392	31,412
Accumulated other comprehensive (loss) income	(342)	(233)	(196)	(118)	(160)	(43)	(72)	(144)	(183)	(252)	(391)	(391)	(391)	(391)	(391)	(391)
Other												25	25	25	25	25
Total stockholders' equity	3,831	3,999	4,913	4,893	4,764	4,799	5,545	6,178	4,373	4,002	3,670	4,526	4,889	5,664	7,781	8,801
Total stockholders' equity and liabilities	\$17,862	\$20,912	\$22,145	\$21,874	\$23,655	\$23,881	\$23,341	\$23,641	\$22,384	\$24,493	\$22,063	\$17,924	\$18,831	\$19,780	\$21,788	\$22,288

Balance Sheet Drivers																
	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	61%	77%	20%	50%	76%	36%	14%	21%	27%	19%	16%	8%	7%	5%	4%	8%
Deferred Merchant as % of total rev	42%	144%	18%	26%	56%	88%	23%	30%	103%	102%	37%	22%	20%	22%	10%	22%
Accounts payable as % of total rev	40%	92%	42%	59%	50%	48%	31%	53%	56%	52%	35%	12%	14%	15%	12%	12%
Accrued expenses as % of total rev	55%	229%	53%	112%	118%	75%	44%	59%	70%	55%	48%	30%	40%	25%	20%	30%
Activity Ratios																
A/R Days Sales Outstanding	26	81	29	38	46	54	30	41	54	47	34	20	25	26	26	20
Deferred Merchant (w/ Revenue)	38	130	17	23	51	79	21	27	92	92	34	20	18	20	9	20
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$92.64	\$97.72	\$119.59	\$119.50	\$116.27	\$116.89	\$134.10	\$149.33	\$106.16	\$98.41	\$92.51	\$113.80	\$122.93	\$142.40	\$195.16	\$220.19
Cash per Share (diluted)	\$173.85	\$254.24	\$272.56	\$270.20	\$308.76	\$285.77	\$294.20	\$269.56	\$256.10	\$291.18	\$230.32	\$180.97	\$197.96	\$207.02	\$241.51	\$275.43
Net cash per Share (diluted)	(\$32.96)	(\$29.37)	(\$14.87)	(\$23.23)	(\$28.90)	(\$10.69)	\$27.35	\$5.46	\$18.96	\$58.23	(\$1.18)	(\$49.95)	(\$32.96)	(\$23.90)	\$11.17	\$45.67

Source: Company reports and Ascendant Capital Markets estimates

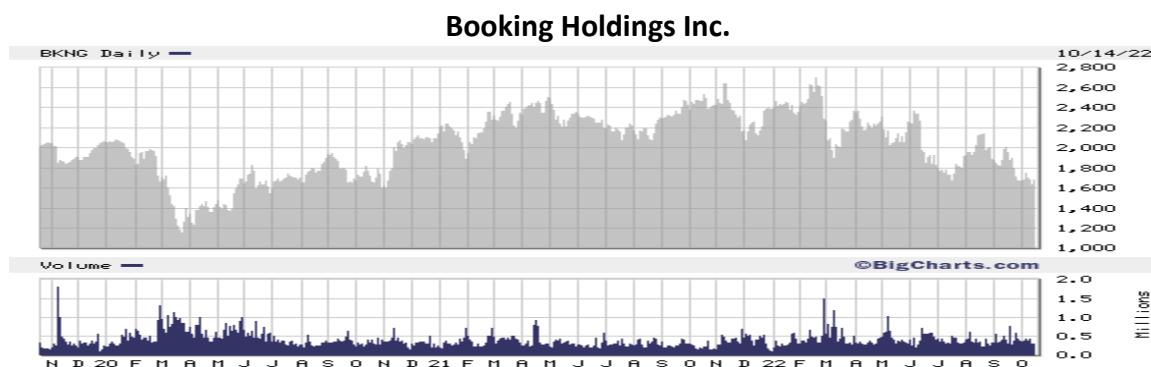
Booking Holdings Inc.

Cash Flow Statement (\$ millions)	Mar-20	Jun-20	Sep-20	Dec-20	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	(\$699)	\$122	\$801	(\$165)	\$59	(\$55)	(\$167)	\$769	\$618	\$1,165	(\$700)	\$857	\$1,666	\$830	\$2,653	\$363	\$774	\$2,118	\$1,020	\$4,275	
Depreciation	117	112	115	114	458	113	108	102	98	421	111	107	226	60	504	60	60	60	60	240	
Amortization					0	45	46	(91)	0	0				45	45	45	45	45	45	180	
Provision for accounts receivable	262	60	(15)	12	319		37	51	21	109	55	58	66		179					0	
Deferred income taxes	(97)	108	90	112	213	(50)	(70)	(223)	(102)	(445)	(216)	51	(81)	0	(246)					0	
Stock comp	11	83	85	76	255	113	91	86	86	376	93	108	101	65	367	65	65	65	65	260	
Amortization of financing	14	19	15	16	64	16	14	14	10	54					0					0	
Tax benefit of stock option exercises					0					0					0					0	
Other gains/losses	896	(835)	(157)	(553)	(649)	(32)	(153)	1,016	(20)	811	987	(181)	336		1,142					0	
FX gains/losses	(33)	55	117	61	200	(91)	37	(54)	(27)	(135)	(30)	(38)	(2)		(70)					0	
Other	48	46	43	49	186	(4)	21	135	43	195	69	52	(81)	(65)	(25)	(65)	(65)	(65)	(65)	(260)	
Changes in operating assets and liabilities:																					
Accounts receivable	760	45	(251)	337	891	(72)	(748)	(352)	170	(1,002)	(326)	(790)	(242)	1,480	122	(269)	(340)	(597)	1,176	(31)	
Prepaid expenses & other current assets	(445)	693	(18)	(69)	161	(258)	85	138	41	6	(56)	(125)	(243)	700	276	19	26	(34)	(22)	(11)	
Accounts payable & accrued expenses	(1,135)	(432)	(26)	(673)	(2,266)	114	1,859	110	(544)	1,539	1,868	2,993	(1,270)	(4,994)	(1,403)	544	174	(110)	(520)	88	
Income tax payable and other	(79)	46	121	106	194	(46)	(8)	(105)	(115)	(274)	(160)	(408)	(474)	0	(1,042)	0	0	0	0	0	
Net cash (used in) provided by operating activities	(380)	122	920	(577)	85	(207)	1,152	1,596	279	2,820	1,695	2,684	2	(1,879)	2,502	762	739	1,482	1,759	4,742	
Cash flow from investing activities																					
Purchases of property and equipment	(80)	(70)	(72)	(64)	(286)	(65)	(59)	(79)	(101)	(304)	(109)	(86)	(98)	(86)	(379)	(86)	(379)	(86)	(379)	(930)	
Purchases of short-term investments	(72)			(2)	(74)		(7)	0	498	491	(12)		(709)	0	(721)	0	0	0	0	0	
Sale of short-term investments	1,885	1,112			2,997					0					0					0	
Acquisitions					0				(1,185)	(1,185)					0					0	
Other	0	0			0	0	(5)		5	0		(36)	22	0	(14)	0	0	0	0	0	
Net cash used in investing activities	1,733	1,042	(72)	(66)	2,637	(65)	(71)	(79)	(783)	(98)	(121)	(122)	(785)	(86)	(1,114)	(86)	(379)	(86)	(379)	(930)	
Cash flow from financing activities																					
Issuance of debt		4,164	(56)		4,108	2,015	(10)		10	2,015					0					0	
Repayment of debt		(1,282)		38	(1,244)		(1,982)	(1,086)		(3,068)	(1,102)			0	(1,102)	0	0	0	0	0	
Repurchase of common stock	(1,281)	(13)	(5)	(4)	(1,303)	(137)	(13)	(9)	(4)	(163)	(1,049)	(1,239)	(1,990)	0	(4,278)	0	0	0	0	0	
Proceeds from stock option exercises					0					0					0					0	
Other		5		(38)	(33)	(9)	(2)	(1)	(11)	(23)	12	1	(9)		4					0	
Proceeds from issuance of common stock					0					0					0					0	
Cash provided by (used in) financing activities	(1,281)	2,874	(61)	(4)	1,528	1,869	(2,007)	(1,096)	(5)	(1,239)	(2,139)	(1,238)	(1,999)	0	(5,376)	0	0	0	0	0	
Effect of exchange rate on cash and cash equivalents	(21)	2	7	12	0	(7)	6	(10)	(2)	(13)	(9)	(35)	(39)		(83)					0	
Net increase (decrease) in cash and equivalents	51	4,040	794	(635)	4,250	1,590	(920)	411	(511)	570	(574)	1,289	(2,821)	(1,965)	(4,071)	676	360	1,396	1,380	3,812	
Beginning cash and equivalents	6,332	6,383	10,423	11,217	6,332	10,582	12,172	11,252	11,663	10,582	11,152	10,578	11,867	9,046	11,152	7,081	7,757	8,117	9,513	7,081	
Ending cash and equivalents	\$6,383	\$10,423	\$11,217	\$10,582	\$10,582	\$12,172	\$11,252	\$11,663	\$11,152	\$11,152	\$10,578	\$11,867	\$9,046	\$7,081	\$7,081	\$7,757	\$8,117	\$9,513	\$10,893	\$10,893	

Source: Company reports and Ascendant Capital Markets estimates

ANALYST CERTIFICATION

Each analyst hereby certifies that the views expressed in this report reflect the analyst's personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.



	Report Date		Price
Report	Date	Rating	Target
32	2/28/2018	B	2,250.00
33	5/10/2018	B	2,350.00
34	8/11/2018	B	2,200.00
35	11/7/2018	B	2,275.00
36	3/1/2019	B	2,050.00
37	5/14/2019	B	2,000.00
38	8/9/2019	B	2,250.00
39	11/12/2019	B	2,150.00
40	2/27/2020	B	1,950.00
41	5/26/2020	B	1,900.00
42	8/7/2020	B	2,000.00
43	12/2/2020	B	2,400.00
44	2/26/2021	B	2,600.00
45	6/10/2021	B	2,700.00
46	9/11/2021	B	2,750.00
47	1/8/2022	B	2,800.00
48	3/23/2022	B	2,850.00
49	6/11/2022	B	2,555.00
50	9/11/2022	B	2,500.00

- Ascendant Capital Markets, LLC has not received compensation for advisory or investment banking services from the company in the past 12 months.

IMPORTANT DISCLOSURES

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Risks & Considerations

Risks to attainment of our share price target include changes in competition, economic conditions, consumer and business demand for travel, investor sentiment for investing in travel and technology stocks, and industry growth for online travel companies.

Ascendant Capital Markets, LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Rating System

Prior to January 31, 2014, ASCM used the following rating system:

Strong Buy: We expect the stock to provide a total return of 30% or more within a 12-month period.

Buy: We expect the stock to provide a total return of between 10% and 30% within a 12-month period.

Neutral: We expect the stock to provide a total return of between minus 10% and plus 10% within a 12-month period.

Sell: We expect the stock to provide a total return of minus 10% or worse within a 12-month period.

Speculative Buy: This rating is reserved for companies we believe have tremendous potential, but whose stocks are illiquid or whose equity market capitalizations are very small, often in the definition of a nano cap (below \$50 million in market cap). In general, for stocks ranked in this category, we expect the stock to provide a total return of 50% or more within a 12-month period. However, because of the illiquid nature of the stock's trading and/or the nano cap nature of the investment, we caution that these investments may not be suitable for all parties.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of October 7, 2022)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	43	98%	17	40%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	44	100%	17	39%

Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

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