

BOOKING HOLDINGS

Q4 2024 Earnings Presentation
February 20, 2025

Booking.com

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Disclaimer



Disclosure Regarding Forward-Looking Statements

This presentation contains forward-looking statements. These forward-looking statements reflect the views of Booking Holdings Inc.'s (the "Company" or "Booking Holdings" or "BKNG") management regarding current expectations and projections about future events and conditions and are based on currently available information and current foreign currency exchange rates. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and assumptions that are difficult to predict such as:

- adverse changes in market conditions for travel services;
- the effects of competition;
- the Company's ability to manage growth and expand its global business;
- adverse changes in third-party relationships;
- the Company's performance marketing efficiency and the effectiveness of its marketing efforts;
- the Company's ability to respond to and keep up with the rapid pace of technological or other market changes;
- the Company's development and use of Generative AI;
- the Company's ability to attract and retain qualified personnel;
- risks related to data privacy, cyberattacks, and information security;
- IT systems-related failures, security breaches, or inadequate system capacity;
- risks related to exposure to additional tax liabilities and maintaining tax benefits;
- legal and regulatory risks;
- risks associated with the facilitation of payments;
- fluctuations in foreign currency exchange rates and other risks associated with doing business in multiple currencies and jurisdictions;
- financial risks including increased debt levels and stock price volatility; and
- success of investments and acquisitions, including integration of acquired businesses.

For a detailed discussion of these and other factors that could cause the Company's actual results to differ materially from those described in this presentation, refer to the Company's most recent Annual Report on Form 10-K, any current reports on Form 8-K, and any subsequent Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission (the "SEC"). Unless required by law, the Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

This presentation may contain industry market data, industry forecasts and other statistical information. Such information has been obtained from publicly available information, industry publications and other third-party sources, and the Company makes no representations as to the accuracy of such information. The Company has not independently verified any such information. Certain information in this presentation is based upon management forecasts and reflects prevailing conditions and management's views as of this date, all of which are subject to change.

Adjusted Financial Measures:

While the Company reports financial results in accordance with accounting principles ("GAAP") generally accepted in the United States, this presentation includes certain Adjusted "Non-GAAP" measures, including Adjusted EBITDA, Free Cash Flow, Adjusted Net Income, and Adjusted Net Income per Diluted Common Share (Adjusted EPS), which are not presented in accordance with GAAP or intended to be substitutes for GAAP measures. The Company also uses information on (i) the impact of the adjustments required to compute Adjusted Net income (loss) and Adjusted EBITDA, on Sales and other expenses, and on Other income (expense), net, as reported in the Company's consolidated statements of operations, as applicable, and (ii) Adjusted fixed operating expenses, which is Total operating expenses, as reported in the Company's consolidated statements of operations, adjusted to exclude (a) certain operating expenses which are generally more likely to vary based on changes in business volumes and (b) amounts which are excluded in the computation of Adjusted EBITDA. The Company considers Adjusted EBITDA, Free Cash Flow, Adjusted Net Income, and Adjusted EPS as important supplemental measures of its performance and ability to service debt. Adjusted EBITDA, Free Cash Flow, Adjusted Net Income, and Adjusted EPS are used by the Company to assess its performance because they allow comparison of operating performance on a consistent basis across periods by removing the effects of various items. Adjusted EBITDA, Free Cash Flow, Adjusted Net Income, and Adjusted EPS have various limitations as analytical tools, and the Recipient should not consider them in isolation, or as a substitute for analysis of the Company's results as reported under GAAP. Further, because not all companies use identical calculations, the presentation of Adjusted measures may not be comparable to other similarly titled measures reported by other companies. For a reconciliation of Adjusted EBITDA, Free Cash Flow, Adjusted Net Income, and Adjusted EPS to the comparable GAAP measures, see the appendix. We are not able to provide a reconciliation between forward-looking Adjusted EBITDA and GAAP Net income because we cannot predict certain components of such reconciliation without unreasonable effort as they arise from events in future periods.

Q4 2024 Financial Summary



Quarterly Revenue

(figures in billions)



Adjusted EBITDA⁽¹⁾ as a percentage of Revenue



Q4 2024 GAAP and Adjusted P&L

(in millions, except for EPS)

	GAAP	YoY%	Adjusted ⁽¹⁾	YoY%
Revenue	\$5,471	14%	\$5,471	14%
Marketing Expenses	\$1,578	10%	\$1,578	10%
Sales and Other Expenses	\$750	15%	\$750	15%
Adjusted Fixed Operating Expenses	NA	NA	\$1,251	9%
Other Income (Expense), Net	\$91	NM	(\$43)	(49%)
Adjusted EBITDA	NA	NA	\$1,848	26%
Net Income	\$1,068	383%	\$1,389	23%
Diluted EPS	\$31.95	409%	\$41.55	30%

(1) Refer to Appendix for reconciliation of Non-GAAP (“Adjusted”) measures Adjusted EBITDA, Adjusted Net Income, Adjusted Earnings Per Share (“EPS”), Adjusted Fixed Operating Expenses, and Adjusted Other income (expense), Net. Revenue, Marketing Expenses, and Sales and Other Expenses are presented on a GAAP basis.

Note: Amounts may not total due to rounding.

NM = Not meaningful.

Full Year (“FY”) 2024 Financial Summary



Trailing Twelve Months (“TTM”) Revenue

(figures in billions)



TTM Adjusted EBITDA⁽¹⁾ as a percentage of Revenue



FY 2024 GAAP and Adjusted P&L

(in millions, except for EPS)

	GAAP	YoY%	Adjusted ⁽¹⁾	YoY%
Revenue	\$23,739	11%	\$23,739	11%
Marketing Expenses	\$7,278	7%	\$7,278	7%
Sales and Other Expenses	\$3,120	14%	\$3,103	13%
Adjusted Fixed Operating Expenses	NA	NA	\$4,902	8%
Other Income (Expense), Net	(\$82)	(83%)	(\$149)	(20%)
Adjusted EBITDA	NA	NA	\$8,306	17%
Net Income	\$5,882	37%	\$6,374	15%
Diluted EPS	\$172.69	47%	\$187.10	23%

(1) Refer to Appendix for reconciliation of Non-GAAP (“Adjusted”) measures Adjusted EBITDA, Adjusted Net Income, Adjusted Earnings Per Share (“EPS”), Adjusted Sales and Other Expenses, Adjusted Fixed Operating Expenses, and Adjusted Other income (expense), Net. Revenue, and Marketing Expenses are presented on a GAAP basis.

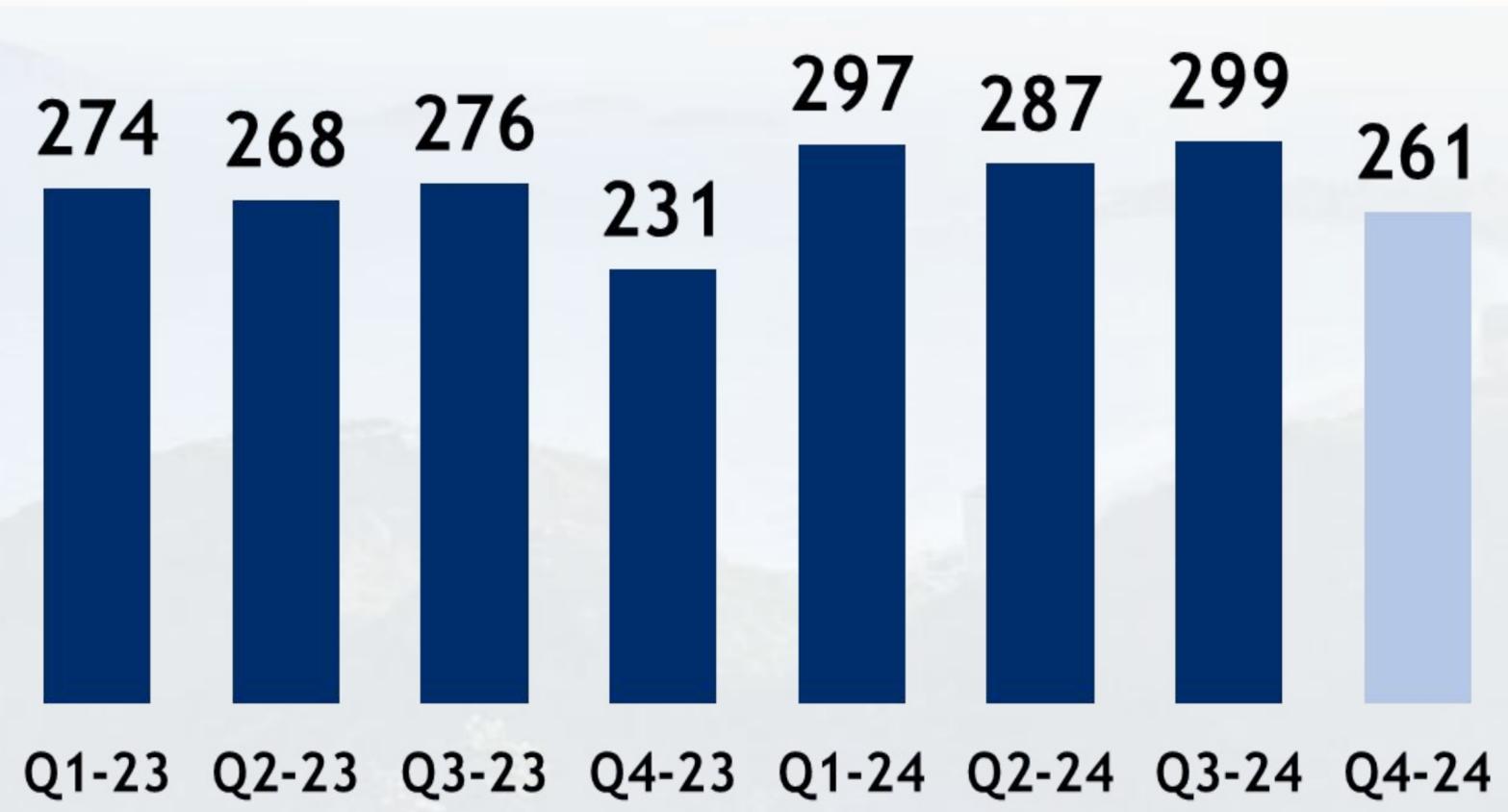
Note: Amounts may not total due to rounding.



Q4 Room Night Growth Exceeded the High End of our Guidance

Room Nights by Quarter

(figures in millions)



Room Night Growth YoY



Q4 Highlights

- ✓ Room Night Growth (“RNG”) exceeded the high end of our guidance by **five** percentage points
- ✓ Room Night Growth by region⁽¹⁾:
 - **Europe**: up low double digits
 - **Asia**: up mid-teens
 - **RoW**: up ~20%
 - **U.S.**: up ~10%

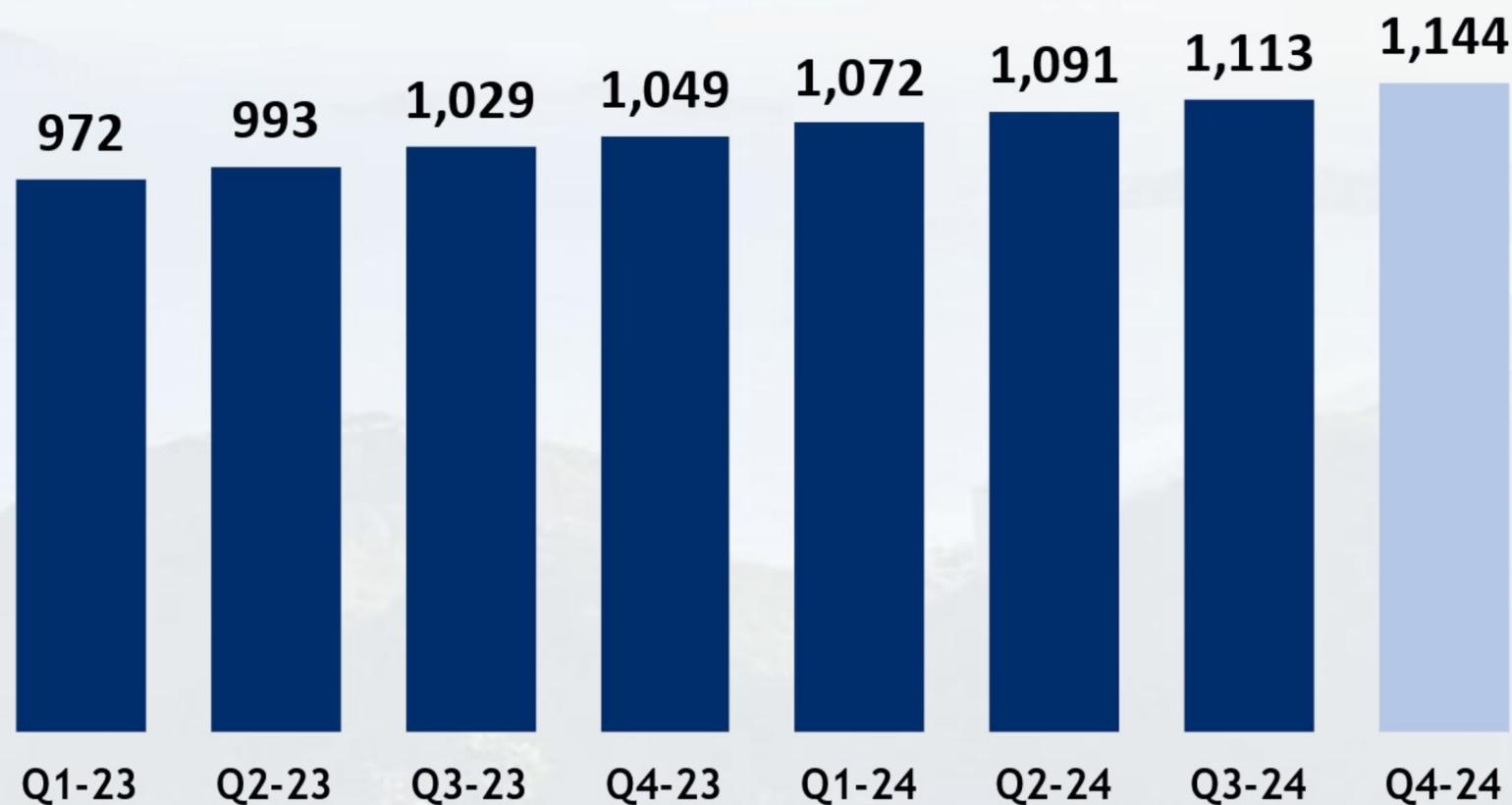
(1) Regional Room Nights are based on the region of the traveler and are approximations based on the information provided or available to us.

FY 2024 Room Night Growth



Trailing Twelve Months (“TTM”) Room Nights

(figures in millions)



TTM Room Night Growth YoY



FY 2024 Highlights

- ✓ Room Night Growth by region⁽¹⁾:
 - Europe: up high single digits
 - Asia: up mid-teens
 - RoW: up high single digits
 - U.S.: up mid single digits

- ✓ Regional⁽¹⁾ mix of Global Room Nights:
 - Europe: about half
 - Asia: about a quarter
 - U.S.: a low double digits percentage

(1) Regional Room Nights are based on the region of the traveler, and are approximations based on the information provided or available to us.

Key Highlights



Booking.com Alternative Accommodations



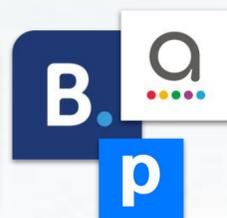
Q4 Alternative Accommodation (“AA”) Room Nights grew **19%** YoY with mix⁽¹⁾ increasing YoY to **33%**. Q4 AA listings up **8%** YoY.

Mobile App Mix



Q4 Mobile App mix⁽²⁾ was in the **mid 50%’s** (up from the **low 50%’s** in Q4 2023)

Direct Mix



TTM direct mix⁽³⁾ was in the **mid 50%’s**; and excluding Business-to-Business was in the **mid 60%’s**

Genius



Level 2 and Level 3 Genius member mix of Booking.com’s TTM total Room Nights was in the **mid 50%’s**

Connected Trip



Q4 Connected Transactions⁽⁴⁾ were up **45%+** YoY and represented a **high single digit %** of Booking.com’s total transactions

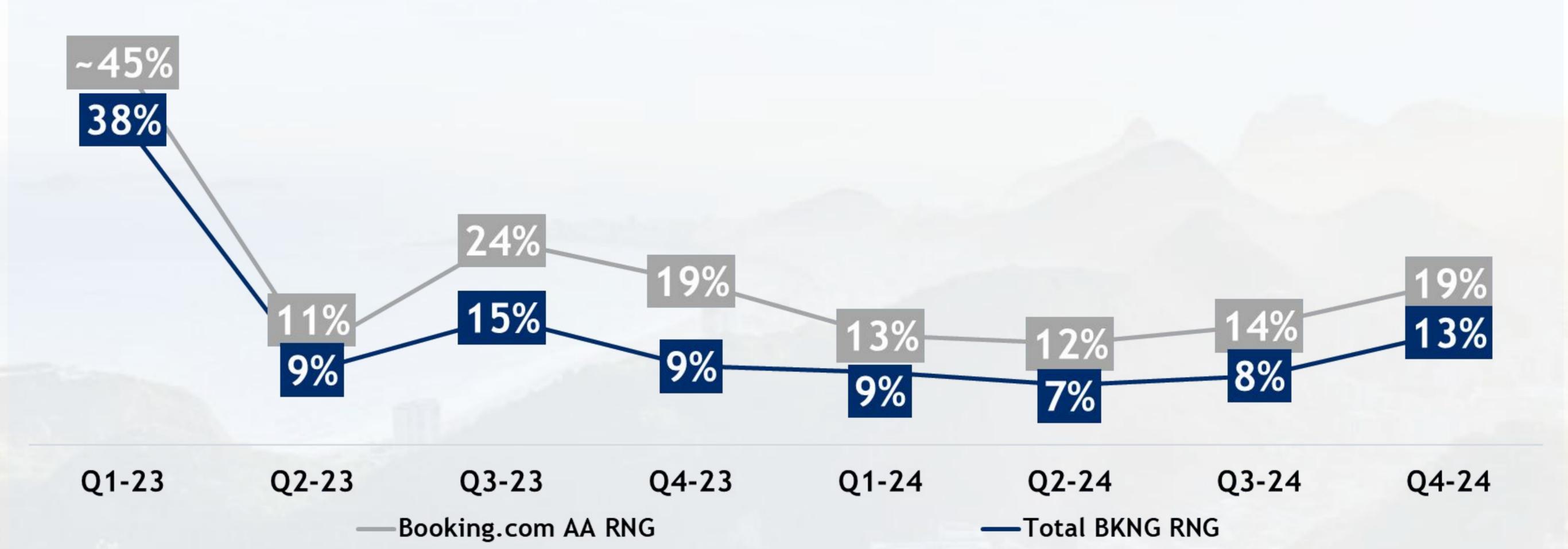
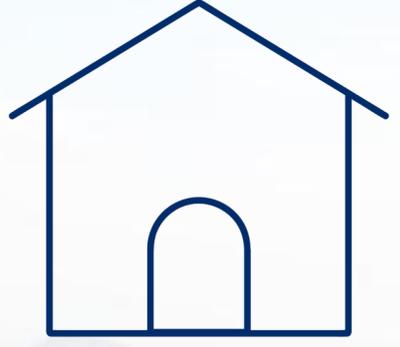
(1) Represents Booking.com AA Room Nights as a percentage of Booking.com’s total Room Nights. Q4’23 AA Room Nights mix was 32%.

(2) Represents BKNG Room Nights booked via a mobile app as a percentage of BKNG total Room Nights.

(3) Represents BKNG Room Nights booked via a direct channel as a percentage of BKNG total Room Nights over the last twelve months.

(4) Connected Transactions are transactions that are booked by the same traveler across more than one travel vertical that will be experienced within a few days of each other (+/- 3 days of the start or end date of other transactions).

Alternative Accommodations Room Night Growth at Booking.com Outpacing Total Growth



Booking.com:

(figures in millions)

AA Listings	7.0	7.2	7.4	7.4	7.8	7.9	7.9
AA Listings Growth YoY	8%	9%	12%	11%	11%	10%	8%

Mobile App Mix Continues to Steadily Increase Over Time

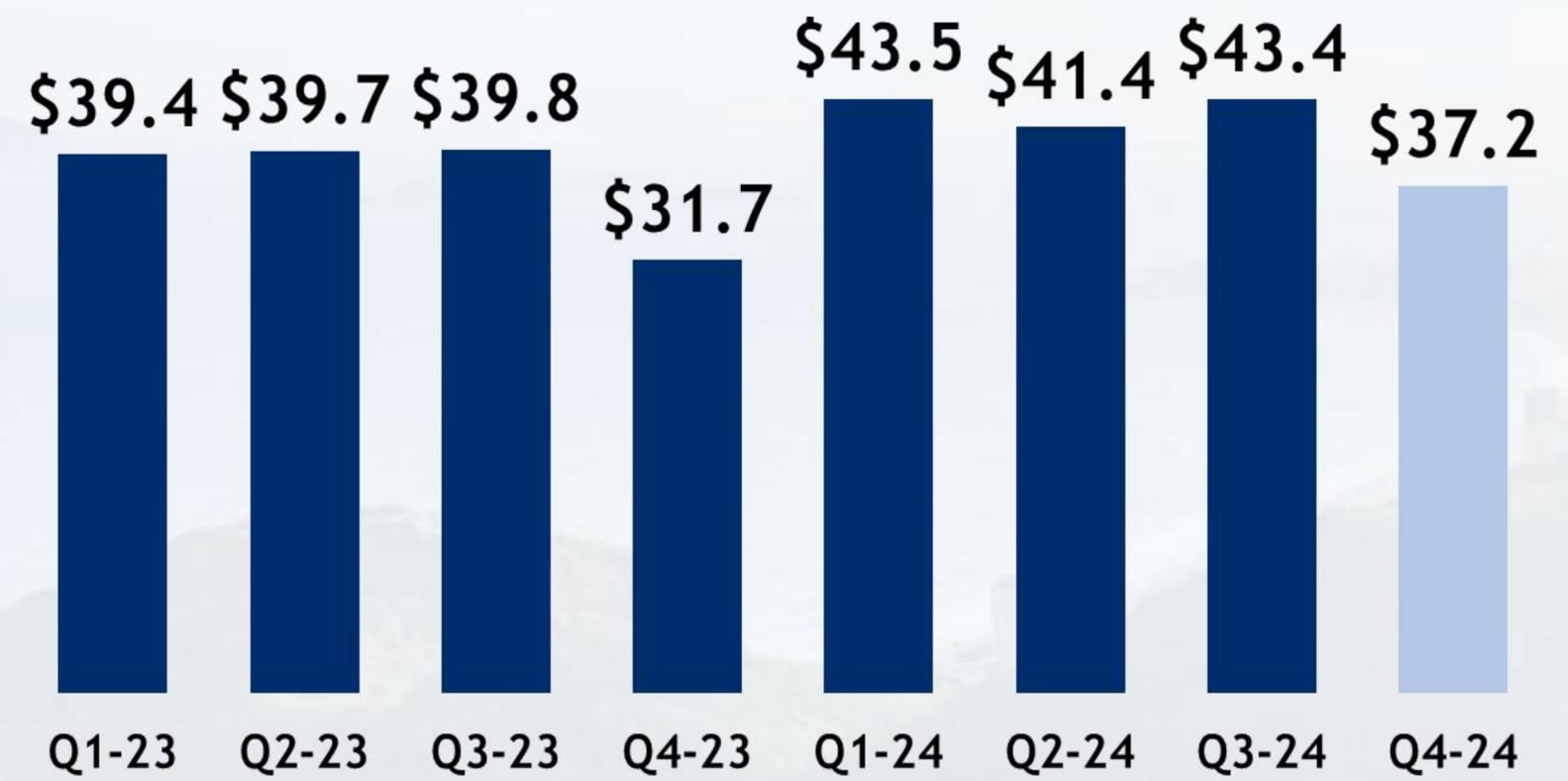




Q4 Gross Bookings Growth Exceeded the High End of our Guidance Expectations

Gross Bookings by Quarter

(figures in billions)



Gross Bookings Growth YoY



ADR Growth Over Time

	Q1-24	Q2-24	Q3-24	Q4-24
CC Accom. ADRs	1%	(1%)	(1%)	2%
CC Accom. ADRs (excl. regional mix)	2%	0%	<1%	3%

Q4 Highlights

- ✓ Gross Bookings growth **exceeded** the high end of our guidance by **eight** percentage points
- ✓ Gross Bookings growth of 17% was due to:
 - Room Night growth of 13%
 - Strong flight gross bookings driven by air ticket growth of 52%
 - Constant Currency (“CC”) Accommodation Average Daily Rates (“ADRs”) up about 2%
- ✓ CC Gross Bookings growth was 18%

Q4 Revenue Growth Exceeded the High End of our Guidance Expectations



Revenue by Quarter

(figures in billions)



Revenue Growth YoY



Q4 Highlights

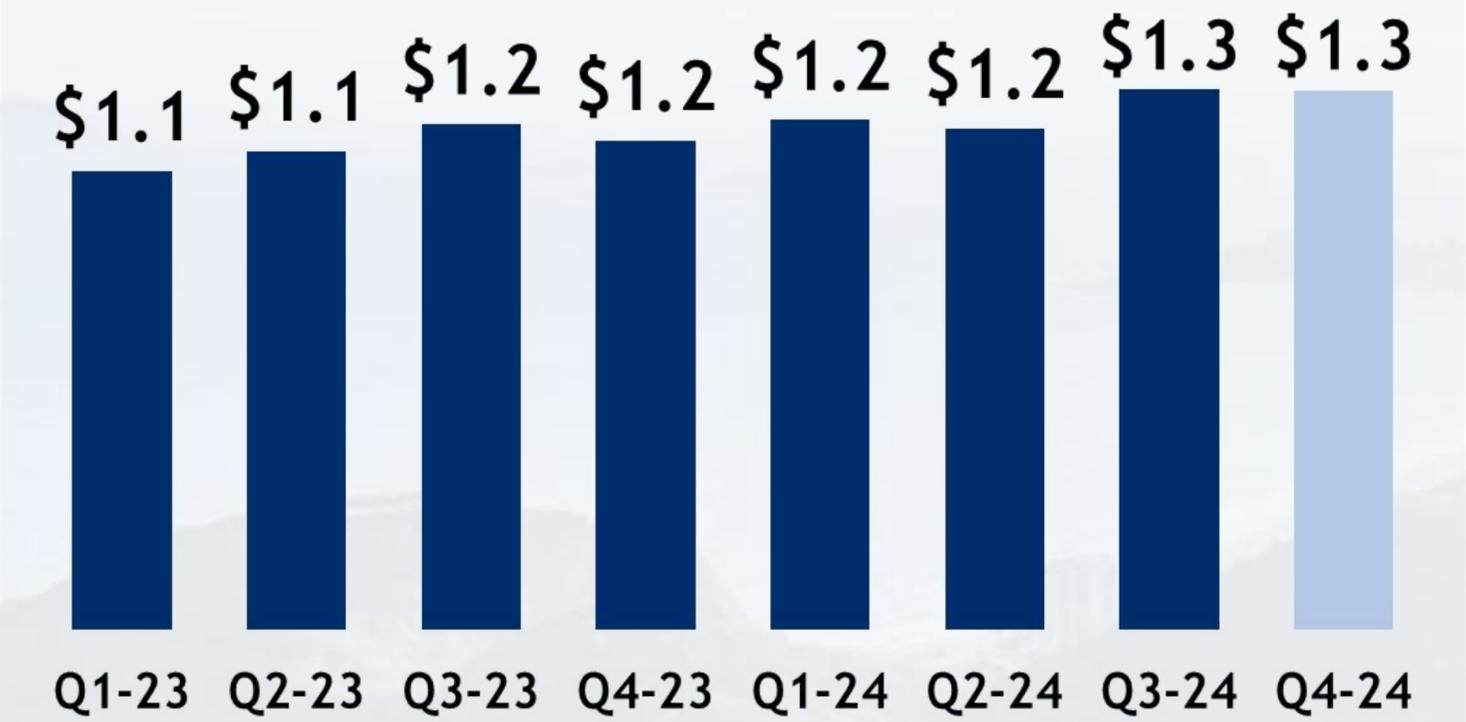
- ✓ Revenue growth **exceeded** the high end of our guidance by **five** percentage points
- ✓ Revenue growth was lower than Gross Bookings growth due to impacts from timing and an increased mix of flight bookings
- ✓ CC Revenue growth was 15%



Q4 Adjusted Fixed OpEx Growth was Below Expectations and Grew Slower than Revenue

Adjusted Fixed OpEx⁽¹⁾ by Quarter

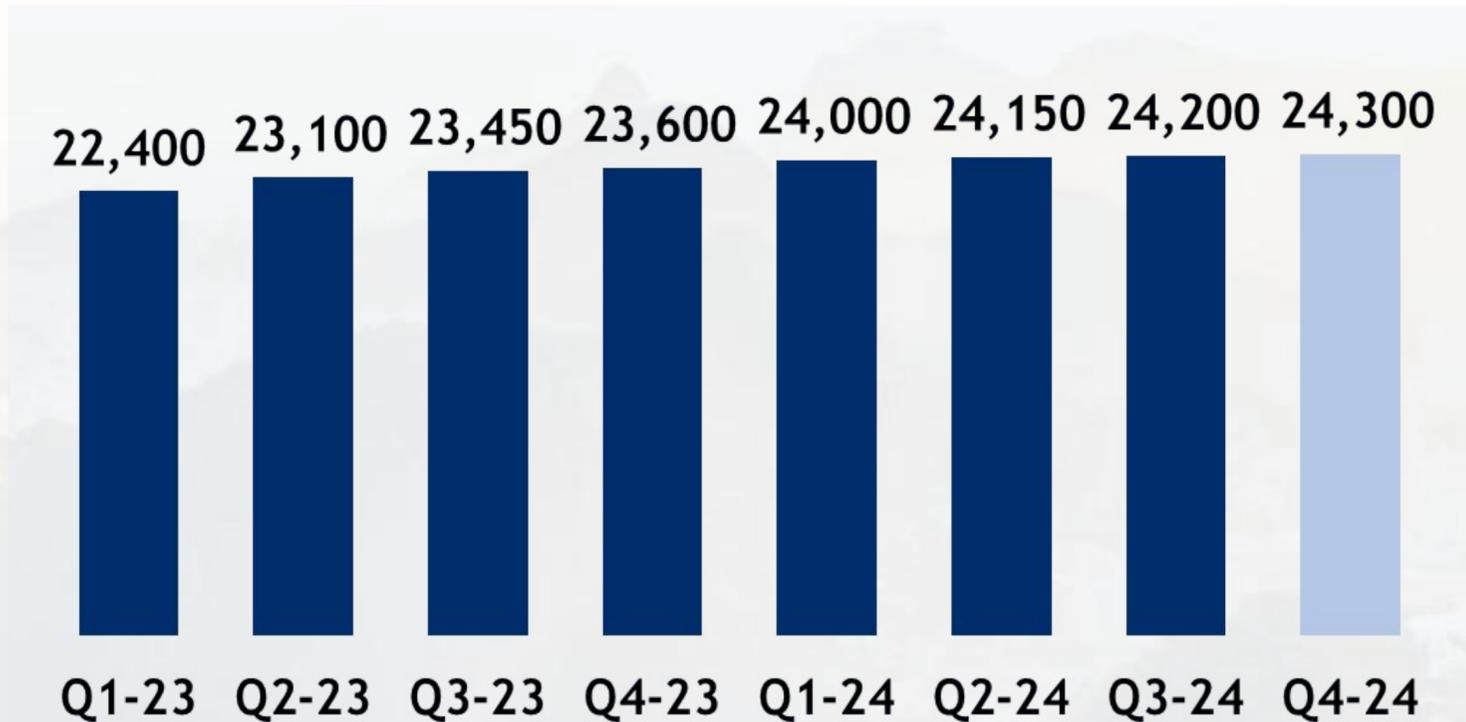
(figures in billions)



Adjusted Fixed OpEx Growth YoY



Approximate Headcount at Quarter-End



Headcount Growth YoY



(1) Refer to Appendix for reconciliation of Non-GAAP (“Adjusted”) measures.

Q4 Adjusted EBITDA Exceeded Expectations and Grew Faster than Revenue



- Q4 Adjusted EBITDA of **\$1.8 billion** was **12% above** the high end of our guidance

Adjusted EBITDA⁽¹⁾ by Quarter

(figures in billions)



Adjusted EBITDA Growth YoY



Adjusted Diluted EPS⁽¹⁾ by Quarter



Adjusted Diluted EPS Growth YoY



(1) Refer to Appendix for reconciliation of Non-GAAP ("Adjusted") measures.

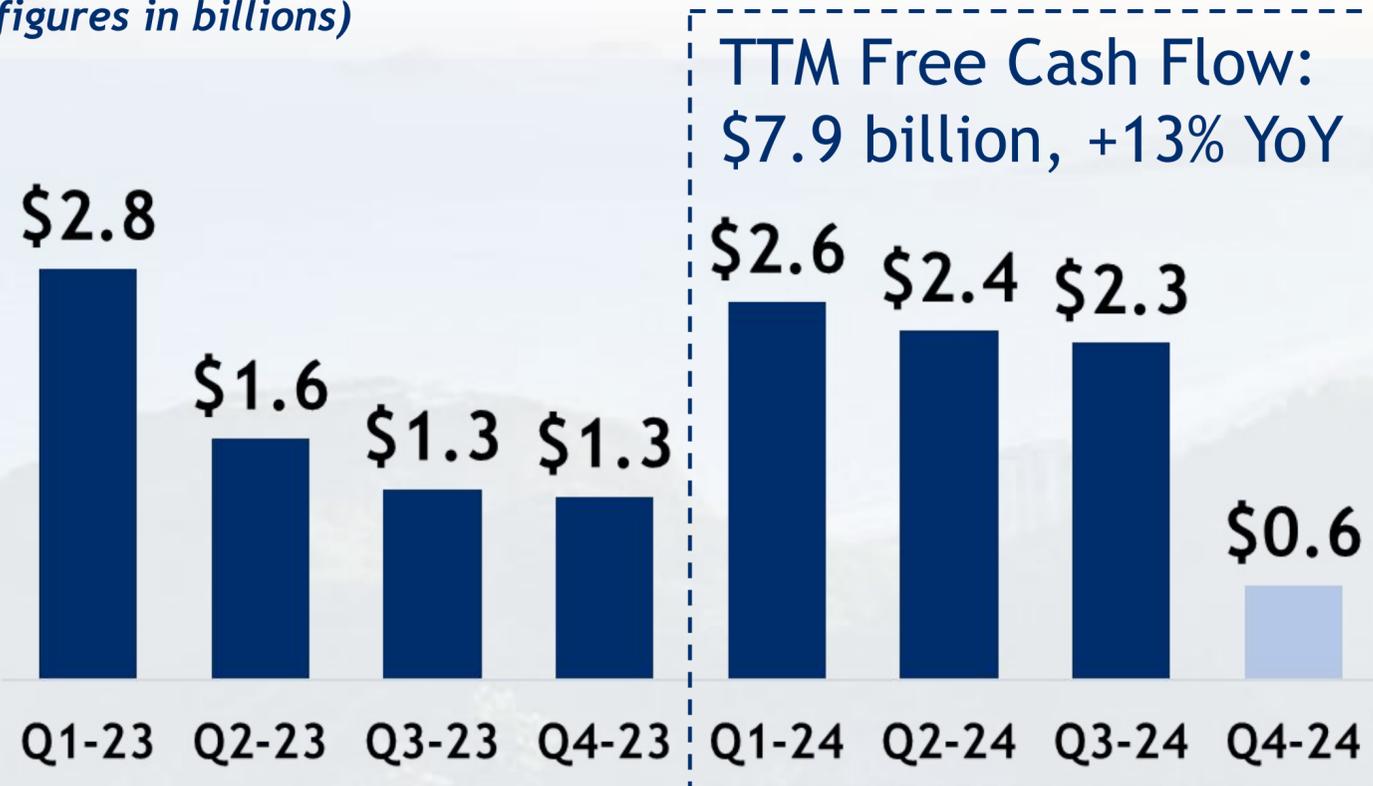
Q4 Free Cash Flow and Capital Return



- Q4 Free Cash Flow was negatively impacted by a seasonal reduction in our Deferred Merchant Bookings. To account for seasonal variations in our business, we recommend looking at the trailing twelve months for Free Cash Flow. For the twelve months ended December 31, 2024, Free Cash Flow was \$7.9 billion which was 13% higher than the twelve months ended December 31, 2023.

Free Cash Flow⁽¹⁾ by Quarter

(figures in billions)

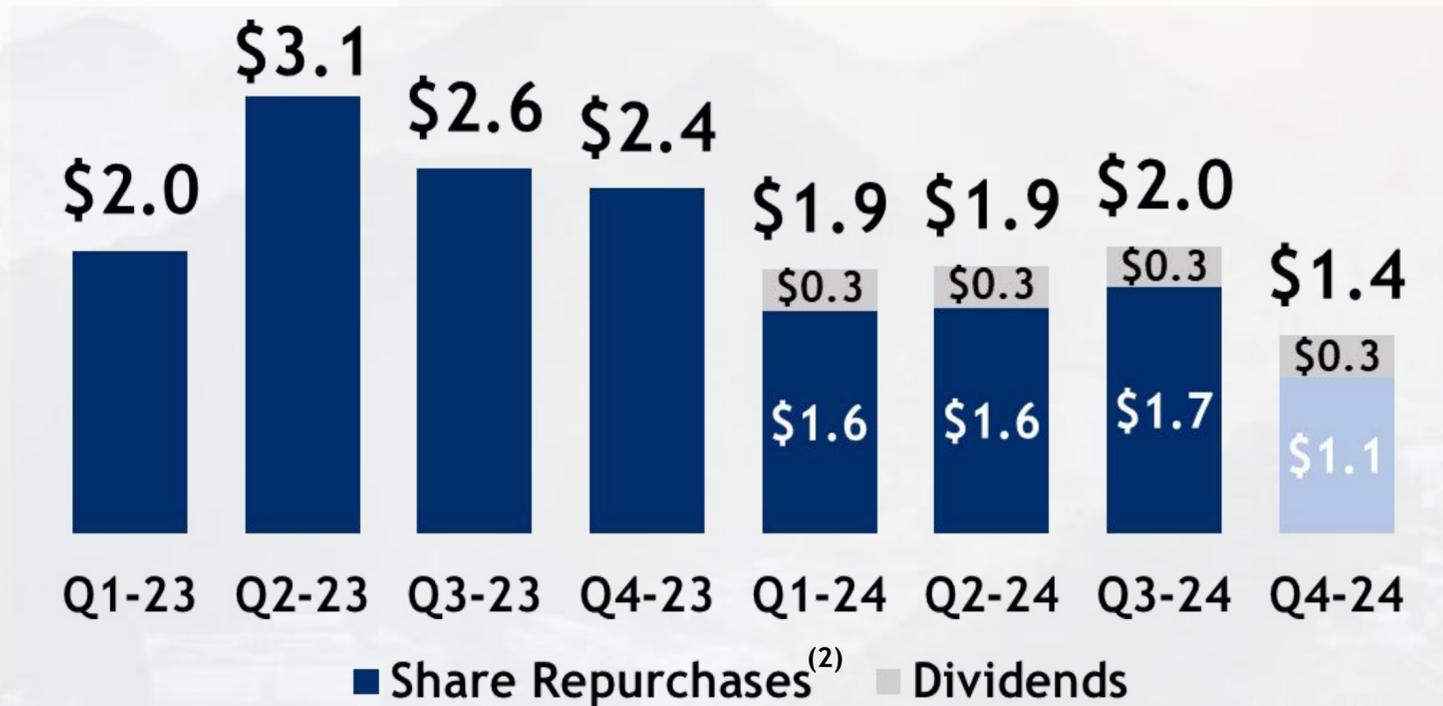


Free Cash Flow Growth (Decline) YoY



Capital Return by Quarter

(figures in billions)



Weighted Average Diluted Share Count Growth (Decline) YoY



NM = Not meaningful.

(1) Refer to Appendix for reconciliation of Non-GAAP ("Adjusted") measures.

(2) Share repurchases only include repurchases that reduce our authorization and exclude repurchases related to employee tax withholding and excise taxes on share repurchases.



	Reported YoY Growth (Decline)	Normalized YoY Growth ⁽¹⁾
Room Nights	5% to 7%	Slightly Higher than Reported
Gross Bookings	5% to 7%	High Single Digits to Low Double Digits
Revenue	2% to 4%	High Single Digits to Low Double Digits
Adjusted EBITDA ⁽²⁾	(11%) to (5%)	Mid Single Digits to Low Double Digits

(1) Normalized YoY growth adjusts our Q1 2025 Guidance reported YoY growth rates to account for our expectation that all reported growth rates will be negatively impacted by about 1% from the comparison to the extra day in February 2024. In addition, normalized YoY growth accounts for our expectation that:

- Reported room night growth will be positively impacted by a slight benefit from the shift in timing of the Easter holiday.
- Reported gross bookings growth will be negatively impacted by about 4% from year-over-year changes in FX, partially offset by a slight benefit from the shift in timing of the Easter holiday.
- Reported revenue growth will be negatively impacted by about 3% from year-over-year changes in FX and about 3% from the shift in timing of the Easter holiday.
- Reported adjusted EBITDA growth will be negatively impacted by about 14% from the shift in timing of the Easter holiday and about 2% from year-over-year changes in FX.

(2) Excludes the impact of Transformation costs.



	Reported YoY Growth	Constant Currency YoY Growth ⁽¹⁾
Gross Bookings	Mid Single Digits	High Single Digits
Revenue	Mid Single Digits	High Single Digits
Adjusted EBITDA ⁽²⁾	A couple points faster than revenue growth	Low Double Digits
Adjusted EPS ⁽²⁾	Low Double Digits	Mid-teens

(1) Constant currency YoY growth adjusts our FY 2025 Guidance reported YoY growth rates to account for our expectation that reported gross bookings growth and reported revenue growth will both be negatively impacted by about 3% from year-over-year changes in FX, and reported adjusted EBITDA growth and reported adjusted EPS growth will both be negatively impacted by about 3.5% from year-over-year changes in FX.

(2) Excludes the impact of Transformation costs.

Appendix: Reconciliation of GAAP to Adjusted Financial Information



(figures in millions)

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

Three Months Ended

	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Net income	\$ 266	\$ 1,290	\$ 2,511	\$ 222	\$ 776	\$ 1,521	\$ 2,517	\$ 1,068
(a) Accruals related to the Netherlands pension fund matter	-	-	-	276	-	-	-	-
(b) Accruals related to the fine imposed by the Spanish competition authority	-	-	-	530	-	(78)	-	-
(c) Accruals related to settlements of indirect tax matters	39	23	-	-	-	-	365	(28)
(d) Termination fee related to an acquisition agreement	-	-	90	-	-	-	-	-
(e) Depreciation and amortization	120	121	129	134	137	142	155	157
(f) Transformation costs	-	-	-	-	-	-	-	34
(e) Interest and dividend income	(228)	(266)	(289)	(237)	(243)	(293)	(327)	(251)
(e) Interest expense	194	241	254	208	219	264	305	507
(g) Net losses (gains) on equity securities	133	34	(16)	(20)	16	(11)	(32)	(36)
(h) Foreign currency transaction losses (gains) on the remeasurement of certain Euro-denominated debt and accrued interest and debt-related foreign currency derivative instruments	26	8	(36)	165	(167)	(68)	329	(633)
(i) Loss related to the conversion option on convertible senior notes	-	-	-	-	-	-	-	535
(j) Other	-	-	-	-	-	17	-	-
(e) Income tax expense	37	328	638	189	161	401	352	496
Adjusted EBITDA	\$ 586	\$ 1,778	\$ 3,284	\$ 1,464	\$ 898	\$ 1,895	\$ 3,665	\$ 1,848
Net income as a % of Total Revenues	7.0%	23.6%	34.2%	4.6%	17.6%	26.0%	31.5%	19.5%
Adjusted EBITDA as a % of Total Revenues	15.5%	32.6%	44.7%	30.6%	20.3%	32.4%	45.8%	33.8%
Net income growth (decline) YoY	NM	51%	51%	(82%)	192%	18%	0%	383%
Adjusted EBITDA growth YoY	89%	64%	24%	18%	53%	7%	12%	26%

Note: Amounts may not total due to rounding.
NM: Not meaningful.

Appendix: Reconciliation of GAAP to Adjusted Financial Information



(figures in millions)

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

Trailing Twelve Months Ended

	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Net income	\$ 4,024	\$ 4,456	\$ 5,302	\$ 4,289	\$ 4,799	\$ 5,030	\$ 5,036	\$ 5,882
(a) Accruals related to the Netherlands pension fund matter	-	-	-	276	276	276	276	-
(b) Accruals related to the fine imposed by the Spanish competition authority	-	-	-	530	530	452	452	(78)
(c) Accruals related to settlements of indirect tax matters	85	108	108	62	23	-	365	337
(d) Termination fee related to an acquisition agreement	-	-	90	90	90	90	-	-
(k) Gain on sale and leaseback transaction	(240)	(240)	(240)	-	-	-	-	-
(e) Depreciation and amortization	460	474	494	504	521	542	568	591
(f) Transformation costs	-	-	-	-	-	-	-	34
(e) Interest and dividend income	(444)	(686)	(914)	(1,020)	(1,035)	(1,062)	(1,100)	(1,114)
(e) Interest expense	517	682	834	897	922	945	996	1,295
(g) Net losses (gains) on equity securities	109	324	(28)	131	14	(31)	(47)	(63)
(h) Foreign currency transaction losses (gains) on the remeasurement of certain Euro-denominated debt and accrued interest and debt-related foreign currency derivative instruments	10	56	22	163	(30)	(106)	259	(539)
(i) Loss related to the conversion option on convertible senior notes	-	-	-	-	-	-	-	535
(j) Other	-	-	-	-	-	17	17	17
(e) Income tax expense	1,051	1,092	1,220	1,192	1,316	1,389	1,103	1,410
Adjusted EBITDA	\$ 5,571	\$ 6,264	\$ 6,890	\$ 7,112	\$ 7,424	\$ 7,541	\$ 7,922	\$ 8,306
Net income as a % of Total Revenues	22.1%	23.0%	25.7%	20.1%	21.8%	22.5%	21.8%	24.8%
Adjusted EBITDA as a % of Total Revenues	30.7%	32.4%	33.4%	33.3%	33.7%	33.7%	34.4%	35.0%
Net income growth YoY								37%
Adjusted EBITDA growth YoY								17%

Note: Amounts may not total due to rounding.

Appendix: Reconciliation of GAAP to Adjusted Financial Information



(figures in millions, except share and per share data)

RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME AND ADJUSTED EPS

	Three Months Ended								Full Year	
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	2023	2024
Net income	\$ 266	\$ 1,290	\$ 2,511	\$ 222	\$ 776	\$ 1,521	\$ 2,517	\$ 1,068	\$ 4,289	\$ 5,882
(a) Accruals related to the Netherlands pension fund matter	-	-	-	276	-	-	-	-	276	-
(b) Accruals related to the fine imposed by the Spanish competition authority	-	-	-	530	-	(78)	-	-	530	(78)
(c) Accruals related to settlements of indirect tax matters	39	23	-	-	-	-	365	(28)	62	337
(d) Termination fee related to an acquisition agreement	-	-	90	-	-	-	-	-	90	-
(l) Amortization of intangible assets	55	56	55	56	55	56	55	55	222	221
(f) Transformation costs	-	-	-	-	-	-	-	34	-	34
(g) Net losses (gains) on equity securities	133	34	(16)	(20)	16	(11)	(32)	(36)	131	(63)
(h) Foreign currency transaction losses (gains) on the remeasurement of certain Euro-denominated debt and accrued interest and debt-related foreign currency derivative instruments	26	8	(36)	165	(167)	(68)	329	(633)	163	(539)
(i) Loss related to the conversion option on convertible senior notes, including amortization of debt discount	-	-	-	-	-	-	-	796	-	796
(m) Adjustment to one-time deemed repatriation income tax liability resulting from the Tax Act and related net unrecognized tax benefit	-	-	-	-	-	-	(250)	-	-	(250)
(j) Other	(31)	-	-	-	-	17	-	-	(31)	17
(n) Tax impact of Non-GAAP adjustments	(48)	(19)	(4)	(99)	27	-	(144)	133	(170)	16
Adjusted Net income	\$ 440	\$ 1,391	\$ 2,602	\$ 1,128	\$ 708	\$ 1,436	\$ 2,841	\$ 1,389	\$ 5,561	\$ 6,374
GAAP and Non-GAAP weighted-average number of diluted common shares outstanding (in 000's)	37,983	36,964	35,987	35,222	34,706	34,267	33,864	33,426	36,530	34,064
Net income applicable to common stockholders per diluted common share (EPS)	\$ 7.00	\$ 34.89	\$ 69.80	\$ 6.28	\$ 22.37	\$ 44.38	\$ 74.34	\$ 31.95	\$117.40	\$172.69
EPS growth (decline) YoY	NM	66%	66%	(80%)	220%	27%	7%	409%		47%
Adjusted Net income applicable to common stockholders per diluted common share (Adjusted EPS)	\$ 11.60	\$ 37.62	\$ 72.32	\$ 32.00	\$ 20.39	\$ 41.90	\$ 83.89	\$ 41.55	\$152.22	\$187.10
Adjusted EPS growth YoY	197%	97%	36%	29%	76%	11%	16%	30%		23%

Note: Amounts may not total due to rounding.

NM: Not meaningful.

Tax Act: U.S. Tax Cuts and Jobs Act enacted in December 2017.

Appendix: Reconciliation of GAAP to Adjusted Financial Information



(figures in millions)

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW

	Three Months Ended								Full Year	
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	2023	2024
Net cash provided by operating activities	\$ 2,889	\$ 1,737	\$ 1,372	\$ 1,346	\$ 2,704	\$ 2,525	\$ 2,373	\$ 721	\$ 7,344	\$ 8,323
(o) Additions to property and equipment	(88)	(92)	(71)	(94)	(130)	(146)	(77)	(76)	(345)	(429)
Free cash flow	\$ 2,800	\$ 1,645	\$ 1,301	\$ 1,252	\$ 2,574	\$ 2,379	\$ 2,296	\$ 644	\$ 6,999	\$ 7,893
<i>Net cash provided by operating activities growth (decline) YoY</i>	<i>70%</i>	<i>(35%)</i>	<i>NM</i>	<i>(38%)</i>	<i>(6%)</i>	<i>45%</i>	<i>73%</i>	<i>(46%)</i>		<i>13%</i>
<i>Free cash flow growth (decline) YoY</i>	<i>77%</i>	<i>(37%)</i>	<i>NM</i>	<i>(40%)</i>	<i>(8%)</i>	<i>45%</i>	<i>76%</i>	<i>(49%)</i>		<i>13%</i>

Note: Amounts may not total due to rounding.
 NM: Not meaningful.

Appendix: Reconciliation of GAAP to Adjusted Financial Information



Notes:

- (a) Accruals related to the Netherlands pension fund matter are recorded in Personnel expenses and excluded from Net income to calculate Adjusted Net income and Adjusted EBITDA.
- (b) Accruals related to the fine imposed by the Spanish competition authority are recorded in General and administrative expenses and excluded from Net income to calculate Adjusted Net income and Adjusted EBITDA.
- (c) Accruals related to settlements of certain indirect tax matters are recorded in General and administrative expenses and excluded from Net income to calculate Adjusted Net income and Adjusted EBITDA. During 2024, the Company paid \$332 million related to the settlement of certain Italian indirect tax matters.
- (d) Termination fee related to the acquisition agreement for the Etraveli Group is recorded in General and administrative expenses and excluded from Net income to calculate Adjusted Net income and Adjusted EBITDA.
- (e) Depreciation and amortization, Interest and dividend income, Interest expense, and Income tax expense are excluded from Net income to calculate Adjusted EBITDA.
- (f) In November 2024, the Company announced its intention to implement certain organizational changes that are expected to improve operating expense efficiency, increase organizational agility, free up resources that can be reinvested into further improving its offering to travelers and partners, and better position the Company for the long-term. Certain costs incurred in connection with this transformation program, primarily professional fees, are recorded in Transformation costs and excluded from Net income to calculate Adjusted Net income and Adjusted EBITDA.
- (g) Net losses (gains) on equity securities with readily determinable fair values and impairments of investments in equity securities are recorded in Other income (expense), net and excluded from Net income to calculate Adjusted Net income and Adjusted EBITDA.
- (h) Foreign currency transaction losses (gains) on the remeasurement of Euro-denominated debt and accrued interest that are not designated as hedging instruments for accounting purposes and debt-related foreign currency derivative instruments used as economic hedges are recorded in Other income (expense), net and excluded from Net income to calculate Adjusted Net income and Adjusted EBITDA.
- (i) For the quarter and year ended December 31, 2024, the Company recorded a loss of \$796 million related to the conversion option on the convertible senior notes due in May 2025, which primarily represents the changes in the fair value of an embedded derivative and amortization of debt discount. Under U.S. GAAP, the conversion option is required to be accounted separately as an embedded derivative as, during the quarter, the Company irrevocably elected cash as the settlement method for the conversion premium on the maturity of the notes. See the Consolidated Financial Statements included in the Company's 2024 Form 10-K for additional information. Adjustment for the loss related to the conversion option on convertible senior notes, including amortization of the debt discount of \$261 million, is recorded in Interest expense and Other income (expense), net, as applicable, and excluded from Net income to calculate Adjusted Net income and Adjusted EBITDA.
- (j) For the three months ended March 31, 2023, includes interest received on tax payments refunded pursuant to a settlement with authorities, which is recorded in Interest and dividend income and Income tax expense, as applicable. For the three months ended June 30, 2024, includes an accrual related to the Canadian digital services taxes for the years ended December 31, 2022 and 2023 enacted in June 2024 with retrospective effect, which is recorded in Sales and other expenses.
- (k) Gain on the sale and leaseback transaction related to Booking.com's headquarters building is recorded in Other operating expenses and excluded from Net income to calculate Adjusted Net income and Adjusted EBITDA.
- (l) Amortization of intangible assets is recorded in Depreciation and amortization expenses and excluded from Net income to calculate Adjusted Net income.
- (m) Adjustment to one-time deemed repatriation income tax liability resulting from the Tax Act and related net unrecognized tax benefit are recorded in Income tax expense and excluded from Net income to calculate Adjusted Net income. During 2024, the Company recorded a reduction of \$250 million to income tax expense based upon a recent U.S. Tax Court decision.
- (n) Reflects the tax impact of Non-GAAP adjustments above and changes in tax estimates which are excluded from Net income to calculate Adjusted Net income.
- (o) Cash used for additions to property and equipment is included in the calculation of Free cash flow.

For (a) - (o) above, Net income, Sales and other expenses, Personnel expenses, General and administrative expenses, Transformation costs, Other operating expenses, Other income (expense), net, Depreciation and amortization expenses, Interest expense, Interest and dividend income, and Income tax expense, as applicable, refers to the respective line item in the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. For a more detailed discussion of the adjustments described above, please see our earnings press release for the relevant period, including the section under the heading "Non-GAAP Financial Measures" which provides definitions and information about the use of non-GAAP financial measures. Additional information on the impact of the adjustments above on Sales and other expenses, and Other income (expense), net, as applicable, are presented in the following page. The reconciliation of Total operating expenses to Adjusted fixed operating expenses is also provided.

Appendix: Reconciliation of GAAP to Adjusted Financial Information



(figures in millions)

Sales and other expenses:	Full Year	
	2023	2024
Sales and other expenses	\$ 2,744	\$ 3,120
Accruals related to prior-period Canadian digital services taxes	-	(17)
Adjusted Sales and other expenses	\$ 2,744	\$ 3,103
Sales and other expenses growth YoY		14%
Adjusted sales and other expenses growth YoY		13%

Other income (expense), net:	Three Months Ended								Full Year	
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	2023	2024
Other income (expense), net	\$ (181)	\$ (80)	\$ 11	\$ (227)	\$ 122	\$ 37	\$ (332)	\$ 91	\$ (477)	\$ (82)
(g) Net losses (gains) on equity securities	133	34	(16)	(20)	16	(11)	(32)	(36)	131	(63)
(h) Foreign currency transaction losses (gains) on the remeasurement of certain Euro-denominated debt and accrued interest and debt-related foreign currency derivative instruments	26	8	(36)	165	(167)	(68)	329	(633)	163	(539)
(i) Loss related to the conversion option on convertible senior notes	-	-	-	-	-	-	-	535	-	535
Adjusted Other income (expense), net	\$ (22)	\$ (38)	\$ (41)	\$ (82)	\$ (29)	\$ (42)	\$ (35)	\$ (43)	\$ (183)	\$ (149)
Other income (expense), net growth (decline) YoY	NM	NM	NM	NM	NM	NM	NM	NM		(83%)
Adjusted Other income (expense), net growth (decline) YoY	126%	80%	13%	157%	31%	6%	(11%)	(49%)		(20%)

RECONCILIATION OF TOTAL OPERATING EXPENSES TO ADJUSTED FIXED OPERATING EXPENSES	Three Months Ended								Full Year	
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	2023	2024
Total operating expenses	\$ 3,328	\$ 3,789	\$ 4,238	\$ 4,175	\$ 3,624	\$ 4,003	\$ 4,815	\$ 3,742	\$ 15,530	\$ 16,184
Marketing expenses	(1,517)	(1,801)	(2,022)	(1,433)	(1,610)	(1,939)	(2,151)	(1,578)	(6,773)	(7,278)
Sales and other expenses	(570)	(717)	(807)	(650)	(678)	(820)	(872)	(750)	(2,744)	(3,120)
Depreciation and amortization	(120)	(121)	(129)	(134)	(137)	(142)	(155)	(157)	(504)	(591)
Transformation costs	-	-	-	-	-	-	-	(34)	-	(34)
(a) Accruals related to the Netherlands pension fund matter	-	-	-	(276)	-	-	-	-	(276)	-
(b) Accruals related to the fine imposed by the Spanish competition authority	-	-	-	(530)	-	78	-	-	(530)	78
(c) Accruals related to settlements of indirect tax matters	(39)	(23)	-	-	-	-	(365)	28	(62)	(337)
(d) Termination fee related to an acquisition agreement	-	-	(90)	-	-	-	-	-	(90)	-
Other operating expenses	(1)	(1)	(2)	(1)	-	-	-	-	(5)	-
Adjusted fixed operating expenses	\$ 1,081	\$ 1,126	\$ 1,188	\$ 1,151	\$ 1,199	\$ 1,180	\$ 1,272	\$ 1,251	\$ 4,546	\$ 4,902
Total operating expenses growth (decline) YoY	32%	15%	22%	54%	9%	6%	14%	(10%)		4%
Adjusted fixed operating expenses growth YoY	25%	20%	24%	21%	11%	5%	7%	9%		8%

Note: Amounts may not total due to rounding.
 NM: Not meaningful.