



Booking Holdings Inc.

Q4 upside as travel industry and execution strong. 2023 outlook well above pre-pandemic levels. Raising P/T to \$2,850.

COMPANY UPDATE

Rating: BUY

Ticker: BKNG

Price: \$2,499

Target: \$2,850
(from \$2,400)

Q4 upside: Booking recently (on February 23) reported its fiscal Q4 2022 (ending December) results. Revenue was \$4.05 billion (+36% y-o-y), compared to our estimate of \$3.62 billion and consensus of \$3.88 billion. Pro forma EPS was \$24.74, compared to our estimate of \$24.02 and consensus of \$22.03. EBITDA was \$1,241 million (vs. \$940 million y-o-y), compared to our estimate of \$1,193 million. Q4 qualitative guidance was that EBITDA will be over \$1.1 billion.

Q4 continued strong rebound: Gross bookings were \$27.3 billion (+44% y-o-y), compared to our estimate of \$21.9 billion. The company saw strong growth in most of its business around the world (with almost all above pre-pandemic levels with some regions well above it).

January room nights +60%: In January (current Q1), room nights increased +26% versus 2019 (and +60% y-o-y), driven primarily by the continued recovery in Asia as well as growth in U.S. and Europe.

2023 guidance: The company provided general qualitative guidance for 2023 revenue growth of mid-teens and operating income to be above 2019's (\$5,398 million) and 2022's (\$5,102 million).

Q1 guidance: The company declined to provide any specific forward guidance, but it did provide for Q1 revenue growth ~+35% and operating income to be above Q1 2022's \$174 million.

Raising 2023 estimates: We are raising our 2023 estimates for revenue to \$19.8 billion, from \$19.5 billion, and for EPS to \$126.83 from \$119.62. We are initiating our 2024 estimates for revenue of \$20.6 billion, and for EPS of \$130.37.

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 well 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 raising our 12-month price target to \$2,850 from \$2,400, which reflects a forward P/E of ~22x our 2024 EPS estimate of \$130. This P/E multiple is slightly above the peer group of online travel companies to reflect its higher 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

March 26, 2023

Edward Woo, CFA
(561) 327-9435
ewoo@ascendant.com

Stock Data

| | |
|--------------------------------------|-----------------|
| Exchange: | NasdaqGS |
| 52-week Range: | \$1,617 – 2,630 |
| Shares Outstanding (million): | 39 |
| Market cap (\$million): | \$97,461 |
| EV (\$million): | \$97,550 |
| Debt (\$million): | \$12,485 |
| Cash (\$million): | \$12,396 |
| Avg. Daily Trading Vol. (\$million): | \$750 |
| Float (million shares): | 38 |
| Short Interest (million shares): | 1 |
| Dividend, annual (yield): | \$0 (NA%) |

Revenues (US\$ million)

| | <u>2023E</u> <u>(Cur.)</u> | <u>2023E</u> <u>(Old)</u> | <u>2024E</u> <u>(Cur.)</u> | <u>2024E</u> <u>(Old)</u> |
|---------|-------------------------------|------------------------------|-------------------------------|------------------------------|
| Q1 Mar | 3,636E | 3,862E | 3,862E | |
| Q2 Jun | 4,572E | 4,891E | 4,891E | |
| Q3 Sep | 6,717E | 6,959E | 6,959E | |
| Q4 Dec | <u>4,847E</u> | <u>3,755E</u> | <u>4,847E</u> | |
| Total | 19,772E | 19,466E | 20,559E | |
| EV/Revs | 5x | | 5x | |

Earnings per Share (pro forma)

| | <u>2023E</u> <u>(Cur.)</u> | <u>2023E</u> <u>(Old)</u> | <u>2024E</u> <u>(Cur.)</u> | <u>2024E</u> <u>(Old)</u> |
|--------|-------------------------------|------------------------------|-------------------------------|------------------------------|
| Q1 Mar | 12.93E | 12.28E | 13.69E | |
| Q2 Jun | 21.15E | 22.56E | 22.55E | |
| Q3 Sep | 55.14E | 56.11E | 56.76E | |
| Q4 Dec | <u>37.48E</u> | <u>28.57E</u> | <u>37.23E</u> | |
| Total | 126.83E | 119.62E | 130.37E | |
| P/E | 20x | | 19x | |

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 February 23) reported its fiscal Q4 2022 (ending December) results.
- Revenue was \$4.05 billion (+36% y-o-y), compared to our estimate of \$3.62 billion and consensus of \$3.88 billion.
- Pro forma EPS was \$24.74, compared to our estimate of \$24.02 and consensus of \$22.03.
- Gross bookings were \$27.3 billion (+44% y-o-y), compared to our estimate of \$21.9 billion.
- EBITDA was \$1,241 million (vs. \$940 million y-o-y), compared to our estimate of \$1,193 million.
- Q4 qualitative guidance was that EBITDA will be over \$1.1 billion.
- The company provided general qualitative guidance for Q1 revenue growth ~+35% and operating income to be above Q1 2022's \$174 million.
- The company provided general qualitative guidance for 2023 revenue growth of mid-teens and operating income to be above 2019's (\$5,398 million) and 2022's (\$5,102 million).
- We are raising our 2023 estimates for revenue to \$19.8 billion, from \$19.5 billion, and for EPS to \$126.83 from \$119.62.
- We are initiating our 2024 estimates for revenue of \$20.6 billion, and for EPS of \$130.37.

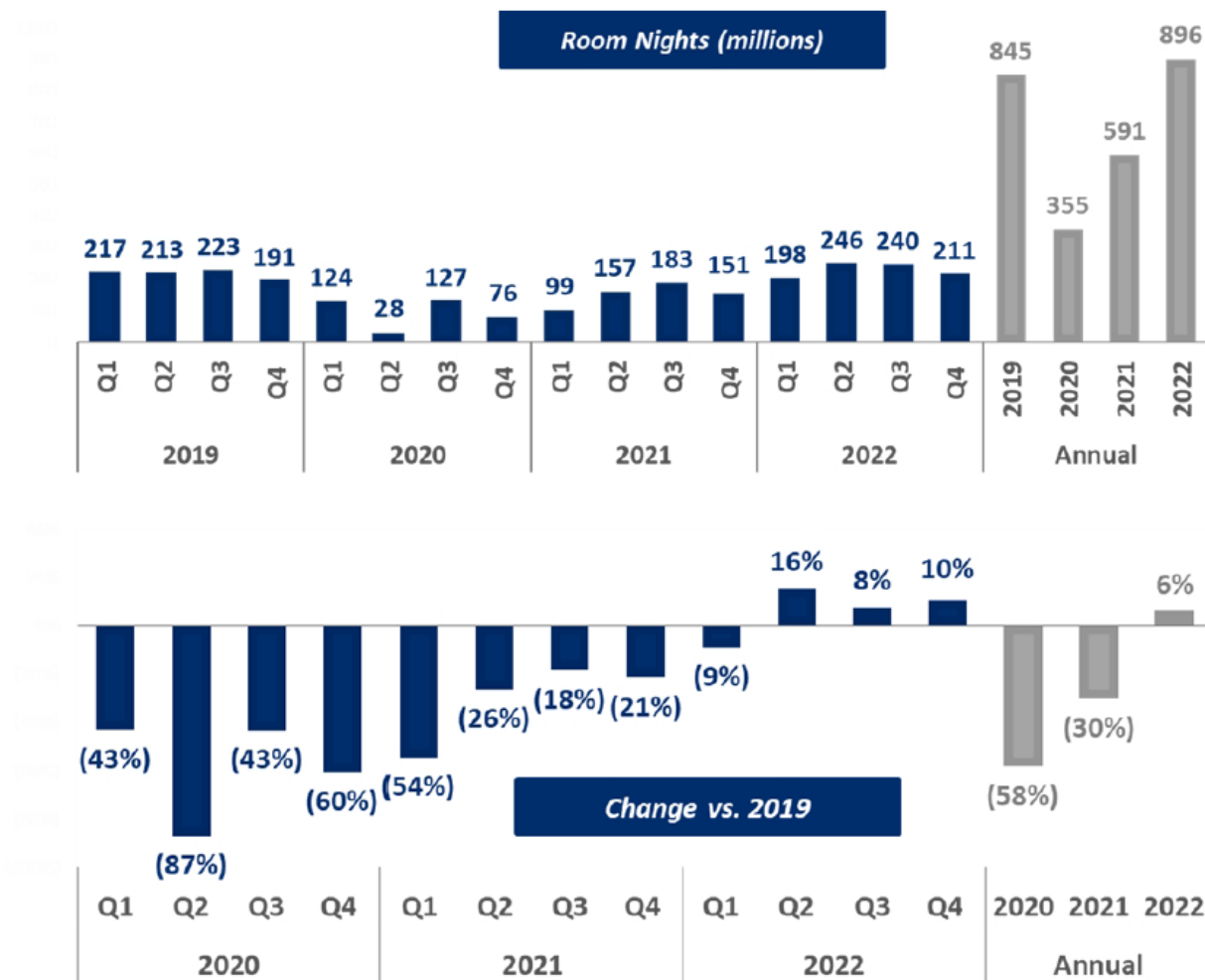
ADDITIONAL DETAILS

- Growth by product were: Hotels Room Nights +40% (vs. +32% in Q3 2022 and +100% in Q4 2021), Air Tickets +62% (vs. +45% in Q3 2022 and +108% in Q4 2021), and Rental Car Days +28% (vs. +25% in Q3 2022 and +36% in Q4 2021).
- Revenue as a percentage of gross bookings was 15%, compared with our estimate of 17% and 16% last year.
- Operating expenses were \$2.70 billion, versus our expectation of \$2.53 billion.
- Operating income was \$1,345 million, versus our expectation of \$1,088 million.
- Pro forma net income was \$958 million, versus our expectation of \$955 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 2023. This deal was expected to have a "minor impact on P&L" in 2022.

The company's balance sheet remains solid, with \$12.4 billion in cash and \$12.5 billion in debt (~\$2/share in net debt), compared with \$9.1 billion in cash and \$9.2 billion in debt at the end of September.

Exhibit 1: Quarterly Room Nights Change versus 2019

Quarterly Room Nights and Change versus 2019



Source: Company report.

Exhibit 2: Q1 and 2023 Guidance (as of February 23, 2023)**Outlook**

In January 2023, we saw an improvement in the monthly room night growth rate versus 2019 relative to the fourth quarter of 2022, with room nights growing about 26% versus January 2019, driven primarily by improvements in Europe, Rest of World, and Asia. On a year-over-year basis, room night growth in January 2023 was 60%, due in part to the negative impact of the Omicron variant on January 2022 room nights. While there continues to be uncertainty around the month to month trends, we assume that room night growth in the first quarter of 2023 will grow by over 30% relative to the first quarter of 2022. Given that assumption for room night growth, we expect the following for the first quarter of 2023:

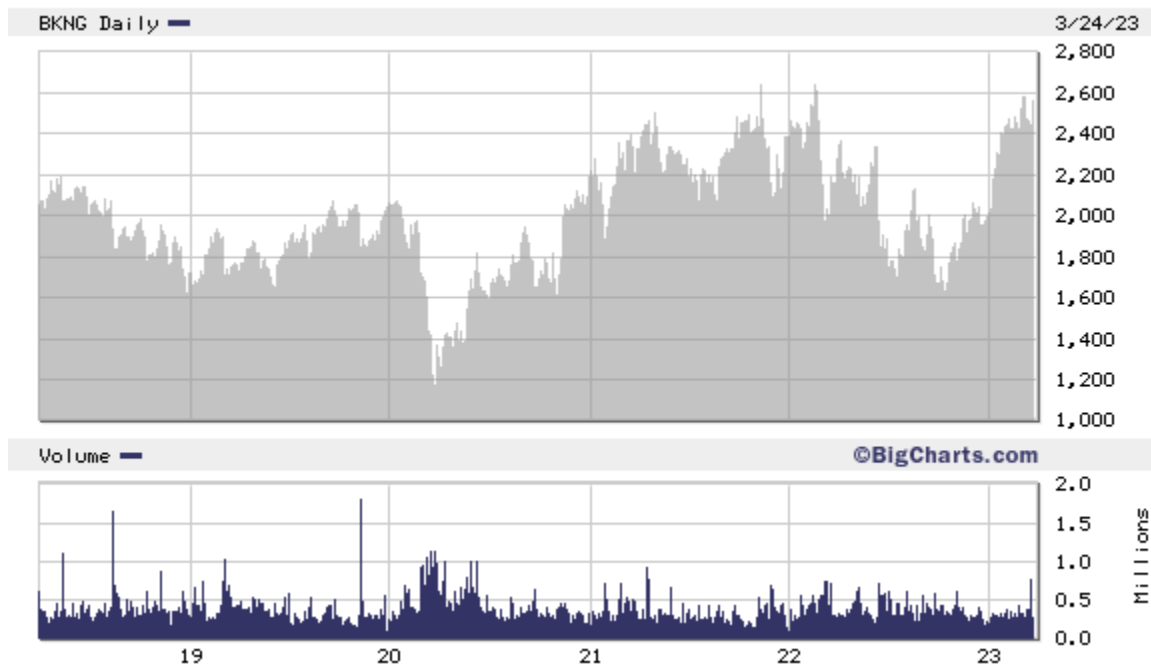
- the year-over-year growth in gross bookings will be about four percentage points better than the year-over-year growth in room nights;
- revenues as a percentage of gross bookings will be higher than it was in the first quarter of 2022; and
- operating profit will be higher than in the first quarter of 2022.

For the full year, assuming gross bookings increase in 2023 compared to 2022 by a low teens percentage, we expect the following for full-year 2023:

- revenues as a percentage of gross bookings will be higher than it was in 2022; and
- operating profit will be higher than in 2019 and 2022.

Source: Company report.

Exhibit 3: Booking Holdings Stock Price (Five Years)



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

Exhibit 4: Consensus Expectations (as of February 23, 2023)

| | Revenue (mil) | | | EPS | |
|--------|---------------|-----------|--------|----------|-----------|
| | 2022E | 2023E | | 2022E | 2023E |
| Q1 Mar | \$2,695A | \$3,498E | Q1 Mar | \$3.91A | \$8.60E |
| Q2 Jun | \$4,294A | | Q2 Jun | \$19.08A | |
| Q3 Sep | \$6,052A | | Q3 Sep | \$53.03A | |
| Q4 Dec | \$3,879E | | Q4 Dec | \$22.03E | |
| Total | \$16,930E | \$19,226E | Total | \$97.69E | \$124.97E |

*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

FINANCIAL MODEL

Booking Holdings Inc.

| Income Statement (\$ millions) Fiscal Year End: December 31 | Mar-21 Q1A | Jun-21 Q2A | Sep-21 Q3A | Dec-21 Q4A | 2021 FY-A | Mar-22 Q1A | Jun-22 Q2A | Sep-22 Q3A | Dec-22 Q4A | 2022 FY-A | Mar-23 Q1E | Jun-23 Q2E | Sep-23 Q3E | Dec-23 Q4E | 2023 FY-E | Mar-24 Q1E | Jun-24 Q2E | Sep-24 Q3E | Dec-24 Q4E | 2024 FY-E |
|--|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|--------------|
| Total Revenue | 1,141 | 2,160 | 4,676 | 2,981 | 10,958 | 2,695 | 4,294 | 6,052 | 4,049 | 17,090 | 3,636 | 4,572 | 6,717 | 4,847 | 19,772 | 3,862 | 4,891 | 6,959 | 4,847 | 20,559 |
| Cost of Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross Profit | 1,141 | 2,160 | 4,676 | 2,981 | 10,958 | 2,695 | 4,294 | 6,052 | 4,049 | 17,090 | 3,636 | 4,572 | 6,717 | 4,847 | 19,772 | 3,862 | 4,891 | 6,959 | 4,847 | 20,559 |
| Advertising - brand | | | | | 0 | | | | | 0 | | | | | 0 | | | | | 0 |
| Marketing expenses | 461 | 988 | 1,378 | 974 | 3,801 | 1,147 | 1,737 | 1,795 | 1,314 | 5,993 | 1,200 | 1,417 | 1,679 | 1,212 | 5,508 | 1,275 | 1,516 | 1,740 | 1,212 | 5,742 |
| Sales and other | 112 | 206 | 302 | 261 | 881 | 339 | 465 | 540 | 474 | 1,818 | 364 | 503 | 739 | 533 | 2,139 | 386 | 538 | 765 | 533 | 2,223 |
| Personnel | 552 | 686 | 591 | 485 | 2,314 | 596 | 635 | 636 | 598 | 2,465 | 945 | 1,052 | 1,075 | 776 | 3,847 | 1,004 | 1,125 | 1,113 | 776 | 4,018 |
| General and administrative | 119 | 134 | 179 | 188 | 620 | 158 | 207 | 262 | 307 | 934 | 327 | 411 | 336 | 339 | 1,414 | 348 | 440 | 348 | 339 | 1,475 |
| IT | 87 | 93 | 109 | 123 | 412 | 134 | 137 | 129 | 126 | 526 | 145 | 137 | 202 | 145 | 630 | 154 | 147 | 209 | 145 | 655 |
| Depreciation and amortization | 113 | 108 | 102 | 98 | 421 | 111 | 107 | 109 | 124 | 451 | 105 | 105 | 105 | 105 | 420 | 105 | 105 | 105 | 105 | 420 |
| Restructuring and other | 8 | 1 | | 4 | 13 | 36 | 6 | (2) | (239) | (199) | | | | | 0 | | | | | 0 |
| Total operating expenses | 1,452 | 2,216 | 2,661 | 2,133 | 8,462 | 2,521 | 3,294 | 3,469 | 2,704 | 11,988 | 3,086 | 3,625 | 4,135 | 3,110 | 13,957 | 3,272 | 3,871 | 4,280 | 3,110 | 14,534 |
| Operating income (loss) | (311) | (56) | 2,015 | 848 | 2,496 | 174 | 1,000 | 2,583 | 1,345 | 5,102 | 549 | 947 | 2,582 | 1,737 | 5,815 | 590 | 1,020 | 2,678 | 1,737 | 6,026 |
| Interest income (expense) | (98) | (81) | (80) | (75) | (334) | (68) | (76) | (102) | (145) | (391) | (86) | (88) | (87) | (87) | (347) | (85) | (85) | (85) | (85) | (340) |
| Other income (expense) | 131 | 96 | (967) | 43 | (697) | (955) | 220 | (305) | 252 | (798) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Income before income taxes | (278) | (41) | 968 | 816 | 1,465 | (849) | 1,144 | 2,176 | 1,452 | 3,923 | 464 | 859 | 2,494 | 1,650 | 5,467 | 505 | 935 | 2,593 | 1,652 | 5,685 |
| Income taxes | (223) | 126 | 199 | 198 | 300 | (149) | 287 | 510 | 217 | 865 | 88 | 163 | 474 | 314 | 1,039 | 96 | 178 | 493 | 314 | 1,080 |
| Net income (loss) | (55) | (167) | 769 | 618 | 1,165 | (700) | 857 | 1,666 | 1,235 | 3,058 | 375 | 696 | 2,020 | 1,337 | 4,428 | 409 | 757 | 2,100 | 1,338 | 4,605 |
| Nonrecurring/noncash adjustments | (160) | 63 | 790 | 37 | 728 | 861 | (81) | 438 | (278) | 940 | 125 | 125 | 125 | 125 | 500 | 125 | 125 | 125 | 125 | 500 |
| Net income | (215) | (105) | 1,559 | 655 | 1,893 | 161 | 776 | 2,104 | 958 | 3,999 | 500 | 821 | 2,145 | 1,462 | 4,928 | 534 | 882 | 2,225 | 1,463 | 5,105 |
| EBITDA | (195) | 48 | 2,111 | 940 | 2,904 | 310 | 1,086 | 2,658 | 1,241 | 5,295 | 654 | 1,052 | 2,687 | 1,842 | 6,235 | 695 | 1,125 | 2,783 | 1,842 | 6,446 |
| Shares, Basic | 41.0 | 41.1 | 41.1 | 41.1 | 41.0 | 40.9 | 40.5 | 39.6 | 38.5 | 39.9 | 38.4 | 38.5 | 38.6 | 38.7 | 38.6 | 38.6 | 38.7 | 38.8 | 38.9 | 38.8 |
| Shares, Diluted | 41.0 | 41.1 | 41.3 | 41.4 | 41.4 | 41.2 | 40.7 | 39.7 | 38.7 | 40.1 | 38.7 | 38.8 | 38.9 | 39.0 | 38.9 | 39.0 | 39.1 | 39.2 | 39.3 | 39.2 |
| EPS Basic (Pro forma) | (\$5.26) | (\$2.55) | \$37.96 | \$15.94 | \$46.13 | \$3.94 | \$19.15 | \$53.18 | \$24.85 | \$100.28 | \$13.03 | \$21.31 | \$55.54 | \$37.75 | \$127.77 | \$13.83 | \$22.78 | \$57.32 | \$37.60 | \$131.66 |
| EPS Diluted (Pro forma) | (\$5.26) | (\$2.55) | \$37.70 | \$15.83 | \$45.77 | \$3.91 | \$19.08 | \$53.03 | \$24.74 | \$99.83 | \$12.93 | \$21.15 | \$55.14 | \$37.48 | \$126.83 | \$13.69 | \$22.55 | \$56.76 | \$37.23 | \$130.37 |
| Income Statement Ratios | | | | | | | | | | | | | | | | | | | | |
| Gross margin | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Advertising - brand | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Advertising - performance | 40.4% | 45.7% | 29.5% | 32.7% | 34.7% | 42.6% | 40.5% | 29.7% | 32.5% | 35.1% | 33.0% | 31.0% | 25.0% | 25.0% | 27.9% | 33.0% | 31.0% | 25.0% | 25.0% | 27.9% |
| Sales and marketing | 9.8% | 9.5% | 6.5% | 8.8% | 8.0% | 12.6% | 10.8% | 8.9% | 11.7% | 10.6% | 10.0% | 11.0% | 11.0% | 11.0% | 10.8% | 10.0% | 11.0% | 11.0% | 11.0% | 10.8% |
| Personnel | 48.4% | 31.8% | 12.6% | 16.3% | 21.1% | 22.1% | 14.8% | 10.5% | 14.8% | 14.4% | 26.0% | 23.0% | 16.0% | 16.0% | 19.5% | 26.0% | 23.0% | 16.0% | 16.0% | 19.5% |
| General and administrative | 10.4% | 6.2% | 3.8% | 6.3% | 5.7% | 5.9% | 4.8% | 4.3% | 7.6% | 5.5% | 9.0% | 9.0% | 5.0% | 7.0% | 7.2% | 9.0% | 9.0% | 5.0% | 7.0% | 7.2% |
| IT | 7.6% | 4.3% | 2.3% | 4.1% | 3.8% | 5.0% | 3.2% | 2.1% | 3.1% | 3.1% | 4.0% | 3.0% | 3.0% | 3.0% | 3.2% | 4.0% | 3.0% | 3.0% | 3.0% | 3.2% |
| Operating margin | -27.3% | -2.6% | 43.1% | 28.4% | 22.8% | 6.5% | 23.3% | 42.7% | 33.2% | 29.9% | 15.1% | 20.7% | 38.4% | 35.8% | 29.4% | 15.3% | 20.9% | 38.5% | 35.8% | 29.3% |
| Tax rate, GAAP | 80.2% | -307.3% | 20.6% | 24.3% | 20.5% | 17.6% | 25.1% | 23.4% | 14.9% | 22.0% | 19.0% | 19.0% | 19.0% | 19.0% | 19.0% | 19.0% | 19.0% | 19.0% | 19.0% | 19.0% |
| Net margin | -4.8% | -7.7% | 16.4% | 20.7% | 10.6% | -26.0% | 20.0% | 27.5% | 30.5% | 17.9% | 10.3% | 15.2% | 30.1% | 27.6% | 22.4% | 10.6% | 15.5% | 30.2% | 27.6% | 22.4% |
| YY % change | | | | | | | | | | | | | | | | | | | | |
| Total Revenue | -50.1% | 242.9% | 77.1% | 140.8% | 61.2% | 136.2% | 98.8% | 29.4% | 35.8% | 56.0% | 34.9% | 6.5% | 11.0% | 19.7% | 15.7% | 6.2% | 7.0% | 3.6% | 0.0% | 4.0% |
| Gross margin | -50.1% | 242.9% | 77.1% | 140.8% | 61.2% | 136.2% | 98.8% | 29.4% | 35.8% | 56.0% | 34.9% | 6.5% | 11.0% | 19.7% | 15.7% | 6.2% | 7.0% | 3.6% | 0.0% | 4.0% |
| Advertising - brand | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Advertising - performance | -45.8% | 368.2% | 88.5% | 152.3% | 74.4% | 148.8% | 75.8% | 30.3% | 34.9% | 57.7% | 4.6% | -18.4% | -6.5% | -7.8% | -8.1% | 6.2% | 7.0% | 3.6% | 0.0% | 4.2% |
| Sales and marketing | -70.3% | 57.3% | 134.1% | 121.2% | 16.7% | 202.7% | 125.7% | 78.8% | 81.6% | 106.4% | 7.3% | 8.2% | 36.8% | 12.5% | 17.6% | 6.2% | 7.0% | 3.6% | 0.0% | 3.9% |
| Personnel | 14.0% | 51.8% | 14.3% | -1.2% | 19.0% | 8.0% | -7.4% | 7.6% | 23.3% | 6.5% | 58.6% | 65.6% | 69.0% | 29.7% | 56.1% | 6.2% | 7.0% | 3.6% | 0.0% | 4.4% |
| General and administrative | -40.8% | 28.8% | 20.9% | 46.9% | 6.7% | 32.8% | 54.5% | 46.4% | 63.3% | 50.6% | 107.1% | 98.8% | 28.2% | 10.5% | 51.4% | 6.2% | 7.0% | 3.6% | 0.0% | 4.3% |
| IT | 11.5% | 32.9% | 53.5% | 53.8% | 37.8% | 54.0% | 47.3% | 18.3% | 2.4% | 27.7% | 8.5% | 0.1% | 56.2% | 15.4% | 19.7% | 6.2% | 7.0% | 3.6% | 0.0% | 4.1% |
| Operating income (loss) | NM | NM | NM | NM | NM | NM | NM | 28.2% | 58.6% | 104.4% | 215.8% | -5.3% | -0.1% | 29.1% | 14.0% | 7.4% | 7.7% | 3.7% | 0.0% | 3.6% |
| Net income (loss) | NM | NM | -4.0% | NM | NM | NM | NM | 116.6% | 99.8% | 162.5% | NM | -18.8% | 21.3% | 8.2% | 44.8% | 8.9% | 8.8% | 4.0% | 0.1% | 4.0% |
| EPS Diluted (Pro forma) | NM | NM | 207.3% | NM | NM | NM | NM | 40.7% | 56.3% | 118.1% | 230.6% | 10.8% | 4.0% | 51.5% | 27.0% | 5.9% | 6.6% | 2.9% | -0.7% | 2.8% |

Source: Company reports and Ascendant Capital Markets estimates

Booking Holdings Inc.

| Balance Sheet (\$ millions) Fiscal Year End: December 31 | Mar-21 Q1A | Jun-21 Q2A | Sep-21 Q3A | Dec-21 Q4A | Mar-22 Q1A | Jun-22 Q2A | Sep-22 Q3A | Dec-22 Q4A | Mar-23 Q1E | Jun-23 Q2E | Sep-23 Q3E | Dec-23 Q4E | Mar-24 Q1E | Jun-24 Q2E | Sep-24 Q3E | Dec-24 Q4E |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Assets | | | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$12,151 | \$11,231 | \$11,643 | \$11,127 | \$10,549 | \$11,841 | \$9,021 | \$12,221 | \$9,511 | \$9,803 | \$11,180 | \$13,279 | \$13,303 | \$13,139 | \$14,235 | \$15,796 |
| Short term investments | 500 | 501 | 522 | 25 | | | 116 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 |
| Restricted cash | | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounts receivable, net | 586 | 1,290 | 1,555 | 1,358 | 1,611 | 2,249 | 2,284 | 2,229 | 1,010 | 1,321 | 1,940 | 1,077 | 1,073 | 1,413 | 2,010 | 1,077 |
| Prepaid expenses and other current assets | 871 | 767 | 632 | 635 | 715 | 834 | 989 | 1,173 | 255 | 229 | 269 | 388 | 270 | 245 | 278 | 388 |
| Deferred income taxes | | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total current assets | 14,108 | 13,789 | 14,352 | 13,145 | 12,875 | 14,924 | 12,410 | 15,798 | 10,950 | 11,527 | 13,564 | 14,919 | 14,821 | 14,971 | 16,699 | 17,436 |
| Property and equipment, net | 734 | 748 | 762 | 822 | 844 | 858 | 879 | 669 | 684 | 992 | 1,007 | 1,315 | 1,623 | 2,449 | 2,757 | 3,583 |
| Intangibles, net | 3,644 | 3,611 | 3,549 | 4,944 | 4,875 | 4,767 | 4,663 | 4,636 | 4,591 | 4,546 | 4,501 | 4,456 | 4,411 | 4,366 | 4,321 | 4,276 |
| Deferred income taxes | | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Long term investments | 3,788 | 4,319 | 3,283 | 3,175 | 2,200 | 2,381 | 2,650 | 2,789 | 2,789 | 2,789 | 2,789 | 2,789 | 2,789 | 2,789 | 2,789 | 2,789 |
| Other | 1,381 | 1,414 | 1,395 | 1,555 | 1,590 | 1,563 | 1,461 | 1,469 | 1,469 | 1,469 | 1,469 | 1,469 | 1,469 | 1,469 | 1,469 | 1,469 |
| Total assets | 23,655 | 23,881 | 23,341 | 23,641 | 22,384 | 24,493 | 22,063 | 25,361 | 20,483 | 21,323 | 23,330 | 24,948 | 25,113 | 26,044 | 28,035 | 29,553 |
| Liabilities and stockholders' equity | | | | | | | | | | | | | | | | |
| Accounts payable | 570 | 1,028 | 1,466 | 1,586 | 1,504 | 2,240 | 2,131 | 2,507 | 509 | 686 | 806 | 582 | 541 | 734 | 835 | 582 |
| Accrued expenses | 1,350 | 1,620 | 2,069 | 1,765 | 1,876 | 2,364 | 2,925 | 3,244 | 1,454 | 1,143 | 1,343 | 1,454 | 1,545 | 1,223 | 1,392 | 1,454 |
| Deferred merchant | 643 | 1,896 | 1,086 | 906 | 2,765 | 4,395 | 2,253 | 2,223 | 727 | 1,006 | 672 | 1,066 | 772 | 1,076 | 696 | 1,066 |
| Income tax payable and other | | | | | | | | | | | | | | | | |
| Convertible/short term debt | 3,905 | 2,180 | 1,158 | 1,989 | 1,333 | 1,283 | 1,234 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Total current liabilities | 6,468 | 6,724 | 5,779 | 6,246 | 7,478 | 10,282 | 8,543 | 8,474 | 3,191 | 3,335 | 3,321 | 3,602 | 3,358 | 3,532 | 3,423 | 3,602 |
| Deferred income taxes | 2,034 | 1,107 | 906 | 905 | 721 | 805 | 723 | 685 | 685 | 685 | 685 | 685 | 685 | 685 | 685 | 685 |
| Other long term liabilities | 459 | 1,260 | 1,235 | 1,375 | 1,377 | 1,214 | 1,177 | 1,435 | 1,435 | 1,435 | 1,435 | 1,435 | 1,435 | 1,435 | 1,435 | 1,435 |
| Convertible/long term debt | 9,930 | 9,991 | 9,876 | 8,937 | 8,435 | 8,190 | 7,950 | 11,985 | 11,985 | 11,985 | 11,985 | 11,985 | 11,985 | 11,985 | 11,985 | 11,985 |
| Minority interest | | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total other liabilities | 12,423 | 12,358 | 12,017 | 11,217 | 10,533 | 10,209 | 9,850 | 14,105 | 14,105 | 14,105 | 14,105 | 14,105 | 14,105 | 14,105 | 14,105 | 14,105 |
| Common stock | | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Treasury Stock | (24,274) | (24,283) | (24,286) | (24,290) | (25,390) | (26,664) | (28,630) | (30,983) | (30,983) | (30,983) | (30,983) | (30,983) | (30,983) | (30,983) | (30,983) | (30,983) |
| Additional paid-in capital | 5,965 | 6,059 | 6,068 | 6,159 | 6,163 | 6,278 | 6,385 | 6,491 | 6,491 | 6,491 | 6,491 | 6,491 | 6,491 | 6,491 | 6,491 | 6,491 |
| Retained earnings | 23,233 | 23,066 | 23,835 | 24,453 | 23,783 | 24,640 | 26,306 | 27,541 | 27,916 | 28,612 | 30,633 | 31,969 | 32,379 | 33,136 | 35,236 | 36,574 |
| Accumulated other comprehensive (loss) income | (160) | (43) | (72) | (144) | (183) | (252) | (391) | (267) | (267) | (267) | (267) | (267) | (267) | (267) | (267) | (267) |
| Other | | | | | | | | | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Total stockholders' equity | 4,764 | 4,799 | 5,545 | 6,178 | 4,373 | 4,002 | 3,670 | 2,782 | 3,188 | 3,884 | 5,904 | 7,241 | 7,650 | 8,407 | 10,507 | 11,846 |
| Total stockholders' equity and liabilities | \$23,655 | \$23,881 | \$23,341 | \$23,641 | \$22,384 | \$24,493 | \$22,063 | \$25,361 | \$20,483 | \$21,323 | \$23,330 | \$24,948 | \$25,113 | \$26,044 | \$28,035 | \$29,553 |

Balance Sheet Drivers

| | Mar-21 Q1A | Jun-21 Q2A | Sep-21 Q3A | Dec-21 Q4A | Mar-22 Q1A | Jun-22 Q2A | Sep-22 Q3A | Dec-22 Q4A | Mar-23 Q1E | Jun-23 Q2E | Sep-23 Q3E | Dec-23 Q4E | Mar-24 Q1E | Jun-24 Q2E | Sep-24 Q3E | Dec-24 Q4E |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Prepaid as % of total rev | 76% | 36% | 14% | 21% | 27% | 19% | 16% | 29% | 7% | 5% | 4% | 8% | 7% | 5% | 4% | 8% |
| Deferred Merchant as % of total rev | 56% | 88% | 23% | 30% | 103% | 102% | 37% | 55% | 20% | 22% | 10% | 22% | 20% | 22% | 10% | 22% |
| Accounts payable as % of total rev | 50% | 48% | 31% | 53% | 56% | 52% | 35% | 62% | 14% | 15% | 12% | 12% | 14% | 15% | 12% | 12% |
| Accrued expenses as % of total rev | 118% | 75% | 44% | 59% | 70% | 55% | 48% | 80% | 40% | 25% | 20% | 30% | 40% | 25% | 20% | 30% |
| Activity Ratios | | | | | | | | | | | | | | | | |
| A/R Days Sales Outstanding | 46 | 54 | 30 | 41 | 54 | 47 | 34 | 50 | 25 | 26 | 26 | 20 | 25 | 26 | 26 | 20 |
| Deferred Merchant (w/ Revenue) | 51 | 79 | 21 | 27 | 92 | 92 | 34 | 49 | 18 | 20 | 9 | 20 | 18 | 20 | 9 | 20 |
| Book & Cash Value (per share) | | | | | | | | | | | | | | | | |
| Book Value per Share (diluted) | \$116.27 | \$116.89 | \$134.10 | \$149.33 | \$106.16 | \$98.41 | \$92.51 | \$71.87 | \$82.35 | \$100.33 | \$152.13 | \$186.10 | \$196.11 | \$214.96 | \$267.98 | \$301.35 |
| Cash per Share (diluted) | \$308.76 | \$285.77 | \$294.20 | \$269.56 | \$256.10 | \$291.18 | \$230.32 | \$320.24 | \$250.22 | \$257.76 | \$292.58 | \$345.79 | \$345.51 | \$340.43 | \$367.53 | \$406.30 |
| Net cash per Share (diluted) | (\$28.90) | (\$10.69) | \$27.35 | \$5.46 | \$18.96 | \$58.23 | (\$1.18) | (\$2.30) | (\$72.31) | (\$64.77) | (\$29.12) | \$24.91 | \$25.45 | \$21.19 | \$49.11 | \$88.69 |

Source: Company reports and Ascendant Capital Markets estimates

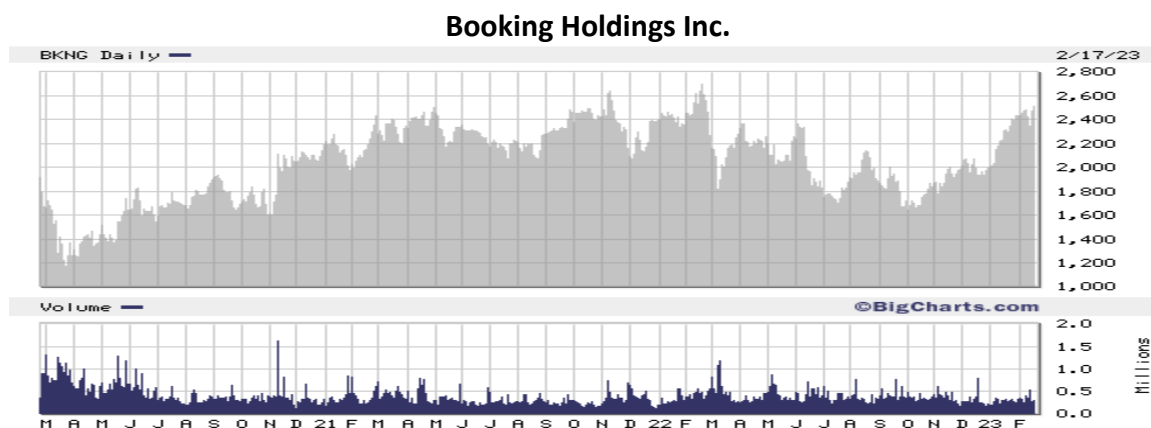
Booking Holdings Inc.

| Cash Flow Statement (\$ millions) | 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 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | 2024 | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| Fiscal Year End: December 31 | Q1A | Q2A | Q3A | Q4A | FY-A | Q1A | Q2A | Q3A | Q4A | FY-A | Q1E | Q2E | Q3E | Q4E | FY-E | Q1E | Q2E | Q3E | Q4E | FY-E | |
| Cash flow from operating activities | | | | | | | | | | | | | | | | | | | | | |
| Net income | (\$55) | (\$167) | \$769 | \$618 | \$1,165 | (\$700) | \$857 | \$1,666 | \$1,235 | \$3,058 | \$375 | \$696 | \$2,020 | \$1,337 | \$4,428 | \$409 | \$757 | \$2,100 | \$1,338 | \$4,605 | |
| Depreciation | 113 | 108 | 102 | 98 | 421 | 111 | 107 | 226 | 7 | 451 | 60 | 60 | 60 | 60 | 240 | 60 | 60 | 60 | 60 | 240 | |
| Amortization | 45 | 46 | (91) | 0 | 0 | | | | | 0 | 45 | 45 | 45 | 45 | 180 | 45 | 45 | 45 | 45 | 180 | |
| Provision for accounts receivable | | 37 | 51 | 21 | 109 | 55 | 58 | 66 | 53 | 232 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Deferred income taxes | (50) | (70) | (223) | (102) | (445) | (216) | 51 | (81) | (11) | (257) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Stock comp | 113 | 91 | 86 | 86 | 376 | 93 | 108 | 101 | 102 | 404 | 65 | 65 | 65 | 65 | 260 | 65 | 65 | 65 | 65 | 260 | |
| Amortization of financing | 16 | 14 | 14 | 10 | 54 | | | | | 0 | | | | | 0 | | | | | 0 | |
| Tax benefit of stock option exercises | | | | | 0 | | | | | 0 | | | | | 0 | | | | | 0 | |
| Other gains/losses | (32) | (153) | 1,016 | (20) | 811 | 987 | (181) | 336 | (419) | 723 | | | | | 0 | | | | | 0 | |
| F/X gains/losses | (91) | 37 | (54) | (27) | (135) | (30) | (38) | (2) | 24 | (46) | | | | | 0 | | | | | 0 | |
| Other | (4) | 21 | 135 | 43 | 195 | 69 | 52 | (81) | 154 | 194 | (65) | (65) | (65) | (65) | (260) | (65) | (65) | (65) | (65) | (260) | |
| Changes in operating assets and liabilities: | | | | | | | | | | | | | | | | | | | | | |
| Accounts receivable | (72) | (748) | (352) | 170 | (1,002) | (326) | (790) | (242) | 130 | (1,228) | 1,219 | (311) | (620) | 863 | 1,152 | 4 | (340) | (597) | 933 | 0 | |
| Prepaid expenses & other current assets | (258) | 85 | 138 | 41 | 6 | (56) | (125) | (243) | 207 | (217) | 918 | 26 | (40) | (119) | 785 | 117 | 26 | (34) | (109) | 0 | |
| Accounts payable & accrued expenses | 114 | 1,859 | 110 | (544) | 1,539 | 1,868 | 2,993 | (1,270) | 127 | 3,718 | (5,283) | 144 | (14) | 281 | (4,872) | (244) | 174 | (110) | 180 | 0 | |
| Income tax payable and other | (46) | (8) | (105) | (115) | (274) | (160) | (408) | (474) | 564 | (478) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Net cash (used in) provided by operating activities | (207) | 1,152 | 1,596 | 279 | 2,820 | 1,695 | 2,684 | 2 | 2,173 | 6,554 | (2,665) | 660 | 1,452 | 2,467 | 1,914 | 392 | 722 | 1,465 | 2,447 | 5,025 | |
| Cash flow from investing activities | | | | | | | | | | | | | | | | | | | | | |
| Purchases of property and equipment | (65) | (59) | (79) | (101) | (304) | (109) | (86) | (98) | (75) | (368) | (75) | (368) | (75) | (368) | (886) | (368) | (886) | (368) | (886) | (2,508) | |
| Purchases of short-term investments | | (7) | 0 | 498 | 491 | (12) | (709) | (15) | | (736) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Sale of short-term investments | | | | | 0 | | | | | 0 | | | | | 0 | | | | | 0 | |
| Acquisitions | | | | (1,185) | (1,185) | | | | | 0 | | | | | 0 | | | | | 0 | |
| Other | 0 | (5) | | 5 | 0 | (36) | 22 | 600 | | 586 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Net cash used in investing activities | (65) | (71) | (79) | (783) | (998) | (121) | (122) | (785) | 510 | (518) | (75) | (368) | (75) | (368) | (886) | (368) | (886) | (368) | (886) | (2,508) | |
| Cash flow from financing activities | | | | | | | | | | | | | | | | | | | | | |
| Issuance of debt | 2,015 | (10) | | 10 | 2,015 | | | | 3,621 | 3,621 | | | | | 0 | | | | | 0 | |
| Repayment of debt | | (1,982) | (1,086) | | (3,068) | (1,102) | | | (778) | (1,880) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Repurchase of common stock | (137) | (13) | (9) | (4) | (163) | (1,049) | (1,239) | (1,990) | (2,343) | (6,621) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Proceeds from stock option exercises | | | | | 0 | | | | | 0 | | | | | 0 | | | | | 0 | |
| Other | (9) | (2) | (1) | (11) | (23) | 12 | 1 | (9) | (21) | (17) | | | | | 0 | | | | | 0 | |
| Proceeds from issuance of common stock | | | | | 0 | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Cash provided by (used in) financing activities | 1,869 | (2,007) | (1,096) | (5) | (1,239) | (2,139) | (1,238) | (1,999) | 479 | (4,897) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Effect of exchange rate on cash and cash equivalents | (7) | 6 | (10) | (2) | (13) | (9) | (35) | (39) | 43 | (40) | | | | | 0 | | | | | 0 | |
| Net increase (decrease) in cash and equivalents | 1,590 | (920) | 411 | (511) | 570 | (574) | 1,289 | (2,821) | 3,205 | 1,099 | (2,740) | 292 | 1,377 | 2,099 | 1,028 | 24 | (164) | 1,097 | 1,561 | 2,517 | |
| Beginning cash and equivalents | 10,582 | 12,172 | 11,252 | 11,663 | 10,582 | 11,152 | 10,578 | 11,867 | 9,046 | 11,152 | 12,251 | 9,511 | 9,803 | 11,180 | 12,251 | 13,279 | 13,303 | 13,139 | 14,235 | 13,279 | |
| Ending cash and equivalents | \$12,172 | \$11,252 | \$11,663 | \$11,152 | \$11,152 | \$10,578 | \$11,867 | \$9,046 | \$12,251 | \$12,251 | \$9,511 | \$9,803 | \$11,180 | \$13,279 | \$13,279 | \$13,303 | \$13,139 | \$14,235 | \$15,796 | \$15,796 | |

Source: Company reports and Ascendant Capital Markets estimates

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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 | Report Date | Rating | Price 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 |
| 51 | 12/15/2022 | B | 2,400.00 |

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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.

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| Rating | Count | Percent | Investment Banking Services Past 12 months | |
|--------|-------|---------|---|---------|
| | | | Count | Percent |
| Buy | 44 | 98% | 18 | 41% |
| Hold | 0 | 0% | 0 | 0% |
| Sell | 1 | 2% | 0 | 0% |
| Total | 45 | 100% | 18 | 40% |

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