



# 20 23

## Notice of Annual Stockholders' Meeting and **Proxy Statement**

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TUESDAY JUNE 6, 2023 | 11:00 AM ET



**BOOKING** HOLDINGS





Our mission is to make it easier for everyone to experience the world. We aim to demonstrate global leadership in online travel and related services by

making it easy for people to find, book, pay for, and experience travel throughout the world.

providing consumers with the most comprehensive choices and prices at any time, in any place, on any device.

offering platforms, tools, and insights to our business partners to help them be successful.

operating our business sustainably and supporting more sustainable travel choices by our customers & partners.

## Our values

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### Experiences of Every Kind, For Everyone.

We believe that by making it easier for everyone to experience the world, we are doing our part to make humanity better.

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### Absolute Integrity.

While we are committed to winning for our customers and partners, we will always strive to do the right thing and achieve success with integrity and accountability.

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### Relentless Innovation.

We should never feel satisfied with the status quo, and every day should begin with the question - how are we going to innovate today?

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### Diversity Gives Us Strength.

We are absolutely committed to diverse ideas, people, and experiences.

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### The Sum is Greater Than Our Parts.

Our strength lies in our people, and success is contingent upon our ability to work as one team to succeed in our mission to make it easier for everyone to experience the world.

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APRIL 24, 2023

# Dear Stockholders,

The year 2022 began with much of the world experiencing a dramatic resurgence in COVID and a fear that vaccine protection had declined to a level so low that we might be re-entering lock-downs in some countries. Fortunately, by the end of the year we witnessed tremendous steps forward in pandemic recovery and a resurgence in travel as countries reopened their borders, leading to countless moments of reunion and celebration. Yet, that triumph weighed against unimaginable horror with war in Europe. We responded by suspending our operations in Russia and creating a platform to enable more than 70,000 Ukrainian refugees to find shelter through the generosity of our accommodation partners — hotels and homes and apartments — who provided free or greatly reduced temporary housing. Amidst all of this, we were reminded of travel's capacity to positively impact lives and shape our futures. The tremendous benefits travel can bring — to economies, to societies, to how we work and connect — continues to fuel our mission to make it easier for everyone to experience the world.

The resurgence in travel demand is evidenced by our all-time records in 2022 of nearly 900 million room nights booked and revenue of over \$17 billion. These achievements demonstrate again the resiliency of travel, and while uncertainty regarding the global economy has increased significantly, we remain confident that in the long term travel will grow faster than GDP. Last year, we stated that our long-term ambition as a business was to grow faster and have higher revenue and profits than before the pandemic, and I'm pleased to state that we have made meaningful progress towards that goal.

## **Innovation Designed for Impact**

Continued innovation allows us to build products and services and meet the ever-evolving needs of our customers and partners. We continue to leverage the power of technology alongside our unwavering customer focus to deliver value to both sides of the travel ecosystem and drive results.

In a mobile-first world, creating best-in-class mobile technology remains a top priority. The Booking.com app was the most downloaded online travel app in 2022 for the second year in a row. This effort is yielding results, with about 45% of all room nights booked last year through our apps, as we continued to improve the experience by making our apps easier to use and

improving their user interfaces to ensure our customers could quickly and intuitively access our products and services.

We also brought our Travel Sustainable program, pioneered by Booking.com, to accommodations enterprise-wide through the combined efforts of the Agoda, Booking.com, KAYAK, and Priceline product teams to power the program's expansion through a cross-enterprise API, making sure we are one of the leaders in the area.

While transformative technologies — such as generative artificial intelligence ("AI") — hit mainstream consciousness in 2022, our teams have worked with various types of AI for over a decade to improve our products and services, and we continue to learn and explore new opportunities to make travel more seamless. We will continue to work with all of the major large language model players to explore ways to incorporate these technologies as we see potential value for our customers. Additionally, our Booking AI Research Lab enables us to quickly react, adapt, and learn how our customers can benefit from new developments in this field and apply these fast-growing technologies in an inclusive, responsible, and ethical way.

## **Delivering on Business Priorities**

The application of cutting edge technology by highly specialized and skilled talent is key to solving for the enduring complexity inherent in our industry, and has kept us moving forward at pace throughout 2022 on our path to creating a truly connected travel experience. The strides we have made to deliver smoother, richer experiences and increase value for travelers and partners alike center on expanding our payments platform, enhancing newer verticals and strengthening our position in the U.S., while continuing to grow our core business of accommodations.

In the fourth quarter of 2022 alone, we processed 42% of Booking.com's gross bookings on our own payments platform. Not only are we now increasingly able to offer payment solutions that work for customers across the globe, increasing our payments functionality allows us to bring additional traveler demand to our partners who may not be able to process alternative payment methods, along with helping them reduce cancellations and lower operational workloads.



During the last year we also continued to ramp up our flight offering on Booking.com, which is now available in over 50 countries and provides a great product to customers.

As the travel recovery accelerated, we believe we gained market share in our accommodations business from pre-pandemic levels in the U.S., as 2022 versus 2019 growth outpaced the broader U.S. recovery. Together, our Priceline and Booking.com brands grew U.S. room night growth by almost 30% comparing 2022 versus 2019. These gains are a result of strong day-to-day execution and continued investments in marketing in a very competitive market.

Additionally, our alternative accommodation global room nights grew 11% versus 2019, which shows good progress in this important area.

### **Travel As a Force For Good**

While travel contributes meaningfully to the global economy, we also believe travel can have important impacts on society. We recognize our responsibility as an industry leader and endeavor to contribute to many aspects across the travel ecosystem in our business practices because we know that shared-value creation for all stakeholders will ultimately produce the best results for us and the travel industry.

In line with this, we continue to recognize that sustainability is an important part of our overall business strategy. We believe that the development of our Travel Sustainable program and the expansion of it across our brands in 2022 was an important signal of the potential for technology and cross-brand collaboration to drive greater sustainable impact across the travel industry by educating and empowering both partners and travelers. In addition to the expansion of this program, we made meaningful progress on the commitments outlined in our Climate Action Plan, which includes our commitment to 100% renewable electricity across our enterprise, supported by the purchase of unbundled energy attribute certificates. We believe in the power of travel to bring people and cultures together, and we want to ensure that this can be the case for generations to come.

### **Partnering with Governments**

We believe that collaboration between governments and businesses around the world will grow the positive power of travel. Not only is this needed to encourage travel's recovery in tourism-dependent communities, but also to ensure that technology and innovation can continue to flourish for the benefit of consumers. As governments and regulators grapple with important issues in the digital sphere, including consumer privacy, content moderation, ethics, and the implications of new technologies, collective dialogue is key and we remain committed to productive engagement with regulators and policymakers across the globe to help shape the path ahead for the industry.

### **In Closing**

Our employees remain our most valuable asset. It is their creativity, commitment, passion, and energy that allow us to deliver for the industry, our customers, and our partners. We continue to invest in our people, and I'm proud that in 2022 we were recognized as one of Fortune's World's Most Admired companies and Forbes' World's Best Employers, made all the more important against the backdrop of the rapidly changing tech talent landscape.

I fundamentally believe that travel is a force for good as it holds the power to connect people and cultures, reduce barriers, and increase understanding of the world we live in, all while creating tremendous economic opportunities for all of us. We would not be capable of contributing to this travel ecosystem without our 20,000+ Booking Holdings colleagues, our supplier partners, our customers, our partners in governments around the globe, our Board of Directors and you - our stockholders. To each and every one of these stakeholders, I want to extend my deepest gratitude. As we continue on a journey of opportunity and at times, uncertainty, I remain optimistic that together we can build a brighter future for travel.

Sincerely,



**Glenn D. Fogel**

President and Chief Executive Officer

April 24, 2023



**BOOKING HOLDINGS**



APRIL 24, 2023

# Dear Stockholder,

You are cordially invited to attend the 2023 Annual Meeting of Stockholders (the "Annual Meeting") of Booking Holdings Inc. to be held at 11:00 a.m. Eastern Time on Tuesday, June 6, 2023.

The Annual Meeting will be held in a virtual format. You may attend the virtual Annual Meeting by visiting the website [www.virtualshareholdermeeting.com/BKNG2023](http://www.virtualshareholdermeeting.com/BKNG2023).

**To ask questions and vote at the Annual Meeting, you will need the 16-digit control number that appears on your Notice of Internet Availability of Proxy Materials, on the proxy card, or on the instructions that accompanied the proxy materials.**

This booklet includes the Notice of Annual Meeting and proxy statement. The proxy statement provides information about Booking Holdings Inc. in addition to describing the business we will conduct at the meeting.

Whether or not you plan to attend the Annual Meeting, please mark, sign, date, and return your proxy card in the enclosed envelope as soon as possible or vote online or

by calling the toll-free telephone number as described in the instructions included in your proxy card. Your stock will be voted in accordance with the instructions you give in your proxy card. You may attend the Annual Meeting and vote through the virtual meeting platform, even if you have previously returned your proxy card or voted by telephone or online, by following the instructions included in the proxy statement. We hope you are able to join us on June 6.

Sincerely,

**Robert J. Mylod, Jr.**

*Chair of the Board*

April 24, 2023

## IMPORTANT

A proxy card is enclosed. We urge you to complete and mail the card promptly in the enclosed envelope, which requires no postage if mailed in the United States. Alternatively, you may vote by calling the toll-free telephone number or by going online as described in the instructions included with your proxy card. Any stockholder attending the Annual Meeting may vote on all matters that are considered, in which case the signed and mailed proxy or prior vote by telephone or online will be revoked. **Please note, however, that if your shares are held of record by a broker, bank, or other nominee and you wish to vote at the meeting, you must obtain from the record holder a proxy issued in your name to obtain a 16-digit control number.**

**IT IS IMPORTANT THAT YOU VOTE YOUR SHARES**





# NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Board of Directors of  
Booking Holdings Inc.  
is soliciting your proxy  
for the 2023 Annual  
Meeting of Stockholders.

**TUESDAY, JUNE 6, 2023****11:00 a.m. Eastern Time**[www.virtualshareholdermeeting.com/BKNG2023](http://www.virtualshareholdermeeting.com/BKNG2023)

## RECORD DATE

The Board of Directors fixed the close of business on April 11, 2023 as the record date for identifying those stockholders entitled to notice of, and to vote at, the Annual Meeting and at any adjournment or postponement of the Annual Meeting.

This proxy statement and our 2022 Annual Report are also available on our website at <https://ir.bookingholdings.com/financials/annual-reports/default.aspx>.

## WE WILL BE VOTING ON THE FOLLOWING MATTERS:

1. To elect eleven directors to hold office until the next annual meeting of stockholders and until their respective successors are elected and qualified;
2. To approve on an advisory basis the 2022 compensation paid by the Company to its named executive officers;
3. To ratify the selection of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2023;
4. To cast an advisory vote on the frequency of future advisory votes on the compensation paid by the Company to its named executive officers;
5. To consider and vote upon a non-binding stockholder proposal set forth in the proxy statement, if properly presented; and
6. To transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

Even if you have given your proxy, you may still vote on the virtual meeting platform if you attend the Annual Meeting. Please note, however, that if your shares are held of record by a broker, bank, or other nominee and you wish to vote at the meeting, you must obtain from the record holder a proxy issued in your name to obtain a 16-digit control number.



**At the Meeting:** To attend the Annual Meeting, visit [www.virtualshareholdermeeting.com/BKNG2023](http://www.virtualshareholdermeeting.com/BKNG2023). To vote or ask questions during the Annual Meeting, you must have the 16-digit control number included on your proxy card or Notice of Internet Availability of Proxy Materials.



**Online:** You may vote online as described in the instructions included with your proxy card.



**Telephone:** You may vote by calling the toll-free telephone number as described in the instructions included with your proxy card.



**Mail:** Complete, date, and sign the enclosed proxy card and return it in the enclosed postage prepaid envelope (if mailed in the United States).

**April 24, 2023**

By order of the Board of Directors

**Vijay S. Iyer**Corporate Secretary  
Norwalk, Connecticut

# PROXY SUMMARY

*This summary highlights our mission, selected business results, and corporate governance and executive compensation information. Before voting and for complete information about these topics, please review the proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2022.*

## Our mission is to make it easier for everyone to experience the world

Booking Holdings Inc. (the "Company," "Booking Holdings," "we," "our," or "us") is the world's leading provider of online travel and related services. We connect consumers wishing to make travel reservations with providers of travel services around the world through our online platforms through six primary consumer-facing brands:

|                       | Accommodations | Ground Transportation | Flights | Restaurants | Activities | Metasearch |
|-----------------------|----------------|-----------------------|---------|-------------|------------|------------|
| <b>Booking.com</b>    | ✓              | ✓                     | ✓       |             | ✓          |            |
| <b>priceline.com</b>  | ✓              | ✓                     | ✓       |             | ✓          |            |
| <b>agoda</b><br>●●●●● | ✓              | ✓                     | ✓       |             | ✓          |            |
| <b>Rentalcars.com</b> |                | ✓                     |         |             |            |            |
| <b>KAYAK</b>          |                |                       |         |             |            | ✓          |
| <b>OpenTable</b>      |                |                       |         | ✓           |            |            |

World's Best Employers;  
America's Best Midsize  
Employers;  
Global 2000 List  
**Forbes**

World's Most  
Admired  
Companies;  
Fortune 500 List  
**Fortune**

Most Trustworthy  
Companies in  
America 2023  
**Newsweek**

220+

Countries and Territories

40+

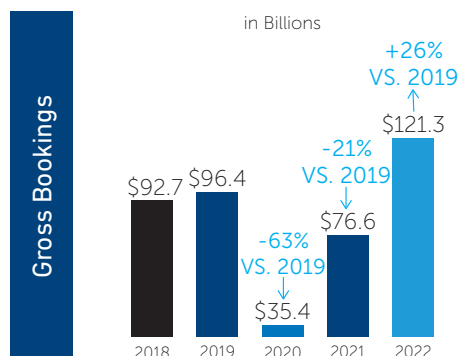
Languages

~2.7M

Properties  
(INCLUDES 2.3M ALTERNATIVE  
ACCOMMODATIONS), WHICH  
REPRESENTS APPROXIMATELY 28M  
REPORTED LISTINGS ON BOOKING.COM  
AS OF 12.31.22

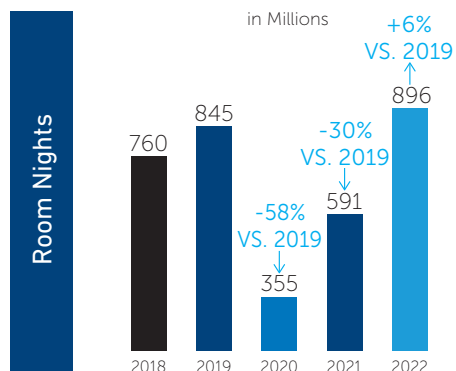
## Our 2022 Performance

In 2022, we rebounded from the COVID-19 pandemic faster than expected, with a record number of room nights booked and our highest-ever gross bookings and revenues.



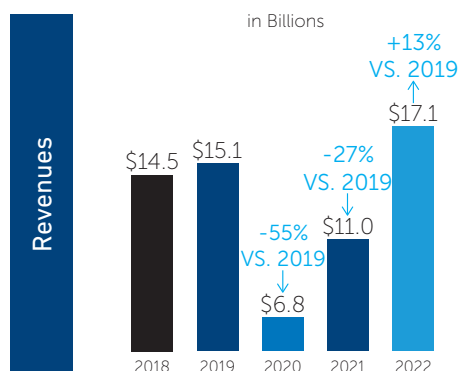
**58%**  
Gross  
Bookings  
Increase  
compared  
to 2021

Gross bookings is a common operating and statistical metric used in the travel industry representing the total U.S. Dollar value, generally inclusive of all taxes and fees, of all travel services purchased by consumers through our online travel reservation businesses, net of cancellations.



**896M**  
Room Nights  
Booked

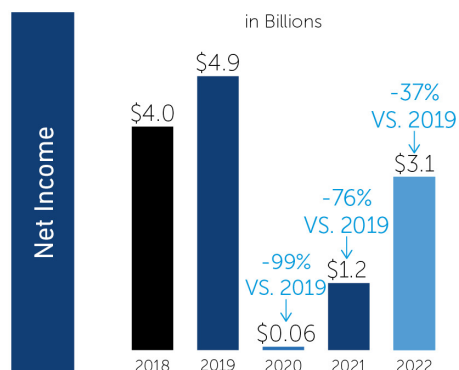
This represents a 52% increase compared to 2021.



**\$17.1B**  
in Revenues

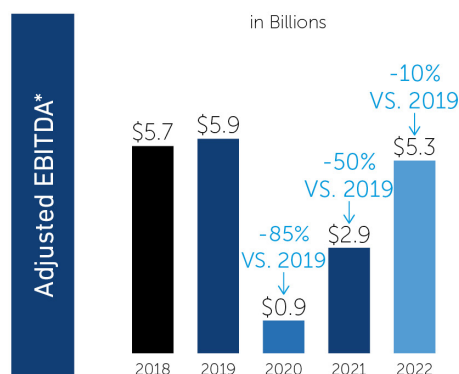
This represents a 56% increase compared to 2021.





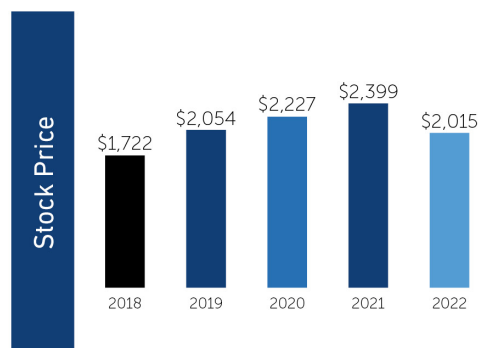
**\$3.1B**  
in Net Income

This was the highest among travel companies and an increase of 162% compared to 2021.



**\$5.3B**  
in Adjusted EBITDA

This represents an 82% increase compared to 2021.



**17%**  
stock price  
increase over the  
four-year period

On April 18, 2023, our stock price reached a twelve-month high of \$2,696.68.

\* See Appendix A to this proxy statement for a reconciliation of non-GAAP financial measures and rationale for use of non-GAAP financial measures.

## Corporate Governance Highlights

We strive to maintain strong corporate governance practices that are both stockholder friendly and designed to protect and grow long-term stockholder value. Our corporate governance practices include:

|                                                                   |                                                                                                |
|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| ✓ Current Board Chair is independent                              | ✓ Stockholders can call special meetings                                                       |
| ✓ Lead Independent Director                                       | ✓ Annual "say-on-pay" vote                                                                     |
| ✓ Majority voting in director elections                           | ✓ Longstanding prohibition on hedging or pledging of stock by directors and executive officers |
| ✓ Stockholder-approved proxy access                               | ✓ 11 of 12 current directors are independent                                                   |
| ✓ Annual director elections (i.e., no classified board)           | ✓ Stockholders can act by written consent in lieu of a meeting                                 |
| ✓ Annual board and committee self-evaluation                      | ✗ No supermajority voting provisions                                                           |
| ✓ Stock ownership guidelines for directors and executive officers | ✗ No poison pill/rights plan                                                                   |

## Our Board

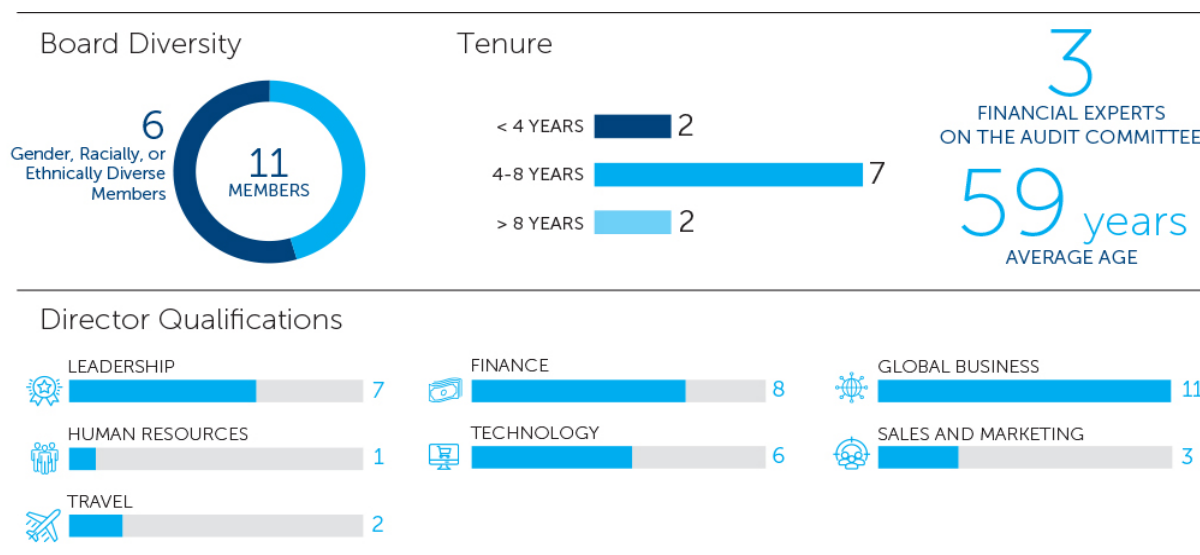
| Current Directors                               | Age<br>(as of<br>3-31-23) | Director<br>Since | Independent | Committee and Subcommittee<br>Memberships |                  |                         |                    | Other Public<br>Directorships |
|-------------------------------------------------|---------------------------|-------------------|-------------|-------------------------------------------|------------------|-------------------------|--------------------|-------------------------------|
|                                                 |                           |                   |             | Audit                                     | Compensation     | Corporate<br>Governance | Cybersecurity      |                               |
| Glenn D. Fogel                                  | 61                        | 2017              |             |                                           |                  |                         |                    | 0                             |
| Mirian M. Graddick-Weir                         | 68                        | 2018              | ■           | ■                                         | Chair            |                         |                    | 1                             |
| Wei Hopeman                                     | 53                        | 2019              | ■           |                                           |                  | ■                       |                    | 0                             |
| Robert J. Mylod, Jr. (Chair)                    | 56                        | 2017              | ■           |                                           | ■                |                         |                    | 2                             |
| Charles H. Noski<br>(Lead Independent Director) | 70                        | 2015              | ■           | ■                                         |                  | Chair                   |                    | 1                             |
| Larry Quinlan                                   | 60                        | 2022              | ■           |                                           |                  |                         | Chair              | 2                             |
| Nicholas J. Read                                | 58                        | 2018              | ■           | ■                                         |                  |                         | ■                  | 0                             |
| Thomas E. Rothman                               | 68                        | 2013              | ■           |                                           |                  | ■                       |                    | 0                             |
| Sumit Singh                                     | 43                        | 2022              | ■           |                                           | ■ <sup>(1)</sup> |                         |                    | 1                             |
| Lynn Vojvodich Radakovich                       | 55                        | 2016              | ■           |                                           | ■                | ■                       |                    | 2                             |
| Vanessa A. Wittman                              | 55                        | 2019              | ■           | Chair                                     |                  |                         | ■                  | 2                             |
| Retiring Director                               |                           |                   |             |                                           |                  |                         |                    |                               |
| Timothy Armstrong                               | 52                        | 2013              | ■           |                                           | ■                |                         |                    | 0                             |
| Number of Meetings in 2022                      |                           |                   |             | 9                                         | 6                | 5                       | N/A <sup>(2)</sup> |                               |

Mr. Timothy Armstrong has announced that he will be retiring from the Company's Board, effective as of the Annual Meeting, and therefore he is not standing for re-election. We extend our deepest gratitude to Mr. Armstrong for his service to our Board and stockholders.

(1) If elected, Mr. Singh is nominated to serve on the Compensation Committee following the Annual Meeting.

(2) The Cybersecurity Subcommittee was formed in March 2023 and held its first meeting in April 2023.

Our Board exhibits a strong mix of desired attributes, including business experience, tenure, age, diversity of perspectives, and independence. The following is a snapshot of some key characteristics of our Board, assuming all eleven nominees are elected at the Annual Meeting.



Our Board is committed to a refreshment process to ensure continued representation of a diversity of viewpoints, backgrounds, and experience. As of March 31, 2023, our Board has twelve members, including four female directors, four racially or ethnically diverse directors, and two Board leadership positions that are held by women. The demographic information presented below is based on voluntary self-identification by each current director.

Board Diversity Matrix (as of March 31, 2023)

| Total Number of Directors              | 12     |      |                  |
|----------------------------------------|--------|------|------------------|
|                                        | Female | Male | Did Not Disclose |
| <b>Part I: Gender Identity</b>         |        |      |                  |
| Directors                              | 4      | 7    | 1                |
| <b>Part II: Demographic Background</b> |        |      |                  |
| Asian                                  | 1      | 1    | 0                |
| Black or African American              | 1      | 1    | 0                |
| White                                  | 2      | 5    | 0                |
| Did Not Disclose                       | 0      | 0    | 1                |

## Executive Compensation Highlights

The Company's executive compensation program has consistently adhered to fundamental principles that guide its decision making while navigating changing external circumstances such as the COVID-19 pandemic. The Compensation Committee also prioritizes feedback from stockholders, and following the 2022 say-on-pay proposal outcome, members of the Compensation Committee spoke with stockholders, who expressed a spectrum of opinions described in more detail in 2022 *Say-on-Pay Advisory Vote and Stockholder Engagement*. The Compensation Committee concluded that the optimal way to respond was to balance concerns raised with regard to performance targets set in 2022 through the exercise of negative discretion for the NEOs' 2022 annual bonuses, while designing the 2023 program to return to a focus on three-year long-term incentive awards with absolute and relative stockholder value-aligned metrics. We invite you to read *A Letter from the Compensation Committee to our Stockholders* on page 42 for more information.

| Name & Principal Position                                                | 2022 Salary | 2022 Stock Awards | 2022 Incentive Payment | All Other 2022 Compensation | Total 2022 Compensation |
|--------------------------------------------------------------------------|-------------|-------------------|------------------------|-----------------------------|-------------------------|
| Glenn D. Fogel<br>President and Chief Executive Officer                  | \$ 750,000  | \$ 26,258,740     | \$ 3,750,000           | \$ 16,182                   | \$ 30,774,922           |
| David Goulden<br>Executive Vice President and<br>Chief Financial Officer | \$ 625,000  | \$ 8,844,265      | \$ 2,646,000           | \$ 9,388                    | \$ 12,124,653           |
| Peter J. Millones<br>Executive Vice President and<br>General Counsel     | \$ 552,083  | \$ 8,488,874      | \$ 2,114,700           | \$ 9,388                    | \$ 11,165,045           |
| Paulo Pisano <sup>(1)</sup><br>Chief Human Resources Officer             | \$ 420,225  | \$ 2,999,640      | \$ 1,050,562           | \$ 4,736                    | \$ 4,475,163            |

(1) Amounts (other than equity awards) for Mr. Pisano are converted using a EUR/USD exchange rate of 1.05056161, which was the average rate for 2022.

| We do:                                                                               | We do not:                                                                                                                                                        |
|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ✓ Tie pay to performance.                                                            | ✗ Provide change in control severance tax gross-ups.                                                                                                              |
| ✓ Cap the bonus pool from which senior executives' individual cash bonuses are paid. | ✗ Permit stock option repricing without stockholder approval.                                                                                                     |
| ✓ Use "double triggers" in our severance agreements and equity awards.               | ✗ Provide significant executive-only perquisites.                                                                                                                 |
| ✓ Have meaningful stock ownership guidelines.                                        | ✗ Permit hedging or pledging of our stock by our directors and executive officers.                                                                                |
| ✓ Have a clawback policy.                                                            | ✗ Enter into new arrangements with executive officers that would pay cash severance in excess of 2.99x salary and target bonus, without stockholder ratification. |
| ✓ Conduct an annual risk assessment of our executive compensation program.           |                                                                                                                                                                   |
| ✓ Conduct a robust stockholder engagement process.                                   |                                                                                                                                                                   |
| ✓ Conduct formal executive succession planning.                                      |                                                                                                                                                                   |



## Annual Meeting Information Summary



### DATE AND TIME

**Tuesday, June 6, 2023**

**11:00 a.m.,**  
local (Eastern) time



### LOCATION

**Virtual Meeting**

[www.virtualshareholdermeeting.com/BKNG2023](https://www.virtualshareholdermeeting.com/BKNG2023)

For more information about attending the meeting, see *How to Attend the Annual Meeting* on page 107.



### RECORD DATE

**April 11, 2023**

## Voting Procedures

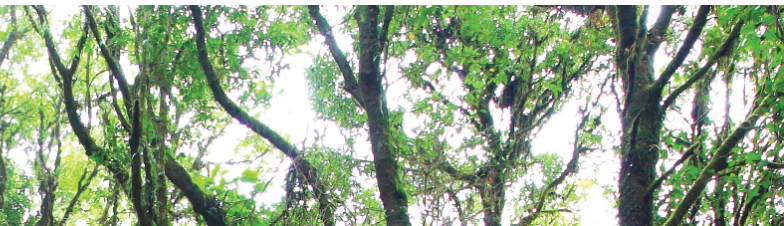
All stockholders are cordially invited to attend the virtual Annual Meeting. Whether or not you expect to attend the meeting, please complete, date, sign, and return the enclosed proxy card as promptly as possible to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for that purpose. Alternatively, you may vote online or by calling the toll-free telephone number as described in the instructions included with your proxy card. Even if you have submitted your proxy card, you may still vote through our virtual meeting platform if you attend the meeting. **If your shares are held of record by a broker, bank, or other nominee and you wish to vote at the meeting, you must obtain from the record holder a proxy issued in your name to obtain a 16-digit control number.**

## Voting Matters

The following proposals will be voted upon at the Annual Meeting and are described in more detail in this proxy statement. Our Board recommends that you vote as follows:

| Proposals                                                                                                                             | Board Vote Recommendation                                                                                                                                                                           | More Information |
|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Election of Directors<br>( <a href="#">Proposal 1</a> )                                                                               | The Board of Directors recommends that you vote <b>FOR</b> each of the Board of Directors' nominees.                                                                                                | Page 16          |
| Advisory Vote to Approve 2022 Executive Compensation<br>( <a href="#">Proposal 2</a> )                                                | The Board of Directors recommends that you vote <b>FOR</b> the approval on an advisory basis of our 2022 executive compensation.                                                                    | Page 93          |
| Ratification of Independent Auditor<br>( <a href="#">Proposal 3</a> )                                                                 | The Board of Directors recommends that you vote <b>FOR</b> ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2023. | Page 98          |
| Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation ( <a href="#">Proposal 4</a> )                      | The Board of Directors recommends that you select <b>ONE YEAR</b> for the frequency of future advisory votes to approve executive compensation.                                                     | Page 99          |
| Stockholder Proposal Requesting a Non-Binding Stockholder Vote to Ratify Termination Pay of Executives ( <a href="#">Proposal 5</a> ) | The Board of Directors recommends that you vote <b>AGAINST</b> this non-binding stockholder proposal requesting a non-binding stockholder vote to ratify certain termination pay of executives.     | Page 100         |





# CORPORATE GOVERNANCE

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## Proposal 1 Election of Directors

The Board currently consists of twelve directors, with no vacancies, and the term of all directors expires at the Annual Meeting. Mr. Timothy Armstrong is retiring from the Board effective as of the Annual Meeting and is therefore not standing for re-election. Due to Mr. Armstrong's retirement, the size of the Board will be reduced from twelve directors to eleven directors, effective as of the Annual Meeting.

Assuming all nominated directors are elected, following the Annual Meeting, the Board will consist of eleven directors with no vacancies. If elected at the Annual Meeting, each of the eleven director nominees listed below will hold office for a one-year term until the 2024 annual meeting of stockholders and until their successor has been duly elected and qualified, or until their earlier death, resignation, or removal. Unless otherwise instructed, the persons named as proxies on the accompanying proxy card will vote shares represented by properly executed proxies for the eleven nominees named herein. The proxies solicited by this proxy statement may not be voted for more than eleven nominees.

With respect to Proposal 1, the election of directors, a majority of votes cast means that the number of shares cast "for" a nominee's election exceeds the number of "against" votes for that nominee. Votes cast does not include abstentions or broker non-votes, and therefore, abstentions and broker non-votes will not affect the outcome of Proposal 1. Holders of common stock may not cumulate their votes in the election of directors.

Although the Board anticipates that the eleven nominees will be available to serve as directors on our Board and each person nominated has agreed to serve if elected, if any of them should be unwilling or unable to serve, the proxies will be voted for the election of such substitute nominee or nominees as may be designated by the Board.



The Board of Directors recommends a vote **FOR** each of the Board's nominees.

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## Director Qualifications

We believe that our directors should possess high personal and professional ethics and integrity, and be committed to representing the long-term interests of our stockholders. We endeavor to have a Board representing a range of experiences at policy-making levels in business and in areas that are relevant to the global nature of our operations and our long-term strategy. As a result, the Board and the Corporate Governance Committee ("CG Committee") believe that, in light of our business, strategy, and structure, the following are key areas of experience, qualifications, and skills that should be represented on the Board:



**Leadership.** Directors with experience in significant leadership positions over an extended period, especially chief executive officer ("CEO") positions, provide us and the Board with special insights. These individuals generally possess exceptional leadership qualities and the ability to identify and develop those qualities in others. They demonstrate a practical understanding of organizations, processes, strategy, risk management, and methods to drive change and growth.



**Finance.** It is important for our directors to understand finance, financial statements, and financial reporting processes. We generally measure our operating and strategic performance by reference to financial targets. In addition, accurate financial reporting and effective auditing are critical to our success.



**Global Business.** Our future success depends, in part, on our ability to continue to grow our businesses globally. The Board believes it is important that it include directors with a mix of global business perspectives representing a variety of markets.



**Human Resources.** As our business continues to grow and the number, locations, and diversity of our employees increases, the Board believes that directors with human resources (including people and culture) experience are increasingly important to our success.



**Technology.** The Board believes that having directors with technology oversight experience, including of internet or e-commerce businesses, is important for the Board's ability to oversee management and provide insight regarding innovations and the evolving risk landscape in our industry.

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**Sales and Marketing.** As our business is highly dependent on effective marketing, the Board seeks to have directors with significant sales and marketing experience to provide additional insight and advice to management in these areas.



**Travel Industry.** The Board believes that having directors with insight into the travel industry and related industries is important to help the Board evaluate our strategy and oversee management.

The following 2023 board skills matrix shows areas of experience, qualifications, and skills that were particularly identified for each nominee by the CG Committee and the Board when considering the current nominees. We continue to evaluate the matrix against our strategy so that it can serve as an effective tool for identifying director nominees who collectively have the complementary skills, experience, and qualifications to guide our Company.

|                           |  Leadership |  Finance |  Global Business |  Human Resources |  Technology |  Sales and Marketing |  Travel |
|---------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Glenn D. Fogel            | ■                                                                                            | ■                                                                                         | ■                                                                                                 |                                                                                                   | ■                                                                                              |                                                                                                         | ■                                                                                          |
| Mirian M. Graddick-Weir   |                                                                                              |                                                                                           | ■                                                                                                 | ■                                                                                                 |                                                                                                |                                                                                                         |                                                                                            |
| Wei Hopeman               |                                                                                              | ■                                                                                         | ■                                                                                                 |                                                                                                   |                                                                                                |                                                                                                         |                                                                                            |
| Robert J. Mylod, Jr.      | ■                                                                                            | ■                                                                                         | ■                                                                                                 |                                                                                                   | ■                                                                                              |                                                                                                         | ■                                                                                          |
| Charles H. Noski          | ■                                                                                            | ■                                                                                         | ■                                                                                                 |                                                                                                   |                                                                                                |                                                                                                         |                                                                                            |
| Larry Quinlan             |                                                                                              | ■                                                                                         | ■                                                                                                 |                                                                                                   | ■                                                                                              |                                                                                                         |                                                                                            |
| Nicholas J. Read          | ■                                                                                            | ■                                                                                         | ■                                                                                                 |                                                                                                   |                                                                                                |                                                                                                         |                                                                                            |
| Thomas E. Rothman         | ■                                                                                            | ■                                                                                         | ■                                                                                                 |                                                                                                   |                                                                                                | ■                                                                                                       |                                                                                            |
| Sumit Singh               | ■                                                                                            |                                                                                           | ■                                                                                                 |                                                                                                   | ■                                                                                              | ■                                                                                                       |                                                                                            |
| Lynn Vojvodich Radakovich |                                                                                              |                                                                                           | ■                                                                                                 |                                                                                                   | ■                                                                                              | ■                                                                                                       |                                                                                            |
| Vanessa A. Wittman        | ■                                                                                            | ■                                                                                         | ■                                                                                                 |                                                                                                   | ■                                                                                              |                                                                                                         |                                                                                            |

## Director Tenure

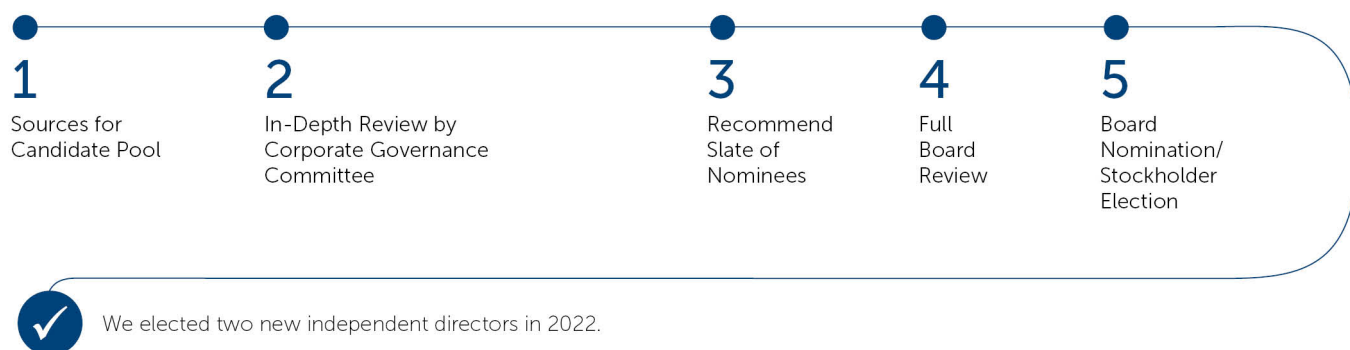
The CG Committee and the Board consider director tenure in connection with the evaluation of nominee independence. The CG Committee believes that Board continuity facilitates effective and efficient leadership, risk management, and oversight, and that the knowledge and understanding of our business gained over years of service are important attributes to consider when determining nominees for election to the Board. The CG Committee and the Board also believe that deliberate and planned Board refreshment is beneficial to the Board and our Company, and we have a robust and continuous refreshment process in place. The CG Committee and the Board believe that the current mix of directors reflects an appropriate mix of short-, medium-, and long-tenured directors. Eight of our independent directors will have joined the Board in the past eight years and **the average tenure of our independent directors will be 5.1 years as of the Annual Meeting.**

# Nomination and Election Process

## Identifying Director Candidates

As set forth in the Company's Corporate Governance Principles, the CG Committee primarily uses the following criteria to identify and recommend nominees for election or appointment to the Board:

- the highest personal and professional ethics and integrity;
- relevant business, professional, or managerial skills and experience;
- demonstrated leadership skills through involvement in business, professional, charitable, or civic affairs;
- current knowledge of the industry, markets, and communities in which we do business;
- the characteristics to contribute to the Board's diversity of viewpoints, background, and experience;
- ability and willingness to commit adequate time to fulfilling Board and committee duties and responsibilities, and to exercise independent judgment, ask probing questions, and express tough opinions; and
- expertise, skills, knowledge, experience, and personality that fit well with those of other directors in building a Board that is effective, collegial, and responsive to our needs and stockholder interests.



The CG Committee does not set specific minimum qualifications that nominees must meet, but rather believes that each nominee should be evaluated based on their individual merits, taking into account our needs and the overall composition of the Board. The CG Committee's policy is to consider diversity, including in terms of backgrounds, experience, gender, race, and ethnic or national origin, as a factor in nominating persons for election or appointment to the Board. The CG Committee is committed to actively seeking out highly qualified gender-diverse candidates and individuals from underrepresented groups to include in the pool from which Board nominees are chosen.

## Who Can Recommend Candidates?

- Outside consultants may be employed to help identify candidates;
- Other Board members and members of management; and
- Stockholders.

Our CG Committee gives appropriate consideration to potential candidates recommended by stockholders in the same manner as other potential candidates identified by the CG Committee. Stockholders who wish to submit potential candidates for consideration by the CG Committee for election at our 2024 annual meeting of stockholders or for election to our Board at our 2024 annual meeting of stockholders may do so in accordance with the procedures described in *2024 Stockholder Proposals* on page 103, in accordance with our By-laws, or in accordance with our Stockholder Communications Policy (available at [www.bookingholdings.com](http://www.bookingholdings.com)), as applicable.



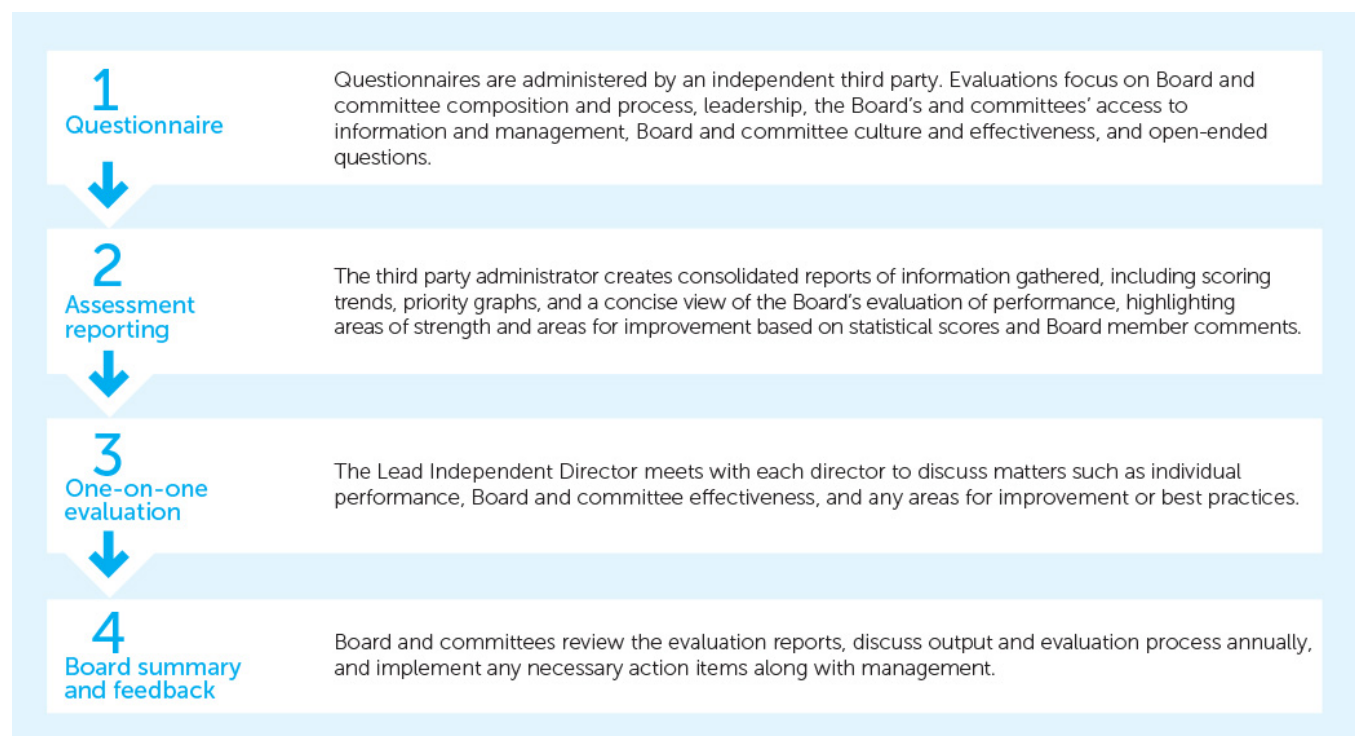
## Evaluating Director Candidates

Members of the CG Committee evaluate possible candidates and suggest individuals to explore in more depth. Once a candidate is identified whom the CG Committee wants to seriously consider and move toward nomination, the chair of the CG Committee or their designee enters into a discussion with that nominee.

When considering current directors for nomination for re-election to the Board, the CG Committee takes into account the performance of each director. Underperforming directors may be asked to leave the Board or may not be re-nominated for election. The CG Committee also reviews the composition of the Board in light of its and our current challenges and needs, and determines whether it may be appropriate to add or remove individuals after considering the need for specific expertise and issues of independence, judgment, skills, background, tenure, diversity of perspectives, and experience.

## Board Evaluations

We conduct an annual evaluation process to assess the performance of our Board and its committees, which includes:



## Nominees for Election as Directors

Set forth below is biographical information as of March 31, 2023 for each person nominated for election to the Board at the Annual Meeting.



### GLENN D. FOGEL Chief Executive Officer and President

Age **61**  
Director since: **2017**

#### Skills & Expertise



#### Career Highlights

Mr. Fogel has served as our Chief Executive Officer and President since January 2017 and the Chief Executive Officer of Booking.com since June 2019. Previously, he served as our Head of Worldwide Strategy and Planning from November 2010 to December 2016 and as our Executive Vice President, Corporate Development, from March 2009 to December 2016. Mr. Fogel joined us in February 2000. Prior to that, he was a trader at a global asset management firm and prior to that was an investment banker specializing in the air transportation industry. Mr. Fogel is a member of the New York State Bar (retired).

#### Director Qualifications

Mr. Fogel brings to the board significant experience running our Company as our President and Chief Executive Officer and in his previous role as Head of Worldwide Strategy and Planning. His expertise helped lead us during a long period of sustained global growth and through the COVID-19 pandemic.

#### Other Current Public Directorships:

- None

#### Committees or Subcommittees:

- None



### MIRIAN M. GRADDICK-WEIR

Age **68**  
Director since: **2018**  
Independent

#### Skills & Expertise



#### Career Highlights

Dr. Graddick-Weir, Ph.D., was the Executive Vice President of Human Resources at Merck & Co., Inc. from 2008 until November 2018, where she led human resources for one of the leading pharmaceutical companies in the world. Dr. Graddick-Weir served as Senior Vice President of Human Resources of Merck from September 2006 to January 2008. Prior to joining Merck, she served as Executive Vice President of Human Resources and Employee Communications of AT&T from 2004 to 2006 and served as its Executive Vice President of Human Resources from 1999 to 2004. Dr. Graddick-Weir was responsible for the design, planning, and administration of all Human Resources functions, including compensation, benefits, recruiting, and training, for AT&T's 47,000 employees. She joined AT&T in 1981. She currently serves as chair of Yum! Brands' nominating and corporate governance committee and as a member of its management planning and development committee.

#### Director Qualifications

Dr. Graddick-Weir brings to the board global business experience having served as a senior executive of two large global businesses and on the board of directors of another; and extensive experience in the human resources field.

#### Other Current Public Directorships:

- Yum! Brands, Inc. (since 2012)

#### Committees or Subcommittees:

- Compensation (Chair)
- Audit



Leadership



Finance



Global  
Business



Human  
Resources



Technology



Sales and  
Marketing



Travel



## WEI HOPEMAN

Age 53

Director since: 2019

Independent

Skills &amp; Expertise



### Career Highlights

Ms. Hopeman is a Managing Partner of Arbor Ventures, a venture capital firm focused on investing in fintech companies around the world, which she co-founded in 2014. From 2010 to 2014, Ms. Hopeman served as Managing Director and Head of Asia for Citi Ventures. Prior to Citi Ventures, Ms. Hopeman spent time in various other banking and private equity roles, including as the Chief China Representative for Jefferies & Co. and as a technology banker at The Goldman Sachs Group.

### Director Qualifications

Ms. Hopeman brings extensive experience and expertise in global business and finance and particularly has demonstrated significant success in the fintech industry.

### Other Current Public Directorships:

- None

### Committees or Subcommittees:

- Corporate Governance



## ROBERT J. MYLOD, JR. Chair

Age 56

Director since: 2017

Independent

Skills &amp; Expertise



### Career Highlights

Mr. Mylod is the Managing Partner of Annox Capital Management, a private investment firm that he founded in 2013. From 1999 to 2011, Mr. Mylod held several roles with us, including Vice Chair, Head of Worldwide Strategy and Planning, and Chief Financial Officer. Prior to joining us, he was a Principal at Stonington Partners, a private equity investment firm. Mr. Mylod has served as executive chair of the board of directors of Vroom, Inc., a tech-enabled automobile retailer, since May 2022. He has been a member of Vroom's board of directors and also chair of Vroom's audit committee and a member of its compensation committee since 2015. Since 2014, Mr. Mylod has been a member of the board of Freightos, LTD, an international freight booking and payment platform, which became a publicly listed company in January 2023. He was the chair of the Board of Redfin, a tech-enabled real estate brokerage, from 2016 to 2020 and also a member of Redfin's audit committee from 2013 to 2018. From 2014 to 2021, Mr. Mylod served as a member of the board of directors of Dropbox, Inc., a company that specializes in data file sharing and storage, and served as a member of Dropbox's audit committee and compensation committee. He also serves on the board of directors of several privately held companies.

### Director Qualifications

Mr. Mylod brings to the board significant experience and expertise as a leader in finance and global technology businesses, including ours for over 12 years, helping lead us during a long period of sustained global growth.

### Other Current Public Directorships:

- Vroom, Inc. (since IPO in 2020)
- Freightos, LTD (since becoming a public company in 2023)

### Committees or Subcommittees:

- Compensation



Leadership



Finance

Global  
BusinessHuman  
Resources

Technology

Sales and  
Marketing

Travel



## CHARLES H. NOSKI Lead Independent Director

Age 70  
Director since: 2015  
Independent

Skills & Expertise

### Career Highlights

In 2012, Mr. Noski retired as a Vice Chairman of Bank of America Corporation, to which he was named after previously serving as that company's Executive Vice President and Chief Financial Officer. Prior to this, Mr. Noski served as Chief Financial Officer, Corporate Vice President and as a member of the board of directors of Northrop Grumman Corporation. Prior to Northrop Grumman, he was Vice Chairman of the board of directors and Chief Financial Officer of AT&T Corporation. Before that, Mr. Noski led Hughes Electronics Corporation in various senior executive roles, including as Vice Chairman and President and Chief Operating Officer. Mr. Noski worked at Deloitte & Touche LLP for 17 years from 1973 to 1990 and he was named Partner in 1983. Mr. Noski was elected to the board of directors of Wells Fargo & Company in 2019, served as chairman of the Wells Fargo board from March 2020 to August 2021, also chaired its governance and nominating committee and its audit committee, and retired from the board in 2021. In 2020, Mr. Noski was elected to the Hewlett Packard Enterprise board and is a member of its finance and investment committee and its nominating, governance and social responsibility committee. In 2022, Mr. Noski was appointed to the board of directors of MIO Partners, Inc. and serves on the governance committee and the audit and finance committee. From 2003 to 2019, Mr. Noski served as a member of the board of directors of Microsoft Corporation and was the chairman of Microsoft's audit committee and a member of its governance and nominating committee. Mr. Noski was also Chairman of the board of trustees of the Financial Accounting Foundation from 2016 to 2019 and a former member of the board of directors of the National Association of Corporate Directors. In addition, Mr. Noski served as a member of the board of directors of Avon Products, Inc. from 2012 to 2018.

### Director Qualifications

Mr. Noski brings to the board significant experience and expertise as a leader in finance and global businesses, and has demonstrated a long and successful career at large public companies and in the accounting profession.

### Other Current Public Directorships:

- Hewlett Packard Enterprise (since 2020)

### Committees or Subcommittees:

- Audit
- Corporate Governance (Chair)



## LARRY QUINLAN

Age 60  
Director since: 2022  
Independent

Skills & Expertise

### Career Highlights

Mr. Quinlan served as Global Chief Information Officer for Deloitte from 2010 through 2021, responsible for all facets of technology strategy and operations and leading over 10,000 IT professionals in 175 countries, and in various other roles since he started at Deloitte in 1988. During his time at Deloitte, Mr. Quinlan oversaw major client relationships and advised company boards and CEOs on a wide range of IT, cybersecurity, and digital strategic priorities. He has over 35 years of experience as a technology leader. Mr. Quinlan currently serves on the boards of Jones Lang LaSalle, a global commercial real estate services company, and ServiceNow, a software company that develops a cloud computing platform. He also serves on the board of directors of several privately held companies and non-profit organizations.

### Director Qualifications

Mr. Quinlan brings to the board extensive experience and expertise in global business and technology. His technology expertise is particularly valuable in guiding our newly established Cybersecurity Subcommittee in its oversight responsibilities.

### Other Current Public Directorships:

- ServiceNow (since 2021)
- Jones Lang LaSalle (since 2022)

### Committees or Subcommittees:

- Cybersecurity (Chair)



Leadership



Finance



Global  
Business



Human  
Resources



Technology



Sales and  
Marketing



Travel





## NICHOLAS J. READ

Age **58**  
Director since: **2018**  
**Independent**

Skills & Expertise

### Career Highlights

Mr. Read served as Chief Executive Officer of Vodafone Group Plc, a multinational communications company, from October 2018 to December 2022, was a member of its board of directors from 2014 to 2022, and an advisor from December 2022 to March 2023. Prior to becoming its Chief Executive Officer, Mr. Read served as Group Chief Financial Officer of Vodafone Group Plc from April 2014 to July 2018. Since joining Vodafone in 2001, Mr. Read held a variety of senior roles, including Chief Financial Officer and Chief Executive Officer of Vodafone Limited, the U.K. operating company. Prior to becoming Group Chief Financial Officer, Mr. Read served as Regional Chief Executive Officer for Africa, Middle East and Asia Pacific for five years and was a board member of the Vodafone publicly-traded subsidiaries Vodacom, Safaricom, and Vodafone Qatar and Vodafone's joint ventures VHA in Australia and Indus Towers in India. Prior to joining Vodafone, he held senior global finance positions with United Business Media Plc and Federal Express Worldwide. Mr. Read is a Fellow Chartered Management Accountant and a Chartered Global Management Accountant.

### Director Qualifications

Mr. Read brings to the board extensive experience and expertise as a leader in finance and global business through his career at a large public company based in Europe with significant international operations.

### Other Current Public Directorships:

- None

### Committees or Subcommittees:

- Audit
- Cybersecurity



## THOMAS E. ROTHMAN

Age **68**  
Director since: **2013**  
**Independent**

Skills & Expertise

### Career Highlights

Mr. Rothman has served as Chairman of Sony Pictures Entertainment Motion Picture Group since March 2015, where he oversees Columbia Pictures, TriStar Pictures, Imageworks and Sony Pictures Animation, along with other entities. In June 2021, he was promoted to Chairman and CEO of Sony Pictures Entertainment Motion Picture Group. From September 2013 to February 2015, Mr. Rothman was Chairman of TriStar Productions. Previously, Mr. Rothman served as Chairman of Fox Entertainment Group Inc., a media company and subsidiary of News Corp. from 2000 to 2005 and as its Chairman and Chief Executive Officer from 2005 to 2012. Mr. Rothman served as President of Twentieth Century Fox Film Group from January 2000 to August 2000, and served as President of Twentieth Century Fox Production from 1995 to 2000. In 1994, Mr. Rothman founded and served as President of Fox Searchlight Pictures. Prior to that, he served as President of Worldwide Production for the Samuel Goldwyn Company from 1989 to 1994. Mr. Rothman also served as an associate and then partner with Frankfurt, Kurnit, Klein & Selz, a law firm, from 1982 to 1987. Mr. Rothman is a member of the boards of the California Institute of the Arts and Brown University (emeritus). He served as a member of the National Council of the Arts, the governing body for the National Endowment for the Arts since 2015, and has been appointed by President Biden to the board of the Corporation for Public Broadcasting.

### Director Qualifications

Mr. Rothman brings to the board extensive executive leadership of global media companies; and has demonstrated a long and successful career marketing and financing motion pictures, television programs, and other media.

### Other Current Public Directorships:

- None

### Committees or Subcommittees:

- Corporate Governance



Leadership



Finance



Global  
Business



Human  
Resources



Technology



Sales and  
Marketing



Travel



## SUMIT SINGH

Age **43**

Director since: **2022**

**Independent**

Skills & Expertise



### Career Highlights

Mr. Singh has served as Chief Executive Officer of Chewy, Inc. since March 2018, following seven months serving as Chief Operating Officer of Chewy, and has served as a director of Chewy since April 2019. In 2019, he led the company through its initial public offering. Prior to joining Chewy, Mr. Singh held senior leadership positions at Amazon, where from 2015 to 2017, he served as Worldwide Director of Amazon's Consumables businesses (fresh and pantry) and, from 2013 to 2015, as General Manager for Amazon's North American merchant fulfillment and third-party businesses. Prior to Amazon, Mr. Singh served in senior management positions at Dell Technologies Inc.

### Director Qualifications

Mr. Singh brings to the board extensive leadership experience through his career at large global businesses spanning e-commerce, technology, retail, and logistics.

### Other Current Public Directorships:

- Chewy, Inc. (since IPO in 2019)

### Committees or Subcommittees:

- Compensation (nominated)



## LYNN VOJVODICH RADAKOVICH

Age **55**

Director since: **2016**

**Independent**

Skills & Expertise



### Career Highlights

Ms. Vojvodich Radakovich is an advisor to start-up and growth-stage technology companies. She served as Executive Vice President and Chief Marketing Officer of Salesforce, a cloud-based software company, from 2013 to February 2017. Before joining Salesforce, Ms. Vojvodich Radakovich was a partner at Andreessen Horowitz, a leading venture capital firm, where she helped companies build their go-to-market strategies. Previously, she was the Chief Marketing Officer at Terracotta Inc., a leader in in-memory and cloud-enabling technology. Ms. Vojvodich Radakovich has also served in various roles at organizations including Bain & Company and Microsoft. Ms. Vojvodich Radakovich has served as a member of the board of directors of Dell Technologies since April 2019 and Figma, a privately held cloud-based design software company, since December 2019. She has served as a member of the board of directors of Ford Motor Company since 2017 and is chair of the compensation committee and member of the nominating & governance and sustainability & innovation committees. Ms. Vojvodich Radakovich began her career as a mechanical engineer in a hard hat working on the design and construction of Gulfstream jets and offshore oil structures.

### Director Qualifications

Ms. Vojvodich Radakovich brings to the board extensive experience and expertise in global businesses with focuses on internet marketing and sales, including from her experiences working with global technology businesses, as well as start-up, and growth-stage technology companies.

### Other Current Public Directorships:

- Ford Motor Company (since 2017)
- Dell Technologies (since 2019)

### Committees or Subcommittees:

- Corporate Governance
- Compensation



Leadership



Finance



Global  
Business



Human  
Resources



Technology



Sales and  
Marketing



Travel



## VANESSA A. WITTMAN

Age 55

Director since: 2019

Independent

Skills &amp; Expertise



### Career Highlights

Ms. Wittman was the Chief Financial Officer of Glossier, an online beauty product company, until May 2022 and served as an advisor to Glossier until December 2022. She previously served as Chief Financial Officer of Oath, a subsidiary of Verizon, during 2018. Ms. Wittman served as Chief Financial Officer of Dropbox from 2015 to 2016 and as Chief Financial Officer of Motorola Mobility, a subsidiary of Google, from 2012 to 2014. From 2008 to 2012, Ms. Wittman served as Executive Vice President and Chief Financial Officer of Marsh & McLennan Companies, a global professional services firm. Prior to Marsh & McLennan, Ms. Wittman held a number of other senior finance roles. Ms. Wittman has served as a member of the board of directors for American International Group, Inc. since 2023. Ms. Wittman serves on the board of directors of Impossible Foods Inc., a privately held sustainable foods company, and is the audit committee chair. Since 2021, Ms. Wittman has also served as a member of the board of directors of Oscar Health and as its audit committee chair. From 2014 to 2019, Ms. Wittman was a member of the board of directors of Ulta Beauty, a cosmetics and beauty supply retailer, and served on its audit committee. She also served as a member of the board of directors of Sirius XM Holdings from 2011 to 2018.

### Director Qualifications

Ms. Wittman brings to the board extensive global business, finance, executive, and technology experience through her roles at various global technology and retail companies.

### Other Current Public Directorships:

- Oscar Health, Inc. (since IPO in 2021)
- American International Group, Inc. (since 2023)

### Committees or Subcommittees:

- Audit (Chair)
- Cybersecurity

## Retiring Director



## TIMOTHY ARMSTRONG

Age 52

Director since: 2013

Independent

Skills &amp; Expertise



### Career Highlights

Mr. Armstrong is Founder and CEO of Flowcode/the dtx company, a direct to consumer enablement company he established in 2019. From 2009 to 2018, Mr. Armstrong served as the Chairman and Chief Executive Officer of AOL as well as the CEO of Oath (Verizon's media brand portfolio, including Yahoo! and AOL) after Verizon's acquisition of AOL in 2015. From 2000 to 2009, Mr. Armstrong served as President, Americas Operations and Senior Vice President of Google Inc. Before joining Google, Mr. Armstrong served as Vice President of Sales and Strategic Partnerships for Snowball.com and as Director of Integrated Sales and Marketing at Starwave's and Disney's ABC/ESPN Internet Ventures. Mr. Armstrong serves on the board of Flowcode/the dtx company and Wheels Up, an aviation company. Mr. Armstrong is the chairman of the Board of Trustees at Greenwich Academy and also serves as a trustee of the USA Olympic and Para-Olympic Foundation.

### Director Qualifications

Mr. Armstrong brings to the board extensive experience and expertise in global internet businesses, sales and marketing, and the interactive direct-to-consumer industry.

### Other Current Public Directorships:

- None

### Committees or Subcommittees:

- Compensation



Leadership



Finance



Global Business



Human Resources



Technology



Sales and Marketing



Travel

## Our Governance Framework

We and our Board operate under corporate governance principles that are designed to maximize long-term stockholder value, align the interests of the Board and management with those of our stockholders, and promote ethical conduct among our directors and employees.

A copy of our Corporate Governance Principles is available on our corporate website at [www.bookingholdings.com](http://www.bookingholdings.com). Our Corporate Governance Principles include:

- 
- ✓ A majority of the Board must consist of independent directors. See *Director Independence* beginning on page 33.
  - ✓ The CG Committee reviews and concurs annually on a CEO succession plan. See *Corporate Governance Committee* on page 32.
  - ✓ The Board and each committee can hire its own outside advisors.
  - ✓ The independent directors have at least two regularly scheduled meetings each year.
  - ✓ The Compensation Committee, meeting without our CEO present, evaluates our performance and the performance of our CEO and recommends to the Board the compensation of our CEO.
  - ✓ We maintain stock ownership guidelines for directors and executive officers. See *Stock Ownership Guidelines* on page 68 and *Non-Employee Director Stock Ownership Guidelines* on page 91.
  - ✓ The Board appoints a Lead Independent Director if the Chair is not independent or as the Board deems appropriate. See *Leadership Structure* on page 26.
- 

## Leadership Structure

The Board does not have a policy regarding the separation of the roles of CEO and Chair of the Board as the Board believes that it is in the best interests of the Company and our stockholders to make that determination from time to time. The Board has determined that separation of the roles of CEO and Chair is currently in the best interests of the Company and our stockholders.

Robert J. Mylod, Jr. has been serving as the Chair of the Board since June 2020. In light of Mr. Mylod's previous experience as an executive of our Company and the resulting familiarity with our operations, he provides an important connection between the Board's non-executive directors and management and provides valuable advice to and oversight of the Company's CEO. Although Mr. Mylod is an independent director, the Board has determined that it is in the Company's best interest to maintain the position of Lead Independent Director. Mr. Noski has been serving as the Company's Lead Independent Director since June 2020.

## Role of the Board Chair



### ROBERT J. MYLOD, JR.

#### CHAIR OF THE BOARD

- preside at and lead meetings of the Board and stockholders;
  - together with the Lead Independent Director, set and approve the Board's agenda in consultation with the CEO;
  - lead and manage the business of the Board, providing clear direction and focus for the activities of the Board;
  - provide input to the Compensation Committee regarding the performance of the CEO and to the CG Committee regarding the performance of directors and new candidates to join the Board;
  - develop a close and effective working relationship with the CEO; and
  - on a case-by-case basis and where appropriate, if requested by major stockholders, be available for consultation and direct communication with such stockholders.
-



## Role of the Lead Independent Director



**CHARLES H. NOSKI**

### LEAD INDEPENDENT DIRECTOR

- call, set the agenda for, and lead meetings and executive sessions of the independent directors;
- together with the Board Chair, set and approve the Board's agenda in consultation with the CEO;
- from time to time as he deems necessary or appropriate, consult with the Board Chair and the CEO as to the quality, quantity, and timeliness of the flow of information from management that is necessary for the independent directors to perform their duties effectively;
- provide input to the Compensation Committee regarding the performance of the CEO and to the CG Committee regarding the performance of directors and new candidates to join the Board;
- on a case-by-case basis and where appropriate, if requested by major stockholders, be available for consultation and direct communication with such stockholders; and
- authorize the retention of outside advisors and consultants that report directly to the Board.

## Other Select Policies and Practices

### We do:

- ✓ **Code of Ethics.** We have adopted a code of ethics that we refer to as our "Code of Conduct" and we require all directors, executive officers, and employees to adhere to it in discharging their work-related responsibilities. A copy of our Code of Conduct is available on our corporate website at [www.bookingholdings.com](http://www.bookingholdings.com).
- ✓ **Annual Meetings.** At each annual meeting of stockholders, stockholders have the ability to vote on matters presented at the meeting, including the annual election of all of our directors.
- ✓ **Special Meetings.** If important matters arise between annual meetings of stockholders, our certificate of incorporation provides that the Chair of the Board, the Vice Chair of the Board (if any), the CEO, the Board, or stockholders holding at least 25% of our shares may call a special meeting of stockholders. If properly called, a special meeting of stockholders would provide all stockholders an opportunity to debate and vote on matters outside the annual meeting cycle.
- ✓ **Written Consent.** If important matters arise between annual meetings of stockholders, our certificate of incorporation provides that the Chair of the Board, the Vice Chair of the Board (if any), the CEO, the Board, or stockholders may act by written consent in lieu of a meeting, provided that the holders of no less than 25% of the outstanding shares of the Company's common stock first request that the Board establish a record date for stockholders for such action by written consent.
- ✓ **Majority Vote Standard.** We have a majority vote standard in uncontested elections of directors, which means that directors are required to tender their resignation unless they receive the support of a majority of votes cast.
- ✓ **Proxy Access and Stockholder Nominees.** Stockholders have the opportunity to nominate individuals for election to the Board pursuant to our By-Laws and Delaware law and, in accordance with our By-Laws, to include nominees in our proxy statement. Our stockholder-approved proxy access By-Law provides that:
  - any stockholder or group of stockholders holding at least 3% of our outstanding common stock,
  - continuously for at least 3 years,
  - can include in our proxy statement nominees for up to 25% of our Board for election at an annual stockholders' meeting.
- ✓ **Annual Advisory Vote on Executive Compensation.** The Board has implemented and our stockholders have approved an annual stockholder advisory vote on executive compensation, which means that stockholders have the opportunity to provide feedback on our executive compensation practices annually.
- ✓ **Lead Independent Director.** We have a Lead Independent Director with a set of defined responsibilities. See *Leadership Structure and Communications with the Board of Directors* on pages 26 & 34.
- ✓ **Stock Ownership Guidelines.** The Board has adopted stock ownership guidelines for executive officers and non-employee directors. See *Stock Ownership Guidelines* on page 68 and *Non-Employee Director Stock Ownership Guidelines* on page 91.

### We do not:

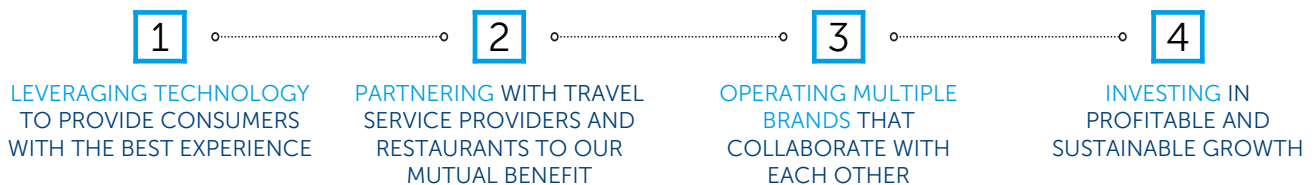
- ✗ **Rights Plan.** We do not have a stockholder rights plan, sometimes referred to as a "poison pill."
- ✗ **Supermajority Voting Provisions.** We do not have any supermajority voting provisions in our certificate of incorporation or our By-Laws.
- ✗ **Classified Board.** We do not have a classified board of directors. All directors are elected by the stockholders each year.

## Our Board's Role in Company Strategy

*The Board is elected by and accountable to the stockholders and is responsible for our strategic direction and oversight of management.*

### Our Strategy

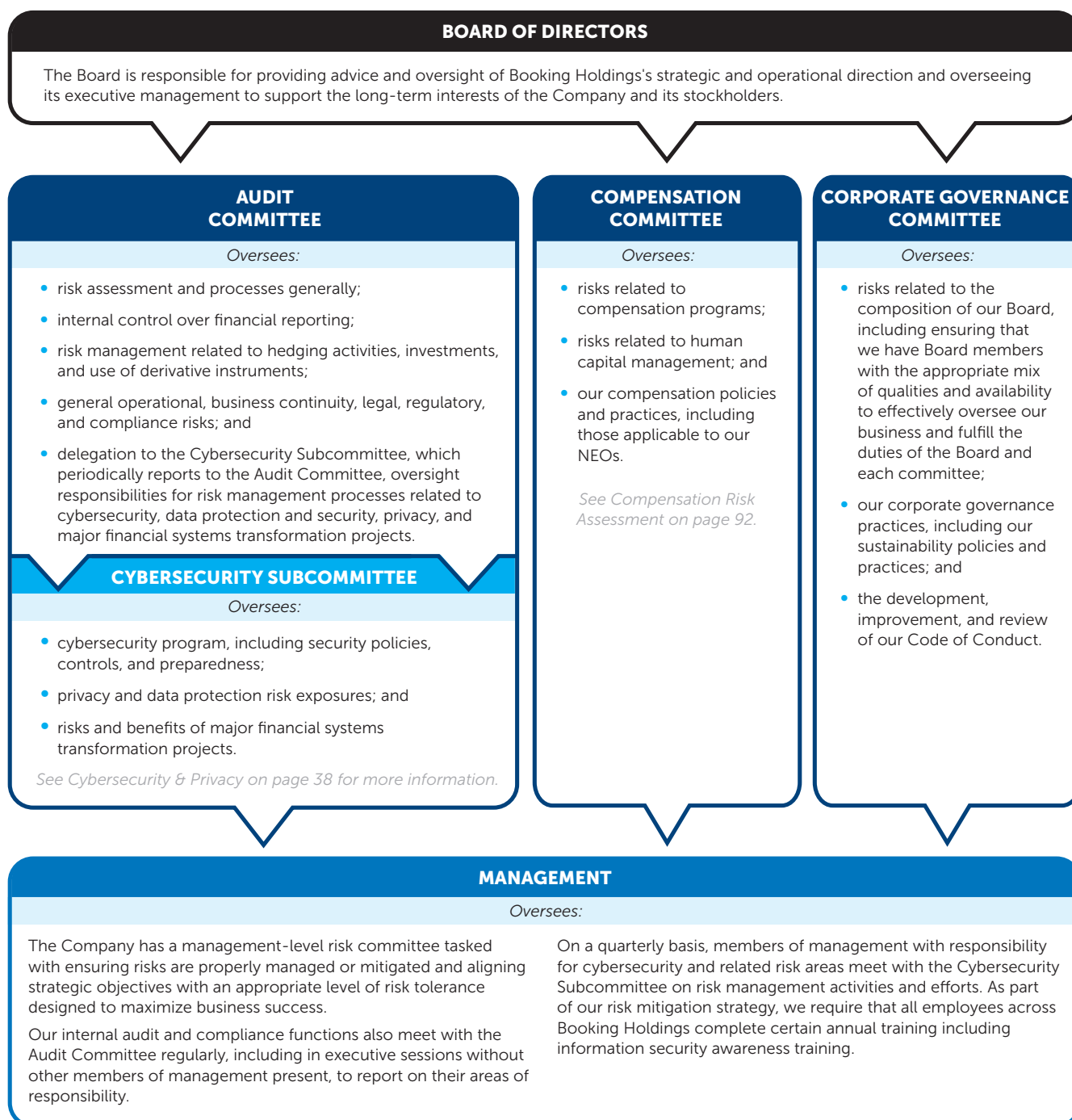
We focus on relentless innovation and execution and a commitment to serve both consumers and partners with unmatched service and best-in-class technology. We believe that global travel bookings will generally continue to grow while shifting from traditional offline to online channels like ours. We aim to capture online growth and be the world leader in online travel and related services through a strategy of:



The Board oversees the formulation and implementation of our strategy. The Board and management meet annually to review the state of our operating markets, analyze our competitive position, measure our performance against our strategy, and evaluate and adjust our strategy. While management takes the lead in preparing background materials and proposes the going-forward strategic direction for Booking Holdings, the Board plays an active role in overseeing our strategy. In particular, our Chair and Lead Independent Director work closely with management in advance of the meeting to prepare and approve the agenda for the meeting and to consult on the strategy to be proposed by management. Between these annual strategy meetings, management reports to the Board regularly on our implementation of the strategy and our progress toward reaching our strategic goals, and the Board discusses with management whether adjustments should be made in light of any changes in our Company, markets, competitors, or otherwise. In addition, the Board meets regularly in executive session without management to discuss our performance and strategy.

# Board's Role in Risk Oversight

The Board and Audit Committee review our key risks at least annually. Our internal audit function, with primary oversight by the Audit Committee, identifies and assesses the key risks facing the organization across functions and regions. The Board and committees are responsible for risk oversight and regularly review risk mitigation initiatives, while management is responsible for executing our risk management policies. Division of oversight responsibility relating to specific risks among the committees and the role of management is described below.



## Board Committees

Our Board has three standing committees: an Audit Committee, a Compensation Committee, and a Corporate Governance Committee. Each committee has a written charter available at [www.bookingholdings.com](http://www.bookingholdings.com). In addition, the Audit Committee has delegated certain of its responsibilities to a newly-formed Cybersecurity Subcommittee.

### Audit Committee

The Audit Committee's responsibilities include:

- overseeing and reviewing our consolidated financial statements, accounting practices, and related internal controls;
- overseeing and making all decisions relating to our relationship with our independent registered public accounting firm;
- overseeing our internal audit function;
- establishing procedures for the submission, receipt, and treatment of complaints or concerns regarding accounting or auditing matters;
- reviewing and approving all related party transactions (defined as transactions required to be disclosed by Item 404 of the U.S. Securities and Exchange Commission (the "SEC") Regulation S-K); and
- acting as our primary risk oversight committee, including by overseeing our compliance program and risk management efforts generally, as well as our major financial risk exposures.

The Board has determined that each member of the Audit Committee is an independent director based on The Nasdaq Stock Market's ("Nasdaq") listing rules and also satisfies the SEC's additional independence requirements for members of audit committees.

#### MEMBERS

- Vanessa A. Wittman (**Chair**)
- Mirian M. Graddick-Weir
- Charles H. Noski
- Nicholas J. Read



Nine meetings in 2022



Report on page 95



"Audit Committee Financial Experts":

- Charles H. Noski
- Nicholas J. Read
- Vanessa A. Wittman

### Cybersecurity Subcommittee of the Audit Committee

The Cybersecurity Subcommittee's responsibilities include:

- oversight of the Company's cybersecurity program, including security policies, risk management, the results of any third-party assessments of the Company's cybersecurity program, crisis preparedness, and recovery capabilities;
- oversight of privacy and data protection risk exposures, including the steps management has taken to monitor and mitigate such exposures;
- monitoring significant regulatory requirements, policy developments, best practices, and proxy advisory firm policies relating to cybersecurity, privacy, and data protection; and
- reviewing the risks and benefits of major financial technology systems transformation projects and the progress of such projects.

#### MEMBERS

- Larry Quinlan (**Chair**)
- Nicholas J. Read
- Vanessa A. Wittman



Formed in March 2023  
and held its first meeting  
in April 2023

## Compensation Committee

The Compensation Committee's responsibilities include:

- setting, or recommending to the Board for determination, the compensation of our CEO;
- reviewing and approving the compensation of our other NEOs;
- engaging with the Company's stockholders regarding the compensation paid to our executives, compensation program design, and related matters, and incorporating appropriate feedback;
- reviewing policies, programs, and initiatives related to human capital management, including with respect to promoting diversity, inclusion, and belonging, company culture, employee engagement and talent recruitment, development, and retention;
- administering employee benefit plans, including incentive compensation plans and equity-based plans;
- recommending to the Board for approval compensation plans for non-employee directors;
- making recommendations to the Board with respect to the adoption of incentive compensation plans and equity-based plans;
- reviewing and approving succession plans for senior management personnel (other than the CEO, which is the responsibility of the CG Committee); and
- overseeing risks related to compensation programs. See *Compensation Risk Assessment* on page 92 for additional details.

The Board has determined that each member of the Compensation Committee is an independent director based on Nasdaq's listing rules and additional requirements for members of compensation committees. The Compensation Committee has the authority to appoint and dismiss its advisors and compensation consultants and approve their compensation. These advisors report directly to the Compensation Committee. The Compensation Committee has retained Semler Brossy ("Semler") as its outside compensation consultant. While Semler reports to the Compensation Committee, the Compensation Committee authorized Semler to communicate and work with management with respect to the compensation planning process.

### MEMBERS

- Mirian M. Graddick-Weir  
(Chair)
- Timothy Armstrong (retiring)
- Robert J. Mylod, Jr.
- Lynn Vojvodich Radakovich
- Sumit Singh (nominated)



Six meetings in 2022



Report on page 69



## Corporate Governance Committee

The CG Committee regularly evaluates the composition of the Board, including the skills, diversity, and experience of directors, in light of our changing business needs and challenges. The CG Committee considers qualified director candidates with certain skills, experience, or other desirable traits in connection with a vacancy on the Board. The CG Committee also has primary responsibility for oversight of sustainability matters. The CG Committee oversees the establishment and implementation of our corporate governance standards, practices, and policies. The CG Committee's responsibilities include:

- identifying individuals believed to be qualified to become Board members, consistent with criteria approved by the Board (which are set forth in our Corporate Governance Principles and the CG Committee's charter and described above in *Identifying Director Candidates* on page 18), and selecting, or recommending to the Board, the nominees to stand for election as directors at the annual meeting of stockholders;
- identifying and recommending that the Board appoint directors to fill vacancies on any Board committee (including the CG Committee);
- assessing whether candidates to join the Board would be "independent" under Nasdaq's listing rules;
- establishing procedures to receive prompt notification of changes in a director's circumstances that may affect their qualifications or independence as a director and reviewing such information and making recommendations as deemed appropriate;
- regularly evaluating and, as appropriate, recommending to the Board any modifications or enhancements to the Corporate Governance Principles;
- reviewing and concurring on a succession plan for the Chief Executive Officer, both in emergency situations and in the ordinary course of business;
- at least annually, reviewing our Code of Conduct and Stockholder Communications Policy and their effectiveness;
- periodically reviewing our policies and practices relating to sustainability, including environmental, social, and governance matters, and approving our annual sustainability report, and related matters; and
- designing a process for the Board to conduct a self-evaluation at least annually.

The Board has determined that each member of the CG Committee is an independent director based on Nasdaq's listing rules. The CG Committee approved and recommended to our Board the eleven director nominees standing for election at the Annual Meeting.

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### MEMBERS

- Charles H. Noski (**Chair**)
- Wei Hopeman
- Thomas E. Rothman
- Lynn Vojvodich Radakovich



Five meetings in 2022

## Director Independence

Our independence guidelines outlined in the Corporate Governance Principles conform to Nasdaq's listing rules for independence requirements and the rules of the SEC. For each of 2023 and 2022, the CG Committee recommended to the Board, and the Board determined, that each of the nominees for election to the Board at the Annual Meeting other than Mr. Fogel is an "independent director" based on Nasdaq's listing rules, the SEC rules, and our Corporate Governance Principles.

In making its independence determination, the CG Committee and the Board considered ordinary course transactions or relationships between the Company and certain entities affiliated with directors, which the Board determined are not material to our Company, the directors, or the companies with which the directors are associated. In particular, the Board and the CG Committee took into account the following transactions or relationships:

- Mr. Mylod serves as a director at Evolve Vacation Rentals, Inc., which paid us commissions on accommodation reservations.
- Mr. Noski serves as director at Hewlett Packard Enterprise, from which we purchased computer products and data center services.
- Mr. Quinlan serves as director at ServiceNow, from which we purchased a license subscription; Jones Lang LaSalle, to which we paid fees for small real estate-related projects; and Sonatype, from which we purchased software licenses. Also, Mr. Quinlan was previously employed by Deloitte & Touche LLP, the Company's independent registered public accounting firm, including as a Principal and Global Chief Information Officer. He retired and disassociated from Deloitte in 2021.
- Mr. Read served during 2022 as CEO and director of Vodafone Group, from which we purchased communication services and internet bandwidth.
- Mr. Rothman is Chairman and CEO of Sony Pictures Entertainment Motion Picture Group, from which we purchased a music copyright license.
- Ms. Vojvodich Radakovich serves as director at Dell Technologies, from which we purchased computer hardware and software, and Figma, from which we purchased software licenses.
- Ms. Wittman serves as director of American International Group, Inc., from which we purchase corporate insurance policies through a broker.

For each transaction described above, the amount of payments made and received by each entity represented an immaterial percentage of the Company's and the other entity's revenues. The Board and the CG Committee concluded that all such transactions have been conducted on an ordinary course, arm's-length basis and do not interfere with the exercise of independent judgment by the relevant directors. The Board and CG Committee also considered Mr. Quinlan's prior employment with Deloitte and concluded this prior relationship would not interfere with Mr. Quinlan's exercising independent judgment as a director on our Board.

## Certain Relationships and Related Person Transactions

### Review and Approval or Ratification of Related Person Transactions

The Audit Committee, pursuant to a written policy, reviews all relationships and transactions in which we participate and in which any related person has a direct or indirect material interest and the transaction involves or is expected to involve payments of \$120,000 or more in the aggregate per fiscal year. Our legal staff is primarily responsible for gathering relevant information from our directors and executive officers. Related person transactions are generally identified in:

- questionnaires annually distributed to our directors and executive officers;
- certifications submitted annually by our executive officers and directors related to their compliance with our Code of Conduct;
- communications made directly by the related person to management; and
- periodic internal reviews by management.

As required under SEC rules, transactions in which we participate and in which any related person has a direct or indirect material interest and the amount involved exceeds \$120,000 are disclosed in our proxy statement. The Audit Committee reviews and approves or ratifies any such related person transaction. In the course of its review and approval or ratification of a disclosable related party transaction, the Audit Committee considers:

- the nature of the related person's interest in the transaction;
- the material terms of the transaction, including, without limitation, the amount and type of transaction;
- the importance of the transaction to the related person;
- the importance of the transaction to us;
- whether the transaction would impair the judgment of a director or executive officer to act in our best interests; and
- any other matters the Audit Committee deems appropriate.

Any member of the Audit Committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote respecting approval or ratification of the transaction. This process is included in our Corporate Governance Principles, which is available at [www.bookingholdings.com](http://www.bookingholdings.com).

## Board Practices and Procedures

### Communications with the Board of Directors

Stockholders may contact any of our directors, a committee of the Board, non-employee or independent directors as a group, or the Board as a whole by writing to them c/o Office of the General Counsel, Booking Holdings Inc., 800 Connecticut Avenue, Norwalk, Connecticut 06854. Stockholders should state in such communication how many shares of our common stock they own as of the date of their communication. Communications received in this manner by the Board will be initially reviewed and logged by our Corporate Secretary and then periodically, and at least quarterly, forwarded to the Chair of the Board and the Lead Independent Director, if there is one, and/or the Chair of the CG Committee.

### Board of Director Attendance

Regular meetings of the Board are generally held six times per year and special meetings are scheduled when necessary. The Board held eight meetings in 2022. For 2022, all directors attended at least 75% of the meetings of the Board and the committees of which they were members held while they were serving on the Board and any such committees.

### Attendance at Annual Meetings

We expect directors to attend our annual meetings of stockholders. All eleven members of the Board who were director nominees at our 2022 annual meeting of stockholders attended the 2022 meeting.

### Compensation-related Corporate Governance

See *Compensation Governance Matters* on page 68 for our various compensation-related corporate governance policies and practices, including policies regarding compensation clawbacks, 10b5-1 plans, and hedging and pledging of securities.

### Director Orientation and Continuing Education

New directors participate in our director orientation program, which includes in-depth sessions devoted to director fiduciary obligations, our Company's strategy and operations, and introductions to key members of management, among other topics. Topics are tailored based on the director's committee membership(s) and background.

We encourage directors to attend corporate governance and other director workshops to further develop their expertise and stay abreast of issues relevant to their service on the Board. Our policy is to reimburse directors for the costs of attending such programs. In addition, our Board and committees regularly invite outside experts to present to them on a variety of topics, which have included developments in corporate governance and key areas of risk management such as cybersecurity and privacy issues.

# Sustainability

*Our approach to sustainability is a natural extension of our mission to make it easier for everyone to experience the world.*

*We further our mission of making it easier for everyone to experience the world by staying committed to our values and providing excellent services to our customers. Our organizational values are:*

- Experiences of every kind, for everyone
- Absolute integrity
- Relentless innovation
- Diversity gives us strength
- The sum is greater than our parts

*For more information, visit our sustainability web page at [www.bookingholdings.com/sustainability](http://www.bookingholdings.com/sustainability).*

## Sustainable Travel

We have a responsibility to help ensure the world remains worth experiencing and to promote a more sustainable travel industry — culturally, environmentally, and socioeconomically. The CG Committee is tasked with oversight of our sustainability practices and policies, including environmental, social, and governance matters. In addition, management has a Sustainability Steering Committee dedicated to monitoring and driving progress toward our sustainability objectives. Our sustainability strategy is anchored by three pillars: (1) operate our business sustainably and build a culture of sustainability, (2) make it easier for travelers to make sustainable travel choices, and (3) catalyze sustainable travel growth through external collaboration.

### Operating our business sustainably and building a culture of sustainability

In 2022 we became the first global online travel company to launch a [Climate Action Plan](#), which outlines our scope 1, 2, and 3 emissions reductions targets and timelines. This year, we started reporting on our progress toward meeting these goals in our annual Sustainability Report and announced an additional goal to have more than 50% of our bookings made on more sustainable offerings in 2027. In addition, to continue to build a culture of sustainability, we have launched a Climate Awareness and Education Virtual Learning Program at Booking.com that is accessible to all employees, including our leadership team.



We maintained **carbon neutrality** in our operations in 2022. In 2022, we conducted a data center sustainability maturity assessment of our data center footprint.



In offsetting operational emissions, we purchased **Gold Standard and Verified Carbon Standard** certified projects that contribute to the long-term sustainability of the industry.



We are transitioning to **100% renewable electricity** across our offices supported in part by the purchase of energy attribute certificates (EACs).



Our **Travel Sustainable badge**, a global, first of its kind, and independently validated recognition program, expanded across our relevant brands. As of December 31, 2022, over 400,000 properties have had the impact of their sustainability practices validated through the program.

### **Making it easier for travelers to make sustainable travel choices**

Together with our travel provider partners we are on a journey to increase sustainable travel through our Travel Sustainable program. The program includes educational resources and features that make it easier for travelers to discover and book properties that follow sustainable practices.

- The program's flagship initiative, the Travel Sustainable badge for accommodations, expanded across our relevant brands in 2022. This badge identifies properties that follow sustainable practices and provides our consumers with information to make more sustainable choices when they travel. As of December 31, 2022, over 400,000 properties listed on our brand platforms have a Travel Sustainable badge. The Travel Sustainable program was shortlisted for the Skift IDEA awards in the "Change Maker" category for Sustainability.
- Consumers using Booking.com, KAYAK, and Priceline can now filter for electric and hybrid rental cars. Priceline has experienced a significant increase in electric vehicle rentals through expansion of its electric vehicle fleet of car rental providers. Further, at Booking.com, we have included emissions information when booking a flight and expanded our rides capabilities to include electric taxis.
- KAYAK expanded its flights Less CO<sub>2</sub> sorter to all of its markets.

### **Catalyze sustainable travel growth through external collaboration**

We advocate for a more sustainable industry through thought leadership and partnerships across our brands.

- In 2022, Booking.com surveyed 30,000 travelers and over 3,000 accommodation providers about sustainable travel to learn more about how our consumers and partners view sustainable travel options.
- Agoda teamed up with the Global Sustainable Tourism Council (GSTC), which establishes and manages global standards for sustainable travel and tourism, in order to provide sustainability training for hotel professionals in Singapore and Taiwan. The long-term goal is to support hotels in receiving sustainability certification from the certification bodies accredited by GSTC and inclusion into the Travel Sustainable program. Agoda and GSTC sponsored 80 hotel professionals to participate in "Sustainable Hotels" courses which provide them with the knowledge and skills to improve their sustainability practices.
- Booking.com is a founding partner of the Travalyst coalition, a nonprofit organization that is convening a global alliance of leading travel and tourism providers. In 2022, the coalition continued its alignment on the Travel Sustainable methodology and additionally released a methodology for calculating the emissions of the aviation sector that can be used by all coalition members.

You can find more information on our sustainability efforts in our 2022 Sustainability Report, as well as our Climate Action Plan, at [www.bookingholdings.com/sustainability](http://www.bookingholdings.com/sustainability).



## Diversity, Inclusion & Belonging

Our commitment to diversity, inclusion, and belonging means honoring all experiences, valuing all voices, and leading with empathy on our journey to become a more inclusive company. We aspire for our Company to reflect the dynamic populations of our customers and the destinations we help people visit. We believe that our Company, our stockholders, our customers, and our employees all benefit from our commitment to inclusive leadership in all aspects of our Company.

### Leadership at the Top

- The Compensation Committee is tasked with oversight of human capital management, including diversity, inclusion, and belonging, company culture, employee engagement and talent recruitment, development, and retention.
- The CG Committee considers diversity, including viewpoints, backgrounds, experience, gender, race and ethnicity, or national origin, as a factor in recommending persons for election or appointment to the Board.
- Management has a Diversity, Inclusion, & Belonging Steering Committee that includes diversity and inclusion experts as well as business and functional leaders, and oversees efforts by brands and their management teams to cultivate a diverse and inclusive environment across the company.

# 36%

OF THE BOARD  
ARE WOMEN\*

# 4 of 11

DIRECTORS RACIALLY OR  
ETHNICALLY DIVERSE\*

# 2/3

BOARD COMMITTEE  
CHAIRS ARE WOMEN\*

### Our Employee Community

- The Company's Consolidated EEO-1 Report for employees in the United States (which represents approximately 15% of our workforce as of December 31, 2022) can be found at [www.bookingholdings.com/about/eo/](http://www.bookingholdings.com/about/eo/). Certain jurisdictions, particularly outside the United States, present challenges to tracking employee racial or ethnic demographics for legal or privacy reasons.
- As part of our ongoing inclusivity efforts, we continue to explore options that might allow the collection of data voluntarily on a global scale. For example, our brands include diversity and inclusion questions in annual employee engagement surveys to gauge our inclusivity progress.
- We have a multitude of diversity resource groups for employee communities including: LGBTQ+; gender equality; differing physical abilities and neurodiversity needs; veterans; and Black and persons of color.
- We have invested in a robust inclusive leadership training program and unconscious bias training for our leaders with plans to cascade these initiatives further into the organization.
- We are committed to pay equity, regardless of gender, race or ethnicity. With the help of an independent compensation consultant, we conduct pay equity studies every other year and in the off years, we work on remediation plans to address outliers.

# 47%

OF EMPLOYEES  
ARE WOMEN

# 25%

TECH POSITIONS ARE  
FILLED BY WOMEN

# 31%

EXTENDED LEADERSHIP  
TEAM ARE WOMEN\*\*

### Supporting a Diverse Industry

- In 2023, Booking Holdings plans to implement a formalized Vendor Diversity Program aimed at institutionalizing a process to actively include diverse vendors into sourcing and procurement opportunities.
- We partner with external organizations, such as Catalyst, Workplace Pride, Everywoman, and Headspace to further advance diversity, inclusion, and belonging initiatives, and provide training and resources.

\* Assuming all director nominees are elected.

\*\* The Extended Leadership team includes vice presidents and above for all brands except Booking.com, which includes senior directors and above due to a greater number of employees.

America's Most  
JUST Companies  
2023

JUST Capital

Diversity Leaders  
2022  
(Booking.com)

Financial Times

90/100 on the  
Corporate Equality  
Index

Human Rights Foundation

## Cybersecurity & Privacy

We believe that managing cybersecurity, privacy, and data protection and security risk is a vital part of our responsibilities to our customers, partners, and employees, and have built a comprehensive governance structure for these matters.

### Oversight Structure

- The Cybersecurity Subcommittee, which is composed entirely of independent directors, reports to the Audit Committee and has primary oversight of cybersecurity, data protection and security, and privacy risks.
- The Cybersecurity Subcommittee was formed in March 2023 and had its first meeting in April. It oversees management's efforts and processes to identify, assess, manage, and monitor significant cybersecurity and privacy risks, and reports periodically on these matters to the Audit Committee and Board.
- Twice a year the Board receives an update from members of management, including our Chief Information Security Officer, Chief Privacy Officer, and others with responsibility for cybersecurity, privacy, data protection and security, and/or technology risks.
- Our internal audit function conducts an assurance process on the effectiveness of our cyber and privacy programs.

### Cybersecurity Framework

- We have structured our cybersecurity program to align with the National Institute of Standards and Technology Cybersecurity Framework. Our cybersecurity program, which has been adopted by all of our brands, is independently assessed by a third party as part of the Company's enterprise risk management. The conclusions of such assessment are discussed with our Audit Committee and our Board.

### Privacy

- Our privacy program is built upon the Privacy Principles set out in our Code of Conduct: transparency, purpose, control, security, embedded privacy, and accountability. We reinforce these principles and expectations in employee responsibilities through our Protecting Personal Data Policy.
- We are committed to protecting personal data through privacy programs that endeavor to meet the standards set and monitored by our Global Privacy Team. The Chief Privacy Officer, together with brand-level privacy leaders, form the Global Privacy Advisory Council and jointly monitor internal and external risks and align strategies to mitigate and/or remediate risks.

### Continuous Employee Education

- We require that all employees complete annual information security awareness training.
- We use a multichannel and multi-format approach to security and privacy training to maintain privacy focus and compliance. This training provides recurring data protection updates and subject matter expertise on personal data protection.
- We have a Security Ambassadors Program to foster a security-focused culture for a safe, secure, compliant, and trustworthy business environment. Security Ambassadors are employees who act as an extension of the Security and Fraud Department for security advocacy.
- We also conduct phishing tests and conduct specialized training such as secure coding training for our developers.

# Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information known to us with respect to beneficial ownership of our common stock as of March 31, 2023 by (1) each person known by us to be the beneficial owner of more than 5% of our common stock; (2) each member of the Board and each of our director nominees; (3) each of our NEOs in the *Summary Compensation Table* on page 70 of this proxy statement; and (4) all directors and executive officers as a group. The percentage of shares owned is based on 37,212,219 shares outstanding as of March 31, 2023.

| Name of beneficial owner                                                    | Shares beneficially owned <sup>(a)</sup> |         |
|-----------------------------------------------------------------------------|------------------------------------------|---------|
|                                                                             | Number                                   | Percent |
| Robert J. Mylod, Jr.                                                        | 2,580                                    | *       |
| Timothy Armstrong <sup>(b)</sup>                                            | 1,072                                    | *       |
| Glenn D. Fogel                                                              | 26,822                                   | *       |
| Mirian M. Graddick-Weir                                                     | 675                                      | *       |
| Wei Hopeman <sup>(c)</sup>                                                  | 506                                      | *       |
| Charles H. Noski <sup>(d)</sup>                                             | 1,072                                    | *       |
| Larry Quinlan <sup>(e)</sup>                                                | 0                                        | *       |
| Nicholas J. Read                                                            | 647                                      | *       |
| Thomas E. Rothman <sup>(f)</sup>                                            | 1,073                                    | *       |
| Sumit Singh <sup>(g)</sup>                                                  | 220                                      | *       |
| Lynn Vojvodich Radakovich <sup>(h)</sup>                                    | 768                                      | *       |
| Vanessa A. Wittman                                                          | 541                                      | *       |
| David Goulden                                                               | 9,438                                    | *       |
| Peter J. Millones                                                           | 9,365                                    | *       |
| Paulo Pisano                                                                | 646                                      | *       |
| The Vanguard Group <sup>(i)</sup>                                           | 3,131,796                                | 8.1%    |
| BlackRock, Inc. <sup>(i)</sup>                                              | 2,531,184                                | 6.5%    |
| All directors and executive officers as a group (15 persons) <sup>(k)</sup> | 55,425                                   | *       |

\* Represents beneficial ownership of less than one percent.

(a) Beneficial ownership is determined in accordance with the rules of the SEC and includes sole or shared voting and investment power with respect to securities, except as discussed in the footnotes below. Shares of common stock issuable (i) upon the exercise of stock options that are currently exercisable or exercisable within 60 days after March 31, 2023 and (ii) upon vesting of restricted stock units or performance share units that vest by their terms within 60 days after March 31, 2023, are deemed to be outstanding and to be beneficially owned by the person holding such stock options, restricted stock units and/or performance share units for the purpose of computing the percentage ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Certain directors have elected to defer receipt of shares of common stock pursuant to vested restricted stock unit awards for tax planning purposes. However, depending on the terms of the deferral program in place at the time of the deferral, if the director does not have the right to receive the shares until more than 60 days after termination of board service, those shares are not included in the above table even though the director has vested in the shares and bears the economic risk of ownership.

(b) Does not include 755 vested shares the receipt of which has been deferred by Mr. Armstrong for tax planning purposes (such shares will be issued to Mr. Armstrong 90 days after termination of his Board service).

(c) Includes 115 shares held by a family trust.

(d) Does not include 209 vested shares the receipt of which has been deferred by Mr. Noski for tax planning purposes (such shares will be issued to Mr. Noski 90 days after termination of his Board service).

(e) Mr. Quinlan joined the Board on October 13, 2022.

(f) Does not include 755 vested shares the receipt of which has been deferred by Mr. Rothman for tax planning purposes (such shares will be issued to Mr. Rothman 90 days after termination of his Board service). Includes 1 share held by a family trust.

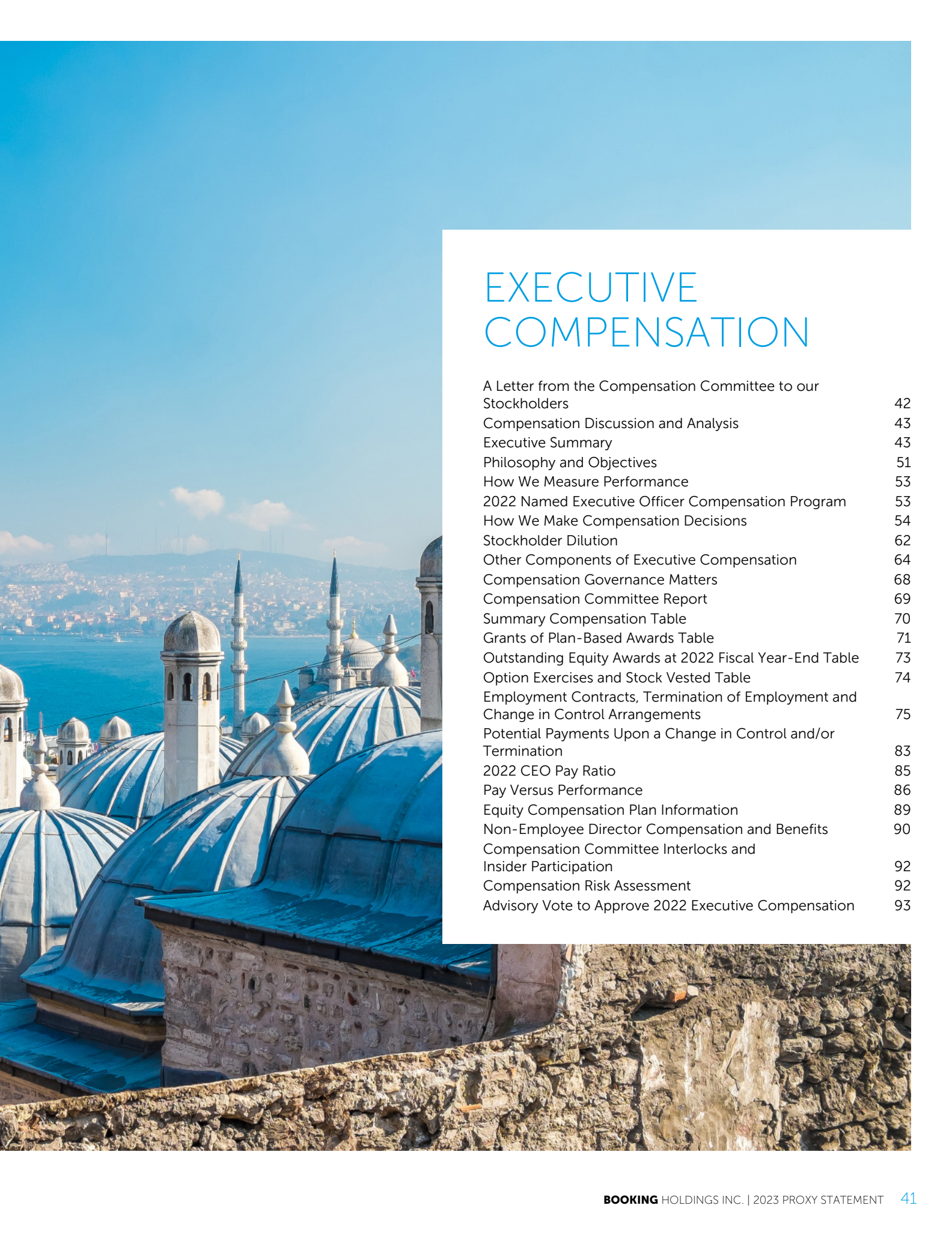
(g) Represents shares held by family trusts. Mr. Singh was elected to the Board on June 9, 2022.

(h) Includes 651 shares held by a family trust.

## CORPORATE GOVERNANCE

### Security Ownership of Certain Beneficial Owners and Management

- (i) *Based solely on information provided in a Schedule 13G/A filed by The Vanguard Group ("Vanguard") with the SEC on February 9, 2023. These securities are owned by Vanguard directly or through wholly-owned subsidiaries of Vanguard. Vanguard reported that it had sole voting power over 0 shares, shared voting power over 58,108 shares, sole dispositive power over 2,968,181 shares and shared dispositive power over 163,615 shares. Vanguard lists its address as 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.*
- (j) *Based solely on information provided in a Schedule 13G/A filed by BlackRock, Inc. ("BlackRock") with the SEC on February 7, 2023. These securities are owned by various institutional investors affiliated with BlackRock. BlackRock reported that it had sole voting power over 2,236,508 shares, shared voting power over 0 shares, sole dispositive power over 2,531,184 shares and shared dispositive power over 0 shares. BlackRock lists its address as 55 East 52nd Street, New York, New York 10055.*
- (k) *Consists of shares beneficially owned by all of our directors and executive officers as a group. Does not include 1,719 vested shares of non-employee directors, the receipt of which has been deferred for tax planning purposes (because such shares will be issued 90 days after termination of such director's Board service).*



# EXECUTIVE COMPENSATION

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# A Letter from the Compensation Committee to our Stockholders

Dear Fellow Stockholders,

We would like to thank you for your continued support of Booking Holdings. We remain committed to aligning our executive pay with our stockholders' interests. Our compensation philosophy is to design a program linking executive compensation to long-term value creation and positive stockholder returns, primarily through long-term forfeitable equity grants tied to the Company's financial and stock price performance. We also value the judicious use of stock-based compensation – in 2022, our stock-based compensation resulted in less than 0.7% of stockholder dilution.

## Response to Say-on-Pay and Stockholder Outreach

The Compensation Committee took a proactive response following last year's approximately 32% Say-On-Pay vote result, reaching out to stockholders who collectively owned about 50% of our outstanding shares. We received significant feedback regarding both our 2022 program and our 2023 program design.

As the Chair of this Committee, I participated in many of the meetings, as did Bob Mylod, our Board Chair. We found the conversations thought-provoking and informative. We also invited two significant actively-managed stockholders, who collectively own 5% of our outstanding shares, to speak directly with our full Board. The actions described below directly respond to the feedback from these conversations.

## Compensation Actions

The Committee received feedback on ensuring alignment between stockholder expectations of Company performance and goals in the plan. The Company's performance in 2022 was outstanding – we generated our highest-ever level of revenue and the highest net income among travel companies, and our stock price outperformed the S&P 500 – running ahead of targets in the plan, which had been set in the beginning of 2022 when the pandemic was still severely affecting travel. We considered in particular that the majority of investors would have preferred that the Committee applied negative discretion to the 2021 incentive payouts that exceeded targets, after positive discretion had been used in respect of the 2018 and 2019 performance share units ("PSUs") affected by the COVID-19 pandemic. In response, in 2022, the Committee decided to use downward discretion for the Named Executive Officers' ("NEOs") bonuses. Our use of negative discretion for the NEOs' bonuses was out of the ordinary and we do not intend to exercise discretion, particularly positive discretion, on an ongoing basis. We are committed to setting rigorous short- and long-term targets, taking into account stockholders' expectations. In the event we do use discretion, we think it is important to lean on objective principles to guide its use in a structured way. For 2022, our framework recalibrated the NEOs' bonuses to align with more aspirational targets in line with consensus estimates for the Company's financial performance and reduced each NEO's bonus based on achievement against those higher targets.

Our primary focus was the program design for 2023 to ensure our executive compensation is appropriately aligned with stockholder returns going forward. We considered the following feedback from our stockholders:

- Endorsement for the return of long-term targets as a preferred alternative to the one year sub-period goals in our PSU grants made during the pandemic. This also ensures there is no overlap between performance targets for the short-term and long-term incentive programs.
- Broad support for the addition of time-based components to our equity program, while maintaining long-term forfeitable PSU grants as the primary compensation vehicle.
- Positive reaction to the introduction of TSR components in recent PSU grants, including a relative TSR modifier and an absolute TSR governor.

In 2023, we have returned to our historical practice of PSUs with 3-year targets, which consistently garnered over 90% support from stockholders prior to the pandemic-related program changes. We further aligned executive compensation with stockholder returns by including both a relative TSR modifier and an absolute TSR governor in the 2023 PSUs. Through the pandemic, we learned the value of providing some restricted stock units ("RSUs") for stability, while keeping the majority of equity tied to performance goals. For 2023 we granted 25% of long-term incentives in RSUs and 75% in PSUs.<sup>(1)</sup>

## Recap of 2022 and Looking Ahead to 2023

The Compensation Committee believes our outreach, the reduction of the NEOs' 2022 bonus payouts through structured negative discretion, and the design of our 2023 program based around a 3-year long-term PSU grant with TSR components demonstrate our

(1) Mr. Pisano's 2023 grant is comprised of 29% RSUs and 71% PSUs as part of his transition to the other NEOs' compensation model.

responsiveness to and alignment with stockholders. We remain committed to responsible stewardship of our Company's executive compensation programs, ensuring they attract, motivate, and retain top executives to enhance stockholder value.

The Committee is pleased with the performance of our executive officers and the Company overall over the past year. As noted above, from January 1, 2022 through April 18, 2023, Booking Holdings' stock price has been up +12.4%, while the S&P 500 has been down -12.8% during the same period. See *Company Achievements* below for more on 2022 performance.

We look forward to engaging with stockholders this spring. Thank you again for your continued support and investment in our Company.

Mirian M. Graddick-Weir, Chair

Timothy Armstrong

Robert J. Mylod, Jr.

Lynn Vojvodich Radakovich

## Compensation Discussion and Analysis

This Compensation Discussion and Analysis ("CD&A") describes the goals, rationale, and key elements of our 2022 executive officer compensation program. Our NEOs, who were our only executive officers for purposes of Exchange Act Rule 3b-7 during 2022, were:

| Name                       | Title                                                                                    | Age <sup>2</sup> | Executive Officer Since |
|----------------------------|------------------------------------------------------------------------------------------|------------------|-------------------------|
| Glenn D. Fogel             | Director, President, and Chief Executive Officer<br>Chief Executive Officer, Booking.com | 61               | 2011                    |
| David Goulden <sup>1</sup> | Executive Vice President and Chief Financial Officer                                     | 63               | 2018                    |
| Peter J. Millones          | Executive Vice President and General Counsel                                             | 53               | 2001                    |
| Paulo Pisano               | Executive Vice President and Chief Human Resources Officer                               | 49               | 2021                    |

<sup>1</sup> The Company announced that Mr. Goulden will be retiring from his role as Chief Financial Officer pending the expected hiring of a successor by March 2024.

<sup>2</sup> Age as of March 31, 2023.

## Executive Summary

### Our response to Say-on-Pay

We were disappointed with the results of the say-on-pay proposal at the 2022 Annual Meeting and responded proactively. We reached out to stockholders that collectively owned approximately 48% of our shares and engaged 14 of our top 30 stockholders, including seven of our top ten. The Compensation Committee Chair and Board Chair joined several of these meetings to hear from and constructively engage with stockholders directly, primarily in regard to how we could better align executive compensation with stockholder expectations. See *2022 Say-on-Pay Advisory Vote and Stockholder Engagement* for more information. These discussions led the Compensation Committee to:

- exercise negative discretion for each NEO's 2022 annual bonus, using a structured approach that balances our outstanding 2022 financial and stock price performance with stockholder expectations for performance targets;
- incorporate program features implemented during pandemic-affected periods that stockholders expressed support for, including the addition of a time-based equity component to make the program more resilient, and a relative TSR modifier and an absolute TSR governor in our PSU awards; and
- design a 2023 compensation program that links executive compensation to long-term value creation and positive stockholder returns, primarily through long-term forfeitable equity grants tied to Company financial and stock price performance over three years, which pay out the maximum only if the Company outperforms expectations and our total stockholder return is positive.

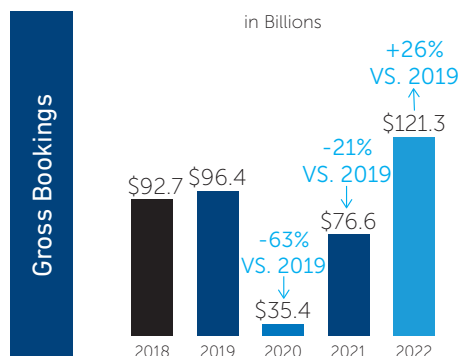
## Company Achievements

In 2022, the Company rebounded from the COVID-19 pandemic faster than expected, with a record number of room nights booked and its highest-ever gross bookings and revenue. The Company had the highest net income among travel companies and its stock price outperformed the S&P 500. It achieved these milestones despite travel restrictions remaining in place in many parts of the world, a steep decline in bookings at the outset of the year as a result of the Omicron surge, and the ongoing impact of the Russian invasion of Ukraine, among other things.

Management focused on strengthening the Company's position through the recovery and executing on key strategic priorities, including:

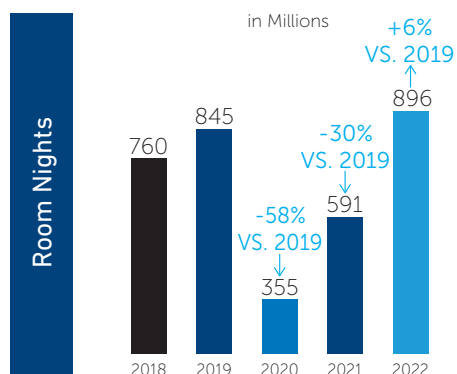
- Returned \$6.5 billion to stockholders;
- Reduced our total outstanding share count by 8% versus the end of 2021;
- Continued efforts to make our brands the most trusted and convenient platforms for consumers and partners;
- Continued development of our long-term Connected Trip vision and growth of our payments platform;
- Increased room nights and brand awareness in the U.S.;
- Improved loyalty programs, particularly the Genius program at Booking.com, and increased focus on value for our customers;
- Expanded our Travel Sustainable program and published our Climate Action Plan;
- Launched Rooms for Refugees at Booking.com, which assisted over 70,000 refugees displaced by the Russian invasion of Ukraine to book free and discounted rooms; and
- Continued our focus on diversity, equity, and inclusion, including continued investment in inclusive leadership and unconscious bias training.

## Financial and Operating Performance



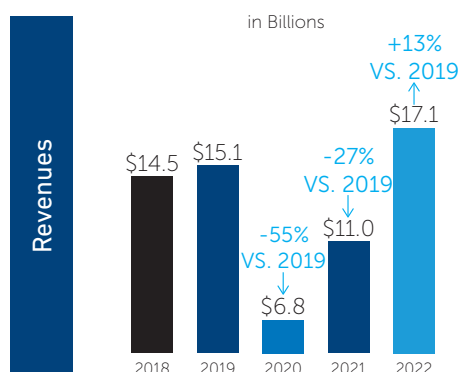
**58%**  
Gross  
Bookings  
Increase  
compared  
to 2021

Gross bookings is a common operating and statistical metric used in the travel industry representing the total U.S. Dollar value, generally inclusive of all taxes and fees, of all travel services purchased by consumers through our online travel reservation businesses, net of cancellations.



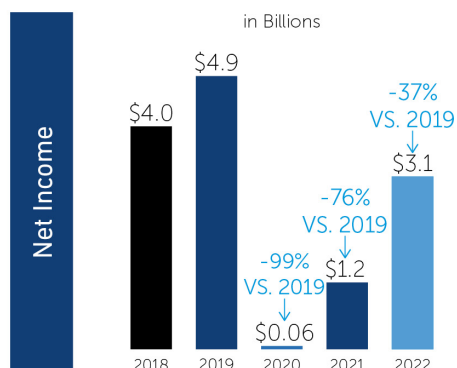
**896M**  
Room Nights  
Booked

This represents a 52% increase compared to 2021.



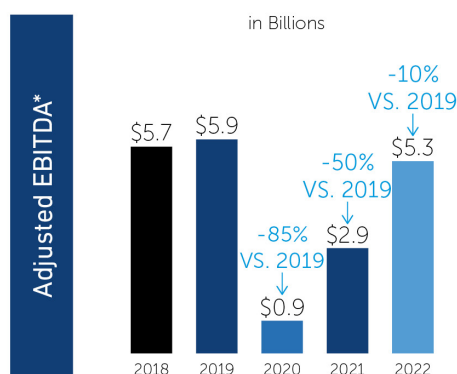
**\$17.1B**  
in Revenues

This represents a 56% increase compared to 2021.



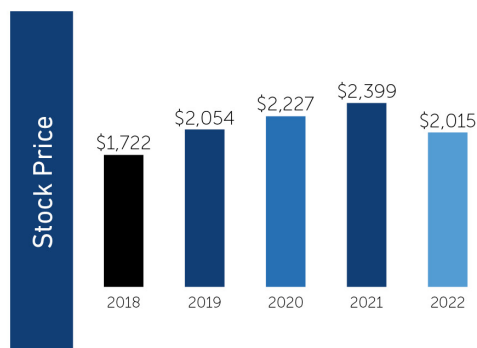
**\$3.1B**  
in Net Income

This was the highest among travel companies and an increase of 162% compared to 2021.



**\$5.3B**  
in Adjusted EBITDA

This represents an 82% increase compared to 2021.



**17%**  
stock price  
increase over the  
four-year period

On April 18, 2023, our stock price reached a twelve-month high of \$2,696.68.

\* See Appendix A to this proxy statement for a reconciliation of non-GAAP financial measures and rationale for use of non-GAAP financial measures.



## Returning Value to Stockholders

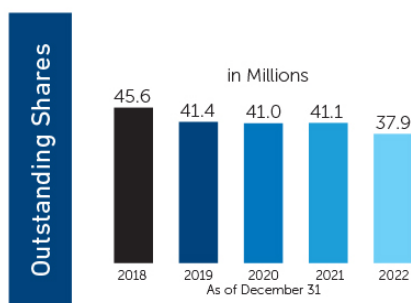
We are committed to returning value to stockholders and to the judicious use of stock-based compensation.

### RETURN OF STOCKHOLDER VALUE

In 2022, we repurchased \$6.5 billion of our shares, **reducing our year-end share count by 8%** versus 2021.

In 2022, our stock-based compensation resulted in **less than 0.7% of stockholder dilution**.

In February 2023, we announced a new authorization to repurchase **\$20 billion of our stock**.



Share count reduced by  
**17%**  
since 2018

We expect to complete repurchases under our \$20 billion stock repurchase authorization and our prior \$4 billion authorization within the next four years.

During 2022, our stock price achieved its highest closing price of \$2,703 on February 16, 2022, representing a 135% increase from the low price in 2020 of \$1,152 on March 23, 2020. From January 1, 2022 through April 18, 2023, Booking Holdings' stock price has been up +12.4%, while the S&P 500 has been down -12.8% during the same period.

## 2022 Executive Compensation Highlights

### Early 2022 Compensation Planning

- Compensation planning for 2022 was completed while the Omicron surge was causing renewed uncertainty for the health of the travel industry and the potential for new travel restrictions that could severely inhibit our business. With this context, while taking into account learnings from the Company's experience during COVID, the Compensation Committee's 2022 program design:
  - Returned to PSUs with three-year vesting periods (maintaining annual target-setting, due to the difficulty of setting accurate targets in the midst of the Omicron surge);
  - Reinforced our commitment to pay aligned with stockholder interests by implementing for the first time a total stockholder return governor that caps PSUs' vesting factor at target if absolute stockholder return is flat or negative over the course of the measurement period (the "TSR governor"); and
  - Included a relative TSR modifier that impacts PSUs based on TSR performance relative to our peers.

### 2022 Stockholder Outreach

- In June 2022, the say-on-pay proposal did not receive majority support from stockholders. Our Compensation Committee Chair, Board Chair, and management proactively reached out to stockholders to hear their concerns and devise an appropriate response. Stockholders:
  - Overwhelmingly favored a return to the Company's pre-pandemic focus on a long-term, forfeitable PSU award, with three-year performance goals and payouts above target occurring only as a result of outstanding financial performance and stock price appreciation;
  - Wanted to ensure that targets for the short-term incentive program and long-term incentive program did not overlap and aligned with financial performance and stock price expectations;
  - Expressed openness to the Committee choosing to exercise negative discretion, if applied in a structured, transparent manner;
  - Agreed with the addition of a time-based component to the long-term incentive program, which was introduced during the pandemic; and
  - Were enthusiastic about the continued usage of a relative TSR modifier and the addition in 2022 of the absolute TSR governor.

### End of 2022 Compensation Decisions

The Company's 2022 financial results were significantly more positive than initially expected. As a result, the annual bonus pool formula would have resulted in maximum funding for bonuses, including the NEOs' bonuses, at 3 times target. However, since our 2022 compensation planning occurred when the ongoing impact of the pandemic on the Company's business was uncertain, and in response to stockholders' feedback that target setting may have been conservative relative to consensus expectations, the Compensation Committee considered that a judicious, structured use of negative discretion would be appropriate in this circumstance.

- The Compensation Committee utilized a framework recommended by the independent compensation consultant to apply downward discretion to each NEO's 2022 annual bonus. See *2022 Short-term Incentive Plan Outcomes*.

### 2023 Compensation Program Highlights

The Compensation Committee reflected feedback received from stockholders during the spring and fall of 2022 in the 2023 compensation program design. The 2023 program design returns certain elements long-favored by our stockholders while incorporating the Company's learnings through the COVID-19 pandemic.

- Long-term incentive program comprised of 75% PSUs and 25% RSUs.
- Return to PSUs with three year long-term targets.
- Targets for short-term annual incentive plan and long-term incentive program do not overlap.
- 2023 PSUs include rTSR modifier and absolute TSR governor, ensuring executives will not receive meaningful equity upside unless stockholders benefit from stock price appreciation.
- Adopt a new Termination Pay Policy limiting certain NEO cash severance. See *Severance Benefits*.

## 2022 Say-on-Pay Advisory Vote and Stockholder Engagement

We provide our stockholders with the opportunity to cast an annual advisory vote on executive compensation (a “say-on-pay” proposal). While our stockholders have historically supported our executive compensation program with approximately 91%, 95%, and 90% support in 2021, 2020, and 2019, respectively, in 2022 the say-on-pay proposal received approximately 32% support. The Board and Compensation Committee take this outcome seriously and have been focused on responding to this feedback.

We have a year-round governance and compensation-focused stockholder engagement program aimed at facilitating open communication with our stockholders. This outreach was particularly important surrounding the say-on-pay results at the Company’s June 2022 annual meeting to ensure we understood stockholders’ concerns and to inform our response. Our Compensation Committee Chair and Board Chair, who already had significant involvement in our outreach efforts, also increased the number and scope of their direct engagements.

### WHO WE REACHED OUT TO

#### Spring 2022

- Outreach to **31 investors** representing **49% of outstanding shares**
- Meetings with **18 investors** representing **38% of outstanding shares**
- Director present in **6 meetings** representing **22% of outstanding shares**

#### Fall 2022/Winter 2023

- Full board discussion with two actively-managed stockholders, who collectively own **5% of our outstanding shares**
- Outreach to **30 investors** representing **48% of outstanding shares**
- Meetings with **18 investors** representing **31% of outstanding shares**
- Director present in **4 meetings** representing **18% of outstanding shares**

### KEY ENGAGEMENT MEMBERS



### KEY THEMES

| EXECUTIVE COMPENSATION                                                                                                                                                  | BOARD GOVERNANCE AND OVERSIGHT                                                                      | GOVERNANCE AND SUSTAINABILITY                                                                                         | HUMAN CAPITAL MANAGEMENT                                                                                           | COMPANY STRATEGY                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Say-on-pay response</li> <li>• Impact of COVID on program</li> <li>• Additional program changes under consideration</li> </ul> | <ul style="list-style-type: none"> <li>• Board refreshment</li> <li>• Stockholder rights</li> </ul> | <ul style="list-style-type: none"> <li>• Climate action</li> <li>• Human rights</li> <li>• Data protection</li> </ul> | <ul style="list-style-type: none"> <li>• Diversity, equity, and inclusion</li> <li>• Metrics disclosure</li> </ul> | <ul style="list-style-type: none"> <li>• Key strategic initiatives</li> </ul> |

## WHAT WE HEARD ON COMPENSATION



While appreciating the need to make COVID-related changes, and the increased impact of the pandemic on the Company's business, there was a desire to move past COVID adjustments.



Disfavored use of PSU awards with shorter than three-year vesting periods and annual targets.



General support for an element of time-based awards as part of the overall compensation package to prevent complete forfeiture in the event of another significant macroeconomic event.



Many stockholders preferred the incorporation of other financial metrics within the compensation program, with a particular focus on relative and stockholder return-focused metrics.



While most stockholders understood the annual incentive and long-term incentive targets were set during a time of uncertainty, they would have preferred the Committee or Board to have used discretion to adjust compensation downward once the outperformance of the 2021 program was clear, particularly given that discretion was used to adjust awards when they would have been completely forfeited once the impact of the COVID-19 pandemic became clear in 2020-21.



A minority of stockholders disfavored the use of any upward or downward exercise of discretion, on principle.



Discomfort with the quantum of stock-based executive compensation in 2021 compared to prior years.



Requests to consider the inclusion of non-financial metrics in the short-term incentive plan, for instance relating to ESG matters, and concern that there were no individual bonus caps.



Opposition to the in-period COVID-related adjustments made to the 2018 and 2019 PSU grants.

## WHAT WE ARE DOING TO RESPOND



In 2023, our long-term incentive program has returned to three-year PSUs with three-year targets, the foundation of a program that consistently received over 90% support from our stockholders.



We addressed the overperformance of the 2022 annual incentive plan relative to the targets set at the beginning of 2022 with the structured exercise of downward discretion applied to our NEOs' 2022 annual bonuses. Our use of negative discretion for the NEOs' bonuses was out of the ordinary and we do not intend to exercise discretion on an ongoing basis.



We balanced concerns from a minority of stockholders regarding the use of discretion by engaging with stockholders prior to making a determination regarding discretion and using a structured framework to guide its use.



Continued inclusion of an rTSR modifier that can adjust the PSU vesting factors upward or downward by 25% depending on the Company's TSR performance relative to peers.



PSUs also include a TSR governor that caps the vesting factor at target unless the absolute TSR of the Company is positive, to ensure that executives do not receive meaningful payouts unless we deliver positive stock price growth over the long term to stockholders.



The compensation program incorporates learnings from COVID by maintaining a time-based element with equity awards generally consisting of 25% RSUs and 75% PSUs.



Incentivize top- and bottom-line growth with EBITDA and Revenue metrics along with relative metrics to align executive officer compensation with stockholder value creation.



The Committee considers individual contributions to the execution of business priorities and other non-financial goals as part of determining payouts under the short-term incentive plan.



In addition to the judicious use of discretion to reduce all NEOs' 2022 annual bonuses, the Committee believes that the 2023 program design, focused on three-year PSUs with an absolute TSR governor and relative TSR modifier, ensures that executives' compensation will be aligned with positive stockholder returns.



The Committee believed the use of structured negative discretion to limit all NEOs' bonuses to 2 times target responded to the concerns raised by investors.



The Committee seeks guidance from our independent compensation consultant and reviews benchmarks against peers to determine executive pay. The quantum of NEOs' pay (including equity grants) is consistently set within a competitive range around the median of our Compensation Peer Group, excepting pandemic-affected periods.

## Philosophy and Objectives

The Company's executive compensation program has consistently adhered to fundamental principles that guide the Compensation Committee's decision making while navigating external circumstances such as the COVID-19 pandemic. The Committee leverages learnings from these types of events and prioritizes feedback from stockholders to improve the compensation program while following the Company's longstanding compensation principles, including:

- **Performance-based:** executive officers should be compensated primarily on performance.
- **Alignment with interests of stockholders:** the programs should incentivize management through performance metrics that are likely to increase long-term stockholder returns and value.
- **Retention:** the programs should help us attract and retain key management talent.
- **Consistency:** the programs should be consistent over time to enable executive officers to implement a long-term strategy and reward them if they achieve long-term results.
- **Business-focused:** the programs aim to compensate executive officers primarily for their management of the business and endeavor to mitigate the impact of external factors, such as currency fluctuations.
- **Risk management:** the programs should incentivize appropriate risk taking.
- **Balance of short- and long-term performance:** unexpected macro events should not have an outsized impact on the programs.

## Compensation Best Practices

The Compensation Committee continually reviews our executive officer compensation program, solicits feedback from stockholders, and seeks the advice of Semler Brossy, its independent compensation consultant, to ensure the Company's compensation practices are in the best interests of our stockholders. Our key compensation practices include:

### WE DO:

- ✓ Tie pay to performance.
- ✓ Cap the bonus pool from which senior executives' individual cash bonuses are paid.
- ✓ Use "double triggers" in our severance agreements and equity awards.
- ✓ Have meaningful stock ownership guidelines.
- ✓ Have a clawback policy.
- ✓ Conduct an annual risk assessment of our executive officer compensation program.
- ✓ Conduct a robust stockholder engagement process.
- ✓ Conduct formal executive succession planning.
- ✓ Limit PSU payouts at target if TSR is negative over the PSU measurement period.

### WE DO NOT:

- ✗ Provide change in control severance tax gross-ups.
- ✗ Permit stock option repricing without stockholder approval.
- ✗ Provide significant executive-only perquisites.
- ✗ Permit hedging or pledging of our stock by our directors and executive officers.
- ✗ Enter into new arrangements with executive officers that would pay cash severance in excess of 2.99 times salary and target bonus, without stockholder ratification.

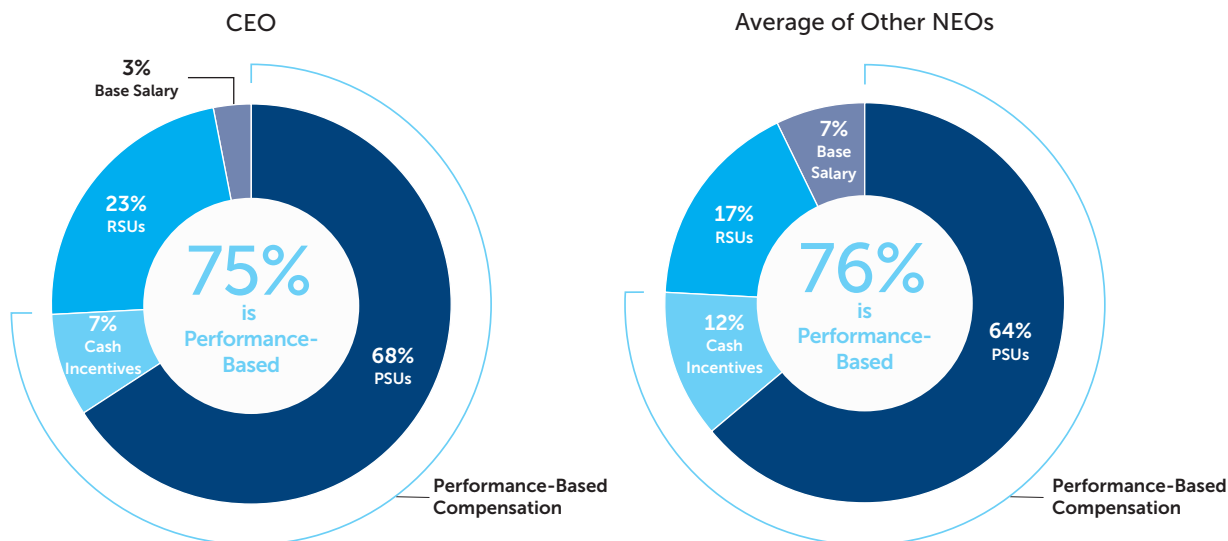
## Pay Elements

We use different elements in our executive compensation program to drive different behaviors. The elements work together to achieve our compensation philosophy and objectives described above.

| Element                      | Purpose                                                                                                                                           | Key Characteristics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Base Salary                  | Provide a level of economic security and stability so executives can focus on meeting our objectives.                                             | Determined by: <ul style="list-style-type: none"> <li>Information from the Compensation Peer Group described below;</li> <li>Individual performance of the executive, including level of responsibility and breadth of knowledge; and</li> <li>Review of the executive's total compensation, both individually and relative to other senior executives.</li> </ul>                                                                                                                                                                                  |
| Short-term Incentive Program | Provide a meaningful incentive to meet short-term objectives.                                                                                     | <ul style="list-style-type: none"> <li>Capped bonus pool determined by Company financial performance; and</li> <li>Individual bonuses determined by a combination of Company financial performance and individual performance.</li> </ul>                                                                                                                                                                                                                                                                                                           |
| Long-term Incentive Program  | Provide a significant compensation opportunity tied to long-term financial performance and increases in our stock price over a three-year period. | <p>PSUs</p> <ul style="list-style-type: none"> <li>Tied to our financial performance, our relative TSR compared to a group of travel and tourism peers, and capped at target if absolute TSR is not positive;</li> <li>Number of shares ranges from zero to 2x the target grant amount, depending on our financial performance over a three-year period; and</li> <li>Vest, subject to continued employment, on the three-year anniversary of the grant date (with the exception of Mr. Goulden's 2022 and 2023 PSU awards<sup>1</sup>).</li> </ul> |
|                              | Provide a retention element that balances the at-risk pay in the long-term incentive program.                                                     | <p>RSUs</p> <ul style="list-style-type: none"> <li>Tied to value of stock to align executives' interests with those of stockholders; and</li> <li>Also used in connection with new hires or promotions to provide an initial stake in the Company and an additional retention incentive until the individual's PSUs begin to vest.</li> </ul>                                                                                                                                                                                                       |

1. Discussed below under Mr. Goulden's PSU Award.

### 2022 Compensation Mix (At Target)<sup>(1)</sup>



(1) Percentages are approximate due to rounding.



## How We Measure Performance

We measure performance based on four financial metrics:

- **Revenue** is the Company's revenue, taking into account any Compensation EBITDA adjustments that impact revenue.
- **Compensation EBITDA** is a non-GAAP financial measure based on our adjusted earnings before interest, taxes, depreciation, and amortization, as publicly reported in our earnings press releases ("Adjusted EBITDA"), further adjusted to ensure performance is measured on a basis consistent with how the performance targets were set and to reduce the risk that our compensation plan could incentivize inappropriate decision-making by management to achieve Compensation EBITDA targets. In particular, Compensation EBITDA:
  - Is impacted by stock-based compensation expenses;
  - Excludes results of acquisitions that were not incorporated into the targets set at the outset of awards to prevent "buying results;"
  - Excludes the impact of foreign exchange rate changes between the time targets are set and the end of the relevant period; and
  - Treats all capital expenditures as expenses, which reduces Compensation EBITDA relative to our Adjusted EBITDA.
- **Relative Total Stockholder Return (rTSR)** is a measurement of the Company's total stockholder return versus the total stockholder return of a group of the Company's travel and tourism peers. The rTSR Modifier is applicable to the PSUs.
- **Absolute Total Stockholder Return (TSR)** is a measurement of the Company's absolute total stockholder return over the course of three years, to ensure executive compensation is aligned with stockholder value creation. The Absolute TSR is applicable to the PSUs.
- **Individual Contributions** such as individual execution against the Company's strategic priorities, including non-financial goals.

## 2022 Named Executive Officer Compensation Program

Each year, the Compensation Committee reviews all compensation elements, including each executive officer's base salary, annual cash incentive bonus plan opportunity, and long-term equity incentives, as well as payments that would be required under various severance and change in control scenarios. The Compensation Committee also considers each executive's market compensation levels and individual performance, including level of responsibility, potential for individual contribution, and breadth of knowledge and expertise.

Following the 2022 say-on-pay proposal outcome, members of the Compensation Committee spoke with stockholders to understand their views, which represented a spectrum of opinions described in more detail in *2022 Say-on-Pay Advisory Vote and Stockholder Engagement*. Overall, the Committee concluded that the optimal way to respond was to balance concerns raised in relation to performance targets set in 2022 through the exercise of negative discretion with respect to the NEOs' 2022 annual bonuses, and returning to the core three-year long-term incentive awards based on Compensation EBITDA and Revenue with the addition of absolute and relative stockholder value-aligned metrics and time-based equity awards.

Certain of the program changes reflecting the stockholder outreach efforts are reflected only on a go-forward basis in the 2023 compensation program because of the timing of the feedback in relation to the 2022 compensation planning cycle. At the outset of 2022, the Compensation Committee was not in a position to set long-term targets with an appropriate level of precision due to the uncertainty in the travel industry resulting from the renewed travel restrictions and cancellations amid the Omicron variant surge. As the travel industry recovered during the year and the Compensation Committee absorbed the results of the 2022 say-on-pay proposal and subsequent stockholder engagement, it decided to exercise structured negative discretion for the 2022 NEO bonus awards while instituting other changes in the 2023 compensation program design. At the same time, the Compensation Committee's 2022 pay decisions reflect the recognition of extraordinary leadership that contributed in large part to the Company's record-breaking 2022 financial results and strong stock price performance.

## How We Make Compensation Decisions



## 2022 Base Salaries

In 2022, the Compensation Committee did not make changes to Mr. Fogel's base salary, while increasing the base salaries of Messrs. Goulden, Millones, and Pisano. There were no salary increases in 2021 (with the exception of Mr. Pisano's increase associated with his promotion) and all three of the named executive officers during 2020 voluntarily declined or reduced their salaries in 2020.

| Executive Officer           | 2021 Salary |         | 2022 Salary |         |
|-----------------------------|-------------|---------|-------------|---------|
| Glenn D. Fogel              | \$          | 750,000 | \$          | 750,000 |
| David Goulden               | \$          | 600,000 | \$          | 625,000 |
| Peter J. Millones           | \$          | 530,000 | \$          | 552,083 |
| Paulo Pisano <sup>(1)</sup> | \$          | 455,764 | \$          | 420,225 |

1. 2021 salary reflects the average 2021 EUR/USD exchange rate of 1.1825219 and 2022 salary reflects the average 2022 EUR/USD exchange rate of 1.05056161.

## Short-term Incentive Program

The fundamental principle driving the funding of our 2022 senior management short-term incentive plan was the Company's outperforming expectations for recovery in revenue and earnings on a fixed currency basis, taking into account management's outlook for travel recovery, the size of our business, market expectations regarding our recovery, and our expectations regarding the growth of our markets. Generally, in order for our senior executives to achieve their target annual bonus amounts, we must achieve a combination of Compensation EBITDA and Revenue that corresponds to a 1x bonus pool.

The short-term incentive plan pool applicable to our executive officers is funded based on our Compensation EBITDA and Revenue, which were used on an equally weighted basis to measure performance in connection with the 2022 senior management short-term incentive plan.

The amount in the pool increases as our Compensation EBITDA and/or Revenue increase (until the cap on the pool is reached), and cash bonuses are awarded to executive officers from this pool. However, although Company performance is a key factor in individual bonus payments for our executive officers, the Compensation Committee maintains discretion to adjust the aggregate pool and/or individual bonuses upwards or downwards as it deems appropriate.

## 2022 Short-term Incentive Plan Outcomes

Compensation EBITDA and Revenue targets for the short-term incentive plan were set in the beginning of 2022 during the surge of the Omicron variant and associated travel restrictions and cancellations, resulting in an uncertain outlook for travel recovery at the time. Ultimately, the Company's 2022 Compensation EBITDA and Revenue performance meaningfully exceeded expectations set at the beginning of 2022, which resulted in the bonus pool being funded at the 3 times target cap set by the Compensation Committee.

| Bonus      | 2022 Revenue Performance Relative to 2021 | 2022 Compensation EBITDA Performance Relative to 2021 |
|------------|-------------------------------------------|-------------------------------------------------------|
| At Target  | 35% growth                                | 20% growth                                            |
| At Maximum | 40% growth                                | 32% growth                                            |
| Actual     | 65% growth                                | 97% growth                                            |

The Compensation Committee incorporated feedback from the 2022 stockholder outreach efforts suggesting that stockholders were generally in favor of the use of structured discretion to align bonus payouts with consensus expectations. The majority of investors would have preferred that the Compensation Committee applied negative discretion to the 2021 incentive payouts that exceeded targets, after positive discretion had been used in respect of the 2018 and 2019 PSUs affected by the COVID-19 pandemic. Based on this feedback and the inability to accurately predict the extent and speed of the travel recovery during the goal setting process at the outset of 2022, the Compensation Committee applied negative discretion to align the NEOs' annual incentive targets with consensus values. The Compensation Committee's use of negative discretion for the NEOs' bonuses was out of the ordinary and they do not intend to exercise discretion, particularly positive discretion, on an ongoing basis. The Compensation Committee, in consultation with the independent compensation consultant, applied a framework for the use of discretion that referenced February 2022 investor consensus EBITDA less capital expenditures and revenue targets as a proxy for the short-term incentive plan targets. With these targets, the Company's Revenue performed 11% above the maximum target and Compensation EBITDA performed 1% below target, resulting in a 2 times target payout for the NEOs (rather than the 3 times payout implied by the original performance targets). Therefore, in consideration of the balanced use of discretion, while taking into account the Company's outstanding financial results, the Compensation Committee awarded the NEOs a bonus payout at 2 times target, which in the case of Mr. Fogel represented \$1,875,000 less than the amount implied by the original performance targets.

The bonuses shown below for the NEOs also reflect individual performance, including each NEO's contributions to the execution of the Company's business priorities and other non-financial goals and priorities described further in *2022 Named Executive Officer Performance*.

| Named Executive Officer     | Base Salary <sup>(2)</sup> | Bonus Target as a % of Base Salary | Actual 2022 Bonus Awarded |
|-----------------------------|----------------------------|------------------------------------|---------------------------|
| Glenn D. Fogel              | \$750,000                  | 250%                               | \$3,750,000               |
| David Goulden               | \$630,000                  | 210%                               | \$2,646,000               |
| Peter J. Millones           | \$556,500                  | 190%                               | \$2,114,700               |
| Paulo Pisano <sup>(1)</sup> | \$420,225                  | 125%                               | \$1,050,562               |

(1) Amounts for Mr. Pisano are converted using the EUR/USD exchange rate of 1.05056161, which was the average rate for 2022.

(2) 2022 bonus is calculated based on each NEOs' base salary as of December 31, 2022, which can differ from the amount reported in the Summary Compensation Table if there was a salary adjustment during the year.

## 2022 Named Executive Officer Performance

### Mr. Fogel

The Board and the Compensation Committee assessed Mr. Fogel's performance during 2022 and considered:

- His exemplary leadership during the COVID-19 pandemic and the subsequent recovery;
- Our financial and operating performance, including the Company's highest revenue, gross bookings, and room nights ever;
- Returns to stockholders, in the form of \$6.5 billion of stock repurchases during 2022, and the Company's stock outperforming the S&P 500 for the year;
- Significant progress on our initiatives to operate the business sustainably, including achieving carbon neutrality in our operations in 2022, growing the Travel Sustainable Program, and being the first online travel company to publish a Climate Action Plan;
- Launch of Rooms for Refugees at Booking.com to assist over 70,000 refugees displaced by the war in Ukraine to book free and discounted rooms;
- Meaningful progress in expanding the Company into other travel verticals, including a flights offering now live in over 50 countries on Booking.com;
- Increased room nights and the Company's brand awareness in the U.S.;
- Continued execution of the payments strategy through growth of our payments platform;
- His work with government leaders to ensure the Company is well-positioned as the regulatory environment for digital commerce evolves;
- His strategic leadership and vision, including the continued development of our long-term Connected Trip vision and progress against other strategic goals and initiatives;
- Results of our 2022 employee engagement surveys demonstrated a committed and engaged workforce;
- His healthy, open, and constructive relationship with key stakeholders; and
- His consistent "tone at the top" of absolute integrity, outstanding commitment, people management skills, and investor and Board communication skills.

## Other Named Executive Officers



### DAVID GOULDEN

Mr. Goulden has been our Executive Vice President and Chief Financial Officer since March 1, 2018 and has over 35 years of experience in the technology industry across a number of additional functions including Operations, Marketing, Strategy, Product Development, and Corporate Development. Mr. Goulden joined us after leaving Dell Technologies in February 2018. Mr. Goulden also brings a significant amount of global management experience. He was previously President, Infrastructure Solutions Group at Dell Technologies, a position he held starting in 2016 when Dell acquired EMC Corporation. From January 2014 until EMC's acquisition by Dell, Mr. Goulden was Chief Executive Officer of the EMC Information Infrastructure business, EMC's largest business by revenue and employees, and where he was closely involved in the successful acquisition of EMC by Dell. Prior to his service in that role, he was President and Chief Operating Officer of EMC, responsible for overseeing engineering and product development, sales and customer operations, services, marketing, and G&A functions, since 2012. Mr. Goulden served as Chief Financial Officer of EMC from 2006 to 2014, responsible for financial operations of EMC's consolidated businesses. Earlier in his career at EMC, Mr. Goulden led the company's Sales and Customer Operations worldwide, including global sales in all theaters as well as global channels, alliance, and partners, and prior to that service he oversaw Marketing and New Business Development at EMC. Prior to joining EMC in 2002, Mr. Goulden served in various capacities at Getronics N.V., an information technology services company, most recently as a member of the board of management and President and Chief Operating Officer for the Americas and Asia Pacific. Mr. Goulden served on the board of directors of VMware, a cloud infrastructure and business mobility company, from 2007 to 2014.

The Company and Mr. Goulden previously announced that Mr. Goulden intends to transition into retirement in 2024. Mr. Goulden expects to maintain his Chief Financial Officer position while the Company plans for a successor to take on the Chief Financial Officer role in 2024. Once a successor is named, we expect Mr. Goulden will serve in a different capacity that could include advising or consulting with the Company.

The Compensation Committee and Mr. Fogel considered the following highlights of Mr. Goulden's 2022 performance:

- Exceptional leadership and performance as Chief Financial Officer along with strategic insight and advice through the pandemic recovery;
- Leadership, management, and strengthening of our finance department through successful ongoing execution of finance optimization initiatives;
- Leadership in developing our financial plans during the uncertainty of the pandemic recovery;
- Exceptional management of capital during volatile macroeconomic periods of inflation and economic uncertainty;
- Effective communication with the financial community;
- Strengthening and growth of our payments capabilities; and
- Notable progress of key initiatives and improvements in real estate strategy, procurement, and talent sourcing, including the sale and leaseback of Booking.com's Amsterdam campus and the development of two centers of excellence.



## PETER J. MILLONES

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Mr. Millones has been our General Counsel since January 2001 and our Executive Vice President since April 2003. He previously served as our Vice President and Associate General Counsel from March 2000 to January 2001 and as our Corporate Secretary from March 2021 to January 2022 and January 2001 to April 2018. Prior to that, Mr. Millones was with the law firm of Latham & Watkins LLP.

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The Compensation Committee and Mr. Fogel considered the following highlights of Mr. Millones' 2022 performance:

- Exceptional leadership and performance as General Counsel during the ongoing pandemic recovery;
- Skillful management of our legal department, including the compliance and privacy teams;
- Navigation of increasingly complex regulatory environment for online digital platforms;
- Contributions to improving our systems and processes, including global legal coordination and collaboration among our different brands on key issues;
- Key leader on our Sustainability Steering Committee, which worked on the publication of our Climate Action Plan and related sustainability initiatives;
- Co-chair of our Diversity, Equity, and Inclusion Steering Committee; and
- Oversight of our corporate governance practices and efforts to organize and assist with the Board's activities.



## PAULO PISANO

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Mr. Pisano has served as our Chief Human Resources Officer since August 2021 and as Senior Vice President and Chief People Officer of Booking.com since March 2020. Prior to joining Booking.com, Mr. Pisano was the Chief People Officer at Galp, a globally integrated energy company, from December 2015. Previously, he served as the SVP and Chief Talent Officer at Pearson, an education publishing and learning assessment company, following his post as Head of Organizational Effectiveness at Barclays.

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The Compensation Committee and Mr. Fogel considered the following highlights of Mr. Pisano's 2022 performance:

- Global coordination of the human resources function and engagement with employees through unique challenges such as the Russian invasion of Ukraine and global macroeconomic uncertainty;
- Leadership and development of our diversity, equity, and inclusion initiatives, including a robust inclusive leadership and unconscious bias training program;
- Management of our workforce through an incredibly competitive environment for talent attraction and retention;
- Efforts to attract talent to build new functions, innovations, and products; and
- Creation of opportunities for employees to grow and build their careers through training and development programs.



## Long-term Incentive Program

In shaping the long-term incentive program, the Compensation Committee focused on incentivizing the NEOs to deliver long-term results for the Company aligned with long-term value creation for stockholders and to execute on key strategic priorities. Accordingly, the Compensation Committee structured the long-term incentive program as follows:

| Award Type <sup>(1)</sup>                                                                 | Details                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PSUs<br> | <b>2022 PSUs:</b> vest in three years with annual goal setting<br><b>2023 PSUs:</b> vest in three years with three-year goals set<br><b>rTSR modifier:</b> +/- 25% depending on TSR performance relative to peers and subject to the TSR governor and a max 2x cap<br><b>TSR governor:</b> caps PSU vesting factor at target unless absolute TSR is positive over the course of the three-year award |
| RSUs<br> | <b>Three-year time-based award:</b> aligned with stock price                                                                                                                                                                                                                                                                                                                                         |

(1) Mr. Pisano's 2022 grant is comprised of 100% PSUs as part of his transition to the other NEOs' compensation model.

### PSU vesting and goal setting

The Compensation Committee heard from stockholders during the 2022 outreach that they favored a return to the Company's longstanding practice of PSU awards with three-year vesting periods tied to long-term performance targets. As a result of this feedback and the Company's ability to more accurately set longer term goals as the travel industry moves away from the uncertainty of the COVID-19 pandemic, in 2023 the Compensation Committee reverted to its pre-pandemic practice of basing the executive compensation program on PSUs with three-year targets and vesting periods.

In early 2022, at a time when the Omicron variant was severely affecting the travel industry, with renewed travel restrictions and border closures, and prior to the 2022 say-on-pay vote outcome, the Compensation Committee structured PSUs with three-year vesting periods and one-year targets (each one-year target period, a "sub-period"). The Company was not in a position to set meaningful performance goals beyond one year with appropriate precision, which could have resulted in significant misalignment of incentive targets and executive performance. However, the PSUs were also structured with the rTSR modifier, which is a three-year metric, along with the TSR governor that caps the PSUs at target if absolute TSR is not positive over the three-year period.

The Compensation Committee awarded Mr. Goulden PSUs with alternate vesting schedules described below.

### Relative TSR Modifier

Through its stockholder engagement efforts, management heard that stockholders generally favored a relative metric in compensation plans. Based on this feedback and robust discussion by the Compensation Committee and its independent compensation consultant, the 2022 and 2023 PSUs each include an rTSR modifier. At the end of the three-year measurement period, the PSUs are adjusted upwards or downwards by up to 25% based on the Company's TSR relative to the TSR of a peer group of companies with high correlation to the Company's industry, subject to the absolute TSR governor and capped at a maximum of 2 times target.

| If rTSR is:                                                  | Then the rTSR Modifier is: |
|--------------------------------------------------------------|----------------------------|
| Below the 25 <sup>th</sup> Percentile                        | 0.75                       |
| Between the 25 <sup>th</sup> and 39 <sup>th</sup> Percentile | 0.875                      |
| Between the 40 <sup>th</sup> and 60 <sup>th</sup> Percentile | 1                          |
| Between the 61 <sup>st</sup> and 75 <sup>th</sup> Percentile | 1.125                      |
| Greater than the 75 <sup>th</sup> Percentile                 | 1.25                       |

The rTSR peer group is broader than the Compensation Peer Group because we considered only industry comparability and not size or other characteristics that are more relevant for benchmarking pay.

| Relative TSR Peer Group                         |                                     |                                   |
|-------------------------------------------------|-------------------------------------|-----------------------------------|
| Accor SA                                        | Airbnb, Inc.                        | Amadeus IT Group, S.A.            |
| American Airlines Group Inc.                    | Avis Budget Group, Inc.             | Carnival Corporation & plc        |
| Choice Hotels International, Inc.               | Delta Air Lines, Inc.               | Deutsche Lufthansa AG             |
| easyJet plc                                     | Expedia Group, Inc.                 | Hilton Grand Vacations Inc.       |
| Hilton Worldwide Holdings Inc.                  | Hyatt Hotels Corporation            | InterContinental Hotels Group PLC |
| International Consolidated Airlines Group, S.A. | Japan Airlines Co., Ltd.            | Marriot International, Inc.       |
| Marriott Vacations Worldwide Corporation        | Norwegian Cruise Line Holdings Ltd. | Qantas Airways Limited            |
| Royal Caribbean Group                           | Ryanair Holdings plc                | Sabre Corporation                 |
| Singapore Airlines Limited                      | Sixt SE                             | Southwest Airlines Co.            |
| Travel + Leisure Co.                            | Trip.com Group Limited              | TripAdvisor, Inc.                 |
| trivago N.V.                                    | TUI AG                              | United Airlines Holdings, Inc.    |
| Wyndham Hotels & Resorts, Inc.                  |                                     |                                   |

## TSR Governor

The Compensation Committee is committed to aligning executive incentive compensation with stockholder returns and value creation. This is the primary driver behind the adoption of the TSR governor, which operates to cap the PSU vesting factor at target unless absolute TSR is positive over the three-year time period of the PSU award. As a result, executive officers realize upside only if stockholders realize positive returns.

## Time-Based Equity Awards

Unlike most companies, which typically grant executives a mixture of service-based awards and performance-based awards, the Company's historical long-term incentive programs were based solely on PSUs (other than RSUs awarded in connection with promotions and new hires). Since PSUs vest only if financial performance targets are achieved, all of our executives' long-term incentive awards were at risk and would have been completely forfeited as a result of the COVID-19 pandemic. To avoid a recurrence of that outcome, and taking into account feedback during our recent stockholder engagements, the Compensation Committee optimized the long-term incentive program to include a mix of approximately 75% PSUs and 25% RSUs. The Committee believes the addition of RSUs provides an appropriate base level of long-term pay and stability in the program design, with significant retention value tied to stock price and continuous service, and stockholders have expressed to us their continued support for this component.

## 2022 Performance Share Units (PSUs)

The equally-weighted Revenue and Compensation EBITDA goals for the second sub-period of the 2021 PSUs and first sub-period of the 2022 PSUs are as follows:

| If Revenue for the 2022 sub-period (ending December 31, 2022) is: | If Compensation EBITDA for the 2022 sub-period (ending December 31, 2022) is: | Then the number of shares that will be issued is: <sup>(1)</sup> |
|-------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------|
| Below \$13.6 billion                                              | Below \$2.3 billion                                                           | Forfeiture                                                       |
| Between \$13.6 billion and \$14.8 billion                         | Between \$2.3 billion and \$3.1 billion                                       | 0x to 1x the target grant                                        |
| At \$14.8 billion                                                 | At \$3.1 billion                                                              | 1x the target grant                                              |
| Between \$14.8 billion and \$15.4 billion                         | Between \$3.1 billion and \$3.4 billion                                       | 1x to 2x the target grant                                        |
| Above \$15.4 billion                                              | Above \$3.4 billion                                                           | 2x the target grant                                              |

1. Number of shares that could be issued (i) is based on relative performance against each of the Revenue and Compensation EBITDA goals, measured separately, with meaningful achievement of both performance metrics needed for a 2x outcome, and (ii) is subject to the rTSR modifier and TSR governor applied at the end of the measurement period.

The actual results of the Company's 2022 Compensation EBITDA and Revenue performance meaningfully exceeded the maximum goals set at the beginning of 2022 (\$15.4 billion for Revenue and \$3.4 billion for Compensation EBITDA). The Company's outstanding performance in 2022 resulted in achieving two times target for the first sub-period of the 2022 PSUs and the second sub-period of the 2021 PSUs. The two-year PSUs awarded in 2021 also achieved two times target payout. The overall payout for the 2022 PSUs and the three-year 2021 PSUs remains subject to Company performance in subsequent sub-periods and the application of the rTSR Modifier, and in the case of 2022 PSUs, the TSR governor. Annual goals for subsequent measurement periods are set at the beginning of each performance year.

Regardless of Revenue or Compensation EBITDA achievement, for the 2022 and 2023 PSUs, if the Company's absolute TSR is not positive, the number of shares that will be issued to executive officers will not exceed target.

## Mr. Goulden's PSU Award

In 2022, during a critical period for the Company, the Compensation Committee structured Mr. Goulden's annual PSU award to incentivize his retention. Mr. Goulden's annual PSU incentive was comprised of a three-year PSU award and a PSU award with a two-year vesting period (the "Retention PSU") with a combined value aligned with his regular-course long-term incentive award. At the end of the two-year vesting period of the Retention PSU, the Compensation EBITDA and Revenue are measured against the same targets used for the 2022 and 2023 sub-periods of PSUs awarded to other NEOs, with the resulting number of PSUs potentially modified by the rTSR modifier (+ or - 25%) or capped by the TSR governor (potentially capping payout at target). Additional features of the Retention PSU include:

- At the end of the two-year vesting period in March 2024, if the Company's TSR governor does not cap the PSU vesting factor at target, the award is vested and the resulting shares will be delivered to Mr. Goulden at such time.
- At the end of the two-year vesting period, if the Company's TSR governor caps Mr. Goulden's PSUs at target, and Mr. Goulden remains in continuous service with the Company through March 2025, the PSU vesting factor may be reassessed at that time.
  - Upon reassessment in March 2025 and subject to Mr. Goulden's continued service through that date, if the absolute TSR is positive over the period between March 2022 and March 2025, Mr. Goulden would earn an additional number of shares equal to the positive difference of the target amount and the number of shares he would have been eligible to receive based on the March 2024 vesting factor if the TSR governor had not applied to cap his payout at target (also taking into account the rTSR modifier).
  - Upon reassessment in March 2025, if the absolute TSR is flat or negative over the period between March 2022 and March 2025, Mr. Goulden's payout would remain capped at target.

## Restricted Stock Units (RSUs)

The NEOs (other than Mr. Pisano) received the following RSU awards in 2022:

| Executive         | Grant date value of award |
|-------------------|---------------------------|
| Glenn D. Fogel    | \$6,249,424               |
| David Goulden     | \$2,499,349               |
| Peter J. Millones | \$1,751,016               |
| Paulo Pisano      | NA                        |

These awards constitute 25% of the long-term incentive grants to the NEOs (other than Mr. Pisano) and vest over three years, provided the recipient is still employed by the Company.

RSUs are also used from time to time in connection with the hiring or promotion of a new senior executive to provide retention incentives during the first years of a position to balance the uncertainty associated with the typical three-year cliff vesting and performance terms of PSUs.

## Stock Options

We did not grant any stock options to our NEOs in 2022.

## Stockholder Dilution

We strongly believe in the responsible use of stock-based compensation. To be sure we are being judicious with stock-based compensation, the Compensation Committee reviews the dilutive impacts of planned equity awards every year and unlike many other companies, we include the negative impact of stock-based compensation expense in the profit metrics we highlight in our quarterly earnings reports.

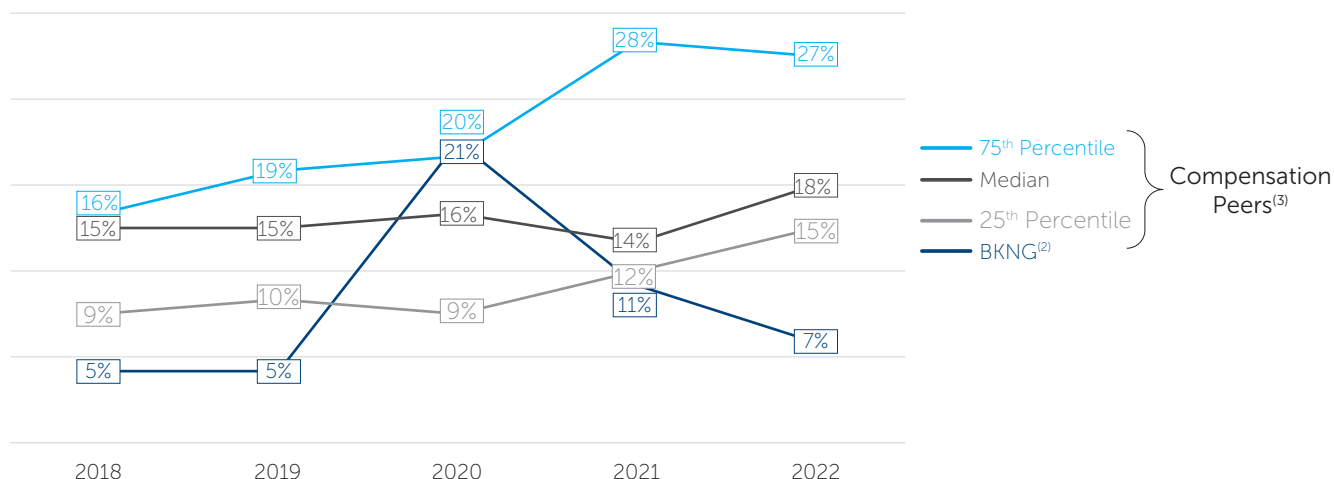
This year, **stockholder dilution from our equity incentive programs**, including our stock-based compensation expense as a percentage of year-end market capitalization, is **below the 25th percentile** of the Compensation Peer Group.

We are proud that in 2022, **our stock-based compensation resulted in less than 0.7% of stockholder dilution** and during the last 5 years, resulted in **less than 3% of cumulative dilution**.

### BKNG STOCK-BASED COMPENSATION EXPENSE AS A % OF GAAP NET INCOME

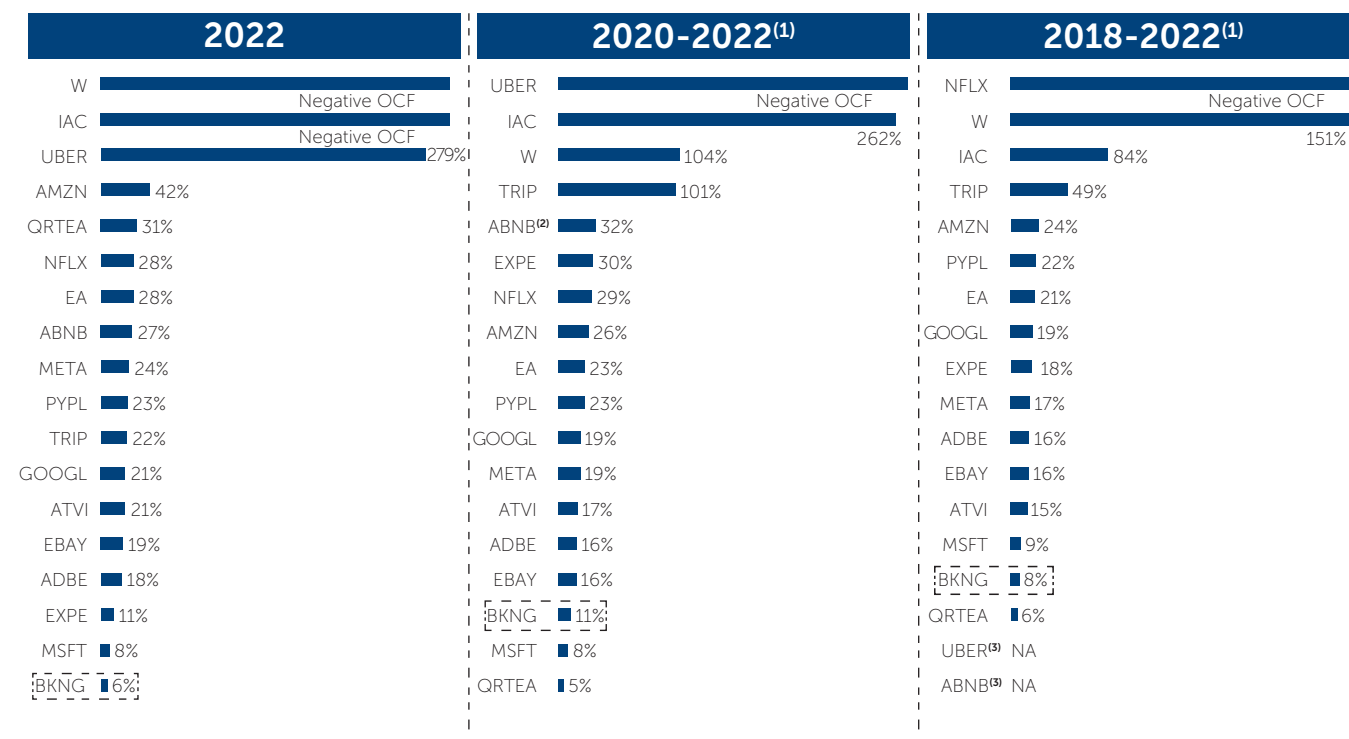
| 2018 | 2019 | 2020 | 2021 | 2022 |
|------|------|------|------|------|
| 8%   | 6%   | 392% | 32%  | 13%  |

### STOCK-BASED COMPENSATION EXPENSE AS A % OF PRE-SBC EBITDA<sup>(1)</sup>



- (1) SBC expense as a percentage of Pre-SBC EBITDA for each respective year. If a Compensation Peer Group company's annual EBITDA (see also footnote 3, below) is negative, its results are excluded for that year.
- (2) For this chart, the Company's publicly reported Adjusted EBITDA is further adjusted to add back stock-based compensation expense to present pre-SBC Adjusted EBITDA consistently with how it is calculated for the Compensation Peer Group. See Appendix A to this proxy statement for a reconciliation of non-GAAP financial measures and rationale for use of non-GAAP financial measures.
- (3) Data is derived from publicly reported information of Compensation Peer Group companies. The Company's use and calculation of Adjusted EBITDA and Pre-SBC Adjusted EBITDA may differ from the other companies' use and calculation of such non-GAAP financial measures. For companies that do not publicly report EBITDA, reported operating income excluding depreciation & amortization expense and stock-based compensation expense is used.

# STOCK-BASED COMPENSATION EXPENSE AS A % OF NET CASH PROVIDED BY OPERATING ACTIVITIES ("OCF")



Data is derived from publicly reported information of Compensation Peer Group companies. ADBE, EA, and MSFT do not have December 31 fiscal year ends, so their full year data is shown as of their latest completed fiscal year (e.g., MSFT's 2022 data is for the twelve months ended June 30, 2022).

(1) Represents the cumulative SBC expense and cumulative Net Cash Provided by Operating Activities for the given period.

(2) Represents the cumulative SBC expense and cumulative Net Cash Provided by Operating Activities for 2021-2022 given 2021 was ABNB's first full year as a public company.

(3) NA given ABNB and UBER's first full year as a public company was 2021 and 2020, respectively.

## Other Components of Executive Compensation

### Change in Control Benefits

Our equity grants do not provide for “single trigger” accelerated vesting based solely on the occurrence of a change in control. Rather, acceleration of equity grants can only occur upon certain terminations of employment that occur at the same time as or following a change in control or upon certain terminations of employment that occur independently of a change in control. As a general matter, upon a termination of employment by us “without cause” or by the employee on account of their death or disability (and in some circumstances, for “good reason”) that occurs coincident with or following a change in control, the vesting of outstanding equity will be accelerated to the termination date on a pro-rata basis based on the portion of the performance period that has passed (except that in the case of death, full vesting will occur). Our awards do not provide for full acceleration of an award except in the case of the employee’s death.

#### *No excess parachute payment tax gross-ups*

*None of our executive officers are entitled to tax gross-ups in respect of taxes resulting from excess parachute payments in connection with a change of control under section 4999 of the Internal Revenue Code. We have not provided for tax gross-ups in respect of Section 4999 in any new or materially modified compensatory arrangements with our executive officers for many years and the Compensation Committee has formally adopted a policy not to approve any Section 4999 tax gross-ups or similar tax reimbursement arrangements related to excess parachute payments with our directors or executive officers.*

If any payment made pursuant to an NEO’s employment agreement would be an excess parachute payment, we will reduce the amount of such payment to the extent necessary so that no portion of the payment, so reduced, would constitute an excess parachute payment if such reduction would result in an increase in the aggregate payments and benefits the executive will receive on an after-tax basis. See *Potential Payments Upon a Change in Control and/or Termination* beginning on page 83 for additional details.

### Severance Benefits

Severance arrangements and change-in-control provisions in our equity awards are designed to:

- encourage executives to remain focused on our business in the event of a rumored or actual fundamental corporate change or changes in the organization or its employment needs and provide assistance during any transition, and
- manage compensation-related risks and align the interests of executives and stockholders by incentivizing executives to manage the business and evaluate potential change in control transactions from the perspective of a stockholder.

Each of our NEOs is entitled to receive severance benefits upon, among other things, a termination “without cause” or, “for good reason.” The Compensation Committee believes the amount of severance compensation each NEO would receive is appropriate because of market practices, and the duration of non-competition agreements between us and our NEOs. The severance and other benefits are intended to ease the consequences to an executive of an unexpected termination of employment that the Compensation Committee considers outside of the separated employee’s control. See *Employment Contracts, Termination of Employment and Change in Control Arrangements* beginning on page 75 for additional details.

#### *Termination Pay Policy*

*The Compensation Committee has adopted a policy that it will seek stockholder ratification of any future arrangement with an executive officer that provides for a cash severance payment exceeding 2.99 times the executive’s base salary and target bonus.*



## Employee Benefits

Our health care and other insurance programs are generally the same for all eligible employees, including the NEOs, depending on their geographic location. For all eligible U.S.-based employees and certain eligible employees based outside the United States, we maintain a 401(k) plan. The 401(k) plan in which our eligible NEOs (excluding Mr. Pisano) participate allows all eligible employees to contribute up to 75% of their eligible pay (generally base salary and bonus), up to limits imposed by the U.S. Internal Revenue Code, as pre-tax and/or Roth contributions. We make a cash matching contribution to this 401(k) plan for all participants, including participating NEOs, of 50 cents on the dollar on the first 6% of eligible pay contributed to the plan. The 401(k) match made to each of the participating NEOs is reflected in the All Other Compensation column of the *Summary Compensation Table*.

All eligible Booking.com employees, including Mr. Pisano, receive a work-from-home allowance and a benefit for certain travel reservations made through Booking.com.

## Perquisites

We do not maintain any material perquisites or personal benefits for any of the NEOs, such as company planes, cars, financial services, or country club memberships.

In connection with Mr. Fogel taking on the role of CEO of Booking.com in the Netherlands in 2019 in addition to his role as Chief Executive Officer of the Company, the Company agreed to provide certain benefits to Mr. Fogel to ensure that Mr. Fogel does not incur additional expenses or tax liability as a result of serving as CEO of Booking.com. These benefits include tax equalization for any Dutch taxes owed as a result of performing his role in the Netherlands and payment of costs for the preparation of his Dutch and U.S. tax returns.

The Company agreed to provide certain benefits to Mr. Pisano to ensure that he is not subject to adverse tax consequences and does not incur additional expenses as a result of assuming the role of Chief Human Resources Officer of the Company. These benefits include tax equalization for any additional taxes owed as a result of performing his role in the United States and payment of costs for the preparation of his Dutch and U.S. tax returns.

#### THE ROLE OF THE BOARD

- The Board meets at the beginning of each year with our Chief Executive Officer to agree upon his and the Company's performance objectives for the year. Our Chief Executive Officer and the Board review these objectives and the Company's performance against them during the year.
- At the beginning of the following year, our Chief Executive Officer presents to the Compensation Committee a summary of his and the Company's performance over the past year.
- The Compensation Committee then meets in executive session without any members of management to review our Chief Executive Officer's performance and develop recommendations for his compensation.
- The Compensation Committee chair also discusses our Chief Executive Officer's performance with each member of the Board.
- The Board then meets in executive session (without our Chief Executive Officer) to discuss our Chief Executive Officer's performance and the Compensation Committee's compensation recommendations.
- The Board determines the review to be given to our Chief Executive Officer, the actual payout amount of his bonus for the prior fiscal year, and the target total compensation he will receive for the current year.

#### THE ROLE OF MANAGEMENT

- Our Chief Executive Officer, Chief Financial Officer, General Counsel, and Chief Human Resources Officer provide significant input to help the Compensation Committee develop the structure of, and set performance metrics for, our annual performance-based bonus plan and annual equity grants.
- Our Chief Executive Officer provides performance assessments and detailed compensation recommendations regarding our executive officers other than himself in executive session without other executive officers present.
- The Compensation Committee gives significant weight to our Chief Executive Officer's judgment in these matters because he is in a unique position to assess the other executive officers' performance and contributions to our business.
- The Compensation Committee has delegated limited authority to the Chief Executive Officer, the Chief Financial Officer, the General Counsel, and the Chief Human Resources Officer to determine whether and to what extent certain equity awards held by non-executive officers may be settled, vested, canceled, forfeited, or surrendered pursuant to their terms due to termination "with cause," "without cause," or "for good reason."

#### THE ROLE OF THE COMPENSATION CONSULTANT

In 2022, the Compensation Committee engaged Semler Brossy, an outside global human resources consulting firm, to advise the Compensation Committee on our compensation program for the NEOs. After reviewing information provided by Semler Brossy regarding its independence and considering the independence factors prescribed by SEC rules, the Compensation Committee determined that Semler Brossy is independent and that there are no conflicts of interest arising from the services Semler Brossy performed for the Compensation Committee in 2022.

At the Compensation Committee's direction, management generally provides Compensation Committee materials to Semler Brossy and discusses materials and recommendations with Semler Brossy in advance of each Compensation Committee meeting. Representatives from Semler Brossy attend Compensation Committee meetings to discuss these matters and, at the end of most meetings, meet in executive session with the Compensation Committee without management present.

With the support of the Compensation Committee, management regularly asks Semler Brossy to provide calculations and market data to inform the Compensation Committee's decision-making process. The Compensation Committee periodically requests management to seek Semler Brossy's input, analysis, or recommendation with respect to a specific compensation practice, program, or arrangement that is under consideration by the Compensation Committee.

During 2022, Semler Brossy assisted the Compensation Committee on the following matters:

- Advised on the composition of the Compensation Peer Group and TSR Peer Group;
- Prepared analyses of executive officer compensation levels as compared to the Compensation Peer Group, and made compensation recommendations;
- Provided advice on the appropriateness of our 2022 Bonus Plan awards and long-term incentives, including assisting the Compensation Committee in its consideration of exercising negative discretion with respect to the 2022 CEO bonus;
- Actively participated in discussions relating to the 2022 say-on-pay outcome and how the Committee could proactively respond;
- Reviewed our non-employee director compensation program; and
- Prepared tally sheets and IRC Section 280G analyses to determine "excess parachute payments."

## Benchmarking and Target Compensation

Our benchmarking analysis includes a comparison of each element of total compensation against a peer group of publicly-traded companies. With the help of its independent compensation consultant, the Compensation Committee reviews annually the appropriateness of the companies that make up the peer group by looking closely at the companies we included in the prior year, as well as the companies our peers identify as their peers.

The primary characteristics used to determine which companies to include in the peer group are: industry, revenues, and peers identified by our peers. In particular, the Compensation Committee sought to include internet merchandisers, online travel companies, and other technology companies with revenues between one-half and two times our annual revenues. The Compensation Committee also included Alphabet, Amazon.com, Meta, and Microsoft because, although their revenues were more than two times our revenues, there are relatively few companies that otherwise met our criteria, we compete with them for executive talent, and they, like us, are leading e-commerce or technology companies.

The Compensation Committee determined that the 2022 peer group would consist of the seventeen companies listed below (the "Compensation Peer Group").

|                           |                       |                         |
|---------------------------|-----------------------|-------------------------|
| Activision Blizzard, Inc. | Electronic Arts Inc.  | Netflix, Inc.           |
| Adobe Inc.                | Expedia Group, Inc.   | PayPal Holdings, Inc.   |
| Airbnb, Inc.              | IAC/InterActiveCorp   | Qurate Retail Group     |
| Alphabet Inc.             | Meta Platforms, Inc.  | TripAdvisor, Inc.       |
| Amazon.com, Inc.          | Microsoft Corporation | Uber Technologies, Inc. |
| eBay Inc.                 |                       | Wayfair, Inc.           |

The Compensation Committee reviewed revenue of the peer companies from the last twelve months as of June 2022. Based on this data, our revenues ranked at approximately the 42<sup>nd</sup> percentile of the Compensation Peer Group.

The Compensation Committee refers to the Compensation Peer Group to assess "market" compensation, which it considers to be between the 50<sup>th</sup> and the 75<sup>th</sup> percentile of executive pay for the Compensation Peer Group. The Compensation Committee uses the Compensation Peer Group data primarily to ensure that our executive compensation program as a whole is competitive. While the Compensation Peer Group provides the Compensation Committee with guidance and information, it does not dictate the NEOs' compensation and is not a substitute for the Compensation Committee's own business judgment in establishing compensation for the NEOs.

## Compensation Governance Matters

### Stock Ownership Guidelines

Our stock ownership guidelines require the executive officers to own the number of shares of our common stock indicated below. For these purposes, shares owned outright by an executive officer are counted, but unvested stock options, vested stock options that have not been exercised, and unvested stock-based equity awards are not considered. Executive officers who do not meet the stock ownership guidelines must retain a minimum of 50% of the shares received on an after-tax basis from the exercise of stock options; the vesting of restricted shares, RSUs, and performance share units; and the settlement of any other stock-based equity award until the ownership target is reached. As of March 31, 2023, each NEO was in compliance with the guidelines.

| Name                                                                      | Number of Shares Required to be Owned under our Stock Ownership Guidelines — the Lesser of: | Number of Shares Owned as of March 31, 2023 <sup>(1)</sup> | Value of Shares Owned as of March 31, 2023 <sup>(2)</sup> |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------|
| Glenn D. Fogel,<br>President and<br>Chief Executive Officer               | 15,000 shares or shares valued at \$5 million                                               | 26,822                                                     | \$ 71,142,941                                             |
| David Goulden,<br>Executive Vice President and<br>Chief Financial Officer | 5,000 shares or shares valued at three times base salary                                    | 9,438                                                      | \$ 25,033,446                                             |
| Peter J. Millones,<br>Executive Vice President and<br>General Counsel     | 5,000 shares or shares valued at three times base salary                                    | 9,365                                                      | \$ 24,839,820                                             |
| Paulo Pisano,<br>Chief Human Resources Officer                            | 5,000 shares or shares valued at three times base salary                                    | 646                                                        | \$ 1,713,457                                              |

(1) See *Security Ownership of Certain Beneficial Owners and Management* on page 39 for certain details relating to beneficial stock ownership, calculated in accordance with SEC rules.

(2) Based on the closing share price of \$2,652.41 on March 31, 2023.

Our stock ownership guidelines also establish requirements for non-employee members of the Board, which are set forth under *Non-Employee Director Compensation and Benefits* on page 90. Our stock ownership guidelines are detailed in our Corporate Governance Principles available on our corporate website ([www.bookingholdings.com](http://www.bookingholdings.com)).

### Short-Selling, Hedging and Pledging Prohibitions

Our longstanding policy is to prohibit executive officers, directors, and employees from entering into hedging transactions with respect to our stock, speculating in our stock, or engaging in short-term trading in our stock such as "day trading." Such prohibited activity includes short selling (profiting if the market price of the securities decreases); buying or selling publicly traded options, including writing covered calls; buying our stock on margin (unless arrangements are made to cover any margin calls in cash); and arbitrage trading. We also do not permit our executive officers or directors to pledge any of our securities.

## Pre-arranged Trading Plans

We encourage, but do not require, our executive officers to adopt pre-arranged trading plans that comply with Rule 10b5-1 under the Exchange Act (a “10b5-1 Plan”). With the SEC’s adoption of new rules for the adoption and operation of a 10b5-1 Plan, we amended our internal guidelines to align with the SEC’s new rules and also continue to impose restrictions beyond the SEC’s new 10b5-1 rules that the Company believes are important guardrails, including the following:

- A 10b5-1 Plan must be adopted during an open trading window.
- The adoption or modification of a 10b5-1 Plan must adhere to the cooling-off period outlined in the SEC’s new 10b5-1 rules.
- A 10b5-1 Plan must generally have a minimum term of one year. A 10b5-1 Plan may not be terminated earlier than the date provided for in the plan, except as approved by the chair of our Compensation Committee or, if unavailable, the chair of our Audit Committee.

We reserve the right to modify the terms of our 10b5-1 guidelines at any time.

In addition to the disclosure in Form 10-Q and Form 10-K required by the SEC’s new 10b5-1 rules, consistent with our past practices, we intend to continue to provide a list of 10b5-1 Plans for our NEOs and directors on a quarterly basis following the closing of our trading window on our corporate website ([www.bookingholdings.com](http://www.bookingholdings.com)).

## Equity Award Dates

The Compensation Committee selected March 4, May 12, August 12, and November 12, 2023 as the grant dates for any equity awards to executive officers and other employees. The Compensation Committee (or the Board) reserves the right to adjust dates in advance or select additional grant dates in its sole discretion. All grants are approved in advance by the Compensation Committee (or the Board) or, on an exception basis, the Chair of the Compensation Committee.

## Clawback Policy

Effective February 7, 2013, we adopted a policy with respect to the “clawback” of executive compensation pending adoption by the SEC and The Nasdaq Stock Market of final rules on the matter. The policy provides that under certain circumstances where an executive officer has engaged in misconduct that has resulted in the executive receiving excessive incentive-based compensation, the Board may seek recovery of such excessive incentive-based compensation. We are monitoring planned updates to Nasdaq’s listing standards on this topic and will adopt any changes that may be necessary to satisfy these requirements when effective.

## Compensation Committee Report

The Compensation Committee, comprised of independent directors, reviewed and discussed the above Compensation Discussion and Analysis with management. Based on that review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement for filing with the SEC.

COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS

Mirian M. Graddick-Weir, Chair  
Timothy Armstrong  
Robert J. Mylod, Jr.  
Lynn Vojvodich Radakovich

## Summary Compensation Table

The following table shows compensation earned during 2022, 2021, and 2020 by the persons who served as our Chief Executive Officer and our Chief Financial Officer and the two next most highly-compensated executive officers serving in 2022. These individuals are referred to as the "named executive officers." These four individuals were our only executive officers for purposes of Exchange Act Rule 3b-7 during 2022. Titles shown in the table are titles held as of December 31, 2022.

| Name and Principal Position                                           | Year | Salary (\$) | Bonus (\$)             | Stock Awards <sup>(1)</sup> (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | All Other Compensation (\$) | Total (\$) |
|-----------------------------------------------------------------------|------|-------------|------------------------|----------------------------------|--------------------|---------------------------------------------|-----------------------------|------------|
| Glenn D. Fogel<br>President and Chief Executive Officer               | 2022 | 750,000     | —                      | 26,258,740                       | —                  | 3,750,000 <sup>(2)</sup>                    | 16,182 <sup>(5)</sup>       | 30,774,922 |
|                                                                       | 2021 | 750,000     | —                      | 48,010,707                       | —                  | 5,212,500 <sup>(3)</sup>                    | 8,988                       | 53,982,195 |
|                                                                       | 2020 | 163,850     | — <sup>(4)</sup>       | 6,954,041                        | —                  | —                                           | 30,707                      | 7,148,598  |
| David Goulden<br>Executive Vice President and Chief Financial Officer | 2022 | 625,000     | —                      | 8,844,265                        | —                  | 2,646,000 <sup>(2)</sup>                    | 9,388 <sup>(5)</sup>        | 12,124,653 |
|                                                                       | 2021 | 600,000     | —                      | 15,375,661                       | —                  | 3,500,000 <sup>(3)</sup>                    | 8,988                       | 19,484,649 |
|                                                                       | 2020 | 530,000     | 882,000 <sup>(6)</sup> | 22,578,057                       | —                  | —                                           | 8,838                       | 23,998,895 |
| Peter J. Millones<br>Executive Vice President and General Counsel     | 2022 | 552,083     | —                      | 8,488,874                        | —                  | 2,114,700 <sup>(2)</sup>                    | 9,388 <sup>(5)</sup>        | 11,165,045 |
|                                                                       | 2021 | 530,000     | —                      | 16,213,487                       | —                  | 2,750,000 <sup>(3)</sup>                    | 8,988                       | 19,502,475 |
|                                                                       | 2020 | 468,167     | 704,900 <sup>(6)</sup> | 2,236,127                        | —                  | —                                           | 8,838                       | 3,418,032  |
| Paulo Pisano <sup>(7)</sup><br>Chief Human Resources Officer          | 2022 | 420,225     | —                      | 2,999,640                        | —                  | 1,050,562 <sup>(2)</sup>                    | 4,736 <sup>(5)</sup>        | 4,475,163  |
|                                                                       | 2021 | 455,764     | —                      | 2,349,065                        | —                  | 946,018 <sup>(3)</sup>                      | 9,980                       | 3,760,827  |

(1) Represents the aggregate grant date fair value of: (a) PSUs granted to Messrs. Fogel, Goulden, Millones, and Pisano in 2022; (b) RSUs granted to Messrs. Fogel, Goulden, and Millones in 2022; (c) PSUs granted to Messrs. Fogel, Goulden, Millones, and Pisano in 2021; (d) RSUs granted to Messrs. Fogel, Goulden, Millones, and Pisano in 2021; (e) adjustment of 2018 and 2019 PSUs granted to Messrs. Fogel, Goulden, and Millones in 2021; (f) Strategic PSUs granted to Mr. Goulden in 2020; and (g) RSUs granted to Messrs. Fogel and Millones in 2020, in each case computed in accordance with FASB ASC Topic 718. In February 2022, the performance targets for the two-year PSUs awarded to Messrs. Fogel and Millones in 2021 and the three-year PSUs awarded to Messrs. Fogel, Goulden and Millones in 2021 were set. As a result, the grant date was established for the second sub-period of these awards. The grant date fair value for the 2021 two-year PSUs granted on February 18, 2022 to Messrs. Fogel and Millones was calculated using the target number of shares associated with the second sub-period multiplied by the share price of \$2,616.41, the closing price of our common stock on February 18, 2022. The grant date fair value for the 2021 three-year PSUs granted on February 18, 2022 to Messrs. Fogel, Goulden and Millones was calculated using the target number of shares associated with the second sub-period multiplied by the share price of \$2,828.50, which was derived using Monte Carlo simulations (used because of the rTSR component of this award). The maximum number of shares that could be issued to Messrs. Fogel and Millones is two times the target number of shares for the second sub-period of the 2021 two- and three-year PSUs, which would result in: \$12,647,726 and \$14,295,239, respectively, for Mr. Fogel and \$5,463,064 and \$4,350,233, respectively, for Mr. Millones. The maximum number of shares that could be issued to Mr. Goulden is two times the target number of shares for the second sub-period of the 2021 two- and three-year PSUs, which would result in \$6,217,043. The grant date fair value for the two-year PSUs granted on March 4, 2022 to Mr. Goulden was calculated using the target number of shares for the first-sub period of the PSU grant multiplied by \$2,161.87, which was derived using Monte Carlo simulations (used because of the rTSR modifier and TSR governor components of this award). The grant date fair value for the three-year PSUs granted on March 4, 2022 to Messrs. Fogel, Goulden, and Millones was calculated using the target number of shares multiplied by the share price of \$2,198.33, which was derived using Monte Carlo simulations (used because of the rTSR modifier and TSR governor components of this award). The maximum number of shares of the 2022 three-year PSUs that could be issued to Messrs. Fogel and Millones is two times the target number of shares for the first sub-period, which would result in: \$13,075,667 for Mr. Fogel and \$3,662,418 for Mr. Millones. The maximum number of shares of each of the two- and three-year PSUs that could be issued to Mr. Goulden is two times the target number of shares for the first sub-period of each award, which would result in \$3,856,776 and \$2,616,013, respectively. The grant date fair value for the PSUs granted on March 4, 2022 to Mr. Pisano was calculated using the target number of shares multiplied by the share price of \$2,102.06, which was the closing price of our common stock on March 3, 2022. The maximum number of shares that could be issued to Mr. Pisano is two times the target number of shares of the three-year PSU award, which would result in \$5,999,279. The amounts in this column reflect our estimate of the payout for these awards, as of the date of grant, and do not correspond to the actual value, if any, that will be recognized by the NEOs. For additional information, please refer to Notes 2 and 4 of our Consolidated Financial Statements for the year ended December 31, 2022, included in our Annual Report on Form 10-K.

(2) Represents 2022 cash awards paid in 2023 under the 2022 Bonus Plan.

(3) Represents 2021 cash awards paid in 2022 under the 2021 Bonus Plan.

(4) There was no bonus paid to Mr. Fogel under the 2020 Bonus Plan.

(5) With respect to Messrs. Fogel, Goulden, and Millones, the amount represents the estimated value of insurance premiums paid by us during 2022 for life insurance and accidental death and dismemberment insurance for the benefit of such NEO and matching contributions made by us for each such NEO to our 401(k) plan for fiscal year 2022. For Mr. Fogel, the amount also includes an amount for tax gross-up. For Mr. Pisano, the amount represents the U.S. Dollar value of certain perquisites available to Mr. Pisano as a Booking.com employee during 2022.



- (6) Mr. Goulden and Mr. Millones each received a bonus representing 70% of their respective bonus targets in 2021 relating to 2020 performance.
- (7) Amounts (other than equity awards) for Mr. Pisano are converted using a EUR/USD exchange rate of 1.05056161 and 1.1825219, which were the average rates for 2022 and 2021, respectively. Mr. Pisano became an executive officer in August 2021.

## Grants of Plan-Based Awards Table

The following table provides information about equity and non-equity awards granted to our named executive officers in 2022. The column "Estimated Possible Payouts under Non-Equity Incentive Plan Awards" shows the "target" cash payouts under the 2022 Bonus Plan at the time the plan was adopted. Actual payouts were made in March 2023 and can be found in the *Summary Compensation Table* in the column entitled "Non-Equity Incentive Plan Compensation" for 2022.

| Name              | Grant Date | Date Grant Approved | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup> |             |              | Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup> |            |             | All Other Stock Awards: Number of Shares of Stock or Units (#) | Grant Date Fair Value of Stock and Option Awards <sup>(3)</sup> (\$) |
|-------------------|------------|---------------------|----------------------------------------------------------------------------------|-------------|--------------|----------------------------------------------------------------------------|------------|-------------|----------------------------------------------------------------|----------------------------------------------------------------------|
|                   |            |                     | Threshold (\$)                                                                   | Target (\$) | Maximum (\$) | Threshold (#)                                                              | Target (#) | Maximum (#) |                                                                |                                                                      |
| Glenn D. Fogel    | 03/04/2022 | 03/01/2022          | —                                                                                | —           | —            | 0                                                                          | 2,974      | 5,948       | —                                                              | 6,537,833                                                            |
|                   | 03/04/2022 | 03/01/2022          | —                                                                                | —           | —            | —                                                                          | —          | —           | 2,973                                                          | 6,249,424                                                            |
|                   | 02/18/2022 | 02/18/2022          | —                                                                                | —           | —            | 0                                                                          | 2,417      | 4,834       | —                                                              | 6,323,863                                                            |
|                   | 02/18/2022 | 02/18/2022          | —                                                                                | —           | —            | 0                                                                          | 2,527      | 5,054       | —                                                              | 7,147,620                                                            |
|                   |            |                     | —                                                                                | 1,875,000   | —            | —                                                                          | —          | —           | —                                                              | —                                                                    |
| David Goulden     | 03/04/2022 | 03/01/2022          | —                                                                                | —           | —            | 0                                                                          | 595        | 1,190       | —                                                              | 1,308,006                                                            |
|                   | 03/04/2022 | 03/01/2022          | —                                                                                | —           | —            | 0                                                                          | 892        | 1,784       | —                                                              | 1,928,388                                                            |
|                   | 03/04/2022 | 03/01/2022          | —                                                                                | —           | —            | —                                                                          | —          | —           | 1,189                                                          | 2,499,349                                                            |
|                   | 02/18/2022 | 02/18/2022          | —                                                                                | —           | —            | 0                                                                          | 1,099      | 2,198       | —                                                              | 3,108,522                                                            |
|                   |            |                     | —                                                                                | 1,323,000   | —            | —                                                                          | —          | —           | —                                                              | —                                                                    |
| Peter J. Millones | 03/04/2022 | 03/01/2022          | —                                                                                | —           | —            | 0                                                                          | 833        | 1,666       | —                                                              | 1,831,209                                                            |
|                   | 03/04/2022 | 03/01/2022          | —                                                                                | —           | —            | —                                                                          | —          | —           | 833                                                            | 1,751,016                                                            |
|                   | 02/18/2022 | 02/18/2022          | —                                                                                | —           | —            | 0                                                                          | 1,044      | 2,088       | —                                                              | 2,731,532                                                            |
|                   | 02/18/2022 | 02/18/2022          | —                                                                                | —           | —            | 0                                                                          | 769        | 1,538       | —                                                              | 2,175,117                                                            |
|                   |            |                     | —                                                                                | 1,057,350   | —            | —                                                                          | —          | —           | —                                                              | —                                                                    |
| Paulo Pisano      | 03/04/2022 | 03/01/2022          | —                                                                                | —           | —            | 1,427                                                                      | 1,427      | 2,854       | —                                                              | 2,999,640                                                            |
|                   |            |                     | —                                                                                | 525,281     | —            | —                                                                          | —          | —           | —                                                              | —                                                                    |

(1) These columns show the target amount of the payout for each NEO under the 2022 Short-term Incentive Plan at the time it was adopted. The actual payments to NEOs for 2022 are included in the column entitled "Non-equity Incentive Plan Compensation" of the *Summary Compensation Table*. The business measurements and performance goals for determining the payouts under the 2022 Short-term Incentive Plan are described in the *Compensation Discussion and Analysis* beginning on page 54.

(2) These columns show the "Threshold," "Target," and "Maximum" number of shares of our common stock that could be issued in connection with the first sub-period of the two-year 2022 PSUs (applicable to Mr. Goulden) and three-year 2022 PSUs (applicable to Messrs. Fogel, Goulden, Millones, and Pisano) and the second sub-period of our two-year 2021 PSUs (applicable to Messrs. Fogel and Millones) and three-year 2021 PSUs (applicable to Messrs. Fogel, Goulden, and Millones). The performance targets for each of the annual performance periods under each of the 2022 PSUs and the 2021 PSUs are set at the beginning of each performance year. Therefore, the target number of shares reported is one-half of the target number of shares of the applicable two-year PSUs and one-third of the target number of shares of the applicable three-year PSUs, which is the portion of the PSUs for which performance targets were set in 2022. The performance periods for the two- and three-year PSUs granted in 2022 end on December 31, 2023 and December 31, 2024, respectively. The performance periods for the two- and three-year PSUs granted in 2021 end on December 31, 2022 and December 31, 2023, respectively. The "Threshold" number of shares that could be issued in connection with the 2022 PSUs granted to Mr. Pisano is the same as the target number of shares for the complete three-year performance period because the minimum performance factor of the PSUs granted to Mr. Pisano is one times target. The performance criteria for determining the number of shares of our common stock to be issued, if any, in connection with the PSUs is described under Long-term Incentive Program in the *Compensation Discussion and Analysis* beginning on page 59.

(3) Represents the aggregate grant date fair value, as applicable, of PSUs and RSUs granted to the named executive officers, computed in accordance with FASB ASC Topic 718. Generally, the grant date fair value is the full amount that we would expense in our financial statements over the award's vesting schedule. In February 2022, the grant date fair value of the 2021 two-year PSUs awarded to Messrs. Fogel and Millones included in the table were calculated using the target number of shares associated with the second sub-period multiplied by the share price of \$2,616.41, the closing price of our common stock on February 18, 2022. The grant date fair value of the 2021 three-year PSUs awarded to Messrs. Fogel, Goulden, and Millones included in the table is equal to the target number of shares associated with the second sub-period multiplied by the share price of \$2,828.50, which was derived using Monte Carlo simulations (used because of the rTSR modifier component of this award). The grant date fair value for the two-year PSUs granted to Mr. Goulden on March 4, 2022 was calculated using the target number of shares associated with the first sub-period multiplied by the share price of \$2,161.87, which was derived using Monte Carlo simulations (used because of the rTSR modifier and TSR governor components of this award). The grant date fair value for the three-year PSUs granted on March 4, 2022, to Messrs. Fogel, Goulden, and Millones was calculated using the target number of shares associated with the first sub-period multiplied by the share price of \$2,198.33, which was derived using Monte Carlo simulations (used because of the rTSR modifier and TSR governor components of this award). The actual number of shares to be issued for the applicable two-year or three-year PSUs, if any, will be determined based on the relevant performance criteria over the remaining performance period and the application of the rTSR modifier and the TSR governor at the end of the performance period. The grant date fair value of the RSUs granted to Messrs. Fogel, Goulden, and Millones on March 4, 2022, was calculated using the target number of shares multiplied by the share price of \$2,102.06, which was the closing price of our common stock on March 3, 2022. Although the performance criteria for the second and third sub-periods of the PSUs granted to Mr. Pisano have not been established, the grant date fair value was calculated using the target number of shares for the full performance period multiplied by the share price of \$2,102.06, which was the closing price of our common stock on March 3, 2022. As of the grant date, the estimated probable number of shares that could be issued in connection with Mr. Pisano's PSUs at the end of the performance period is the "threshold" grant amount. The actual number of shares to be issued above threshold for Mr. Pisano's PSUs, if any, will be determined based on the relevant performance criteria over the remaining performance period. For additional information, please refer to Notes 2 and 4 of our Consolidated Financial Statements for the year ended December 31, 2022, included in our Annual Report on Form 10-K.

## Outstanding Equity Awards at 2022 Fiscal Year-End Table

The following table provides information on the holdings of stock awards by our NEOs at fiscal year-end 2022, including any unvested RSUs, unvested PSUs with performance or service conditions that have not yet been satisfied, and unvested or unexercised stock option awards as of December 31, 2022. The market value of the stock awards is based on the closing price of our common stock on December 30, 2022, which was \$2,015.28.

| Name              | Option Awards                                                       |                                                                       |                                                                                       |                            |                        | Stock Awards                                                |                                                                    |                                                                                                    |                                                                                                                           |  |
|-------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------|------------------------|-------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|--|
|                   | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock that Have Not Vested (#) | Market Value of Shares or Units of Stock that Have Not Vested (\$) | Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Rights that Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights that Have Not Vested (\$) |  |
| Glenn D. Fogel    | —                                                                   | —                                                                     | —                                                                                     | —                          | —                      | 31,489 <sup>(1)</sup>                                       | 63,459,152                                                         | —                                                                                                  | 0                                                                                                                         |  |
| David Goulden     | —                                                                   | —                                                                     | —                                                                                     | —                          | —                      | 25,563 <sup>(2)</sup>                                       | 51,516,603                                                         | —                                                                                                  | 0                                                                                                                         |  |
| Peter J. Millones | —                                                                   | —                                                                     | —                                                                                     | —                          | —                      | 10,620 <sup>(3)</sup>                                       | 21,402,274                                                         | —                                                                                                  | 0                                                                                                                         |  |
| Paulo Pisano      | 0                                                                   | 2,127 <sup>(4)</sup>                                                  | 2,127                                                                                 | 1,411.00                   | 05/12/2030             | 3,385 <sup>(5)</sup>                                        | 6,821,723                                                          | 1,134 <sup>(6)</sup>                                                                               | 2,285,328                                                                                                                 |  |

(1) Represents 1,104 shares of our common stock subject to RSUs granted to Mr. Fogel in December 2020 that are scheduled to vest on December 18, 2023, 1,684 shares of our common stock subject to RSUs granted in March 2021 that are scheduled to vest ratably on March 4, 2023 and March 4, 2024, respectively, and 2,973 shares of our common stock subject to RSUs granted in March 2022 that are scheduled to vest ratably on March 4, 2023, March 4, 2024, and March 4, 2025, respectively. Also includes: in connection with the two-year 2021 PSUs, 9,670 shares for which the performance periods commenced on January 1, 2021 or 2022 and ended on December 31, 2021 or 2022, as applicable, which represents two times the target number of shares of our common stock for the first- and second-sub periods and were issued in March 2023; in connection with the three-year 2021 PSUs, 10,110 shares for which the performance periods commenced on January 1, 2021 or 2022 and ended on December 31, 2021 or 2022, as applicable, which represents two times the target number of shares for the first- and second-sub periods that could be issued following the end of the performance period, subject to continued employment with us and the rTSR modifier, which is not a performance criteria; and in connection with the three-year 2022 PSUs, 5,948 shares for which the performance period commenced on January 1, 2022 and ended on December 31, 2022, which represents two times the target number of shares for the first sub-period that could be issued following the end of the performance period, subject to continued employment with us and the rTSR modifier and the TSR governor, which are not performance criteria.

(2) Represents 732 shares of our common stock subject to RSUs granted to Mr. Goulden in March 2021 that are scheduled to vest ratably on March 4, 2023 and March 4, 2024, respectively, and 1,189 shares of our common stock subject to RSUs granted in March 2022 that are scheduled to vest ratably on March 4, 2023, March 4, 2024, and March 4, 2025, respectively. Also includes: in connection with the three-year 2021 PSUs, 4,396 shares for which the performance period commenced on January 1, 2021 or 2022 and ended on December 31, 2021 or 2022, as applicable, which represents two times the target number of shares for the first- and second-sub periods that could be issued following the end of the performance period, subject to continued employment with us and the rTSR modifier, which is not a performance criteria; in connection with the two-year 2022 PSUs, 1,784 shares for which the performance period commenced on January 1, 2022 and ended on December 31, 2022, which represents two times the target number of shares for the first sub-period that could be issued following the end of the performance period, subject to continued employment with us and the rTSR modifier and TSR governor, which are not performance criteria; in connection with the three-year 2022 PSUs, 1,190 shares for which the performance period commenced on January 1, 2022 and ended on December 31, 2022, which represents two times the target number of shares for the first sub-period that could be issued following the end of the performance period, subject to continued employment with us and the rTSR modifier and TSR governor, which are not performance criteria; and in connection with the Strategic PSUs, 16,272 shares for which the performance period commenced on the applicable date of grant (i.e., August 12, 2020 or November 12, 2020) and ended on December 31, 2022 and which represents 1.8 times the target number of shares of our common stock that were issued upon vesting in March 2023.

- (3) Includes 355 shares of our common stock subject to RSUs granted to Mr. Millones in December 2020 that are scheduled to vest on December 18, 2023, 512 shares of our common stock subject to RSUs granted in March 2021 that are scheduled to vest ratably on March 4, 2023 and March 4, 2024, respectively, and 833 shares of our common stock subject to RSUs granted in March 2022 that are scheduled to vest ratably on March 4, 2023, March 4, 2024, and March 4, 2025, respectively. Also includes: in connection with the two-year 2021 PSUs, 4,176 shares for which the performance periods commenced on January 1, 2021 or 2022 and ended on December 31, 2021 or 2022, as applicable, which represents two times the target number of shares of our common stock for the first- and second-sub periods and were issued in March 2023 upon vesting; and in connection with the three-year 2021 PSUs, 3,078 shares for which the performance periods commenced on January 1, 2021 or 2022 and ended on December 31, 2021 or 2022, as applicable, which represents two times the target number of shares for the first- and second-sub periods that could be issued following the end of the performance period in connection with the three-year PSUs, subject to continued employment with us and the rTSR modifier, which is not a performance criteria; and in connection with the three-year 2022 PSUs, 1,666 shares for which the performance period commenced on January 1, 2022 and ended on December 31, 2022, which represents two times the target number of shares for the first sub-period that could be issued following the end of the performance period, subject to continued employment with us and the rTSR modifier and the TSR governor, which are not performance criteria.
- (4) Represents the number of shares of our common stock subject to non-qualified stock options granted to Mr. Pisano in May 2020 that vested in March 2023.
- (5) Includes 59 shares of our common stock subject to RSUs granted to Mr. Pisano in March 2020 that vested on March 4, 2023; 236 shares of our common stock subject to RSUs granted in May 2020 that vested in March 2023; and 272 shares of our common stock subject to RSUs granted in August 2021 that are scheduled to vest ratably on August 12, 2023 and August 12, 2024, respectively; in connection with the three-year 2021 PSUs, subject to continued employment, 366 shares for which the performance period commenced on January 1, 2021 and ended on December 31, 2021 which represents two times the target number of shares for the first sub-period that could be issued following the end of the performance period, 366 shares for which the performance period commenced on January 1, 2022 and ended on December 31, 2022, which represents two times the target number of shares for the second sub-period, and 183 shares for which the performance period commenced on January 1, 2023 and ends on December 31, 2023, which represents one times the target number of shares for the third sub-period, that could be issued following the end of the performance period; in connection with the three-year 2022 PSUs, subject to continued employment, 952 shares for which the performance period commenced on January 1, 2022 and ended on December 31, 2022 and which represents two times the target number of shares for the first sub-period that could be issued following the end of the performance period; 476 shares for which the performance period commenced on January 1, 2023 and ends on December 31, 2023, which represents one times the target number of shares for the second sub-period, and 475 shares for which the performance period commences on January 1, 2024 and ends on December 31, 2024, which represents one times the target number of shares for the third sub-period, that could be issued following the end of the performance period in connection with the three-year PSUs.
- (6) Includes: 183 shares for the third sub-period of the 2021 PSUs and 951 shares of the 2022 PSUs (476 & 475 shares for each of the second and third sub-periods in the 2023 and 2024 calendar years, respectively), which represent one times the target number of shares of our common stock attributable to such sub-periods that could be issued following the end of the performance period in connection with the three-year PSUs.

## Option Exercises and Stock Vested Table

The following table contains information about the vesting of stock awards held by our NEOs in 2022. There were no options exercised by our named executive officers in 2022.

| Name              | Stock Awards                             |                                |
|-------------------|------------------------------------------|--------------------------------|
|                   | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting (\$) |
| Glenn D. Fogel    | 10,454                                   | 21,794,420 <sup>(1)</sup>      |
| David Goulden     | 3,431                                    | 7,212,168 <sup>(2)</sup>       |
| Peter J. Millones | 3,676                                    | 7,669,127 <sup>(1)</sup>       |
| Paulo Pisano      | 757                                      | 1,586,012 <sup>(3)</sup>       |

(1) Reflects vesting of PSUs and RSUs in March 2022 with a per share market price of \$2,102.06, the closing price of our common stock on March 3, 2022 and vesting of RSUs in December 2022 with a per share market price of \$1,938.55, the closing price of our common stock on December 16, 2022.

(2) Reflects vesting of PSUs and RSUs in March 2022 with a per share market price of \$2,102.06, the closing price of our common stock on March 3, 2022.

(3) Reflects vesting of RSUs in March 2022 with a per share market price of \$2,102.06, the closing price of our common stock on March 3, 2022, and vesting of RSUs in August 2022 with a per share market price of \$2,063.76, the closing price of our common stock on August 11, 2022.

# Employment Contracts, Termination of Employment and Change in Control Arrangements

Our NEOs' employment agreements generally provide for minimum annual base salaries and that each executive will be eligible to participate at a level commensurate with their position in our annual bonus and long-term compensation plans generally made available to our senior executives and to participate in all benefit plans and arrangements and fringe benefits and perquisite programs generally provided to our other comparable senior executives. Additional material terms of each NEO's employment agreement and equity instruments outstanding at December 31, 2022, are summarized below.

## Mr. Fogel

### Employment Agreement

On December 15, 2016, we entered into an employment agreement with Mr. Fogel effective January 1, 2017 in connection with his appointment as our President and Chief Executive Officer and as a member of the Board. In connection with Mr. Fogel taking on the additional roles of Chief Executive Officer and director of Booking.com in 2019, we amended and supplemented this agreement with a Letter Agreement, dated October 24, 2019. In addition to providing that Mr. Fogel will serve in the additional roles until the earliest of (a) the termination of his employment with us, (b) his removal pursuant to Booking.com's Articles of Association and (c) his resignation from either or both such positions, this amendment provides certain benefits to Mr. Fogel to ensure that Mr. Fogel is not subject to adverse tax consequences and does not incur additional expenses as a result of serving as Chief Executive Officer of Booking.com. Further, in the event Mr. Fogel terminates his employment with us, he agrees that he will voluntarily resign from his positions with Booking.com. Undefined capitalized terms in this section are defined in the NEOs' respective employment agreements.

### Term

Mr. Fogel's employment agreement has an initial three-year term that began on January 1, 2017, which is terminable by either party upon ninety days' written notice. The three-year initial term is automatically extended for additional one-year periods unless either party gives written notice to the other party at least ninety days prior to the expiration of the initial three-year term or the then-current one year additional period that the employment agreement will not be extended.

### Termination without "Cause" or for "Good Reason"

In the event of a termination of Mr. Fogel's employment without "Cause" or by Mr. Fogel for "Good Reason," Mr. Fogel will be entitled to receive his compensation accrued through the date of his termination of employment and the following severance compensation and benefits:

1. two times his base salary and target bonus, if any, paid over a 24-month period following his termination of employment;
2. if a bonus plan is in place, a pro-rata actual annual bonus for the year in which termination of employment occurs; and
3. continuation for eighteen months following termination of employment of group health insurance benefits as if Mr. Fogel were our employee.

If Mr. Fogel's employment is terminated without "Cause" or by Mr. Fogel for "Good Reason" on or within twelve months after the consummation of, or, under certain circumstances, within six months prior to, a "Change in Control", Mr. Fogel will be entitled to the following severance compensation and benefits, subject to his executing and not revoking a release:

1. three times the sum of his base salary and target bonus, if any, for the year in which such termination occurs, paid over a 36-month period following his termination of employment;
2. if a bonus plan is in place, a pro-rata annual bonus for the year in which termination of employment occurs, determined at the higher of actual and target performance; and
3. continuation for up to eighteen months following termination of employment of group health insurance benefits as if Mr. Fogel were our employee.

### Termination as the Result of Death or "Disability"

In the event of a termination of Mr. Fogel's employment as the result of his death or "Disability," Mr. Fogel or, as applicable, his heirs will be entitled to receive, his compensation accrued through the date of termination of employment, if a bonus plan is in place, a pro-rata target annual bonus for the year in which termination of employment occurs, continuation for twelve months following his death of group health insurance benefits for his dependents (or for Mr. Fogel, if he is terminated as the result of "Disability") as if he were our employee, and in the event of termination of Mr. Fogel's employment as the result of "Disability," continuation for twelve months following termination of employment of group life and disability insurance benefits as if Mr. Fogel were our employee.

### Other

In addition, subject to certain limitations, if severance remuneration payable under the employment agreement is held to constitute a "parachute payment" under Section 280G of the Internal Revenue Code, we will reduce the amount of such payment to the extent necessary so that no portion of the payment, so reduced, would constitute a "parachute payment" if such reduction would result in an increase in the aggregate payments and benefits to be provided to Mr. Fogel determined on an after tax basis. Mr. Fogel also entered into a non-competition and non-solicitation agreement with us pursuant to which Mr. Fogel is subject to one-year non-competition and non-solicitation obligations following Mr. Fogel's termination of employment with us.

## Equity Instruments

### PSUs

Each of the three PSU awards granted to Mr. Fogel in March 2021 (the "2021 PSUs") and the PSU award granted to Mr. Fogel in March 2022 (the "2022 PSUs") provide for accelerated vesting upon a termination of service without "Cause," for "Good Reason," or as the result of death or "Disability." The number of shares to be delivered to Mr. Fogel upon vesting would depend on the termination event and when it occurred and, for the three-year 2021 PSUs and 2022 PSUs, the application of the rTSR modifier and the application of the TSR Governor in the case of the 2022 PSUs.

Upon a termination of service as the result of death (that does not occur coincident with or following a "Change in Control"), the PSU performance multiplier would be applied to (i) the target number of PSUs allocated to any completed measurement periods based on actual performance, for the three-year 2021 PSUs and the 2022 PSUs, the rTSR modifier, and for the 2022 PSUs, the TSR Governor, and (ii) the sum of (a) a pro-rata portion of the target number of PSUs allocated to the measurement period during which the termination occurred (based on the number of days that had elapsed since the beginning of such measurement period as of the date of his termination of service), based generally on our performance through the most recent fiscal quarter for which our financial results have been publicly reported closest to the termination of service as a result of his death, for the three-year 2021 PSUs and 2022 PSUs, the rTSR modifier, and for the 2022 PSUs, the TSR Governor and (b) a pro-rata portion of the target number of PSUs allocated to the measurement period during which the termination occurred (based on the number of days that had elapsed from the date of termination through the end of such measurement period). In addition, for any measurement periods that had not yet started at the time of termination of service as a result of death, Mr. Fogel would receive the target number of PSUs allocated to those measurement periods without the application of any performance multiplier, rTSR modifier, or TSR Governor, if applicable. The number of shares that Mr. Fogel could receive could range from 0 to 2x of the total number of shares subject to the applicable PSU award.

Upon a termination of service without "Cause," for "Good Reason," or as the result of "Disability" that does not occur coincident with or following a "Change in Control," the PSU performance multiplier and, for the three-year 2021 PSUs and 2022 PSUs, the rTSR modifier, and for the 2022 PSUs, the TSR Governor, would be applied to (i) the target number of PSUs allocated to any completed measurement periods based on actual performance, if any, and (ii) a pro-rata portion of the target number of PSUs allocated to the measurement period during which the termination occurs (based on the number of days that had elapsed since the beginning of such measurement period as of the date of his termination of service) based generally on our performance through the most recent fiscal quarter for which our financial results have been publicly reported closest to the termination of service. The number of shares that Mr. Fogel could receive could range from 0 to 2x of the total number of shares subject to the applicable PSU award.

If a "Change in Control" occurs prior to (i) March 4, 2025 for the 2022 PSUs, (ii) March 4, 2024 for the three-year 2021 PSUs, or (iii) March 4, 2023 for the two-year 2021 PSUs, and Mr. Fogel's service is terminated as a result of death coincident with or following the effective date of the "Change in Control," the PSU performance multiplier would be applied to (i) the target number of PSUs allocated to any completed measurement periods based on actual performance and, for the three-year 2021 PSUs and 2022 PSUs, the rTSR modifier, and for the 2022 PSUs, the TSR Governor, and (ii) the sum of (a) a pro-rata portion of the target number of PSUs allocated to the measurement period during which the "Change in Control" occurs (based on the



number of days that had elapsed since the beginning of such measurement period as of the date of the "Change in Control"), based generally on our performance through the most recent fiscal quarter for which our financial results have been publicly reported closest to the "Change in Control", for the three-year 2021 PSUs and the 2022 PSUs, the rTSR modifier, and for the 2022 PSUs, the TSR Governor, and (b) a pro-rata portion of the target number of PSUs allocated to the measurement period during which the "Change in Control" occurs (based on the number of days that had elapsed since the date of the "Change in Control" through the end of such measurement period). In addition, for any measurement periods that had not yet started as of the date of the "Change in Control," if applicable, Mr. Fogel would receive the target number of PSUs allocated to those measurement periods without the application of any performance multiplier, rTSR modifier, or TSR Governor, if applicable. The number of shares that Mr. Fogel could receive could range from 0 to 2x of the total number of shares subject to the applicable PSU award.

If a "Change in Control" occurs prior to (i) March 4, 2025 for the 2022 PSUs, (ii) March 4, 2024 for the three-year 2021 PSUs, or (iii) March 4, 2023 for the two-year 2021 PSUs, and Mr. Fogel's service is terminated without "Cause," for "Good Reason," or as a result of "Disability" coincident with or at any time following the effective date of the "Change in Control," the PSU performance multiplier and, for the three-year 2021 PSUs and the 2022 PSUs, the rTSR modifier, and for the 2022 PSUs, the TSR Governor, would be applied to (i) the target number of PSUs allocated to any completed measurement periods based on actual performance and (ii) the sum of (a) a pro-rata portion of the target number of PSUs allocated to the measurement period during which the "Change in Control" occurs (based on the number of days that had elapsed since the beginning of such measurement period as of the date of the "Change in Control"), based generally on our performance through the most recent fiscal quarter for which our financial results have been publicly reported closest to the date of the "Change in Control" and (b) a pro-rata portion of the target number of PSUs (based on the number of days that had elapsed since the date of the "Change in Control" through the end of the applicable vesting period). The number of shares that Mr. Fogel could receive could range from 0 to 2x of the total number of shares subject to the applicable PSU award.

## RSUs

The RSUs granted to Mr. Fogel in December 2020 provide for full vesting upon a termination of service as the result of his death and pro rata vesting upon a termination of service without "Cause," a termination of service for "Good Reason," or a termination of service as the result of "Disability," in each case based on the number of days elapsed from December 18, 2020 (the grant date of such RSUs) or the anniversary of the grant date that immediately precedes the termination, whichever applies, through and including the date of termination.

The RSUs granted to Mr. Fogel in March 2021 (the "2021 RSUs") and March 2022 (the "2022 RSUs") are subject to three-year ratable vesting, but provide for full vesting upon a termination of service as the result of his death and pro rata vesting upon a termination of service without "Cause," a termination of service for "Good Reason," or a termination of service as the result of "Disability," in each case based on the number of days elapsed from March 4, 2021 (for the 2021 RSUs), March 4, 2022 (for the 2022 RSUs) or the anniversary of the grant date that immediately precedes the date of termination, whichever applies, through and including the date of termination.

## Mr. Goulden

### Employment Agreement

Effective March 1, 2018, Mr. Goulden became our Executive Vice President and Chief Financial Officer. On January 19, 2018, we entered into an employment agreement with Mr. Goulden, effective March 1, 2018 in connection with his appointment as Executive Vice President and Chief Financial Officer. In connection with Mr. Goulden's pending transition to a different role, on February 21, 2023, the Company and Mr. Goulden entered into a letter agreement (the "Goulden Letter Agreement").

The Goulden Letter Agreement provides that Mr. Goulden (1) will remain a full-time employee and continue to serve as the Company's Executive Vice President and Chief Financial Officer until a successor begins employment with the Company, and (2) will continue to receive a base salary of \$630,000 and be eligible for a cash bonus for the 2023 year. Mr. Goulden will not be eligible for a cash bonus for any period after December 31, 2023. Mr. Goulden's outstanding equity awards will continue to vest under their terms so long as he continues to provide services to the Company. A third of the PSU and RSU awards granted to Mr. Goulden on March 4, 2023 are eligible to vest on March 4, 2024, and the remaining portions of those PSU and RSU awards are eligible to vest quarterly until March 4, 2026 so long as Mr. Goulden continues service to the Company. Regardless of the date Mr. Goulden ceases service to the Company, the receipt of any shares that vest under the PSU award granted to Mr. Goulden on March 4, 2023 will not take place until March 2026 (other than in the event of Mr. Goulden's death or termination without "cause," for "good reason," or as a result of "Disability" coinciding with or following a "Change in Control," where shares are delivered on termination).

## Term

Mr. Goulden's original employment agreement, which is terminable by either party upon ninety days' written notice and is automatically extended for additional one-year periods unless either party gives ninety days written notice of termination, is in effect until the date his successor begins employment. Following this date, Mr. Goulden will be employed in a different position by, become a consultant to, or serve on a managing board of the Company or a subsidiary or affiliate up until March 4, 2026.

## Termination without "Cause," for "Good Reason"

In the event of a termination of Mr. Goulden's employment without "Cause" or by Mr. Goulden for "Good Reason", subject to his executing and not revoking a release, Mr. Goulden will be entitled to receive his compensation accrued through the date of his termination of employment and the following severance compensation and benefits:

1. one times the sum of his base salary and target bonus, paid over a 12-month period following his termination of employment;
2. if a bonus plan is in place, a pro-rata actual annual bonus for the year in which termination of employment occurs; and
3. continuation for twelve months following termination of employment of group health insurance benefits as if Mr. Goulden were our employee.

If Mr. Goulden's employment is terminated without "Cause" or by Mr. Goulden for "Good Reason" on or within twelve months after the consummation of, or, under certain circumstances, within six months prior to, a "Change in Control," Mr. Goulden will be entitled to the following severance compensation and benefits, subject to his executing and not revoking a release:

1. two times the sum of his base salary and target bonus, if any, for the year in which such termination occurs, paid over a 24-month period following his termination of employment;
2. if a bonus plan is in place, a pro-rata annual bonus for the year in which termination of employment occurs, determined at the higher of actual and target performance; and
3. continuation for up to twelve months following termination of employment of group health insurance benefits as if Mr. Goulden were our employee.

## Termination as the Result of Death or "Disability"

In the event of a termination of Mr. Goulden's employment as the result of his death or "Disability," Mr. Goulden or, as applicable, his heirs will be entitled to receive his compensation accrued through the date of termination of employment, if a bonus plan is in place, a pro-rata target annual bonus for the year in which termination of employment occurs, continuation for twelve months following his death of group health insurance benefits for his dependents (or for Mr. Goulden, if he is terminated as the result of "Disability") as if he were our employee, and in the event of termination of Mr. Goulden's employment as the result of "Disability," continuation for twelve months following termination of employment of group life and disability insurance benefits as if Mr. Goulden were our employee.

## Other

In addition, subject to certain limitations, if severance remuneration payable under the employment agreement is held to constitute a "parachute payment" under Section 280G of the Internal Revenue Code, we will reduce the amount of such payment to the extent necessary so that no portion of the payment, so reduced, would constitute a "parachute payment" if such reduction would result in an increase in the aggregate payments and benefits to be provided to Mr. Goulden determined on an after tax basis. Concurrently with entering into the employment agreement, Mr. Goulden also entered into a non-competition and non-solicitation agreement with us pursuant to which Mr. Goulden is subject to one-year non-competition and non-solicitation obligations following Mr. Goulden's termination of employment with us.

## Equity Instruments

### PSUs

The PSUs granted to Mr. Goulden in August and November 2020 provide for accelerated vesting upon a termination of service without "Cause," a termination of service for "Good Reason," or a termination of service as the result of death or "Disability." The number of shares to be delivered to Mr. Goulden would depend on the termination event (termination without cause/good reason/death/disability) and when it occurred.

Upon a termination of service without "Cause," for "Good Reason," or as the result of "Disability" that does not occur coincident with or following a "Change in Control," the PSU performance multiplier would be applied to a pro rata portion

(based on the number of days that had elapsed since August 12, 2020 or November 12, 2020, as applicable (the grant dates of such PSUs) as of the date of his termination of service) of Mr. Goulden's "target" PSU grant and could range from 1x to 2x, depending on the Company's performance prior to the date of his termination and the stock price appreciation that had occurred between August 12, 2020 or November 12, 2020, as applicable, and the date of his termination.

Upon a termination of service as the result of death that does not occur coincident with or following a "Change in Control," the PSU performance multiplier would be applied to Mr. Goulden's "target" PSU grant and could range from 1x to 2x, depending on the Company's performance prior to the date of his death and the stock price appreciation that had occurred between August 12, 2020 or November 12, 2020, as applicable (the grant dates of such PSUs), and the date of his death.

If a "Change in Control" occurs prior to March 4, 2023 and Mr. Goulden's service is terminated without "Cause," for "Good Reason," or as a result of death or "Disability" coincident with or at any time following the effective date of the "Change in Control," the PSU performance multiplier would be applied to a pro rata portion (based on the number of days that had elapsed since August 12, 2020 or November 12, 2020, as applicable (the grant dates of such PSUs) as of the effective date of the "Change in Control") of Mr. Goulden's "target" PSU grant and the performance multiplier could range from 1x to 2x, depending on the Company's performance prior to the effective date of the "Change in Control" and the stock price appreciation that had occurred between August 12, 2020 or November 12, 2020, as applicable, and the effective date of the "Change in Control." Mr. Goulden would also receive a pro rata portion of Mr. Goulden's "target" PSU grant (based on the number of days that had elapsed since the effective date of the "Change in Control" as of the date of his termination (or, in the case of a termination of service as a result of death, March 4, 2023)) without the application of the performance multiplier.

The PSUs granted to Mr. Goulden in March 2021 would be treated in the same fashion as the PSUs granted to Mr. Fogel in March 2021 described above under *Mr. Fogel — Equity Instruments*.

The PSUs granted to Mr. Goulden in March 2022 would be treated in the same fashion as the 2022 PSUs granted to Mr. Fogel described above under *Mr. Fogel — Equity Instruments*, with certain exceptions. Certain of the PSUs granted to Mr. Goulden in March 2022 will vest on March 4, 2024. Therefore, a termination of service without "Cause," a termination of service for "Good Reason," a termination of service as the result of death or "Disability," and a termination coincident with or following a Change in Control described above under *Mr. Fogel — Equity Instruments* apply if those terminations happen before March 4, 2024.

## RSUs

The RSUs granted to Mr. Goulden in March 2021 and March 2022, would be treated in the same fashion as the RSUs granted to Mr. Fogel in March 2021 and March 2022, respectively, described above under *Mr. Fogel — Equity Instruments*.

## Mr. Millones

### Employment Agreement

#### Termination without "Cause" or for "Good Reason"

In the event of a termination of Mr. Millones' employment by us without "Cause" or by Mr. Millones for "Good Reason", Mr. Millones will be entitled to receive his compensation accrued through the date of his termination of employment and the following severance compensation and benefits:

1. two times his base salary and target bonus, if any, paid over a 12-month period following his termination of employment;
2. if a bonus plan is in place, a pro-rata target annual bonus for the year in which termination of employment occurs; and
3. continuation for one year following termination of employment of group health, life and disability insurance benefits as if he were our employee (in the event of a "Change in Control," continuation of benefits is for two years following the termination of employment).

#### Termination as a Result of Death or "Disability"

In the event of a termination of Mr. Millones' employment as a result of death or "Disability", Mr. Millones or, as applicable, his heirs will be entitled to receive his compensation accrued through the date of termination of employment, if a bonus plan is in place, a pro-rata target annual bonus for the year in which termination of employment occurs, in the event of termination as a result of death, continuation for one year following termination of employment of group health insurance benefits for Mr. Millones' dependents as if he were our employee, and in the event of termination as a result of "Disability," continuation for one year following termination of employment of group health, life, and disability insurance benefits, as if he were our employee.

## Other

Mr. Millones' employment agreement provides that, subject to certain limitations, if severance remuneration payable under the employment agreement is held to constitute an excess parachute payment under Section 280G of the Internal Revenue Code, we will reduce the amount of such payment to the extent necessary so that no portion of the payment, so reduced, would constitute a "parachute payment" if such reduction would result in an increase in the aggregate payments and benefits to be provided to Mr. Millones determined on an after tax basis. Mr. Millones entered into a separate non-competition and non-solicitation agreement with us in February 2013 pursuant to which Mr. Millones is subject to one-year non-competition and non-solicitation obligations following Mr. Millones' termination of employment with us.

## Equity Instruments

### PSUs

The PSUs granted to Mr. Millones in March 2021 and March 2022 would be treated in the same fashion as the PSUs granted to Mr. Fogel in March 2021 and March 2022, respectively, described above under *Mr. Fogel — Equity Instruments*.

### RSUs

The RSUs granted to Mr. Millones in December 2020, March 2021, and March 2022 would be treated in the same fashion as the RSUs granted to Mr. Fogel in December 2020, March 2021, and March 2022, respectively, described above under *Mr. Fogel — Equity Instruments*.

## Mr. Pisano

### Employment Agreement

Effective August 1, 2021, Mr. Pisano became our Chief Human Resources Officer in addition to his role as the Senior Vice President and Chief People Officer of Booking.com. On July 31, 2021, we entered into a letter agreement with Mr. Pisano in connection with his appointment as the Company's Chief Human Resources Officer. The letter agreement supplements the Dutch employment contract between Mr. Pisano and Booking.com, effective March 2, 2020, which provides for Mr. Pisano's terms of employment in his role as SVP and Chief People Officer, including one-year non-competition and non-solicitation covenants.

### Term

Mr. Pisano's letter agreement has an initial period of approximately twelve to eighteen months, which is terminable by either party.

### Termination without "Cause" or for "Good Reason"

In the event of a termination of Mr. Pisano's employment by us without "Cause" or by Mr. Pisano for "Good Reason," Mr. Pisano will be entitled to receive his compensation accrued through the date of his termination of employment and the following severance compensation and benefits, subject to his executing and not revoking a release:

1. one times his base salary and target bonus, if any, paid over a 12-month period following his termination of employment;
2. if a bonus plan is in place, a pro-rata target annual bonus for the year in which termination of employment occurs;
3. reimbursement of up to EUR 50,000 for the cost of all reasonable relocation expenses incurred with respect to Mr. Pisano's relocation to a country other than the Netherlands that occurs within 180 days following the termination of his employment; and
4. reimbursement of up to EUR 10,000 of any legal fees, for purposes of negotiating the termination agreement as required under Dutch law.

In the event of the termination of Mr. Pisano's employment by us without "Cause" or by Mr. Pisano for "Good Reason," within six months preceding, or twelve months following, a "Change in Control," Mr. Pisano will be entitled to receive his compensation accrued through the date of his termination of employment and the following severance compensation and benefits, subject to his executing and not revoking a release:

1. two times his base salary and target bonus, if any, paid over a 24-month period following his termination of employment;
2. if a bonus plan is in place, a pro-rata target annual bonus for the year in which termination of employment occurs;
3. reimbursement of up to EUR 50,000 for the cost of all reasonable relocation expenses incurred with respect to Mr. Pisano's relocation to a country other than the Netherlands that occurs within 180 days following the termination of his employment; and
4. reimbursement of up to EUR 10,000 in any legal fees, for purposes of negotiating the termination agreement as required under Dutch law.

### Termination as a Result of Death

In the event of a termination of Mr. Pisano's employment as a result of death, Mr. Pisano will be entitled to receive his compensation accrued through the date of termination of employment and a pro-rata target annual bonus for the year in which termination of employment occurs (if a bonus plan is in place).

### Other

Mr. Pisano's employment agreement provides that, subject to certain limitations, if severance remuneration payable under his employment agreement is held to constitute an excess parachute payment under Section 280G of the Internal Revenue Code, we will reduce the amount of such payment to the extent necessary so that no portion of the payment, so reduced, would constitute a "parachute payment" if such reduction would result in an increase in the aggregate payments and benefits to be provided to Mr. Pisano determined on an after tax basis. Mr. Pisano entered into a separate non-competition and non-solicitation agreement with us in July 2021 pursuant to which Mr. Pisano is subject to one-year non-competition and non-solicitation obligations following Mr. Pisano's termination of employment with us.

## Equity Instruments

### PSUs

The PSU awards granted to Mr. Pisano in March 2021 and March 2022 provide for accelerated vesting upon a termination of service without "Cause," a termination of service as the result of death or "Disability," or in connection with the March 2022 PSUs, a termination of service for "Good Reason." The number of shares to be delivered to Mr. Pisano upon vesting would depend on the termination event (termination without cause/for good reason/death/disability) and when it occurred (in relation to a "Change in Control" and/or during or following a particular one-year measurement period).

Upon a termination of service as the result of death (that does not occur coincident with or following a "Change in Control"), the PSU performance multiplier would be applied to (i) the target number of PSUs allocated to any completed measurement periods based on actual performance, and (ii) the sum of (a) a pro-rata portion of the target number of PSUs allocated to the measurement period during which the termination occurred (based on the number of days that had elapsed since the beginning of such measurement period as of the date of his termination of service), based generally on our performance through the most recent fiscal quarter for which our financial results have been publicly reported closest to the date of the termination of service as a result of his death, and (b) a pro-rata portion of the target number of PSUs allocated to the measurement period during which the termination occurred (based on the number of days that had elapsed from the date of termination through the end of such measurement period). In addition, for any measurement periods that had not yet started at the time of termination of service as a result of death, if applicable, Mr. Pisano would receive the target number of PSUs allocated to those measurement periods without the application of any performance multiplier. The number of shares that Mr. Pisano could receive could range from 1x to 2x of the total number of shares subject to the applicable PSU award.

Upon a termination of service without "Cause," as the result of "Disability," or in connection with the March 2022 PSU award, for "Good Reason," that does not occur coincident with or following a "Change in Control," the PSU performance multiplier would be applied to (i) the target number of PSUs allocated to any completed measurement periods based on actual performance and (ii) a pro-rata portion of the target number of PSUs allocated to the measurement period during which the termination occurs (based on the number of days that had elapsed since the beginning of such measurement period as of the date of his termination of service) based generally on our performance through the most recent fiscal quarter for which our financial results have been publicly reported closest to the date of the termination of service. The number of shares that Mr. Pisano could receive could range from 1x to 2x of the total number of shares subject to the applicable PSU award.

If a "Change in Control" occurs prior to (i) March 4, 2024 for the 2021 PSUs or (ii) March 4, 2025 for the 2022 PSUs and Mr. Pisano's service is terminated as a result of death coincident with or at any time following the effective date of the "Change in Control," the PSU performance multiplier would be applied to (i) the target number of PSUs allocated to any completed measurement periods based on actual performance, and (ii) the sum of (a) a pro-rata portion of the target number of PSUs allocated to the measurement period during which the "Change in Control" occurs (based on the number of days that had elapsed since the beginning of such measurement period as of the date of the "Change in Control"), based generally on our performance through the most recent fiscal quarter for which our financial results have been publicly reported closest to the date of the "Change in Control" and (b) a pro-rata portion of the target number of PSUs allocated to the measurement period during which the "Change in Control" occurs (based on the number of days that had elapsed since the date of the "Change in Control" through the end of such measurement period). In addition, for any measurement periods that had not yet started as of the date of the "Change in Control," if applicable, Mr. Pisano would receive the target number of PSUs allocated to those measurement periods without the application of any performance multiplier. The number of shares that Mr. Pisano could receive could range from 1x to 2x of the total number of shares subject to the applicable PSU award.

If a "Change in Control" occurs prior to (i) March 4, 2024 for the 2021 PSUs or (ii) March 4, 2025 for the 2022 PSUs and Mr. Pisano's service is terminated without "Cause," as a result of "Disability," or in connection with the March 2022 PSU award, for "Good Reason," in each case coincident with or at any time following the effective date of the "Change in Control," the PSU performance multiplier would be applied to (i) the target number of PSUs allocated to any completed measurement periods based on actual performance, and (ii) the sum of (a) a pro-rata portion of the target number of PSUs allocated to the measurement period during which the "Change in Control" occurs (based on the number of days that had elapsed since the beginning of such measurement period as of the date of the "Change in Control"), based generally on our performance through the most recent fiscal quarter for which our financial results have been publicly reported closest to the date of the "Change in Control" and (b) a pro-rata portion of the target number of PSUs (based on the number of days that had elapsed since the date of the "Change in Control" through the end of the applicable vesting period). The number of shares that Mr. Pisano could receive could range from 1x to 2x of the total number of shares subject to the applicable PSU award.

## RSUs

The RSUs granted to Mr. Pisano in March 2020, March 2021, and August 2021 would be treated in the same fashion as the RSUs granted to Mr. Fogel in March 2021 described above under *Mr. Fogel — Equity Instruments*, except that (i) his RSUs granted in March 2020 would not be subject to pro-rata vesting upon a termination without "Cause" or for "Good Reason," (ii) his RSUs granted in March 2021 would not be subject to pro-rata vesting upon a termination for "Good Reason," and (iii) his RSUs granted in August 2021 would vest based on the August 2021 grant date rather than the March 2021 grant date.

The RSUs granted to Mr. Pisano in May 2020 are subject to vesting with respect to two-thirds of the award on March 4, 2022 and the remainder on March 4, 2023, but provide for full vesting upon a termination of service as the result of his death and pro rata vesting upon a termination of service without "Cause" or as a result of "Disability," in each case based on the number of days elapsed from May 12, 2020 (the grant date) or March 4, 2022, whichever applies, through and including the date of termination.

## Stock Options

The stock options granted to Mr. Pisano in May 2020 vested on March 4, 2023, but provide for full vesting upon a termination of service as the result of his death and pro rata vesting upon a termination of service without "Cause" or as a result of "Disability," in each case based on the number of days elapsed from May 12, 2020 (the grant date) through and including the date of termination. Any vested stock options may be exercised until the earliest to occur of the following events: (i) the date on which Mr. Pisano's termination occurs for "Cause," (ii) ninety days after the date on which his termination occurs for any reason other than "Cause," death, or "Disability," (iii) one year after his termination due to death or "Disability," and (iv) ten years from the date of grant of the stock options.



## Potential Payments Upon a Change in Control and/or Termination

The following tables estimate the payments required to be made to each NEO in connection with a termination of their employment upon specified events or a change in control, assuming a \$2,015.28 per share price for our common stock (the closing market price on December 31, 2022). The amounts shown also assume that the termination or change in control was effective December 31, 2022, and thus include amounts earned through such time and are estimates of the amounts which would be paid out to the NEOs. Therefore, amounts shown do not reflect, for instance, any changes to base salaries or bonus targets effective in 2023, 2023 changes in the cost of health benefit plans, equity grants made in 2023 or the unvested pro-rata portion of equity awards for which the performance or vesting period extends beyond December 31, 2022. However, amounts shown do reflect incremental amounts due to the named executive officer upon or as a result of the specified event. The terms "Cause," "Good Reason," and "Disability" have the meanings in the individual employment agreements or equity instruments described above. In the event of voluntary resignation or retirement where the person's last date of employment was December 31, 2022, the named executive officer would only receive their accrued but unpaid salary through the termination date of employment. See *Employment Contracts, Termination of Employment and Change in Control Arrangements* above for more information.

### Glenn D. Fogel

|                               | Termination<br>without "Cause"<br>(non-Change of<br>Control)<br>(\$) | Termination for<br>Good Reason<br>(non-Change of<br>Control)<br>(\$) | Termination<br>without "Cause"<br>or for "Good<br>Reason"<br>(Change of<br>Control)<br>(\$) | No<br>Termination<br>(Change of<br>Control)<br>(\$) | Death<br>(\$)     | Disability<br>(\$) |
|-------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------|--------------------|
| <b>Severance:</b>             |                                                                      |                                                                      |                                                                                             |                                                     |                   |                    |
| Base Salary and Target Bonus  | 5,250,000                                                            | 5,250,000                                                            | 7,875,000                                                                                   | –                                                   | 0                 | 0                  |
| Pro-Rated Bonus               | 1,875,000                                                            | 1,875,000                                                            | 1,875,000                                                                                   | –                                                   | 1,875,000         | 1,875,000          |
| <b>Equity and Benefits:</b>   |                                                                      |                                                                      |                                                                                             |                                                     |                   |                    |
| Performance Share Units       | 41,381,726                                                           | 41,381,726                                                           | 41,381,726                                                                                  | 0                                                   | 61,211,413        | 41,381,726         |
| Restricted Stock/RSUs         | 3,151,870                                                            | 3,151,870                                                            | 3,151,870                                                                                   | 0                                                   | 11,610,028        | 3,151,870          |
| Stock Options                 | 0                                                                    | 0                                                                    | 0                                                                                           | 0                                                   | 0                 | 0                  |
| Health/Welfare <sup>(1)</sup> | 31,423                                                               | 31,423                                                               | 31,423                                                                                      | –                                                   | 20,949            | 21,186             |
| Tax Gross-up                  | 0                                                                    | 0                                                                    | 0                                                                                           | 0                                                   | 0                 | 0                  |
| <b>TOTAL</b>                  | <b>51,690,019</b>                                                    | <b>51,690,019</b>                                                    | <b>54,315,019</b>                                                                           | <b>–</b>                                            | <b>74,717,390</b> | <b>46,429,782</b>  |

(1) Benefit amounts are based on 2022 annual premiums paid by the Company for medical, dental and vision coverage. In the case of termination due to Disability, Mr. Fogel would be eligible for an additional \$238 for group life and disability insurance benefits (based on 2022 annual premiums paid by the Company).

## David Goulden

|                               | Termination<br>without "Cause"<br>(non-Change of<br>Control)<br>(\$) | Termination for<br>Good Reason<br>(non-Change of<br>Control)<br>(\$) | Termination<br>without "Cause"<br>or for "Good<br>Reason"<br>(Change of<br>Control)<br>(\$) | No<br>Termination<br>(Change of<br>Control)<br>(\$) | Death<br>(\$)     | Disability<br>(\$) |
|-------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------|--------------------|
| <b>Severance:</b>             |                                                                      |                                                                      |                                                                                             |                                                     |                   |                    |
| Base Salary and Target Bonus  | 1,953,000                                                            | 1,953,000                                                            | 3,906,000                                                                                   | –                                                   | 0                 | 0                  |
| Pro-Rated Bonus               | 1,323,000                                                            | 1,323,000                                                            | 1,323,000                                                                                   | –                                                   | 1,323,000         | 1,323,000          |
| <b>Equity and Benefits:</b>   |                                                                      |                                                                      |                                                                                             |                                                     |                   |                    |
| Performance Share Units       | 39,062,911                                                           | 39,062,911                                                           | 39,062,911                                                                                  | 0                                                   | 48,488,664        | 39,062,911         |
| Restricted Stock/RSUs         | 1,276,468                                                            | 1,276,468                                                            | 1,276,468                                                                                   | 0                                                   | 3,871,353         | 1,276,468          |
| Stock Options                 | 0                                                                    | 0                                                                    | 0                                                                                           | 0                                                   | 0                 | 0                  |
| Health/Welfare <sup>(1)</sup> | 17,988                                                               | 17,988                                                               | 17,988                                                                                      | –                                                   | 17,988            | 18,225             |
| Tax Gross-up                  | 0                                                                    | 0                                                                    | 0                                                                                           | 0                                                   | 0                 | 0                  |
| <b>TOTAL</b>                  | <b>43,633,367</b>                                                    | <b>43,633,367</b>                                                    | <b>45,586,367</b>                                                                           | <b>–</b>                                            | <b>53,701,005</b> | <b>41,680,604</b>  |

(1) Benefit amounts are based on 2022 annual premiums paid by the Company for medical, dental and vision coverage. In the case of termination due to Disability, Mr. Goulden would be eligible for an additional \$238 for group life and disability insurance benefits (based on 2022 annual premiums paid by the Company).

## Peter J. Millones

|                               | Termination<br>without "Cause"<br>(non-Change of<br>Control)<br>(\$) | Termination for<br>Good Reason<br>(non-Change of<br>Control)<br>(\$) | Termination<br>without "Cause"<br>or for "Good<br>Reason"<br>(Change of<br>Control)<br>(\$) | No<br>Termination<br>(Change of<br>Control)<br>(\$) | Death<br>(\$)     | Disability<br>(\$) |
|-------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------|--------------------|
| <b>Severance:</b>             |                                                                      |                                                                      |                                                                                             |                                                     |                   |                    |
| Base Salary and Target Bonus  | 3,227,700                                                            | 3,227,700                                                            | 3,227,700                                                                                   | –                                                   | –                 | –                  |
| Pro-Rated Bonus               | 1,057,350                                                            | 1,057,350                                                            | 1,057,350                                                                                   | –                                                   | 1,057,350         | 1,057,350          |
| <b>Equity and Benefits:</b>   |                                                                      |                                                                      |                                                                                             |                                                     |                   |                    |
| Performance Share Units       | 14,746,538                                                           | 14,746,538                                                           | 14,746,538                                                                                  | 0                                                   | 20,572,121        | 14,746,538         |
| Restricted Stock/RSUs         | 920,800                                                              | 920,800                                                              | 920,800                                                                                     | 0                                                   | 3,425,975         | 920,800            |
| Stock Options                 | 0                                                                    | 0                                                                    | 0                                                                                           | 0                                                   | 0                 | 0                  |
| Health/Welfare <sup>(1)</sup> | 25,476                                                               | 25,476                                                               | 50,952                                                                                      | –                                                   | 25,238            | 25,476             |
| Tax Gross-up                  | 0                                                                    | 0                                                                    | 0                                                                                           | 0                                                   | 0                 | 0                  |
| <b>TOTAL</b>                  | <b>19,977,864</b>                                                    | <b>19,977,864</b>                                                    | <b>20,003,340</b>                                                                           | <b>–</b>                                            | <b>25,080,684</b> | <b>16,750,164</b>  |

(1) Benefit amounts are based on 2022 annual premiums paid by the Company for (a) medical, dental and vision coverage, (b) group life insurance and (c) disability insurance benefits.

## Paulo Pisano

|                                 | Termination<br>without "Cause"<br>(non-Change of<br>Control)<br>(\$) | Termination for<br>Good Reason<br>(non-Change of<br>Control)<br>(\$) | Termination<br>without "Cause"<br>or for "Good<br>Reason"<br>(Change of<br>Control) <sup>(3)</sup><br>(\$) | No<br>Termination<br>(Change of<br>Control)<br>(\$) | Death<br>(\$)    | Disability<br>(\$) |
|---------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|------------------|--------------------|
| <b>Severance<sup>(1)</sup>:</b> |                                                                      |                                                                      |                                                                                                            |                                                     |                  |                    |
| Base Salary and Target Bonus    | 945,505                                                              | 945,505                                                              | 1,891,011                                                                                                  | –                                                   | 0                | 0                  |
| Pro-Rated Bonus                 | 525,281                                                              | 525,281                                                              | 525,281                                                                                                    | –                                                   | 525,281          | 0                  |
| Other <sup>(2)</sup>            | 63,034                                                               | 63,034                                                               | 63,034                                                                                                     | 0                                                   | 0                | 0                  |
| <b>Equity and Benefits:</b>     |                                                                      |                                                                      |                                                                                                            |                                                     |                  |                    |
| Performance Share Units         | 2,935,274                                                            | 1,587,400                                                            | 2,935,274                                                                                                  | 0                                                   | 5,449,831        | 2,935,274          |
| Restricted Stock/RSUs           | 502,230                                                              | 107,412                                                              | 502,230                                                                                                    | 0                                                   | 1,142,664        | 600,935            |
| Stock Options                   | 1,207,634                                                            | 0                                                                    | 1,207,634                                                                                                  | 0                                                   | 1,285,304        | 1,207,634          |
| Health/Welfare                  |                                                                      |                                                                      |                                                                                                            |                                                     |                  |                    |
| Tax Gross-up                    | 0                                                                    | 0                                                                    | 0                                                                                                          | 0                                                   | 0                | 0                  |
| <b>TOTAL</b>                    | <b>6,178,958</b>                                                     | <b>3,228,632</b>                                                     | <b>7,124,464</b>                                                                                           | <b>–</b>                                            | <b>8,403,080</b> | <b>4,743,843</b>   |

(1) Amounts (other than equity awards) for Mr. Pisano are converted using a EUR/USD exchange rate of 1.05056161, which was the average rate for 2022.

(2) Includes reimbursable amounts for relocation expenses up to EUR 50,000 and legal fees up to EUR 10,000.

(3) Accelerated vesting occurs upon termination for "Good Reason" only for PSUs and RSUs granted starting August 2021.

## 2022 CEO Pay Ratio

Our 2022 CEO Pay Ratio is the ratio of the annual total compensation of our Chief Executive Officer, Mr. Fogel, as disclosed in the *Summary Compensation Table*, to the annual total compensation of our median employee (excluding our Chief Executive Officer). To identify our median employee, we used our worldwide employee population without exclusions (other than Mr. Fogel) as of November 1, 2022 and salary, wage, overtime, and bonus compensation information from our payroll records. We annualized compensation for those employees who worked for the Company for only part of the fiscal year, did not make any cost-of-living adjustments, and excluded the value of equity awards because we do not distribute equity awards to all employees.

As reported in the *Summary Compensation Table*, Mr. Fogel's total compensation for 2022 was \$30,774,922. Calculated in the same manner as Mr. Fogel's total compensation, the total compensation of our median employee in 2022 was \$76,175. The ratio of Mr. Fogel's total 2022 compensation to that of our median employee is 404 to 1.

Our pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules. The pay ratio reported by other companies may not be comparable to ours because SEC rules for identifying the median employee and calculating the pay ratio allow companies to use different methodologies, apply certain exclusions, and make reasonable estimates and assumptions that reflect their compensation practices.

## Pay Versus Performance

As required by SEC Regulation S-K Item 402(v), the following table sets forth the compensation information of our Principal Executive Officer (PEO) and our non-PEO Named Executive Officers (NEOs) along with total shareholder return, net income, and revenue performance results for our fiscal years ending in 2020, 2021, and 2022. **The calculations and analysis below do not reflect the Company's approach to aligning executive compensation with performance.** For information about how we align executive compensation with financial performance, refer to the *Compensation Discussion and Analysis*.

| Year | Summary Compensation Table Total for PEO <sup>(1)</sup> | Compensation Actually Paid to PEO <sup>(1)(2)(3)(4)</sup> | Average Summary Compensation Table Total for Non-PEO Named Executive Officers <sup>(5)</sup> | Average Compensation Actually Paid to Non-PEO Named Executive Officers <sup>(2)(3)(5)(6)</sup> | Value of Initial Fixed \$100 Investment Based On: |                                                       |                          |                                      |
|------|---------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------|--------------------------|--------------------------------------|
|      |                                                         |                                                           |                                                                                              |                                                                                                | Total Shareholder Return <sup>(7)</sup>           | Peer Group Total Shareholder Return <sup>(7)(8)</sup> | Net Income (in millions) | Revenue (in millions) <sup>(9)</sup> |
| (a)  | (b)                                                     | (c)                                                       | (d)                                                                                          | (e)                                                                                            | (f)                                               | (g)                                                   | (h)                      | (i)                                  |
| 2022 | \$30,774,922                                            | \$31,636,370                                              | \$9,254,954                                                                                  | \$7,503,594                                                                                    | \$98.13                                           | \$81.50                                               | \$3,058                  | \$17,090                             |
| 2021 | \$53,982,195                                            | \$77,097,297                                              | \$14,249,317                                                                                 | \$22,818,567                                                                                   | \$116.82                                          | \$134.41                                              | \$1,165                  | \$10,958                             |
| 2020 | \$7,148,598                                             | (\$43,204,620)                                            | \$13,708,464                                                                                 | \$1,250,364                                                                                    | \$108.45                                          | \$137.32                                              | \$59                     | \$6,796                              |

(1) Mr. Fogel served as Chief Executive Officer (PEO) in each year included in the table.

(2) Year-end stock prices used as part of the "Compensation Actually Paid" calculation were: 2022 \$2,015.28, 2021 \$2,399.23, and 2020 \$2,227.27.

(3) Fair value or change in fair value, as applicable, of equity awards included in columns (c) and (e) was determined by reference to (1) for RSU awards, closing price on applicable year-end date(s) or, in the case of vesting dates, the actual vesting price, (2) for performance-based PSU awards (excluding PSUs with an rTSR component, TSR governor component, and a stock price appreciation component), the probable number of shares multiplied by the closing price on the applicable year-end date(s) or, in the case of awards that vested, the vested number of shares multiplied by the actual vesting price, (3) for PSUs with an rTSR component and, for certain 2022 PSUs, the TSR governor component, the probable number of shares multiplied by the share price on the applicable year-end date(s) which was derived using Monte Carlo simulations (because of the rTSR and TSR governor components of this award, as applicable), (4) for PSUs with an additional stock price appreciation component, the probable number of shares multiplied by the closing price on the applicable year-end date(s), plus the fair value of the stock price appreciation component on the applicable year-end date(s), and (5) for stock options, a Black Scholes value as of the applicable year-end date(s), determined based on the same methodology as used to determine grant date fair value but using the closing stock price and assumptions including expected volatility, risk-free interest rate, expected dividends, and expected term as of the applicable revaluation date(s).

(4) Compensation Actually Paid to Mr. Fogel reflects the following adjustments from column (b):

### Adjustments to Calculate Compensation Actually Paid for PEO

|                                                                                                                                                                       | 2022           | 2021           | 2020           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Amount Reported in Summary Compensation Table ("SCT")                                                                                                                 | \$30,774,922   | \$53,982,195   | \$7,148,598    |
| Subtract Amounts Reported under the Stock Awards and Option Awards Column in the SCT                                                                                  | (\$26,258,740) | (\$48,010,707) | (\$6,954,041)  |
| Fair Value of Awards Granted during Year that Remain Unvested as of Year End                                                                                          | \$35,126,298   | \$49,934,780   | \$7,376,718    |
| Fair Value of Awards Granted during Year that Vest during Year                                                                                                        | \$0            | \$20,829,900   | \$0            |
| Increase/Deduction for Change in Fair Value from prior Year-end to current Year-end of Awards Granted Prior to Year that were Outstanding and Unvested as of Year-End | (\$4,718,980)  | \$379,688      | (\$44,329,590) |
| Deduction for Change in Fair Value from Prior Year-end to Vesting Date of Awards Granted Prior to Year that Vested during Year                                        | (\$3,287,130)  | (\$18,559)     | (\$6,446,305)  |
| Compensation Actually Paid to PEO                                                                                                                                     | \$31,636,370   | \$77,097,297   | (\$43,204,620) |

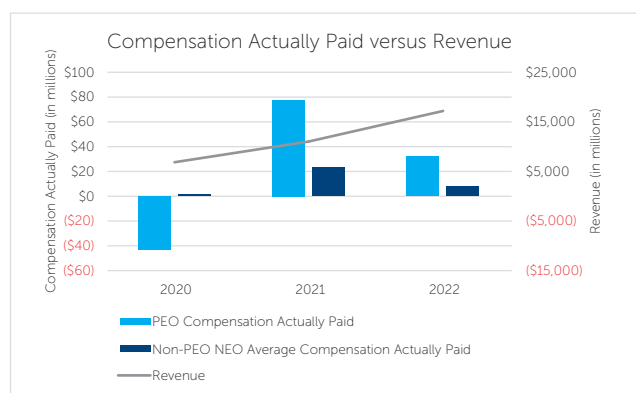
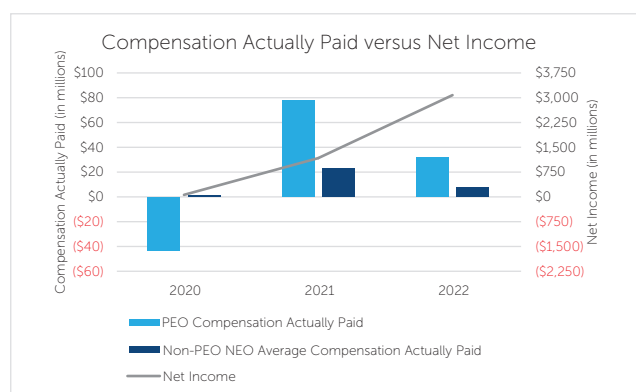
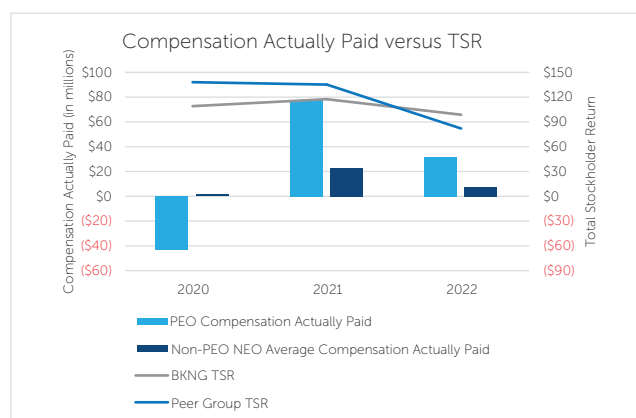
(5) In 2022 and 2021, the non-PEO NEOs were Messrs. Goulden, Millones, and Pisano. In 2020, the non-PEO NEOs were Messrs. Goulden and Millones.

- (6) Average Compensation Actually Paid to the non-PEO NEOs noted in footnote (5) for each relevant year reflects the following adjustments from column (d):

| Adjustments to Calculate Compensation<br>Actually Paid for non-PEO NEOs                                                                                                       | 2022          | 2021           | 2020           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|----------------|
| Average Amount Reported in Summary Compensation Table                                                                                                                         | \$9,254,954   | \$14,249,317   | \$13,708,464   |
| Subtract Average Amounts Reported under the Stock Awards and Option Awards Column in the SCT                                                                                  | (\$6,777,593) | (\$11,312,738) | (\$12,407,092) |
| Average Fair Value of Awards Granted during Year that Remain Unvested as of Year End                                                                                          | \$8,986,958   | \$11,970,027   | \$15,095,779   |
| Average Fair Value of Awards Granted during Year that Vest during Year                                                                                                        | \$0           | \$4,463,550    | \$0            |
| Average Increase/Deduction for Change in Fair Value from prior Year-end to current Year-end of Awards Granted Prior to Year that were Outstanding and Unvested as of Year-End | (\$3,160,646) | \$3,433,026    | (\$14,159,513) |
| Average Increase/Deduction for Change in Fair Value from Prior Year-end to Vesting Date of Awards Granted Prior to Year that Vested during Year                               | (\$800,079)   | \$15,385       | (\$987,274)    |
| Average Compensation Actually Paid to non-PEO NEOs                                                                                                                            | \$7,503,594   | \$22,818,567   | \$1,250,364    |

- (7) The amount listed for each year reflects what the cumulative value of \$100 would be if that had been invested on December 31, 2019 (including reinvestment of dividends for applicable peers).
- (8) Peer group total shareholder return reflects the RDG Internet Composite as reflected in our Annual Report on Form 10-K.
- (9) Revenue is revenue under GAAP as reflected in the Company's financial statements.

We believe the “Compensation Actually Paid” to our PEO and other NEOs over the three-year cumulative period reflects the Compensation Committee balancing pay for performance in the uncertain context of the COVID-19 pandemic, which dramatically affected the Company and its industry. The charts below show “Compensation Actually Paid” and (i) total stockholder return, (ii) net income, and (iii) revenue. Our compensation plans do not include net income as a measure of financial performance and therefore there is no direct relationship to “Compensation Actually Paid.”



We measure performance for purposes of assessing pay for our PEO and other NEOs based on the following four unranked most important financial performance measures. For additional information, see *How We Measure Performance* on page 53.

|                                   |
|-----------------------------------|
| Revenue                           |
| Compensation EBITDA               |
| Relative Total Stockholder Return |
| Absolute Total Stockholder Return |



## Equity Compensation Plan Information

We have one primary equity compensation plan: the 1999 Omnibus Plan, as amended (the "Plan"). In addition, in connection with our acquisition of KAYAK Software Corporation in May 2013, Buuteeq, Inc. in June 2014, OpenTable, Inc. in July 2014, and Rocket Travel, Inc. in March 2015, we assumed equity plans of those acquired companies (the "Assumed Company Plans"). We may continue to grant equity awards under certain of the Assumed Company Plans. The Compensation Committee has broad authority to grant equity awards and determine the terms, conditions, and restrictions relating to those equity awards under the Plan and the Assumed Company Plans.

The table below presents information as of December 31, 2022 on the Plans:

| Plan Category                                                     | Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup> | Weighted-average exercise price of outstanding options, warrants and rights <sup>(2)</sup> | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column) <sup>(3)</sup> |
|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Equity Compensation plans approved by security holders</b>     |                                                                                                            |                                                                                            |                                                                                                                                                                  |
| 1999 Omnibus Plan                                                 | 596,505                                                                                                    | \$1,411.00                                                                                 | 1,226,245                                                                                                                                                        |
| <b>Equity Compensation plans not approved by security holders</b> |                                                                                                            |                                                                                            |                                                                                                                                                                  |
| Buuteeq Plan <sup>(4)</sup>                                       | 24                                                                                                         | \$66.98                                                                                    | 0                                                                                                                                                                |
| OpenTable Plan <sup>(5)</sup>                                     | 21,265                                                                                                     | \$923.66                                                                                   | 15,375 <sup>(7)</sup>                                                                                                                                            |
| RocketMiles Plan <sup>(6)</sup>                                   | 0                                                                                                          | \$0.00                                                                                     | 3,490                                                                                                                                                            |
| <b>TOTAL:</b>                                                     | <b>617,794</b>                                                                                             |                                                                                            | <b>1,245,110</b>                                                                                                                                                 |

(1) Includes an aggregate of 120,813 unvested and unexercised stock options, 286,379 unvested and unissued RSUs and 210,602 unvested PSUs (based on maximum performance for the 2020, 2021 & 2022 PSUs) outstanding at December 31, 2022, consisting of 485,285 unvested shares under the 1999 Omnibus Plan and 20,665 unvested shares under the OpenTable Plan. The number of shares reported for the PSUs may overstate dilution.

(2) Represents weighted-average exercise price of stock options outstanding under the applicable plan. The weighted-average exercise price does not apply to PSUs or RSUs because there is no exercise price associated with such awards.

(3) With respect to PSUs, this column assumes that the maximum number of shares underlying the PSUs will be issued at the end of the relevant performance periods, and therefore all such shares have been excluded. As of December 31, 2022, the actual number of shares to be issued, if any, had not been determined and will be determined based on the relevant performance criteria over the applicable performance periods.

(4) The assumed Buuteeq plan is the Buuteeq, Inc. Amended and Restated 2010 Stock Plan. No further grants may be made under the Buuteeq Plan, although the stock options shown in the table were outstanding as of December 31, 2022.

(5) The assumed OpenTable plan is the OpenTable, Inc. Amended and Restated 2009 Equity Incentive Award Plan.

(6) The assumed Rocket Travel plan is the Amended and Restated Rocket Travel, Inc. 2012 Stock Incentive Plan.

(7) Under the OpenTable Plan, there is fungible share-counting, and future full value awards would deplete the securities available for future issuance by the 1.66 fungible share ratio.

## Non-Employee Director Compensation and Benefits

The Compensation Committee reviews our non-executive director compensation program every two years, including a review of peer director pay practices, and seeks the advice of its independent compensation consultant to ensure that it maintains director compensation practices that are in the best interests of our stockholders. The Plan includes a limit on annual compensation for non-employee directors of \$750,000. The Compensation Committee's last review of non-executive director compensation occurred in 2022.

### 2022 Non-Employee Director Compensation Program

In consultation with the Compensation Committee's outside compensation consultant, the Compensation Committee and the Board approved the 2022 compensation program for the non-employee members of the Board. For 2022, our CEO, Mr. Fogel, received no additional compensation for serving on the Board during the year.

| Position                                        | 2022 Director Fees (\$)                                       |
|-------------------------------------------------|---------------------------------------------------------------|
| Non-employee Director Base Pay <sup>(1)</sup>   | 60,000<br>RSUs valued at approximately 265,000 <sup>(2)</sup> |
| <b>Additional Committee and Leadership Fees</b> |                                                               |
| Non-employee Chair Premium                      | 25,000<br>RSUs valued at approximately 110,000                |
| Lead Independent Director Premium               | 40,000                                                        |
| Audit Committee Chair Premium                   | 20,000                                                        |
| Compensation Committee Chair Premium            | 15,000                                                        |
| CG Committee Chair Premium                      | 15,000                                                        |
| Audit Committee Member Retainer                 | 20,000                                                        |
| Compensation Committee Member Retainer          | 15,000                                                        |
| CG Committee Member Retainer                    | 10,000                                                        |

(1) We reimburse non-employee directors for all travel and other expenses incurred in connection with attending Board and committee meetings.

(2) In 2022, this resulted in RSUs representing 117 shares of common stock being granted to each incumbent non-employee director in May 2022. These RSUs vest on the one-year anniversary of the date of grant, and vesting will accelerate upon a change in control or if the director's service on the Board terminates as a result of the director's death or disability.

The Compensation Committee approved in 2023 fees for the newly formed Cybersecurity Subcommittee in the amount of \$25,000 for the Chair of the Subcommittee and \$10,000 for members of the Subcommittee.

The following table shows compensation earned during 2022 by all non-employee directors serving at any time during fiscal 2022.

| Name                        | Fees Earned or Paid in Cash <sup>(1)</sup><br>(\$) | Stock Awards <sup>(2)(3)</sup><br>(\$) | Option Awards<br>(\$) | All Other Compensation<br>(\$) | Total<br>(\$) |
|-----------------------------|----------------------------------------------------|----------------------------------------|-----------------------|--------------------------------|---------------|
| Timothy Armstrong           | 75,000                                             | 265,120                                | 0                     | 0                              | 340,120       |
| Mirian M. Graddick-Weir     | 110,000                                            | 265,120                                | 0                     | 0                              | 375,120       |
| Wei Hopeman                 | 70,000                                             | 265,120                                | 0                     | 0                              | 335,120       |
| Robert J. Mylod, Jr.        | 100,000                                            | 373,887                                | 0                     | 0                              | 473,887       |
| Charles H. Noski            | 145,000                                            | 265,120                                | 0                     | 0                              | 410,120       |
| Larry Quinlan               | 13,065                                             | 173,356                                | 0                     | 0                              | 186,421       |
| Nicholas J. Read            | 80,000                                             | 265,120                                | 0                     | 0                              | 345,120       |
| Thomas E. Rothman           | 70,000                                             | 265,120                                | 0                     | 0                              | 335,120       |
| Sumit Singh                 | 33,667                                             | 265,075                                | 0                     | 0                              | 298,742       |
| Bob van Dijk <sup>(4)</sup> | 30,722                                             | 0                                      | 0                     | 0                              | 30,722        |
| Lynn Vojvodich Radakovich   | 85,000                                             | 265,120                                | 0                     | 0                              | 350,120       |
| Vanessa A. Wittman          | 100,000                                            | 265,120                                | 0                     | 0                              | 365,120       |

(1) This column reports the amount of cash compensation earned in 2022 for Board and committee service.

(2) This column represents the aggregate grant date fair value of RSUs computed in accordance with FASB ASC Topic 718. For additional information, please refer to Notes 2 and 4 of the Company's Consolidated Financial Statements for the year ended December 31, 2022, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022. These amounts reflect the Company's accounting expense for these awards and do not correspond to the actual value, if any, that will be recognized by the non-employee directors.

(3) As of December 31, 2022, the Company's non-employee directors had the following outstanding equity awards:

- Timothy Armstrong: RSUs for 1,615 shares (which includes 1,498 vested shares the receipt of which has been deferred by Mr. Armstrong for tax planning purposes);
- Mirian M. Graddick-Weir: RSUs for 671 shares (which includes 554 vested shares the receipt of which has been deferred by Dr. Graddick-Weir for tax planning purposes);
- Wei Hopeman: RSUs for 391 shares (which includes 274 vested shares the receipt of which has been deferred by Ms. Hopeman for tax planning purposes);
- Robert J. Mylod, Jr.: RSUs for 980 shares (which includes 815 vested shares the receipt of which has been deferred by Mr. Mylod for tax planning purposes);
- Charles H. Noski: RSUs for 1,231 shares (which includes 1,114 vested shares the receipt of which has been deferred by Mr. Noski for tax planning purposes);
- Larry Quinlan: RSUs for 86 shares;
- Nicholas J. Read: RSUs for 117 shares;
- Thomas E. Rothman: RSUs for 1,777 shares (which includes 1,660 vested shares the receipt of which has been deferred by Mr. Rothman for tax planning purposes);
- Sumit Singh: RSUs for 113 shares;
- Lynn Vojvodich Radakovich: RSUs for 117 shares; and
- Vanessa A. Wittman: RSUs for 117 shares.

(4) Bob van Dijk retired from the Board effective June 9, 2022.

## Non-Employee Director Stock Ownership Guidelines

Our Stock Ownership Guidelines require that each non-employee director own shares of our common stock in an amount equal to or exceeding the lesser of 2,500 shares and shares valued at \$350,000. All non-employee directors met those holding requirements as of March 31, 2023 with the exception of Mr. Quinlan, who joined the Board in October 2022. See *Security Ownership of Certain Beneficial Owners and Management* on page 39 for more details regarding stock ownership by our non-employee directors.

## Compensation Committee Interlocks and Insider Participation

The Compensation Committee is currently comprised of four non-employee independent directors: Mirian M. Graddick-Weir, Timothy Armstrong, Robert J. Mylod, Jr., and Lynn Vojvodich Radakovich. No member of the Compensation Committee is or was formerly an officer or employee of the Company, other than Mr. Mylod, who was an officer and employee of ours until 2011 and joined the Board in 2017. No member of the Compensation Committee had any related person transaction required to be disclosed in which we were a participant during the last fiscal year. In addition, none of our executive officers serve on the compensation committee or board of directors of a company for which any of our directors serves as an executive officer.

## Compensation Risk Assessment

The Compensation Committee believes that our compensation programs do not create or encourage excessive or inappropriate risk-taking that is reasonably likely to have a material adverse effect on us or our business.

## Proposal 2 Advisory Vote to Approve 2022 Executive Compensation

The Compensation Committee took a proactive response following last year's approximately 32% say-on-pay vote result with a robust engagement outreach to understand how we could better align executive compensation with stockholder expectations. The Compensation Committee believes the changes described in the *Compensation Discussion and Analysis* demonstrate our responsiveness to and alignment with stockholders. Since 2011, we have sought advisory approval of our executive compensation on an annual basis. As required by SEC rules, the Board is submitting this non-binding stockholder vote to approve our executive compensation for 2022 as described in this proxy statement (commonly referred to as "say-on-pay"), by approving the following resolution.

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the *Compensation Discussion and Analysis*, compensation tables and narrative discussion is hereby APPROVED."

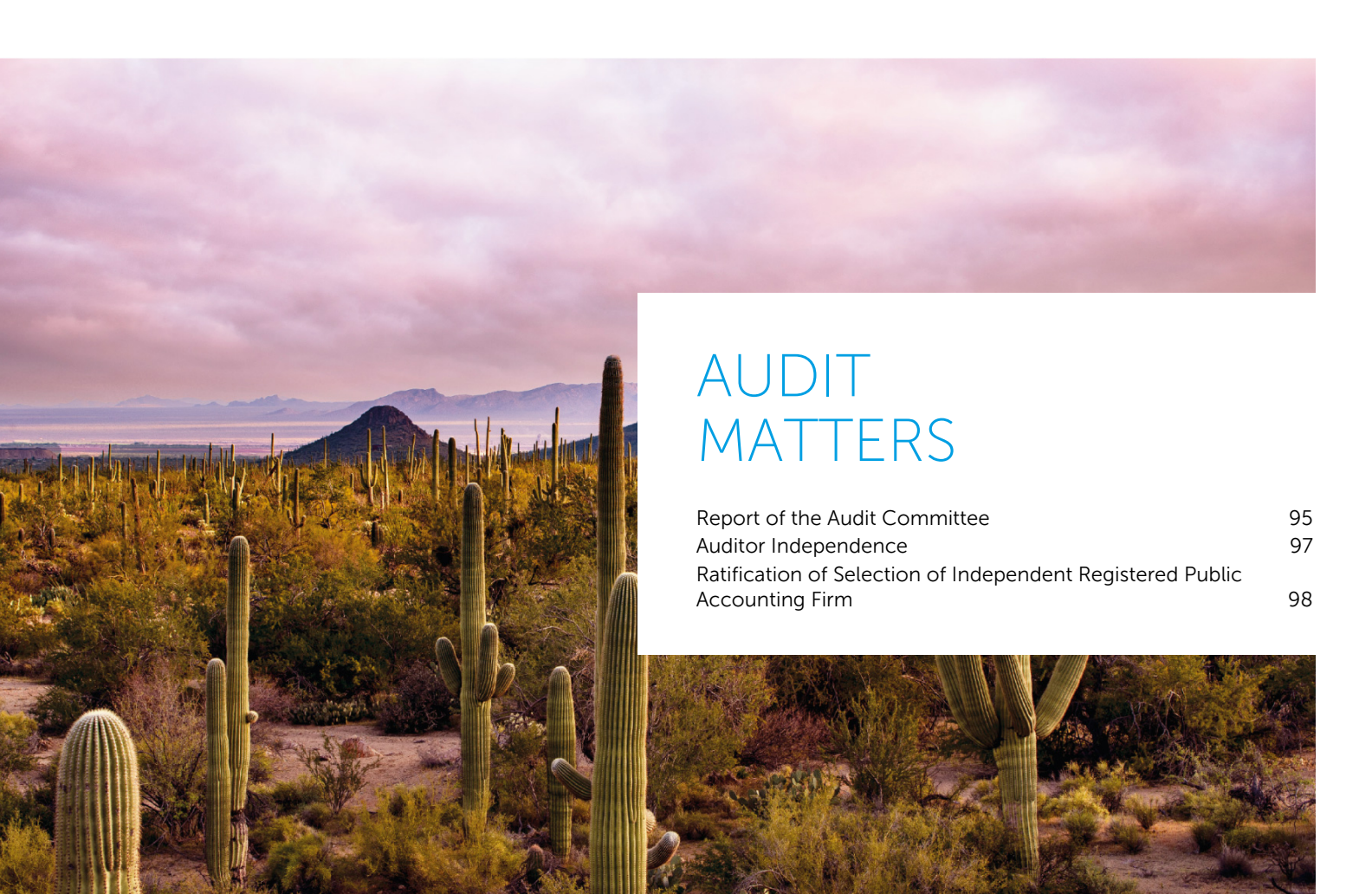
This non-binding advisory vote on executive compensation will be considered approved by the affirmative vote of a majority of the total number of shares present and entitled to vote on the matter. With respect to Proposal 2, abstentions are considered present and entitled to vote on the matter and therefore have the same effect as votes against the matter, and broker non-votes are not considered entitled to vote on the matter and therefore have no effect on the outcome of the vote. Although this vote is non-binding, the Board and the Compensation Committee, which is comprised of independent directors, expect to take into account the outcome of the vote when considering future executive compensation decisions.

As described in detail under *Compensation Discussion and Analysis*, our compensation program continues to be designed to attract, motivate, and retain highly talented individuals at all levels of our organization and incentivize decision making and management focus that is designed to enhance long-term stockholder value. The Compensation Committee remains committed to responsible stewardship of our Company's executive compensation programs.



The Board of Directors recommends that you vote **FOR** the approval, on an advisory basis, of the 2022 compensation paid to our named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the *Compensation Discussion and Analysis*, compensation tables, and narrative discussion.

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# AUDIT MATTERS

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| Ratification of Selection of Independent Registered Public Accounting Firm | 98 |

## Report of the Audit Committee

We, the Audit Committee of the Board of Directors of Booking Holdings Inc. (the "Company"), have the responsibility to oversee the preparation of the Company's consolidated financial statements, the Company's system of internal controls, and the qualifications, independence, compensation, and performance of the Company's independent registered public accounting firm ("independent auditor"). We have the sole authority and responsibility to select, evaluate and, when appropriate, replace the Company's independent auditor. Our specific duties and responsibilities are described in our charter, which is available on the Company's corporate website ([www.bookingholdings.com](http://www.bookingholdings.com)). We review the charter annually and work with the Board to amend it as appropriate to reflect the evolving role of the Audit Committee. The Board has determined that each of us is an independent director based on The Nasdaq Stock Market's listing rules and that each of us also satisfies the SEC additional independence requirements for members of audit committees. In addition, the Board has determined that each of Charles H. Noski, Nicholas J. Read, and Vanessa A. Wittman is an "audit committee financial expert," as defined by SEC rules.

Management is responsible for the financial reporting process, including the Company's system of internal controls, and for the preparation of the Company's consolidated financial statements in accordance with U.S. generally accepted accounting principles. The Company's independent auditor, Deloitte & Touche LLP ("Deloitte"), is responsible for performing an independent audit of the Company's consolidated financial statements and internal control over financial reporting in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) ("PCAOB") and to issue reports in connection with such audit. Our responsibility is to oversee these processes, and we rely on the expertise and knowledge of management, the internal auditor, and the independent auditor in carrying out that role. We are not professionally engaged in the practice of accounting or auditing and do not provide any expert or other special assurance or professional opinion as to the sufficiency of internal and external audits, whether the Company's consolidated financial statements are complete and accurate and are in accordance with generally accepted accounting principles, or on the effectiveness of the Company's system of internal control over financial reporting.

We met nine times in 2022. Additional information regarding our activities can be found under *Audit Committee* on page 30, *Board's Role in Risk Oversight* on page 29, and *Proposal 3 Ratification of Selection of Independent Registered Public Accounting Firm* on page 98.



We reviewed and discussed with management and Deloitte the Company's quarterly earnings press releases and periodic reports for the year ended December 31, 2022, including the Company's 2022 audited consolidated financial statements and Annual Report on Form 10-K, each filed with the SEC. We also reviewed management's assessment of the effectiveness of the Company's internal control over financial reporting with management, the internal auditor, and Deloitte. In connection with such discussions, Deloitte addressed the matters required to be discussed with us by applicable PCAOB standards and SEC rules and regulations. In addition, we discussed with the internal auditor and Deloitte the overall scope and plans for their respective audits. We met periodically with the internal auditor and Deloitte, separately or together, as appropriate, to discuss their work and the results of their audits. Our meetings included, as appropriate, executive sessions with the internal auditor or Deloitte without the presence of management.

We have also received the written disclosures and the letter from Deloitte required by PCAOB Rule 3526 ("Communication With Audit Committees Concerning Independence") and have discussed with Deloitte its independence with respect to the Company. In addition, we have considered whether Deloitte's provision of non-audit services (including the fees for such services) is compatible with maintaining its independence.

Deloitte rotates its lead audit partner every five years. In connection with the rotation that occurred for 2019, we interviewed proposed candidates, consulted with management, and selected the lead audit partner. We conducted a similar process to select the new lead audit partner who will begin in 2024.

We assessed Deloitte's performance as independent auditor during 2022, including the performance of the lead audit partner and the audit team, a process we undertake on an annual basis. We reviewed a variety of indicators of audit quality relating to Deloitte, including:

- the quality and candor of its communications with us and management, its responsiveness and accessibility, and its historical and recent performance on the Company's audits;
- how effectively it maintained its independence and employed independent judgment, objectivity, and professional skepticism;
- the quality of insight demonstrated in its review of the Company's assessment of internal control over financial reporting and remediation of control deficiencies;
- available external data about quality and performance, including reports by the PCAOB and Deloitte's response to those reports;
- the appropriateness of its fees, taking into account the Company's size and complexity and the resources necessary to perform the audit; and
- its tenure as the Company's independent auditor and knowledge of the Company's global operations, accounting policies and practices, and internal control over financial reporting.

We also consider the impact of changing auditors when assessing whether to retain the current independent auditor. As a result of our evaluation of the independent auditor's performance and considering other factors we deemed relevant, we concluded that the selection of Deloitte as the Company's independent auditor for the year ending December 31, 2023 is in the best interests of the Company and its stockholders.

Based on the review and discussions referred to above, and our review of the representations of management and the report of the independent auditor, we recommended to the Board that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

**SUBMITTED BY THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

Vanessa A. Wittman, Chair  
Mirian M. Graddick-Weir  
Charles H. Noski  
Nicholas J. Read

## Auditor Independence

Deloitte & Touche LLP is our independent registered public accounting firm ("independent auditor"). The approximate aggregate fees and expenses billed for professional services by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively, "Deloitte") in 2022 and 2021 were as follows:

| Type of Fees       | 2022<br>(\$) | 2021<br>(\$) |
|--------------------|--------------|--------------|
| Audit Fees         | 13,043,000   | 10,346,000   |
| Audit-Related Fees | 584,000      | 289,000      |
| Tax Fees           | 285,000      | 175,000      |
| All Other Fees     | 308,000      | 69,000       |

- **Audit Fees.** The aggregate fees and related expenses billed for professional services rendered by Deloitte for the audit of our consolidated financial statements included in our Annual Report on Form 10-K, review of consolidated financial statements included in our Form 10-Qs, and audit of management's assessment of internal controls and for services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements. The increase in audit fees in 2022 as compared with 2021 primarily relates to an increased scope of work, inflationary cost increases, and procedures around new finance systems.
- **Audit-Related Fees.** The aggregate fees billed for assurance and related services by Deloitte that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit Fees," which include services for matters such as system readiness work and audits of employee benefit plans. The increase in audit-related fees in 2022 as compared with 2021 primarily relates to certain agreed-upon procedure attestation reports in 2022 and additional work on finance systems readiness.
- **Tax Fees.** The aggregate fees and related expenses billed for professional services rendered by Deloitte for tax regulatory matters covering an employee benefit plan and tax compliance.
- **All Other Fees.** The aggregate fees billed for other services rendered by Deloitte included fees related to human capital practice consulting, licenses obtained for an online accounting research tool, and training. The increase in fees in 2022 as compared with 2021 relates to fees paid in 2022 for advice and recommendations related to skills-based organization transformation.
- **Pre-Approval Policies and Procedures.** The Audit Committee has adopted policies and procedures for pre-approving all audit and non-audit work performed by Deloitte. In accordance with our policy and applicable SEC rules and regulations, the Audit Committee or its chair pre-approves all audit-related services, tax services, and other services provided to us by Deloitte ("Auditor Services"). Pre-approval is detailed as to the particular service or category of services. If Auditor Services are required prior to a regularly scheduled Audit Committee meeting and do not fall within the pre-approved services set forth in the pre-approval policy adopted by the Audit Committee, the Audit Committee chair is authorized to approve such services, provided that they are consistent with our policy and applicable SEC rules and regulations, and that the full Audit Committee is advised of such services at the next regularly scheduled Audit Committee meeting. Deloitte and management periodically report to the Audit Committee regarding the extent of the Auditor Services provided by Deloitte in accordance with this pre-approval, and the fees for the Auditor Services performed to date. All audit-related services, tax services and other services described above were pre-approved by the Audit Committee or the Audit Committee's chair, and the Audit Committee concluded that the provision of such services by Deloitte was compatible with the maintenance of that firm's independence.

## Proposal 3 Ratification of Selection of Independent Registered Public Accounting Firm

The Audit Committee is directly responsible for the appointment, compensation, retention, and oversight of our independent auditor. Deloitte has audited our consolidated financial statements since 1997. After taking into account its assessment of Deloitte's prior service to us, the Audit Committee has selected Deloitte as our independent auditor for the year ending December 31, 2023. In order to ensure continuing auditor independence, the Audit Committee periodically considers whether there should be a regular rotation of the independent auditor, and the advisability and potential impact of selecting a different independent auditor. Further, in conjunction with the mandated rotation of Deloitte's lead audit partner (which occurs at least every five years), the Audit Committee and its chair are directly involved in the selection of Deloitte's new lead audit partner. We are submitting the Audit Committee's selection of our independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. Representatives of Deloitte will be available at the Annual Meeting, will have an opportunity to make a statement if they wish, and will be available to respond to appropriate questions.

Our By-Laws do not require that stockholders ratify the selection of our independent auditor. However, we are submitting the selection of Deloitte to our stockholders for ratification as a matter of good corporate governance. Although the Audit Committee and the Board believe that the continued retention of Deloitte to serve as our independent auditor is in our best interests and those of our stockholders, if our stockholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain Deloitte. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year.

With respect to Proposal 3, the ratification of the selection of Deloitte to act as our independent registered public accounting firm requires approval by a majority of the total number of shares present and entitled to vote on the matter. With respect to Proposal 3, abstentions will have the same effect as a vote against the matter.



The Board of Directors recommends a vote **FOR** Proposal 3.

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# MANAGEMENT/ STOCKHOLDER PROPOSALS

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## Proposal 4 Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation

We are requesting stockholders cast an advisory vote on whether the advisory vote on executive compensation should be held every one, two, or three years. The proxy card provides stockholders with the opportunity to choose among four options (holding the vote every one, two, or three years, or abstaining) and, therefore, stockholders will not be voting to approve or disapprove the Board's recommendation. With respect to Proposal 4, the frequency for holding an advisory vote on the compensation of our named executive officers that receives the highest number of votes cast will be deemed to be the frequency selected by stockholders. Abstentions do not count in the determination of which alternative receives the highest number of votes cast, and broker non-votes will not affect the outcome of the vote.

In 2017, the Board recommended, and stockholders supported, an annual advisory vote on executive compensation. Accordingly, the Board determined that such vote would be conducted on an annual basis. The Board believes that an annual vote is appropriate and recommends that you select "one year" for the frequency of the advisory vote on executive compensation. An annual advisory vote on executive compensation allows our stockholders to provide us with their input on our executive compensation program each year, which feedback our Board and Compensation Committee value highly, and is consistent with other corporate governance measures such as the annual election of our directors and the annual ratification of the selection of our independent registered public accounting firm. Although this advisory vote on the frequency of future advisory votes on executive compensation is non-binding, the Board and the Compensation Committee will take into account the outcome of the vote when determining the frequency of future advisory votes on executive compensation.



The Board of Directors recommends that you select **ONE YEAR** for the frequency of future advisory votes on executive compensation.

## Proposal 5 Stockholder Proposal – Shareholder Ratification of Termination Pay

Mr. John Chevedden, 2215 Nelson Avenue, No. 205, Redondo Beach, California 90278, owner of not less than 10 shares of the Company's common stock, has submitted the following proposal, supporting statement, and graphic, and has given notice that he intends to present the following proposal at the Annual Meeting:

### Proposal 5 – Shareholder Ratification of Termination Pay



Shareholders request that the Board seek shareholder approval of any senior manager's new or renewed pay package that provides for severance or termination payments with an estimated value exceeding 2.99 times the sum of the executive's base salary plus target short-term bonus.

"Severance or termination payments" include cash, equity or other compensation that is paid out or vests due to a senior executive's termination for any reason. Payments include those provided under employment agreements, severance plans, and change-in-control clauses in long-term equity plans, but not life insurance, pension benefits, or deferred compensation earned and vested prior to termination.

"Estimated total value" includes: lump-sum payments; payments offsetting tax liabilities; perquisites or benefits not vested under a plan generally available to management employees; post-employment consulting fees or office expense; and equity awards if vesting is accelerated, or a performance condition waived, due to termination.

The Board shall retain the option to seek shareholder approval after material terms are agreed upon. This proposal gives management maximum flexibility because it places no limit on termination pay. The termination pay simply needs to be subject to a non binding shareholder vote.

Generous performance-based pay can be okay but shareholder ratification of "golden parachute" severance packages with a total cost exceeding 2.99 times base salary plus target bonus better aligns management pay with shareholder interests.

For instance at one company that does not have this policy, if the CEO is terminated he could receive \$44 million in termination pay - over 10 times his base salary plus short-term bonus. The same person could receive a whopping \$124 million in accelerated equity payouts in the event of a change in control, even if he remained employed.

It is in the best interest of Booking Holdings shareholders and the morale of BKNG employees to be protected from such lavish management termination packages for one person.

It is important to have this policy in place so that BKNG management stays focused on improving company performance as opposed to seeking a merger to primarily trigger a management golden parachute windfall.

Proposals like this proposal received between 51% and 65% support at:

AbbVie (ABBV)  
FedEx (FDX)  
Spirit AeroSystems (SPR)  
Alaska Air (ALK)  
Fiserv (FISV)

This executive pay proposal is more appropriate at BKNG because executive pay was rejected by 68% of shares in 2022 while Ms. Mirian Graddick-Weir chaired the executive pay committee. A 5% rejection of executive pay is often the norm at well performing companies. For some reason Ms. Graddick-Weir did not receive a large number of against votes.

And Mr. Glenn Fogel, BKNG CEO, was paid an enormous \$53 million a year according to Executive Paywatch:  
<https://aflcio.org/paywatch/highest-paid-ceos>  
This was 931-times the BKNG median employee pay.

**Please vote yes:**

**Shareholder Ratification of Termination Pay - Proposal 5**

## Board of Directors Statement in Opposition to Proposal 5



The Board of Directors recommends a vote **AGAINST** this Proposal 5.

The Board of Directors and our Compensation Committee have carefully considered the stockholder proposal and believe that adoption of the proposal is not in the best interests of our Company or our stockholders. We recommend a vote against this proposal because the proposal:

- is unnecessary considering the Company's Termination Pay Policy that imposes reasonable limits consistent with peer practices on termination-related executive compensation;
- would significantly disadvantage the Company's ability to offer market-competitive compensation to attract and retain top talent in the highly competitive technology industry;
- discourages the use of long-term equity incentive awards, which are a fundamental part of our compensation program, aligning executive pay with performance and creating meaningful alignment of compensation with long-term stockholder returns; and
- seeks to impose an overly broad policy to account for very narrow circumstances and would unduly restrict our Compensation Committee's ability to structure and oversee executive compensation programs.

### **The Company's Termination Pay Policy imposes reasonable limits consistent with peer practices on termination-related compensation.**

While the Board believes that the Company's termination provisions in its compensation arrangements with its senior executives are reasonable and consistent with current market practice among public companies, the Compensation Committee recently adopted a Termination Pay Policy (the "Policy") to further align our compensation program with stockholder expectations on executive termination pay. The Policy confirms the Company's commitment not to enter into new arrangements to pay cash severance to executive officers in excess of 2.99 times annual salary and target bonus without stockholder approval. Future arrangements with executive officers will align with the Policy. The Policy has different restrictions than those set forth in Proposal 5 with regard to limitations on vesting of equity. The majority of the compensation granted to our executives is in the form of forfeitable equitable awards. We believe there are many scenarios where it would not be appropriate to require a stockholder vote in connection with termination. For example, providing for vesting of equity in the event of termination due to death or disability is both fair and consistent with market practice. The proposal expresses concern about future lavish management termination packages but the Compensation Committee has not historically entered into such arrangements and the Board believes that the Policy strikes the proper balance between limiting cash termination payments while also permitting the Company to compete with its peers to attract and retain top talent. It further allows the Compensation Committee to continue structuring the executive compensation program focused on pay for performance and aligning executive compensation with long-term stockholder returns.

### **Adoption of the proposal would significantly disadvantage the Company's ability to offer market-competitive compensation to attract and retain top talent in the highly competitive technology industry.**

The Compensation Committee benchmarks peer company compensation practices on an ongoing basis to ensure the Company's compensation programs remain consistent with market practice and are effective at recruiting and retaining top talent. The termination pay practices in Proposal 5, specifically the inclusion of equity awards in the calculation of termination pay in all situations, would significantly impact the Company's ability to attract and retain highly qualified executives with competitive compensation packages. Proposal 5's requirement that the Company hold a stockholder vote to approve certain termination pay packages for senior executives creates uncertainty that would be undesirable for prospective talented senior executives. The requirement to hold such a vote could have the unintended result of even larger pay packages to attract or retain executives whose termination pay would not be subject to stockholder review at peer companies. Moreover, if a close stockholder vote resulted in rejection of a pay package, the Company may not have a clear path toward retaining an executive or finding a replacement. Our global footprint and reputation as a leader in the travel and technology industries make our employees attractive targets for other companies. We compete for talented employees with many of the largest companies in the world, both in our industry and companies with which we did not historically compete for talent. We seek to provide an overall compensation program that is competitive with the compensation offered by other technology and leading global companies and each element of our compensation program is intended to fulfill this objective. We believe the Policy strikes the appropriate balance in this regard.

**The proposal, if adopted, would discourage the use of long-term equity incentive awards.**

Our long-term executive compensation program is comprised of 75% performance share units that are tied to the Company's financial performance, relative TSR, and an absolute TSR "governor" that caps payouts at 1 times target if our stock price has not appreciated, and 25% time-based restricted stock units that provide value based on the Company's stock price performance, and is designed to both incentivize and retain executives and strengthen and reinforce the Company's strategy and financial position in the long term. Limiting our executives' ability to realize the full value of these awards by imposing an arbitrary limit on all severance benefits would have the effect of discouraging the use of long-term equity incentive awards in favor of other compensation elements that are less effective at aligning executives' and stockholders' interests. Our equity awards require a double trigger for acceleration upon a change in control and do not provide for full acceleration of an award except in the case of the employee's death. The Board and the Compensation Committee believe that the severance benefits our executives are entitled to in the event of qualifying termination circumstances are appropriate in light of market practices and the duration of non-competition agreements that have been agreed by executives following termination from the Company.

**The proposal seeks to impose an overly broad policy to account for very narrow circumstances.**

We believe that our Compensation Committee, which is composed entirely of independent directors, and our Board are in the best position to design, evaluate, and implement our executive compensation programs and practices based on their deep understanding of the Company's strategic and financial goals and unique access to market information, stockholder feedback, and the advice of an independent compensation consultant. Each year, the Compensation Committee evaluates all elements of our executive compensation program and considers modifications and improvements - such as the Policy - in light of current information and its long-standing principles and philosophies that emphasize the importance of performance-based compensation. We believe that our Compensation Committee and Board have developed an executive compensation program that effectively aligns the interests of executives and our stockholders, and the limitations set forth in Proposal 5 would unduly restrict the Compensation Committee and Board's ability to exercise their judgment to ensure our executive compensation program continues to provide balanced and competitive compensation that promotes long-term stockholder value.

Accordingly, the Board believes that Proposal 5 is not in the best interests of the Company or our stockholders.



The Board of Directors recommends that you vote **AGAINST** this Proposal 5. Your proxy will be so voted unless you specify otherwise on the proxy card.

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## 2024 Stockholder Proposals

Stockholders who, in accordance with Rule 14a-8 of the SEC's proxy rules, wish to present proposals (other than nominees for election to the Board pursuant to Article II Section 13 of our By-Laws) for inclusion in the proxy materials to be distributed by us in connection with the 2024 annual meeting of stockholders must submit their proposals to our Corporate Secretary on or before December 26, 2023.

In order for proposals, including stockholder nominees for election to the Board (other than those requested to be included in our proxy materials pursuant to Article II Section 13 of our By-Laws), to be properly brought before the 2024 annual meeting of stockholders in accordance with our By-Laws (and not pursuant to SEC Rule 14a-8), a stockholder's notice of the matter the stockholder wishes to present must be delivered to our Corporate Secretary not less than 90 nor more than 120 days prior to the first anniversary of the date of this year's Annual Meeting. As a result, any notice given by or on behalf of a stockholder pursuant to these provisions of the By-Laws (and not pursuant to SEC Rule 14a-8 or Article II Section 13 of our By-Laws) must be received no earlier than February 7, 2024 and no later than March 8, 2024.

If one or more eligible stockholders desire to include one or more nominees for election to the Board in our proxy materials for the 2024 annual meeting of stockholders pursuant to Article II Section 13 of our By-Laws, the notice required by Article II Section 13 of the By-Laws must be delivered to our Corporate Secretary not less than 120 nor more than 150 days prior to the first anniversary of the date of this year's Annual Meeting. As a result, any such notice must be received no earlier than January 8, 2024 and no later than February 7, 2024.

In addition to satisfying the foregoing requirements under our By-Laws, to comply with the universal proxy rules, stockholders who intend to solicit proxies in support of director nominees other than the Company's nominees must provide notice that sets forth the information required by Rule 14a-19 under the Exchange Act no later than April 7, 2024.

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# OTHER MATTERS

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## Other Matters

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, the persons named in the accompanying proxy card intend to vote on those matters in accordance with their best judgment.

*This proxy statement contains forward-looking statements, including with respect to our sustainability goals and objectives. These forward-looking statements reflect our views regarding current expectations and projections about future events and conditions and are based on currently available information. They are not guarantees of future performance and are subject to risks, uncertainties and assumptions. Expressions of future goals and expectations and similar expressions, including "may," "will," "should," "could," "aims," "seeks," "expects," "plans," "anticipates," "intends," "believes," "estimates," "predicts," "potential," "targets," and "continue," reflecting something other than historical fact are intended to identify forward-looking statements. Unless required by law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. However, readers should carefully review the reports and documents we file or furnish from time to time with the SEC, including our annual report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on February 23, 2023, our quarterly reports on Form 10-Q and current reports on Form 8-K.*

*Website links included in this proxy statement are for convenience only. Information contained or accessible through such website links is not incorporated herein and does not constitute a part of this proxy statement.*

## Annual Meeting Information

### For the Annual Meeting of Stockholders to be Held on Tuesday, June 6, 2023

The enclosed proxy is solicited on behalf of the Board of Booking Holdings Inc. for use at our 2023 Annual Meeting of Stockholders to be held on Tuesday, June 6, 2023, at 11:00 a.m. local (Eastern) time, or at any adjournment or postponement of the Annual Meeting, for the purposes set forth in this proxy statement and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held virtually at [www.virtualshareholdermeeting.com/BKNG2023](http://www.virtualshareholdermeeting.com/BKNG2023). We intend to mail this proxy statement and the proxy card on or about April 24, 2023 to all stockholders entitled to vote at the Annual Meeting.

### Voting Rights and Outstanding Shares; Approval

Only stockholders of record at the close of business on April 11, 2023 will be entitled to notice of and to vote at the Annual Meeting. At the close of business on April 11, 2023, 37,112,330 shares of common stock were outstanding and entitled to vote. Each holder of record of common stock on April 11, 2023 will be entitled to one vote for each share held on all matters to be voted upon at the Annual Meeting.

The inspector of election appointed for the meeting will tabulate all votes and will separately tabulate affirmative and negative votes, abstentions, and broker non-votes. A majority of the issued and outstanding shares of common stock entitled to vote at the Annual Meeting, present either at the webcast or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Stockholders who are present at the Annual Meeting webcast or by proxy and who abstain, and proxies relating to shares held by a broker on your behalf (that is, in "street name"), that are not voted (referred to as "broker non-votes") will be treated as present for purposes of determining whether a quorum is present.

For purposes of approving the matters to be voted upon at the Annual Meeting:

- With respect to Proposal 1, the nominees for election to the Board who receive a majority of votes cast for the election of directors will be elected directors. With respect to the election of directors, a majority of votes cast means that the number of shares cast "for" a nominee's election exceeds the number of "against" votes for that nominee. With respect to Proposal 1, votes cast does not include abstentions or broker non-votes, and therefore, abstentions and broker non-votes will not affect the outcome of the vote.
- With respect to Proposal 2, the non-binding advisory vote to approve 2022 executive compensation will be considered approved by the affirmative vote of a majority of the total number of shares present and entitled to vote on the matter. With respect to Proposal 2, abstentions are considered present and entitled to vote on the matter and therefore have the same effect as votes against the matter, and broker non-votes are not considered entitled to vote on the matter and therefore have no effect on the outcome of the vote.
- With respect to Proposal 3, the ratification of the selection of Deloitte & Touche LLP to act as our independent registered public accounting firm requires approval by a majority of the total number of shares present and entitled to vote on the matter. With respect to Proposal 3, abstentions are considered present and entitled to vote on the matter and therefore have the same effect as votes against the matter. Because brokers are entitled to vote on Proposal 3 without specific instructions from beneficial owners, there will be no broker non-votes on this matter.
- With respect to Proposal 4, the non-binding advisory vote on the frequency of casting future advisory votes on our executive compensation, the proxy card provides stockholders with the opportunity to choose among four options (holding the vote every one, two or three years, or abstaining) and, therefore, stockholders will not be voting to approve or disapprove the Board's recommendation. With respect to Proposal 4, the frequency for holding an advisory vote on the compensation of our named executive officers that receives the highest number of votes cast will be deemed to be the frequency selected by stockholders. Abstentions do not count in the determination of which alternative receives the highest number of votes cast, and broker non-votes will not affect the outcome of the vote.
- With respect to Proposal 5, the non-binding stockholder proposal requesting the ratification of executive termination pay will be considered approved by the affirmative vote of a majority of the total number of shares present and entitled to vote on the matter. With respect to Proposal 5, abstentions are considered present and entitled to vote on the matter and therefore have the same effect as votes against the matter, and broker non-votes are not considered entitled to vote on the matter and therefore have no effect on the outcome of the vote.

If your shares are held in “street name,” and you do not instruct the broker as to how to vote your shares on Proposals 1, 2, 4, or 5, the broker may not exercise discretion to vote for or against those proposals. This would be a “broker non-vote” and these shares will not be counted as having been voted on the applicable proposal. With respect to Proposal 3, the broker may exercise its discretion to vote for or against that proposal in the absence of your instruction. **Please instruct your broker so your vote can be counted.**

## Voting Matters

| Proposal                                                                                          | Board Vote Recommendation |
|---------------------------------------------------------------------------------------------------|---------------------------|
| Proposal 1: Election of Directors                                                                 | FOR each nominee          |
| Proposal 2: Advisory Vote to Approve 2022 Executive Compensation                                  | FOR                       |
| Proposal 3: Ratification of Selection of Independent Registered Public Accounting Firm            | FOR                       |
| Proposal 4: Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation     | ONE YEAR                  |
| Proposal 5: Non-Binding Stockholder Proposal Requesting Ratification of Executive Termination Pay | AGAINST                   |

## Revocability of Proxies

Any person giving a proxy in response to this solicitation has the power to revoke it at any time before it is voted. Proxies may be revoked by any of the following actions:

- filing a written notice of revocation with our Corporate Secretary at our principal executive office (800 Connecticut Avenue, Norwalk, Connecticut 06854);
- filing with our Corporate Secretary at our principal executive office (800 Connecticut Avenue, Norwalk, Connecticut 06854) a properly executed proxy showing a later date; or
- attending the virtual Annual Meeting and voting through the platform (attendance at the meeting will not, by itself, revoke a proxy). **Please note that if your shares are held of record by a broker, bank, or other nominee and you wish to vote at the meeting, you must obtain from the record holder a proxy issued in your name to obtain a 16-digit control number.**

## Solicitation

We will pay for the entire cost of proxy solicitations, including preparation, assembly, printing, and mailing of proxy solicitation materials. We will provide copies of solicitation materials to banks, brokerage houses, fiduciaries, and custodians holding in their names shares of our common stock beneficially owned by others to forward these materials to the beneficial owners of common stock. We may reimburse persons representing beneficial owners of common stock for their costs of forwarding solicitation materials. Our directors, officers, or other employees may also solicit proxies by telephone, in-person, or otherwise. We will not additionally compensate directors, officers, or other employees for these services. We have engaged Morrow Sodali LLC to assist in the solicitation of proxies, and we currently expect to pay Morrow Sodali LLC approximately \$10,000 for its services.

## How to Attend the Annual Meeting

If you plan to attend the Annual Meeting, it will begin promptly at 11:00 a.m. Eastern Time and the webcast can be accessed at [www.virtualshareholdermeeting.com/BKNG2023](http://www.virtualshareholdermeeting.com/BKNG2023). We encourage you to access the meeting website prior to the start time to ensure your ability to access the meeting. If you wish to vote or ask questions at the Annual Meeting, you must provide the 16-digit control number provided on your proxy card, on the Notice of Internet Availability of Proxy Materials, or on the instructions that accompanied the proxy materials and follow the instructions available on the meeting website during the Annual Meeting. If you experience technical difficulties during check-in or during the Annual Meeting, please call the technical support number that will be posted on the virtual meeting platform page for assistance.

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# APPENDICES

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## Appendix A Unaudited Reconciliation of GAAP to Non-GAAP Financial Information

### RECONCILIATION OF GAAP\* NET INCOME TO ADJUSTED EBITDA AND PRE-SBC ADJUSTED EBITDA

| (In millions) <sup>(1)</sup>                                                                                                                                                        | Year Ended December 31, |                 |                 |                 |                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                                                                                                                                                     | 2022                    | 2021            | 2020            | 2019            | 2018            |
| GAAP Net income                                                                                                                                                                     | \$ 3,058                | \$ 1,165        | \$ 59           | \$ 4,865        | \$ 3,998        |
| (a) Adjustment to loyalty program liability                                                                                                                                         | -                       | -               | -               | -               | (27)            |
| (b) Adjustment to personnel expenses                                                                                                                                                | -                       | -               | -               | 66              | -               |
| (c) Net travel transaction tax charge                                                                                                                                               | -                       | -               | -               | -               | 45              |
| (d) Accrual related to the potential settlement of an Italian indirect tax matter                                                                                                   | 46                      | -               | -               | -               | -               |
| (e) Depreciation and amortization                                                                                                                                                   | 451                     | 421             | 458             | 469             | 426             |
| (f) Loss on assets classified as held for sale                                                                                                                                      | 36                      | -               | -               | -               | -               |
| (g) Gain on sale and leaseback transaction                                                                                                                                          | (240)                   | -               | -               | -               | -               |
| (h) Impairment of goodwill                                                                                                                                                          | -                       | -               | 1,062           | -               | -               |
| (e) Interest and dividend income                                                                                                                                                    | (219)                   | (16)            | (54)            | (152)           | (187)           |
| (e) Interest expense                                                                                                                                                                | 391                     | 334             | 356             | 266             | 269             |
| (i) Net losses (gains) on equity securities                                                                                                                                         | 779                     | 577             | (1,811)         | (745)           | 367             |
| (j) Impairment of investments                                                                                                                                                       | 184                     | -               | 100             | -               | -               |
| (k) Foreign currency transaction (gains) losses on the remeasurement of certain Euro-denominated debt and accrued interest and debt-related foreign currency derivative instruments | (56)                    | (135)           | 200             | (7)             | -               |
| (l) Losses on early extinguishment of debt and related reverse treasury lock agreements                                                                                             | -                       | 257             | -               | -               | -               |
| (e) Income tax expense                                                                                                                                                              | 865                     | 300             | 508             | 1,093           | 837             |
| <b>ADJUSTED EBITDA</b>                                                                                                                                                              | <b>\$ 5,295</b>         | <b>\$ 2,904</b> | <b>\$ 879</b>   | <b>\$ 5,855</b> | <b>\$ 5,729</b> |
| (m) Stock-based compensation ("SBC") recorded in Personnel expenses                                                                                                                 | 404                     | 370             | 233             | 308             | 317             |
| <b>(m) PRE-SBC ADJUSTED EBITDA</b>                                                                                                                                                  | <b>\$ 5,699</b>         | <b>\$ 3,274</b> | <b>\$ 1,111</b> | <b>\$ 6,162</b> | <b>\$ 6,045</b> |
| <b>STOCK-BASED COMPENSATION AS A % OF GAAP NET INCOME</b>                                                                                                                           | <b>13%</b>              | <b>32%</b>      | <b>392%</b>     | <b>6%</b>       | <b>8%</b>       |
| <b>STOCK-BASED COMPENSATION AS A % OF PRE-SBC ADJUSTED EBITDA</b>                                                                                                                   | <b>7%</b>               | <b>11%</b>      | <b>21%</b>      | <b>5%</b>       | <b>5%</b>       |



## RECONCILIATION OF GAAP\* NET INCOME TO NON-GAAP NET INCOME

| (In millions, except share and per share data) <sup>(1)</sup>                                                                                                              | Year Ended December 31, |                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------|
|                                                                                                                                                                            | 2022                    | 2021            |
| GAAP Net income                                                                                                                                                            | \$ 3,058                | \$ 1,165        |
| (d) Accrual related to the potential settlement of an Italian indirect tax matter                                                                                          | 46                      | -               |
| (f) Loss on assets classified as held for sale                                                                                                                             | 36                      | -               |
| (g) Gain on sale and leaseback transaction                                                                                                                                 | (240)                   | -               |
| (i) Net losses on equity securities                                                                                                                                        | 779                     | 577             |
| (j) Impairment of investments                                                                                                                                              | 184                     | -               |
| (k) Foreign currency transaction gains on the remeasurement of certain Euro-denominated debt and accrued interest and debt-related foreign currency derivative instruments | (56)                    | (135)           |
| (l) Losses on early extinguishment of debt and related reverse treasury lock agreements                                                                                    | -                       | 257             |
| (n) Amortization of intangible assets                                                                                                                                      | 224                     | 162             |
| (o) Debt discount amortization related to convertible debt                                                                                                                 | -                       | 39              |
| (p) Income taxes on convertible notes held for investment                                                                                                                  | -                       | 31              |
| (q) Net unrecognized tax benefits related to French and Italian income tax matters                                                                                         | 100                     | 16              |
| (r) Tax impact of Non-GAAP adjustments                                                                                                                                     | (133)                   | (219)           |
| <b>NON-GAAP NET INCOME</b>                                                                                                                                                 | <b>\$ 3,998</b>         | <b>\$ 1,893</b> |
| <b>WEIGHTED-AVERAGE NUMBER OF DILUTED COMMON SHARES OUTSTANDING (IN 000'S)</b>                                                                                             | <b>40,052</b>           | <b>41,362</b>   |
| <b>GAAP NET INCOME APPLICABLE TO COMMON STOCKHOLDERS PER DILUTED COMMON SHARE</b>                                                                                          | <b>\$ 76.35</b>         | <b>\$ 28.17</b> |
| <b>NON-GAAP NET INCOME APPLICABLE TO COMMON STOCKHOLDERS PER DILUTED COMMON SHARE</b>                                                                                      | <b>\$99.83</b>          | <b>\$ 45.77</b> |

\* U.S. generally accepted accounting principles.

(1) Amounts may not total due to rounding.

## Notes:

- (a) Favorable adjustment to OpenTable's loyalty program liability related to changes introduced in the 1st quarter of 2018 to the program, which is excluded from Net income to calculate Non-GAAP Net income and Adjusted EBITDA.
- (b) Adjustment to correct an immaterial error related to the nonpayment of prior-period wage-related tax on compensation paid to certain highly-compensated former employees in the year of separation, which is recorded in Personnel expenses and is excluded from Net income to calculate Non-GAAP Net income and Adjusted EBITDA.
- (c) Adjustments related to prior period net travel transaction tax charge including estimated interest and penalties, where applicable, which are recorded in General and administrative expense. Interest income was recorded related to a favorable ruling for the twelve months ended December 31, 2018 and is included in Other income (expense), net. These adjustments are excluded from Net income to calculate Non-GAAP Net income and Adjusted EBITDA.
- (d) Accrual related to the potential settlement of an Italian indirect tax matter is recorded in General and administrative expense and excluded from Net income to calculate Non-GAAP Net income and Adjusted EBITDA.
- (e) Amounts are excluded from Net income to calculate Adjusted EBITDA.
- (f) Loss on assets classified as held for sale is recorded in Restructuring, disposal, and other exit activities and excluded from Net income to calculate Non-GAAP Net income and Adjusted EBITDA.
- (g) Gain on the sale and leaseback transaction related to Booking.com's future headquarters building is recorded in Restructuring, disposal, and other exit activities and excluded from Net income to calculate Non-GAAP Net income and Adjusted EBITDA.
- (h) Impairment of goodwill related to our OpenTable and KAYAK reporting unit in 2020 is recorded in Operating expenses and excluded from Net income to calculate Non-GAAP Net income and Adjusted EBITDA.
- (i) Net losses (gains) on equity securities with readily determinable fair values and significant gains on equity securities without readily determinable fair values are recorded in Other income (expense), net and excluded from Net income to calculate Non-GAAP Net income and Adjusted EBITDA.
- (j) Impairment of investment in Yanolja Co., Ltd. equity securities in 2022 and DiDi Global Inc. equity securities in 2020 are recorded in Other income (expense), net and excluded from Net income to calculate Non-GAAP Net income and Adjusted EBITDA.
- (k) Foreign currency transaction (gains) losses 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 Non-GAAP Net income and Adjusted EBITDA.
- (l) Loss on early extinguishment of debt and losses on related reverse treasury lock agreements which were designated as cash flow hedges are recorded in Other income (expense), net and excluded from Net income to calculate Non-GAAP Net income and Adjusted EBITDA.
- (m) Stock-based compensation recorded in Personnel expenses is excluded from Net income to calculate Pre-SBC Adjusted EBITDA.
- (n) Amortization of intangible assets is recorded in Depreciation and amortization and excluded from Net income to calculate Non-GAAP Net income.

- (o) Noncash interest expense related to the amortization of debt discount on convertible debt is recorded in Interest expense and excluded from Net income to calculate Non-GAAP Net income. The Company adopted Financial Accounting Standards Board Accounting Standards Update 2020-06 on January 1, 2022 and such debt discount amortization is not recorded in the financial statements for periods after that date.
- (p) Excludes income taxes related to the redemption of convertible notes held for investment that were reclassified from Accumulated other comprehensive loss to Income tax expense.
- (q) Net unrecognized tax benefits related to French and Italian income tax matters is recorded in Income tax expense and excluded from Net income to calculate Non-GAAP Net income.
- (r) Reflects the tax impact of Non-GAAP adjustments above which are excluded from Net income to calculate Non-GAAP Net income.

For (a) - (r) above, Net income, Personnel expenses, General and administrative expense, Other income (expense), net, Restructuring, disposal, and other exit activities, Operating expenses, Depreciation and amortization, Interest expense, Accumulated other comprehensive loss and Income tax expense 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, 2022. 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.

## Non-GAAP Financial Measures

Non-GAAP net income (loss) represents GAAP net income (loss), adjusted to exclude the impact of an adjustment to OpenTable's loyalty program, charges to correct an immaterial error related to the nonpayment of prior-period wage-related tax on compensation paid to certain highly-compensated former employees in the year of separation, prior period net travel transaction tax charges (e.g., value-added taxes, sales taxes, excise taxes, hotel occupancy taxes, etc.), an accrual related to the potential settlement of an Italian indirect tax matter, significant losses on assets classified as held for sale, significant gains and losses on sale and leaseback transactions, the impact of impairments of goodwill, gains and losses on equity securities with readily determinable fair values, the impact of significant gains and losses on the sale of and impairment and credit losses on investments in available-for-sale debt securities and significant gains and losses on the sale of and valuation adjustments on investments in equity securities without readily determinable fair values, foreign currency transaction gains and losses 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, gains and losses on early extinguishment of debt and related reverse treasury lock agreements which were designated as cash flow hedges, amortization expense of intangible assets, noncash interest expense related to the amortization of debt discount on our convertible debt, income taxes related to the maturity and redemption of convertible notes held for investment that were reclassified from accumulated other comprehensive income (loss) to income tax expense (benefit), the impact of net unrecognized tax benefits related to French and Italian income tax matters, and the income tax impact of the non-GAAP adjustments mentioned above.

In addition to the adjustments listed above regarding non-GAAP net income (loss), Adjusted EBITDA excludes depreciation expense, interest and dividend income, and to the extent not included in the adjustments listed above, interest expense and income tax expense (benefit). In addition, Pre-SBC Adjusted EBITDA excludes stock-based compensation also.

Non-GAAP net income (loss), Adjusted EBITDA, and Pre-SBC Adjusted EBITDA are "non-GAAP financial measures," as such term is defined by the SEC, and may differ from non-GAAP financial measures used by other companies. As discussed in this proxy statement, we use Adjusted EBITDA (calculated as described in this proxy statement) as a key performance measure under our annual cash incentive bonus plan and long-term equity incentive awards, as they pertain to the named executive officers. This non-GAAP measure and the other non-GAAP measures used are not intended to represent funds available for our discretionary use and are not intended to represent, or to be used as a substitute for, operating income (loss) or net income (loss) as measured under GAAP. The items excluded from Non-GAAP net income (loss), Adjusted EBITDA, and Pre-SBC Adjusted EBITDA, but included in the calculation of their closest GAAP equivalents, are significant components of our consolidated statements of operations, and must be considered in performing a comprehensive assessment of overall financial performance.

We also use non-GAAP net income (loss) and Adjusted EBITDA for financial and operational decision-making. We believe that non-GAAP net income (loss), Adjusted EBITDA, and Pre-SBC Adjusted EBITDA are useful for analysts and investors to evaluate our ongoing operating performance because they facilitate comparison of our results for the current period and projected next-period results to those of prior periods and to those of our competitors (though other companies may calculate similar non-GAAP financial measures differently than those calculated by us). Data of our competitors presented in this proxy statement is derived from publicly available information. The Company has not independently verified the accuracy or completeness of the underlying non-GAAP financial measures of any such competitor.

The presentation of this financial information should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. The discussion on non-GAAP adjustments above is based on GAAP as applicable to the Company for the year ended December 31, 2022.

## Appendix B Form of Proxy Card



### VOTE BY INTERNET

Before The Meeting - Go to [www.proxyvote.com](http://www.proxyvote.com) or scan the QR Barcode above

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time on June 5, 2023. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Meeting - Go to [www.virtualshareholdermeeting.com/BKNG2023](http://www.virtualshareholdermeeting.com/BKNG2023)

You may attend the meeting via the Internet and vote during the meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

### VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time on June 5, 2023. Have your proxy card in hand when you call and then follow the instructions.

### VOTE BY MAIL

Mark, sign, and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

V11207-P85631

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

#### BOOKING HOLDINGS INC.

The Board of Directors recommends you vote FOR the following:

1. To elect eleven directors to hold office until the next annual meeting of stockholders and until their respective successors are elected and qualified.

#### Nominees:

- |                             |                               |
|-----------------------------|-------------------------------|
| 01) Glenn D. Fogel          | 07) Nicholas J. Read          |
| 02) Miriam M. Graddick-Weir | 08) Thomas E. Rothman         |
| 03) Wei Hopeman             | 09) Sumit Singh               |
| 04) Robert J. Mylod, Jr.    | 10) Lynn Vojvodich Radakovich |
| 05) Charles H. Noski        | 11) Vanessa A. Wittman        |
| 06) Larry Quinlan           |                               |

| For<br>All               | Against<br>All           | For All<br>Except        |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

To vote against any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

The Board of Directors recommends you vote FOR the following proposals:

2. Advisory vote to approve 2022 executive compensation.

3. Ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2023.

The Board of Directors recommends you vote 1 YEAR on the following proposal:

4. Advisory vote on the frequency of future non-binding advisory votes on the compensation paid by the Company to its named executive officers.

The Board of Directors recommends you vote AGAINST the following proposal:

5. Stockholder proposal requesting a non-binding stockholder vote to ratify termination pay of executives.

**NOTE:** Such other business as may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

|                                    |      |
|------------------------------------|------|
| Signature (PLEASE SIGN WITHIN BOX) | Date |
|------------------------------------|------|

|                          |      |
|--------------------------|------|
| Signature (Joint Owners) | Date |
|--------------------------|------|

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**  
The Proxy Statement & Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

V11208-P85631

**BOOKING HOLDINGS INC.  
PROXY SOLICITED BY THE BOARD OF DIRECTORS  
FOR THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JUNE 6, 2023**

The undersigned hereby appoints DAVID I. GOULDEN and PETER J. MILLONES, and each of them, as attorneys and proxies of the undersigned, with full power of substitution, to vote all of the shares of stock of Booking Holdings Inc. that the undersigned may be entitled to vote at the Annual Meeting of Stockholders of Booking Holdings Inc. to be held on Tuesday, June 6, 2023 at 11:00 a.m. Eastern Time held virtually at [www.virtualshareholdermeeting.com/BKNG2023](http://www.virtualshareholdermeeting.com/BKNG2023), and at any and all continuations and adjournments of the meeting, with all powers that the undersigned would possess if personally present, upon and in respect of the following matters and in accordance with the following instructions, with discretionary authority as to any and all matters that may properly come before the meeting.

**UNLESS YOU INDICATE OTHERWISE, THIS PROXY WILL BE VOTED FOR ALL NOMINEES LISTED IN PROPOSAL 1, FOR PROPOSALS 2 AND 3, 1 YEAR FOR PROPOSAL 4, AND AGAINST PROPOSAL 5, EACH AS MORE SPECIFICALLY DESCRIBED IN THE PROXY STATEMENT AND IN ACCORDANCE WITH THE JUDGMENT OF THE PROXIES ON ANY OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE MEETING. IF SPECIFIC INSTRUCTIONS ARE INDICATED, THIS PROXY WILL BE VOTED IN ACCORDANCE WITH YOUR INSTRUCTIONS.**

Continued and to be signed on reverse side

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-K**  
**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: **December 31, 2022**

Commission File No.: **1-36691**

**Booking Holdings Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware**

**06-1528493**

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

**800 Connecticut Avenue**

**Norwalk, Connecticut 06854**

(address of principal executive offices)

Registrant's telephone number, including area code: **(203) 299-8000**

Securities Registered Pursuant to Section 12(b) of the Act:

| Title of Each Class:                     | Trading Symbol | Name of Each Exchange on which Registered: |
|------------------------------------------|----------------|--------------------------------------------|
| Common Stock par value \$0.008 per share | BKNG           | The NASDAQ Global Select Market            |
| 2.375% Senior Notes Due 2024             | BKNG 24        | The NASDAQ Stock Market LLC                |
| 0.100% Senior Notes Due 2025             | BKNG 25        | The NASDAQ Stock Market LLC                |
| 4.000% Senior Notes Due 2026             | BKNG 26        | The NASDAQ Stock Market LLC                |
| 1.800% Senior Notes Due 2027             | BKNG 27        | The NASDAQ Stock Market LLC                |
| 0.500% Senior Notes Due 2028             | BKNG 28        | The NASDAQ Stock Market LLC                |
| 4.250% Senior Notes Due 2029             | BKNG 29        | The NASDAQ Stock Market LLC                |
| 4.500% Senior Notes Due 2031             | BKNG 31        | The NASDAQ Stock Market LLC                |
| 4.750% Senior Notes Due 2034             | BKNG 34        | The NASDAQ Stock Market LLC                |

Securities Registered Pursuant to Section 12(g) of the Act: **None.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

|                           |                                     |                         |                          |                       |                          |
|---------------------------|-------------------------------------|-------------------------|--------------------------|-----------------------|--------------------------|
| Large accelerated filer   | <input checked="" type="checkbox"/> | Accelerated filer       | <input type="checkbox"/> | Non-accelerated filer | <input type="checkbox"/> |
| Smaller reporting company | <input type="checkbox"/>            | Emerging growth company | <input type="checkbox"/> |                       |                          |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of common stock held by non-affiliates of Booking Holdings Inc. at June 30, 2022 was approximately \$70.1 billion based upon the closing price reported for such date on the NASDAQ Global Select Market. For purposes of this disclosure, shares of common stock held by executive officers and directors of Booking Holdings Inc. on June 30, 2022 have been excluded because such persons may be deemed to be affiliates of Booking Holdings Inc. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of outstanding shares of Booking Holdings Inc.'s common stock was 37,648,373 at February 16, 2023.

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## DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this Annual Report on Form 10-K, to the extent not set forth in this Form 10-K, is incorporated herein by reference from Booking Holdings Inc.'s definitive proxy statement relating to its annual meeting of stockholders to be held on June 6, 2023, to be filed with the Securities and Exchange Commission within 120 days after the end of Booking Holdings Inc.'s fiscal year ended December 31, 2022.

Booking Holdings Inc. Annual Report on Form 10-K for the Year Ended December 31, 2022 Index

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## **Special Note Regarding Forward-Looking Statements**

*This Annual Report on Form 10-K and the documents incorporated herein by reference contain forward-looking statements. These forward-looking statements reflect our views regarding current expectations and projections about future events and conditions and are based on currently available information. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict, including the Risk Factors identified in Part I, Item 1A of this Annual Report; therefore, our actual results could differ materially from those expressed, implied, or forecast in any such forward-looking statements. Expressions of future goals and expectations and similar expressions, including "may," "will," "should," "could," "aims," "seeks," "expects," "plans," "anticipates," "intends," "believes," "estimates," "predicts," "potential," "targets," and "continue," reflecting something other than historical fact are intended to identify forward-looking statements. Unless required by law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. However, readers should carefully review the reports and documents we file or furnish from time to time with the Securities and Exchange Commission (the "SEC" or the "Commission"), particularly our quarterly reports on Form 10-Q and current reports on Form 8-K.*

## **PART I**

### **Item 1. Business**

As most countries have emerged from the COVID-19 pandemic and removed travel restrictions, travelers have resumed exploring the world. We are proud that, despite challenges to our global community such as the invasion of Ukraine by Russia, the impact of persistent inflation on consumers, and widespread travel disruptions at airports in North America and Europe, as well as the ongoing effects of the COVID-19 pandemic, we continued our efforts to make our brands the most trusted and convenient platforms for consumers and partners, including:

- surpassing pre-pandemic room nights for the first time in the second quarter;
- continuing to increase room nights and brand awareness in key markets such as the U.S.;
- launching Rooms for Refugees at Booking.com to assist those displaced by the war in Ukraine to book free and discounted rooms;
- improving our loyalty programs, particularly the Genius program at Booking.com, and increasing our focus on value for our consumers;
- improving and expanding visibility of our flight offering at Booking.com;
- increasing adoption of our payments platform and payments capabilities across the Company; and
- expanding our Travel Sustainable program to more of our supply partners and across our relevant brands.

Our mission is to make it easier for everyone to experience the world. Our services empower people to cut through travel barriers like money, time, language, and overwhelming options, to easily and confidently get where they want to go, stay where they want to stay, dine where they want to dine, pay how they want to pay, and experience what they want to experience. We connect consumers making travel reservations with travel service providers around the world through our online platforms. We offer these services through six primary consumer-facing brands: Booking.com, Priceline, agoda, Rentalcars.com, KAYAK, and OpenTable. We continue to optimize the collaboration and cooperation among our brands to provide consumers with the most comprehensive and useful services for their needs. The following table shows the key services we offer to consumers:

|                | Ground         |                |         |             |            |             |
|----------------|----------------|----------------|---------|-------------|------------|-------------|
|                | Accommodations | Transportation | Flights | Restaurants | Activities | Meta Search |
| Booking.com    | ✓              | ✓              | ✓       |             | ✓          |             |
| Priceline      | ✓              | ✓              | ✓       |             | ✓          |             |
| agoda          | ✓              | ✓              | ✓       |             | ✓          |             |
| Rentalcars.com |                | ✓              |         |             |            |             |
| KAYAK          |                |                |         |             |            | ✓           |
| OpenTable      |                |                |         | ✓           |            |             |

Our common stock is listed on the NASDAQ Global Select Market under the symbol "BKNG." We refer to our company and all of our subsidiaries and brands collectively as "Booking Holdings," the "Company," "we," "our," or "us."

## Our Business Model

We derive substantially all of our revenues from providing online travel reservation services, which facilitate online travel purchases between travel service providers (which we generally refer to as "partners") and travelers (which we generally refer to as "consumers"). We also earn revenues from advertising services, restaurant reservations, and various other services, such as travel-related insurance products and restaurant management services for restaurants.

For the year ended December 31, 2022, we had revenues of \$17.1 billion, which we classify as "agency" revenues, "merchant" revenues, and "advertising and other" revenues.

- Agency revenues are derived from travel-related transactions where we do not facilitate payments from travelers for the services provided. Agency revenues consist almost entirely of travel reservation commissions from our accommodation, rental car, and airline reservation services. We invoice the travel service providers for our commissions after travel is completed. Substantially all of our agency revenue is from Booking.com's accommodation reservations.
- Merchant revenues are derived from transactions where we facilitate payments from travelers for the services provided, generally at the time of booking. Merchant revenues include travel reservation commissions and transaction net revenues (i.e., the amount charged to travelers, including the impact of merchandising, less the amount owed to travel service providers); credit card processing rebates and customer processing fees; and ancillary fees, including travel-related insurance revenues. The majority of our merchant revenue is from Booking.com's accommodation reservations.
- Advertising and other revenues are derived primarily from (a) revenues earned by KAYAK for sending referrals to online travel companies ("OTCs") and travel service providers and for advertising placements on its platforms and (b) revenues earned by OpenTable for its restaurant reservation services and subscription fees for restaurant management services.

## Our Strategy

We aim to demonstrate global leadership in online travel bookings and related services by:

- making it easy for people to find, book, pay for, and experience travel throughout the world;
- providing consumers with the most comprehensive choices and prices at any time, in any place, on any device;
- offering platforms, tools, and insights to our business partners to help them be successful; and
- operating our business sustainably and supporting sustainable travel choices by our consumers and partners.

We focus on relentless innovation and execution and a commitment to serve both consumers and partners with unmatched service and best-in-class technology. We believe that global travel bookings will generally continue to grow while shifting from traditional offline methods to online channels like ours, which is a trend we have observed throughout our company's history. We expect to benefit from this growth in travel and the continued shift to online channels as we work to expand our service offerings and increase our presence in key geographies. In particular, we seek to (a) leverage technology to provide consumers with the best experience, (b) partner with travel service providers and restaurants to our mutual benefit, (c) operate multiple brands that collaborate with each other, and (d) invest in profitable and sustainable growth.

**Provide the best consumer experience.** We focus on providing consumers with: (a) intuitive, easy-to-use online travel services; (b) a comprehensive selection of travel and payment options; (c) informative and useful content, such as pictures, accommodation and restaurant details, reviews, and sustainability information; (d) excellent customer service; and (e) value through competitive prices, special rate programs, and loyalty programs. Our goal is to make travel easy, frictionless, and personal and to offer consumers the most value, trusted brands, and extensive, varied, and comprehensive travel choices in every geography. We believe that our work to build out our payments capabilities across the Company removes friction from the booking process and delivers additional value for travelers. We endeavor to provide excellent customer service in a variety of ways, including through call centers and online platforms and the use of chatbots and other technologies, so that consumers can be confident that booking reservations through us will be a positive experience.

We continue to innovate and invest in our services in order to meet the needs of our consumers and partners. We seek to grow our business through innovation by providing a best-in-class user experience with intuitive, easy-to-use websites and mobile apps and by building stronger relationships with our consumers and partners. An increasing percentage of our room

nights are booked on our mobile apps and in 2022 Booking.com's mobile app was the most downloaded online travel agency app globally and in the U.S. according to third-party research firm Apptopia. We continue to execute against our long-term strategy to build a seamless offering of multiple elements of travel, allowing us to provide a more tailored and flexible consumer experience, which we refer to as the "Connected Trip." In the near term, we are focused on providing consumers the ability to build a complete travel itinerary on our platforms by, for example, enabling them to book a convenient taxi or rental car to coincide with their flight arrival or attractions near their accommodation, and developing travel wallet capabilities. In 2022, we continued to grow our flight offering at Booking.com, including expanding into over 50 countries by the end of the year. We expect that these developments will benefit our consumers and partners.

**Partner with travel service providers and restaurants.** We aim to establish mutually beneficial relationships with travel service providers and restaurants around the world. We believe they benefit from participating in our services by increasing their distribution channels, demand, profile and reputation, and inventory utilization in an efficient and cost-effective manner. They also benefit from our trusted brands and marketing efforts, expertise in offering an excellent consumer experience, and ability to offer their inventory in markets and to consumers that they may otherwise be unable or unlikely to reach, for instance due to language or payments services we can offer on their behalf.

**Operate multiple brands.** We operate multiple brands, which allows us to appeal to different consumers, pursue distinct marketing and business strategies, encourage experimentation and innovation, provide numerous service offerings, and focus on specific markets or geographies. We continue to optimize collaboration among our brands to provide consumers with the most comprehensive and value-oriented services. We invest to support growth by our brands, whether through increased marketing, geographic expansion, technological innovation, or increased access to travel service offerings.

**Invest in profitable and sustainable growth.** We seek to offer online services that meet the needs and the expectations of consumers and partners and that we believe will result in mutual long-term profitability and growth. We have made significant investments in people, technology, marketing, and added or expanded services, such as improving the selection of our accommodations, flights, and ground transportation offerings. In 2022, we continued to scale our flight offerings to more markets, and offer payments solutions to more consumers and partners. We continue to seek to maximize the benefits of our scale by sharing resources and technological innovations among our brands and co-developing new services. For example, we expanded our Travel Sustainable program across relevant Booking Holdings brands in 2022 with more than 400,000 accommodations recognized globally with our Travel Sustainable badge as of December 31, 2022. We also regularly evaluate, and may pursue, potential strategic acquisitions, partnerships, joint ventures, or investments as part of our long-term business strategy.

## Service Offerings

**Booking.com and Rentalcars.com.** Booking.com is the world's leading brand for booking online accommodation reservations, based on room nights booked, with operations worldwide and headquarters in the Netherlands. At December 31, 2022, Booking.com offered accommodation reservation services for approximately 2.7 million properties in over 220 countries and territories and in over 40 languages, consisting of over 400,000 hotels, motels, and resorts and 2.3 million homes, apartments, and other unique places to stay.

In 2022, Booking.com significantly expanded its flight offering to 54 markets and in-destination tours and activities to more than 1,200 cities around the world. Rentalcars.com operates as part of Booking.com and offers online rental car reservation services in over 52,000 locations throughout the world, with customer support in over 40 languages. Booking.com and Rentalcars.com also offer pre-booked taxi and black car services at over 1,600 airports throughout the world.

**Priceline.** Priceline is a leader in the discount travel reservation business, offering online travel reservation services primarily in North America, with headquarters in Norwalk, Connecticut. Priceline offers consumers hotel, flight, activity, and rental car reservation services, as well as vacation packages, cruises, and hotel distribution services for partners and affiliates.

**Agoda.** Agoda is a leading online accommodation reservation service catering primarily to consumers in the Asia-Pacific region, with headquarters in Singapore and operations in Bangkok, Thailand, and elsewhere. Agoda also offers flight, ground transportation, and activities reservation services.

**KAYAK.** KAYAK, headquartered in Stamford, Connecticut, provides online meta-search services that allow consumers to easily search and compare travel itineraries and prices, including airline ticket, accommodation reservation, and rental car reservation information from hundreds of online travel platforms at once. KAYAK offers its services in over 60 countries, with its largest market in the United States, through various websites including momondo, Cheapflights, and HotelsCombined.

**OpenTable.** OpenTable is a leading brand for booking online restaurant reservations. With significant operations in San Francisco, California, OpenTable provides online restaurant reservation services to consumers and reservation management services to restaurants, primarily in the United States.

## **Marketing and Brand Awareness**

We have established widely used and recognized e-commerce brands through marketing and promotional campaigns, particularly strategic use of performance marketing spend. We invest resources in marketing and other brand building to preserve and enhance consumer awareness of our brands.

## **Competition**

We compete globally with both online and traditional travel and restaurant reservation and related services. The markets for the services we offer are intensely competitive, constantly evolving, and subject to rapid change, and current and new competitors can and do launch new services at a relatively low cost. Some of our current and potential competitors, such as Google, Apple, Alibaba, Tencent, Amazon, Uber, and Meta, have significantly more customers or users, consumer data, and financial and other resources than we do, and may be able to leverage other aspects of their businesses (e.g., search or mobile device businesses) to enable them to compete more effectively with us. For example, Google's online travel offerings have grown rapidly in this area by linking travel search services to its dominant search functionality through flight, hotel, and alternative accommodations meta-search products, and by integrating its hotel meta-search products and restaurant information and reservation products into its Google Maps app.

We currently, or may in the future, compete with a variety of companies, including:

- online travel or restaurant reservation services and meta-search services;
- large online search, social networking, and marketplace companies;
- travel service providers (e.g., accommodations, rental car companies, or airlines) that have their own branded online platforms to which they drive business;
- traditional travel agencies, travel management companies, wholesalers, and tour operators; and
- companies offering technology services and software solutions to travel service providers.

For more information regarding current and potential competitors and the competitive nature of the markets in which we operate, please see Part I, Item 1A, Risk Factors - *"Intense competition could reduce our market share and harm our financial performance."* in this Annual Report on Form 10-K.

## **Government Regulation**

Our ability to provide our services and any future services is affected by legal regulations of national and local governments and regulatory authorities around the world, many of which are evolving and subject to new or revised interpretations. Violations of any laws or regulations could result in fines, penalties, and criminal sanctions against us, our officers, or our employees, and prohibitions on how or where we conduct or propose to conduct our business. They could also delay or prevent potential acquisitions, and materially damage our reputation, brands, global expansion efforts, ability to attract and retain employees and business partners, business, and operating results. Even if we comply with these laws and regulations, doing business in certain jurisdictions or violations of these laws and regulations by the parties with which we conduct business runs the risk of harming our reputation and our brands, which could adversely affect our results of operations or stock price. Regulations that impact our business or our industry include:

- *Data Protection and Privacy:* We have established and continue to maintain policies and a global governance framework to comply with laws that apply to our business, meet evolving stakeholder expectations, and support business innovation and growth. In the European Union, the General Data Protection Regulation (the "GDPR") imposes significant compliance obligations and costs. In the United States, the California Consumer Privacy Act (the "CCPA") and the California Privacy Rights Act ("CPRA") impose privacy requirements and rights for consumers in California that will result in additional compliance complexity, risks, and costs. Many other U.S. states and jurisdictions globally have adopted or may adopt similar data protection regulations. Some data protection and privacy

laws afford consumers a private right of action against companies like ours for certain statutory violations. In many cases, data protection and privacy laws restrict the transfers of information among our subsidiaries, including employee information.

- *Competition, Consumer Protection and Online Commerce:* Competition and consumer protection laws and regulations impact various aspects of our business. There is significant legislative and public focus on large technology companies, including in relation to the regulation of digital platforms. The Digital Markets Act ("DMA") and Digital Services Act ("DSA") give regulators in the EU more instruments to investigate and regulate digital businesses and impose new rules and requirements on platforms designated as "gatekeepers" under the DMA and online platforms more generally, with separate rules for "Very Large Online Platforms" ("VLOPs") under the DSA. If the European Commission determines that we are a gatekeeper or one of our brands is a VLOP, we will be subject to additional rules and regulations that may not be applicable to our competitors.
- *Regulation of the Travel Industry:* Our business could be impacted by travel-related regulations such as local regulation of the use of alternative accommodations. In addition, in response to the significant increase in travelers in 2022, local jurisdictions and tourist destinations around the world have instituted a variety of measures to address the issues of "overtourism" and the impact of tourism on climate. As our business evolves, we expect to become subject to existing and new regulations. For example, some parts of our business are already subject to certain requirements of the EU Package Travel Directive (the "Package Directive"), and as our offerings continue to diversify and expand, we may become subject to additional requirements of the Package Directive.
- *Payments:* As we expand our payments services to consumers and business partners, we are subject to additional regulations, such as financial services regulations and license requirements, which has resulted in increased compliance costs and complexities, including those associated with the implementation of new or more stringent internal controls. We are also subject to payment card association rules and obligations under our contracts with payment card processors, including the Payment Card Industry Data Security Standard, compliance with which is complex and costly.

For further discussion of these regulations and how other global regulations may impact our business, see Part I, Item 1A, Risk Factors - "*Information Security, Cybersecurity, and Data Privacy Risks*" and "*Legal, Tax, Regulatory, Compliance, and Reputational Risks*."

## **Technology**

Our business is supported by multiple systems and platforms, which were designed with an emphasis on scalability, performance, reliability, redundancy, and security. Our software systems, platforms, and architecture use a variety of widely-used software tools and database systems. We are modernizing our technology by building new applications with modern development tools and application programming interfaces and increasingly rely upon public cloud infrastructure for certain systems and data.

These internal systems and platforms are designed to include open application protocol interfaces that can provide connectivity to vendors in the industries in which we operate. These include large global systems, such as accommodation, flight, and rental car reservation systems, and financial service providers, as well as individual accommodation service providers, such as independent hotels. Our applications utilize digital certificates and other security technologies to help us conduct secure communications and transactions, as appropriate. The systems infrastructure and web and database servers of our worldwide operations are primarily hosted in the United Kingdom, Switzerland, the Netherlands, Germany, Singapore, Hong Kong, and multiple locations in the United States, each of which provides network connectivity, networking infrastructure, and 24-hour monitoring and engineering support typical of hosted data centers. All data center facilities have a continuous power supply system, generators, redundant servers, and multiple back-up systems. Any system failure that causes an interruption or delay in service could impair our reputation, damage our brands, increase customer service costs, or result in lost business, any of which could have a material adverse effect on our business and results of operations. For further discussion of our technology and how it may impact our business, see Part I, Item 1A-Risk Factors - "*Information Security, Cybersecurity, and Data Privacy Risks*."

## **Intellectual Property**

We regard the protection of our intellectual property as important to our success. We rely on intellectual property such as trademarks, copyrights, patents, and trade secrets to support our business as well as domain names or other intangible rights or property secured through purchase, licensing or other agreements with employees, travel service providers, partners, and other parties. We have filed various applications for protection of certain aspects of our intellectual property in the United States and other jurisdictions, and we currently hold a number of issued patents in several jurisdictions. See Part I, Item 1A, Risk Factors - "*We face risks related to our intellectual property*."

## Seasonality and Other Timing Factors

Prior to the COVID-19 pandemic, our gross bookings were generally similar in the first three quarters of the year and higher than in the fourth quarter. We generally recognize our marketing activities as the expense is incurred, which is typically in the quarter when the gross bookings for the associated reservations are recognized. However, we would generally recognize revenue from these bookings when the travel begins (at "check-in"), and accommodation check-ins in Europe and North America are generally highest in the third quarter during those regions' peak summer travel season and lowest in the first quarter. As a result of this timing difference between when we record marketing expense and when we generally recognize associated revenue, we typically experience our highest levels of profitability in the third quarter and our lowest level of profitability in the first quarter. In addition to the typical seasonality effects on our business, our quarterly results and quarterly year-over-year growth rates can be impacted by:

- The length of the booking window (the average time between the booking of a travel reservation and when the travel begins), which impacts the relationship between our gross bookings (recognized at the time of booking) and our revenues (recognized at the time of check-in);
- The level of acceleration or deceleration in the gross bookings growth rate. For example, our operating margins are typically negatively impacted in the near term from gross bookings and related variable marketing expense growth acceleration, as revenue growth is typically less impacted by accelerating gross bookings growth in the near term. Any such acceleration would positively impact revenue growth in subsequent periods as a portion of the revenue recognized from such gross bookings will occur in future quarters. Conversely, in periods where our gross bookings growth rate substantially decelerates, our operating margins typically benefit; and
- The date on which certain holidays (e.g., Easter and Ramadan) fall.

The COVID-19 pandemic has impacted the booking window of our business since its onset in 2020. For example, in 2022, we saw a shorter booking window than we saw in 2019, as an increased percentage of bookings were made for travel that was to occur close to the time of booking. However, in 2022, we saw the booking window expand compared to 2021. As the travel market continues to recover from the impact of the COVID-19 pandemic, we expect to see periods of gross bookings growth rate acceleration, which will likely result in periods where our operating margins are negatively impacted due to the timing difference of when marketing expense is recorded and when revenue is recognized.

## Human Capital Resources

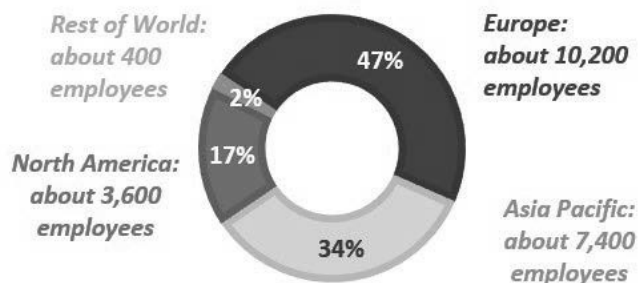
Our employees are fundamental to delivering on our mission to make it easier for everyone to experience the world. Our goal is to attract, develop, and retain highly-skilled talent with a significant focus on a diverse workforce operating in an inclusive environment. While the COVID-19 pandemic resulted in a significant shift to office and remote working environments, we are committed to engaging with our employees across our Company and maintaining a productive workforce that is proud to work for Booking Holdings.

### *Workforce*

Our Board of Directors and the Compensation Committee have oversight of our human capital management. We operate multiple brands to appeal to different consumers, pursue distinct marketing and business strategies, encourage experimentation and innovation, provide numerous service offerings, and focus on various markets. While we continue to optimize the collaboration among our brands, our structure often manifests in varied approaches to human capital management.

At December 31, 2022, we employed approximately 21,600 employees, of which approximately 3,100 were based in the United States, and approximately 18,500 were based outside the United States. Approximately 99% of our employees are full-time employees. We also retain independent contractors, including to support our customer service, website content translation, and system support functions.

## Employees by Geography (as of December 31, 2022)

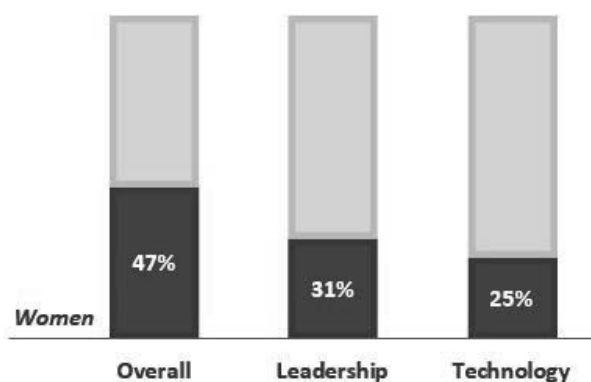


### *Diversity, Inclusion, and Belonging*

Our commitment to diversity, inclusion, and belonging means honoring all experiences, valuing all voices, and leading with empathy on our journey to become a more inclusive company. We believe that a diverse workforce operating in an inclusive environment is critical to leveraging our human capital to achieve our long-term strategic goals. We strive for our leadership and workforce to reflect the broad spectrum of customers and partners we work with throughout the world because we believe this is the best way for us to connect with the viewpoints, backgrounds, and experiences of our customers and partners. We are committed to creating workplaces that embrace and celebrate the different cultures and practices of our employees and we prohibit unlawful discrimination of any type.

As of December 31, 2022, approximately 47% of our employees were women, approximately 25% of our technology positions were filled by women, and approximately 31% of leadership (which includes vice presidents and above for all brands except Booking.com, which includes senior directors and above due to a greater number of employees) were women. We are committed to pay equity, regardless of gender, race, or ethnicity. With the help of an independent compensation consultant, we conduct pay equity studies every other year, and in the off years, we work on remediation plans to address outliers.

## Gender Diversity of Employees (as of December 31, 2022)



While a significant percentage of our workforce is located in jurisdictions that may present challenges to tracking employee racial or ethnic demographics for legal reasons, we seek other ways to assess our employees' experience of inclusion. For example, all of our brands include diversity and inclusion questions in annual employee engagement surveys to gauge our inclusivity progress. We also publish our consolidated EEO-1 report for employees in the United States, although this represents only approximately 15% of our workforce as of December 31, 2022.

We encourage equality and inclusivity across our workforce through various initiatives. As part of our recruitment efforts to ensure that candidate slates are diverse, we use diversity-focused sourcing platforms, we apply an inclusive language tool to job descriptions to attract historically underrepresented candidates, and we hold recruiters accountable for presenting multicultural candidates by tying it to their performance goals. In addition, we provide training to ensure interviewers consider all candidates objectively.



We have invested in a robust inclusive leadership training program and unconscious bias training for our leaders with plans to cascade these initiatives further into the organization to ensure that these tenets are core to our strategy. Additionally, we are entering our seventh year of operating our Women in Leadership program, which is a Company-wide initiative designed to support the advancement and development of high-performing women within our company with the goal of building and enabling gender diversity in our executive pipeline. We sponsor various employee resource groups to support the LGBTQ community and its allies, employees with differing physical and mental abilities, the Black and persons-of-color (POC) community, veteran employees, and gender equality. We are proud of the progress we have made in this space and recognize we can always improve.

### ***Attraction, Development, and Retention***

We work diligently to attract the best and most innovative talent from a wide range of sources to grow our business and achieve our long term strategic goals. We believe that we offer a rich culture where employees feel included and empowered to do their best work with opportunities to grow as well as competitive compensation and benefits. For example, while the specifics can vary by brand, in the United States our employee benefit plans generally include: coverage for infertility treatments, gender reassignment surgery, gender-neutral domestic partner benefits, and paid leave for new parents, those caring for a loved one, or bereavement.

We prioritize and invest in creating opportunities for employees to grow and build their careers through training and development programs. These include offering tailored learning opportunities to enable employees to upskill while at work and driving frequent career conversations between employees and their managers, as well as executive talent and succession planning.

Competition for talent in our industry has historically been intense. However, the proliferation of global working from anywhere policies and the associated increased ability for employees to seek out and switch jobs that may not have been accessible to them previously has heightened the competition for employees even further, particularly software engineers, mobile communications talent, and other technology professionals. As a result, the competition for talent in our industry combined with inflationary pressure on compensation has caused our expenses to attract and retain key talent to increase. We continue to focus on our employees' engagement and mental well-being, career satisfaction, development, and succession planning.

We recognize that expectations for the ways and places in which employees work have shifted dramatically as a result of the COVID-19 pandemic. Each of our brands has taken their own tailored approach to working policies that takes into account geographic location and the needs of current and prospective employees. A number of our brands have adopted more flexible work arrangements, including hybrid work from office and home flex programs.

We measure organizational culture and engagement so we can be responsive to our employees' needs. Taking into account employee feedback, our engagement efforts include regular communication touchpoints with the CEO and other senior leaders, virtual mental wellness workshops, and free access to a meditation app and telehealth services. We regularly connect with our employees through formal engagement surveys, work-from-home surveys, and quick pulse surveys to request feedback on the employee experience. The results of these efforts are shared with senior management at each of our brands who analyze areas of progress or prioritize areas for improvement in order to encourage and sustain employee engagement. We are proud that the results of our employee engagement surveys throughout 2022 broadly demonstrate a committed and engaged workforce.

### ***Employee Relations***

Although we have works councils or employee representatives in certain countries, our U.S. employees are not represented by a labor union and are not covered by a collective bargaining agreement. We work in close collaboration with works councils, employee representatives, and other organizations in the relevant jurisdictions. We have never had a work stoppage and we consider our relations with our employees to be good.

For more information, see Part I, Item 1A, Risk Factors - *"We rely on the performance of highly skilled employees; and, if we are unable to retain or motivate key employees or hire, retain, and motivate well-qualified employees, our business would be harmed."*

## Company Websites

We maintain websites with the addresses [www.bookingholdings.com](http://www.bookingholdings.com), [www.booking.com](http://www.booking.com), [www.priceline.com](http://www.priceline.com), [www.agoda.com](http://www.agoda.com), [www.rentalcars.com](http://www.rentalcars.com), [www.kayak.com](http://www.kayak.com), and [www.opentable.com](http://www.opentable.com), among others. We are not including the information contained on our websites as a part of, or incorporating it by reference into, this Annual Report on Form 10-K. We make available free of charge through the [www.bookingholdings.com](http://www.bookingholdings.com) website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the SEC. These reports and other information are also available, free of charge, at [www.sec.gov](http://www.sec.gov). In addition, the Company's Code of Conduct is available through the [www.bookingholdings.com](http://www.bookingholdings.com) website and any amendments to or waivers of the Code of Conduct will be disclosed on that website.

## **Item 1A. Risk Factors**

***Our business and financial results are subject to risks and uncertainties, including those described below, which could adversely affect our business, results of operations, financial condition, and cash flows.***

The risk factors section below contains a description of the significant risks facing our Company and should be carefully considered in full. The following is only a summary of the principal risks that make an investment in our securities speculative or risky.

### **Risk Factors Summary**

#### *Industry and Business Risks*

- Adverse changes in market conditions for travel services;
- The effects of competition;
- Our ability to successfully manage growth and expand our global business;
- The adverse impact of the COVID-19 pandemic on our business, financial performance, and travel demand;
- Adverse changes in relationships with travel service providers and restaurants and other third parties on which we are dependent;
- Our performance marketing efficiency and the general effectiveness of our marketing efforts;
- Our ability to respond to and keep up with the rapid pace of technological and market changes;
- Our ability to attract and retain qualified personnel;
- Any change by our search and meta-search partners in how they present travel search results or conduct their auctions for search placement that would impact us negatively;
- Any write-downs or impairments of goodwill or intangible assets related to acquisitions or investments, any increases in provisions for expected credit losses on receivables from and cash advances made to our travel service provider and restaurant partners, and any increases in cash outlays to refund consumers for prepaid reservations;

#### *Information Security, Cybersecurity, and Data Privacy Risks*

- Risks related to data privacy obligations and cyberattacks;
- IT systems-related failures or security breaches;

#### *Legal, Tax, Regulatory, Compliance, and Reputational Risks*

- Tax, legal, and regulatory risks;
- Risks associated with the facilitation of payments;

#### *Financial Risks*

- 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.

### **Industry and Business Risks**

*Declines or disruptions in the travel industry could adversely affect our business and financial performance.*

Our financial results and prospects are almost entirely dependent upon the sale of travel services. Travel, including accommodation, rental car, and airline ticket reservations, is significantly dependent on discretionary spending levels. Demand for and sales of travel services often decline during periods of perceived or actual adverse economic conditions and times of political or economic uncertainty as consumers engage in less discretionary spending, are concerned about unemployment or inflation, have reduced access to credit, or experience other concerns or effects that reduce their ability or willingness to travel.

In the past, we experienced volatility in transaction growth rates, increased cancellation rates, and weaker trends in accommodation average daily rates ("ADRs") in countries experiencing economic and political uncertainties, which we believed were due at least in part to these macroeconomic conditions and concerns. While lower occupancy rates have historically resulted in accommodation providers increasing their distribution of accommodation reservations through third-party intermediaries such as us, our remuneration for accommodation reservation transactions changes proportionately with price. Lower ADRs generally have a negative effect on our accommodation reservation business and on our revenues and results of operations. For a discussion of the impact of COVID-19 on occupancy rates and ADRs, see Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations - Trends.

Macroeconomic uncertainties have led to significant volatility in the exchange rates between the U.S. Dollar and the Euro, the British Pound Sterling, and other currencies, stock markets, and oil prices, which can also impact consumer travel behavior. For example, although lower oil prices may lead to increased travel activity as consumers could have more discretionary funds and airline fares decrease, declines in oil prices may be indicative of broader macroeconomic weakness, which in turn could negatively affect the travel industry, our business, and results of operations. Conversely, higher oil prices may result in higher airfares and decreased travel activity, which can negatively affect our business and results of operations. The uncertainty of macroeconomic factors and their impact on consumer behavior, 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.

Other events beyond our control such as terrorist attacks, extreme weather or natural disasters, wars and regional hostilities, travel-related accidents, or increased focus on the environmental impact of travel may disrupt travel, limit the ability or willingness of travelers to visit certain locations, or otherwise result in declines in demand for our travel offerings and adversely affect our business and results of operations. Furthermore, responses to such events by governments, organizations like the United Nations, or others, could limit or prohibit travel in ways that are not foreseeable and could impact our ability to conduct our business. Because these events and their impacts, as well as international responses to such events, are largely unpredictable, they can dramatically and suddenly affect travel behavior by consumers, demand for and provision of our services, and relationships with travel service providers and other partners, any of which can adversely affect our business and results of operations.

*Intense competition could reduce our market share and harm our financial performance.*

We compete globally with both online and traditional travel and restaurant reservation and related services. The markets for the services we offer are intensely competitive, constantly evolving, and subject to rapid change, and current and new competitors can and do launch new services at a relatively low cost. Some of our current and potential competitors, such as Google, Apple, Alibaba, Tencent, Amazon, Uber, and Meta, have significantly more customers or users, consumer data, and financial and other resources than we do, and may be able to leverage other aspects of their businesses (e.g., search or mobile device businesses) to compete more effectively with us. For example, Google's online travel offerings have grown rapidly by linking travel search services to its dominant search functionality through flight, hotel, and alternative accommodations meta-search products, and integrating its hotel meta-search products and restaurant information and reservation products into Google Maps. As the economy and the travel industry recover from the impact of the COVID-19 pandemic, the structure of the travel industry or consumer preferences could change in ways that could disadvantage us and benefit certain of our existing competitors or new entrants. For example, as a result of the COVID-19 pandemic and the resulting international travel restrictions and social distancing practices, we saw a shift in favor of domestic travel and alternative accommodations. This shift could benefit competitors that are more well established in domestic markets and alternative accommodations. As a result, our historical strengths may not provide the competitive advantages that they did prior to the pandemic. If we are unable to successfully adapt to changes in how the travel industry operates or to changes in the ways in which consumers purchase travel services, our ability to compete, and therefore our business and results of operations, would be adversely affected.

We currently, or may in the future, compete with companies that provide a variety of products and services, including:

- online travel reservation services;
- online accommodation search and/or reservation services that are focused primarily on alternative accommodations;
- travel service providers (e.g., accommodations, rental car companies, or airlines) that have their own branded online platforms to which they drive business and may be able to offer lower prices on their direct channel than they provide to us;

- large online companies, including search, social networking, and marketplace companies;
- traditional travel agencies, travel management companies, wholesalers and tour operators, many of which combine physical locations, telephone services, and online services;
- online travel meta-search and price comparison services;
- "Super apps" that offer consumers a wide range of everyday and other services including travel bookings;
- companies offering car- or ride-sharing services that affect demand for rental cars, some of which have developed innovative technologies to improve efficiency of point-to-point transportation and extensively utilize mobile platforms;
- online restaurant reservation services; and
- companies offering technology services and software solutions to travel service providers, including large global distribution systems ("GDSs") and hospitality software and payments platforms.

Meta-search services leverage their search technology to aggregate travel search results for the consumer's specific itinerary across travel service providers, online travel companies ("OTCs"), and other online platforms and in many instances compete directly with us for customers. Google leverages its general search business to promote its meta-search offerings by showing meta-search results at the top of its organic search results and it offers its meta-search services free to travel service providers. Google and other meta-search services may evolve into more traditional OTCs by offering consumers the ability to make travel reservations directly through their platforms. If consumers book travel services through such a service or directly with a travel service provider without using an OTC like us, or if meta-search services limit our participation within their search results or evolve into more traditional OTCs, we may need to increase our marketing or other customer acquisition costs to maintain or grow our reservation bookings and our business and results of operations could be adversely affected.

As the market for travel services has evolved, there has also been a proliferation of new channels through which accommodation providers can offer reservations. Companies such as Airbnb and Expedia Group, primarily through Vrbo, offer services providing alternative accommodation property owners an online place to list their accommodations where travelers can search and book such properties and compete directly with our alternative accommodation services. In addition, companies such as Airbnb that have in the past exclusively provided alternative accommodations have expanded into traditional accommodation offerings. 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 platform. Some of our competitors and potential 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, and new travel-related services are frequently being introduced to the market. A competitor or potential competitor that has established other, more frequent online or app-based interactions with consumers may be able to more easily or cost-effectively acquire customers for its online travel services than we can. For example, global companies with widely used mobile applications that enter the travel industry, such as Uber, have the potential to grow quickly. Some competitors or potential competitors with more frequent online interactions with consumers have created or are seeking to create "super-apps" where consumers can use many online services without leaving that company's app, in particular in Asia where online activity (including e-commerce) is conducted primarily through apps on mobile devices. Some competitors and new entrants to the travel services industry include private equity funded entities, which can more easily withstand significant losses for an extended period of time while such new entrants build market share through heavy marketing and/or discounting of their services. If any of these competitors are successful in offering new travel-related services or services similar to ours 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, including our marketing expenses, could increase, either of which would harm our business and results of operations.

Travel service providers with which we conduct business compete with us in online channels to drive consumers directly to their own platforms. Travel service providers, such as large hotel chains, may charge lower prices and offer advantages such as loyalty points or special discounts to members of closed-user groups (such as loyalty program participants or consumers with registered accounts), any of which could make their offerings more attractive to consumers than our services. We also offer various incentives to consumers and may need to offer additional or increased incentives to maintain or grow our reservation bookings, which could adversely impact our profit margins. Further, consolidation among travel service providers could result in lower OTC commission rates, increased discounting, and greater incentives for consumers to join closed-user groups as such travel service providers expand their offerings. If we are not as effective as our competitors in offering

discounted prices and other incentives or value to consumers, our ability to grow and compete and our results of operations could be harmed.

Although we believe that providing an extensive collection of properties, excellent customer service, and an intuitive, easy-to-use consumer experience are important factors influencing a consumer's decision to make a reservation, for many consumers the price of the travel service is the primary factor determining whether to book a reservation. It is increasingly important to offer travel services at competitive prices, whether through discounts, coupons, closed-user group rates or loyalty programs, increased flexibility in cancellation policies, or otherwise. Discounting and couponing coupled with a high degree of consumer shopping behavior has become typical throughout the world, particularly in Asian markets. In some cases, our competitors are willing to make little or no profit on a transaction or offer travel services at a loss in order to gain market share. As a result, in certain markets we may need to provide discounts or other incentives in order to be competitive, which may make it difficult for us to maintain or grow market share, maintain historical profit margins, and may also result in lower ADRs and lower revenues as a percentage of gross bookings. If we are unable to effectively offer competitive prices, our market share, business, and results of operations could be materially adversely affected.

*We face risks related to the growth rate and the global expansion of our business.*

We derive a substantial portion of our revenues and have significant operations outside the United States. Before the COVID-19 pandemic, our OTC operations outside of the United States historically had achieved significant year-over-year growth in their gross bookings, in particular Booking.com's accommodation reservation services. Without taking into consideration the recent declines caused by the COVID-19 pandemic, these growth rates, which contributed significantly to our historical growth in consolidated revenues and earnings, had generally declined over time as the absolute level of our gross bookings increased and online travel growth rates declined. In addition to the general slowing growth rates of online travel and the effects of the COVID-19 pandemic, other factors may also slow the growth rates of our businesses outside of the United States, including worldwide or regional economic conditions, strengthening of the U.S. Dollar versus the Euro, the British Pound Sterling, and other currencies, declines in ADRs, increases in cancellations, adverse changes in travel market conditions, and the competitiveness of the market. Any decline in the growth rates of our businesses outside of the U.S. negatively impacts our revenue and earnings growth rates and as a consequence our stock price.

Our long-term strategy involves continued expansion throughout the world, and we are subject to associated risks typical of international businesses. International markets may have strong local competitors with an established brand and travel service provider or restaurant relationships that may make expansion in that market difficult or costly and take more time than anticipated. Certain markets in which we operate have unique localized preferences and lower operating margins compared to other markets. Scaling and growing our business in these markets, in particular in Asia, could require significant investment, which could have a negative impact on our profit margins. In some markets such as China, legal and other regulatory requirements may prohibit or limit participation by foreign businesses, such as by making foreign ownership or management of internet or travel-related businesses illegal or difficult, or may make direct participation in those markets uneconomical, which could make our entry into and expansion in those markets difficult or impossible, require that we work with a local partner, or result in higher operating costs. If we are unsuccessful in expanding in new and existing markets and effectively managing that expansion, our business and results of operations could be adversely affected.

We intend to continue to improve the accommodation choices available for reservation on our platforms, however the growth rate of the number of accommodations on our platforms may vary in part as a result of removing accommodations from our platforms from time to time. Many of the newer accommodations we add to our travel reservation services, especially in highly-penetrated markets, may have fewer rooms or higher credit risk and may appeal to a smaller subset of consumers (e.g., hostels and bed and breakfasts). We believe that the number, variety, and quality of accommodations on our platforms, and the corresponding access to accommodation room nights, had been a key driver of the growth of our accommodation reservation business prior to the COVID-19 pandemic. As accommodation providers recover from the COVID-19 pandemic and occupancy rates increase, they may wish to limit the amount of business that flows through certain distribution channels. Also, certain jurisdictions have instituted regulations intended to address the issues of "overtourism" and the impact of tourism on climate, including by restricting accommodation offerings in city centers or near popular tourist destinations, such as by restricting construction of new hotels or the renting of homes or apartments, introducing quota or registration systems, or increasing visitor fees or taxes. Such restrictions could also include limiting the number of tourists permitted to visit and stay near popular areas during peak seasons or as a general matter. As a result, we may experience constraints on the number of listings, or accommodation room nights, actually available to us or could experience a decrease in demand if consumers cannot book the experiences they would like during their trip, which could negatively impact our business growth rate and results of operations.

*The COVID-19 pandemic has materially adversely affected, and may further adversely impact, our business and financial performance.*

In response to the COVID-19 pandemic, certain governments and businesses around the world continue to implement a variety of restrictive measures to reduce the spread of COVID-19. These measures have had a significant adverse effect on many of the partners on which our business relies, including hotels and other accommodation providers, airlines, and restaurants, as well as on our consumers, operations, and workforce. The spread of variants of COVID-19 and ongoing restrictive measures in certain places have caused uncertainty. We cannot predict the long-term effects of the pandemic on our business or the travel and restaurant industries as a whole. If the travel and restaurant industries are fundamentally changed by the COVID-19 pandemic in ways that are detrimental to our operating model, our business may continue to be adversely affected even as the broader global economy recovers.

Our financial results and prospects are almost entirely dependent on facilitating the sale of travel-related services. While the year began with the Omicron variant surge which resulted in a decrease in consumers traveling and dining out, most of the government restrictions on travel-related services have subsided and travel demand has generally returned. See Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations - Trends. The ongoing impact of the COVID-19 pandemic on our business, results of operations, cash flows, and growth prospects depends on any resurgences of the pandemic; efficacy of vaccines and other medical interventions to alleviate or treat COVID-19, and their impacts on the travel and restaurant industries and consumer spending more broadly; actions taken by national, state, and local governments to contain the disease or treat its impact; employee engagement, including the health and productivity of management and our employees; any impact on our contracts and relationships with our partners; and the duration, timing, and severity of the impact on customer spending, including other economic impacts such as inflation that have resulted in part from the pandemic. The effects of the pandemic, including the imposition of travel restrictions, may continue to fluctuate throughout the world, which could continue to affect our business. If ongoing effects of the COVID-19 pandemic adversely affect our business and financial performance, it may also heighten many of the other risks identified in this section.

*We are dependent on providers of accommodations, rental cars, and airline tickets and on restaurants.*

We rely on providers of accommodations, rental cars, and airline tickets, and on restaurants, to make their services available to consumers through us. Our arrangements with travel service providers generally do not require them to make available any specific quantity of accommodation reservations, rental cars, or airline tickets, or to make accommodation reservations, rental cars, or airline tickets available in any geographic area, for any particular route, or at any particular price. Similarly, our arrangements with restaurants generally do not require them to provide all of their available tables and reservations to customers through us. We are in regular dialogue with our major travel service providers about the nature and extent of their participation in our services. A significant reduction on the part of any of our major travel service providers or providers that are particularly popular with consumers for a sustained period of time or their complete withdrawal in favor of one of our competitors' services or requiring consumers to purchase directly from them could have a material adverse effect on our business, market share, and results of operations. During periods of higher occupancy rates, accommodation providers may decrease their distribution of accommodation reservations through third-party intermediaries like us, particularly with regard to our discounted offerings. Further, as consolidation among travel service providers increases, the potential adverse effect of a decision by any particular significant travel service provider (such as a large hotel chain, airline, or rental car company) to withdraw from or reduce its participation in our services also increases. In particular, the potential harm to our business and results of operations is greater if any larger partners such as airlines, hotel chains, or large rental car companies declare bankruptcy or close. To the extent restaurants limit the availability of reservations through OpenTable or if a significant number of restaurants cease to participate in our services, consumers may not continue to use our services and/or our revenues and results of operations could be adversely affected.

We offer a range of optional insurance products and coverages related to our travel offerings primarily through unaffiliated third-party insurance providers. We are dependent on such providers to make their services available to consumers through us. Our business and reputation may be adversely affected if such insurers no longer make such insurance offerings available to us on economically reasonable terms or at all or if such insurance providers fail to pay out under these insurance policies.

KAYAK, a meta-search service, depends on access to information related to travel service pricing, schedules, availability, and other related information from OTCs and travel service providers to attract consumers. Many of KAYAK's agreements with OTCs and travel service providers are short-term agreements that may be terminated on 30 days' notice. To the extent OTCs or travel service providers no longer provide such information to KAYAK, KAYAK's ability to provide comprehensive travel service information to consumers could be diminished and its brand, business, and results of operations could be harmed. To the extent consumers do not view KAYAK as a reliable source of comprehensive travel service



information, fewer consumers would likely visit its websites, which would also likely have a negative impact on KAYAK's advertising revenue and results of operations. In addition, if OTCs or travel service providers choose not to advertise with KAYAK or choose to reduce or eliminate the fees paid to KAYAK for referrals from query results, KAYAK's business and results of operations could be adversely affected.

*We face risks related to the growth of our alternative accommodations business.*

As our alternative accommodations business continues to grow, we face new risks relating to characteristics of this business that impact our profits and other metrics. We may also face new claims of liability and are subject to regulatory developments that affect our business. Because alternative accommodations are often either a single unit or a small collection of independent units, these properties generally represent more limited booking opportunities than hotels, motels, and resorts, which generally have more units to rent per property. Further, alternative accommodations in general may be subject to increased seasonality or may not be available at peak times due to use by the property owners. Lower profit margins are associated with alternative accommodation properties due to certain additional costs related to offering these accommodations on our platforms. As we increase our alternative accommodation business, these different characteristics negatively impact our profit margins and to the extent these properties represent an increasing percentage of the properties we add to our platforms, we expect that our room-night growth rate and property growth rate will continue to diverge over time (since each such alternative accommodation property has fewer booking opportunities). As a result, as the percentage of alternative accommodation properties increases, the number of reservations per property will likely continue to decrease.

In addition, as our alternative accommodation reservation business grows, we may experience claims of liability based on events occurring at properties listed on our platforms such as robbery, injury, death, discrimination, or other criminal activities. We have no control over the actions or ability to predict the actions of our consumers, property owners, and other third parties during the customer's stay, and as a result we cannot guarantee the safety of our consumers, property owners, and third parties. In addition, we have not in the past and may not in the future undertake to independently verify the safety, suitability, location, quality, and legal compliance, such as fire code compliance or the presence of carbon monoxide detectors, of all our alternative accommodation listings. We have in the past relied and may in the future rely on property owners to disclose information relating to their listings and such information may be inaccurate or incomplete. In addition, Booking.com facilitates the provision of partner liability insurance that may protect alternative accommodation partners against liability claims, lawsuits by third parties for bodily injury, or personal property damage that occur during a stay at a partner property reserved via Booking.com. This partner liability insurance, if applicable to the claim, may provide partners with up to \$1.0 million equivalent (policy limit) of third party liability coverage related to investigation, defense, and/or other costs related to the underlying claim. The Company could be required to pay amounts in excess of the partner liability policy limit. Any resulting complaints or claims, even if such a claim does not result in liability, could result in negative publicity and increased costs, which could adversely affect our reputation, business, and results of operations.

Further, the regulatory environment related to the alternative accommodations business is evolving, and laws, regulations, or property association rules could impose restrictions or burdens on these property owners and managers that limit or negatively affect their ability to rent their properties. For example, the European Commission has proposed a short-term rental regulation which, if enacted, could have a material impact on the way short-term rentals are regulated in the European Union and the obligations on platforms including around data sharing or the need to enforce local registration schemes, and in conjunction with the Digital Services Act. For additional discussion regarding the Digital Services Act, see below Part I, Item 1A, Risk Factors - *"Our business is subject to various competition/anti-trust, consumer protection, and online commerce laws, rules, and regulations around the world, and as the size of our business grows, scrutiny of our business by legislators and regulators in these areas may intensify."* Some jurisdictions have adopted or are considering statutes or ordinances that prohibit owners and managers from renting certain properties for fewer than a stated number of consecutive days or for more than an aggregate total number of days per year or that require owners or managers to obtain a license to rent their properties. From time to time, we are subject to inquiries related to compliance with alternative accommodation laws, rules, and regulations that we may not be able to respond to in a timely manner or in full satisfaction of such requests. The outcome of such inquiries has resulted in fines and could result in additional fines, adversely affect our reputation, or require modifications to our business operations, which could result in increased legal and compliance costs. In addition, several jurisdictions have adopted or are considering adopting statutes or ordinances requiring online platforms that list certain alternative accommodations to obtain a license to list such accommodations and/or to comply with other restrictions or requirements. Laws, rules, and regulations applicable to alternative accommodations are evolving and can be distinct and inconsistent among the various municipalities, regions, and countries in which we operate. As a result, tracking and compliance with these laws, rules, and regulations can be difficult and costly. As governments adopt new laws, rules, and regulations related to alternative accommodations, we are unable to predict what, if any, effect they may have on our business. This dynamic regulatory environment requires us to expend significant time and resources and could negatively impact the growth and/or size of our alternative accommodation reservation business.

*We rely on marketing channels to generate a significant amount of traffic to our platforms and grow our business.*

Maintaining and strengthening our brands are important aspects of our efforts to attract and retain customers. We have invested considerable resources in the establishment and maintenance of our brands, and we intend to continue to invest resources in marketing and other brand building efforts to preserve and enhance consumer awareness of our brands when and to the extent we deem appropriate. 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. We may not be able to successfully maintain or enhance consumer awareness and acceptance of our brands, and even if we are successful in our branding efforts such efforts may not be cost-effective. If we are unable to maintain or enhance consumer awareness and acceptance of our brands in a cost-effective manner, our business, market share, and results of operations would be materially adversely affected.

Our marketing efficiency, expressed as marketing expense as a percentage of revenues, is impacted by a number of factors that are subject to variability and are in some cases outside of our control, including ADRs, costs per click, cancellation rates, foreign currency exchange rates, our ability to convert paid traffic to booking customers, and the extent to which consumers come directly to our websites or mobile apps for bookings. 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. For example, competition for desired rankings in search results and/or a decline in ad clicks by consumers could increase our costs-per-click and impede our marketing efficiency. For more information regarding the role of online search engines in generating traffic to our websites, see Part I, Item 1A, Risk Factors - *"Our business could be negatively affected by changes in online search and meta-search algorithms and dynamics or traffic-generating arrangements."* At times we may pursue a strategy of increasing marketing returns on investment ("ROIs"), which could negatively affect our gross bookings and revenue growth rates. When evaluating our performance marketing spend generally, we consider several factors for each channel, such as the customer experience on the advertising platform, the incrementality of the traffic we receive, the anticipated repeat rate from a particular platform, and the likelihood of cancellation. Pursuing a strategy of improving marketing ROIs along with factors such as competitors' actions in the bidding environment, the amount of marketing invested by these channels to generate demand, and overall marketing platform traffic growth trends, which have shown volatility and long-term deceleration of growth rates, may also impact growth rates for marketing channels.

Many factors could cause consumers to increase their shopping activity before making a travel purchase. Increased shopping activity impedes our marketing efficiency and effectiveness because traffic becomes less likely to result in a reservation through our platforms, and such traffic is more likely to be obtained through paid marketing channels than through direct channels. Further, consumers may favor travel services offered by search or meta-search companies over OTCs, which could reduce traffic to our travel reservation platforms, increase consumer awareness of our competitors' brands and platforms, increase our marketing and other customer acquisition costs, and adversely affect our business, margins, and results of operations. To the extent any such increased shopping behavior leads to growth in our KAYAK meta-search business, such growth may not result in sufficient increases in revenues from our KAYAK meta-search business to offset any related decrease in revenues or increase in marketing and other customer acquisition costs experienced by our OTC brands.

*We may not be able to keep up with rapid technological or other market changes.*

The markets in which we compete are characterized by rapidly changing technology, evolving industry standards, consolidation, frequent new service announcements, introductions and enhancements, and changing consumer demands and preferences. These characteristics are changing at an even greater pace as OTCs and travel service providers seek to address consumer needs and preferences that resulted from the COVID-19 pandemic. We may not be able to keep up with these rapid changes. In addition, these market characteristics are heightened by the progress of technology adoption in various markets, including the continuing adoption of the internet and online commerce in certain geographies and the growth of the use of smartphones, tablets, and other smart devices for mobile e-commerce transactions. New developments in other areas such as cloud computing could make entering our markets easier for competitors due to lower upfront technology costs. It is increasingly important for us to effectively offer our services on mobile devices through mobile apps and mobile-optimized websites and to tailor our services to varying devices and platforms. See below Part I, Item 1A, Risk Factors - *"Consumer adoption and use of mobile devices creates challenges and may enable device companies such as Google and Apple to compete directly with us."*

Additionally, our ability to achieve our long-term strategy to build the Connected Trip depends on successfully integrating and developing new and evolving technologies, which will require increased financial and personnel investments that could have an adverse impact on our results of operations until we achieve the expected return on these investments. While we believe that we have the ability to achieve our long-term strategy to build the Connected Trip, the development of the

Connected Trip is subject to uncertainties, including further technical development of the flight, accommodation, and other verticals and technological capabilities necessary for the Connected Trip experience, the ability to collect, store, and use customer data in a compliant and integrated fashion, and the attraction and retention of employees dedicated to this development effort. As a result, it may take longer than we expect to build the Connected Trip or it may not achieve the expected return on investment. Consumer demand for the Connected Trip may also not be sustained at the levels that we anticipate. These efforts may also not be successful in improving the travel experience or retaining and attracting new customers. Further, regulatory authorities may subject us to existing or new rules or restrictions that could prevent us from successfully commercializing the Connected Trip or expose us to unanticipated claims or liabilities. With any technical innovation such as the Connected Trip effort, there could be bugs, vulnerabilities, and other system failures, which could result in lost business, harm to our brand or reputation, consumer complaints, and other adverse consequences, any of which could adversely affect our business and results of operations.

We are working toward enhancing our payments capabilities, including by offering alternative payment solutions to consumers even when those payment solutions may not be accepted by the travel service provider or restaurant. In many markets, particularly in Asia where credit cards are not readily available and/or e-commerce is largely carried out through mobile devices, alternative payment methods like Alipay, Paytm, and WeChat Pay that operate closed loop payments systems are the exclusive or preferred means of payment for many consumers. If we are unable to offer consumers their preferred method of payment by integrating new or emerging payment methods into our platforms, we may not be able to effectively offer our services to these consumers, which would limit our growth opportunities in these markets and our business and results of operations could be harmed.

Furthermore, in the future the competitive pressure to innovate could encompass a wider range of services and technologies, including services and technologies that may be outside of our historical core business, and our ability to keep pace may slow. Emerging start-ups may be able to innovate and focus on developing a particularly new product or service faster than we can or may foresee consumer need for new services or technologies before we do. Some of our competitors have more resources or more established or varied relationships with consumers than we have, and they could use these advantages to innovate in ways that could affect our competitive position. In addition, the widespread adoption of new internet, networking, or telecommunications technologies, such as artificial intelligence including machine learning ("AI"), smart home devices, chatbot, virtual reality technologies, development of the metaverse, and the creation of new "super-apps" could influence how customers search for and book travel, and require us to incur substantial expenditures to modify or adapt our services or infrastructure, which could adversely affect our results of operations or financial condition. For example, we incorporate AI into certain of our offerings. The use of AI presents risks and challenges including that algorithms may be flawed, datasets may be insufficient, erroneous, stale, or contain biased information, or content chosen for display to users by AI systems may be discriminatory, offensive, illegal, or otherwise harmful. These deficiencies and other failures of AI systems could subject us to competitive harm, regulatory action, legal liability, and brand or reputational harm.

Our future success will depend on our ability to adapt to rapidly changing technologies, to adapt our services and online platforms to evolving industry standards and local preferences, and to continually innovate and improve the performance, features, and reliability of our services and online platforms in response to competitive service offerings and the evolving demands of the marketplace.

*We rely on the performance of highly skilled employees; and, if we are unable to retain or motivate key employees or hire, retain, and motivate well-qualified employees, our business would be harmed.*

Our performance is largely dependent on the talents and efforts of highly skilled individuals, including key senior management in the United States, Europe, and Asia. We may not be able to retain the services of members of our senior management or other key employees, the loss of whom could harm our business and competitive position. We had approximately 21,600 employees worldwide at December 31, 2022. Our future success and ability to innovate depends on our continuing to identify, attract, hire, develop, motivate, and retain a highly skilled, global, diverse workforce. In addition, our customer service resources and outsource arrangements for customer support may be unable to provide adequate customer service support, particularly during peak periods. The COVID-19 pandemic has had and will have a long-term effect on how and from where people work, the attractiveness of our office environments, and remote working policies, and there may continue to be operational and workplace cultural challenges that may adversely affect our business, including talent retention, in the shorter term.

Competition for well-qualified employees in all aspects of our business, especially software engineers, mobile communication talent, product professionals, and other technology professionals, is intense and costly. In particular, our success in markets across Europe, the United States, and Asia has led to increased efforts by our competitors and others to hire our employees. These difficulties may be amplified by increased ability to work remotely, evolving restrictions on immigration and

travel or availability of visas or work permits for skilled technology workers, and laws or regulations in jurisdictions where we operate, such as a new cap on the Dutch (partial) tax exemption that benefits certain non-Dutch citizens working in the Netherlands. The competition for talent in our industry, including among established technology companies and startups, combined with inflationary pressure on compensation has caused our personnel expenses to attract and retain key talent to increase, which may adversely affect our results of operations. There is also competition for technology talent from companies with whom we did not historically compete for talent that are transitioning to digital. The competition for talent is exacerbated by an increased willingness of certain companies to offer flexible and remote working policies, which expands the pool of candidates from which our competitors may attract talent. If we do not succeed in attracting and retaining well-qualified employees, our business, our ability to grow and innovate, competitive position, reputation, and results of operations would be adversely affected.

*Our business could be negatively affected by changes in online search and meta-search algorithms and dynamics or traffic-generating arrangements.*

We use Google to generate a significant portion of traffic to our platforms and, to a lesser extent, we use other search and meta-search services to generate traffic to our platforms, principally through pay-per-click marketing campaigns. The pricing and operating dynamics on these search and meta-search platforms can experience rapid change commercially, technically, and competitively. For example, Google frequently updates and changes the logic which determines the placement and display of results of a consumer's search, such that the placement of links to our platforms can be negatively affected and our costs to improve or maintain our placement in search results can increase. The European Commission has fined Google significant amounts for anti-competitive behavior relating to its comparison-shopping service and online search advertising services. Changes by Google in how it presents travel search results, including promotion of its own travel meta-search services, amounts charged to travel partners for referrals, or the manner in which it conducts the auction for placement among search results may be competitively disadvantageous to us, may increase our costs, and may impact our ability to efficiently generate traffic to our platforms, which in turn would have an adverse effect on our business, market share, and results of operations. In addition, a decline or slowing growth in travel search traffic negatively impacts our ability to efficiently generate traffic to our platforms through performance marketing on general search platforms, which could have an adverse effect on our business and results of operations.

We purchase online traffic from a number of other sources, including some operated by our competitors, in the form of pay-per-click arrangements that can be terminated with little or no notice. If one or more of such arrangements is terminated, our business, market share, and results of operations could be adversely affected. We rely on various third-party distribution channels (i.e., marketing affiliates) to distribute accommodation, rental car, and airline ticket reservations. Should one or more of such third parties cease distribution of reservations made through us, or suffer deterioration in its search or meta-search ranking, due to changes in search or meta-search algorithms or otherwise, our business, market share, and results of operations could be adversely affected.

*Consumer adoption and use of mobile devices creates challenges and may enable device companies such as Google and Apple to compete directly with us.*

Widespread adoption of mobile devices, such as the iPhone and Android-enabled smartphones, coupled with the web browsing functionality and development of thousands of apps available on these devices, continues to drive substantial online traffic and commerce to mobile platforms. We have experienced a significant shift of business, both direct and indirect, to mobile platforms. The revenues earned on a mobile transaction may be less than a typical desktop transaction due to different consumer purchasing patterns. For example, accommodation reservations made on a mobile device typically are for shorter lengths of stay, have lower ADRs, and are not made as far in advance. To the extent mobile devices or platforms enable users to block advertising content, our advertising revenue and our ability to market our brands and acquire new consumers may also be negatively affected. Given the device sizes and technical limitations of smartphones, mobile consumers may not be willing to download multiple apps from multiple companies providing a similar service and instead prefer to use one or a limited number of apps for their mobile travel and restaurant research and reservation activity. As a result, the consumer experience with mobile apps as well as brand recognition and loyalty continue to be increasingly important. Our mobile offerings have received generally strong reviews and an increasing percentage of our room nights are booked on mobile devices. We believe that mobile bookings are necessary to maintain and grow our business as consumers increasingly turn to mobile devices instead of a personal computer. As a result, it is increasingly important for us to develop and maintain effective mobile platforms to provide consumers with an appealing, easy-to-use mobile experience and that the features of our mobile platforms are competitive with our peers. 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 offerings are not used by consumers, we could lose market share and our business, future growth, and results of operations could be adversely affected.

Google and Apple each have substantial market share in the smartphone markets and provide the leading operating systems for smartphones. As a result, they could leverage their operating systems to give a competitive advantage to their services that overlap with ours. We rely heavily on Google and Apple's app stores to provide our mobile application to users, and each of Google and Apple have more experience developing mobile apps and access to greater resources than us. To the extent Google or Apple use their mobile operating systems, app distribution channels, mobile payment systems, or search or other marketplace services to favor their services that overlap with ours, our business and results of operations could be harmed.

*Impairments of goodwill, long-term investments, and long-lived assets, increases in provisions for expected credit losses on receivables from and cash advances made to our travel service provider and restaurant partners, and increases in cash outlays to refund consumers for prepaid reservations have a negative impact on our results of operations.*

We have recorded and may in the future record impairments of goodwill, long-term investments, or long-lived assets. Future events and changing market conditions, like significant adverse changes in the market valuations of companies in the travel and technology industries, may lead us to re-evaluate the assumptions to estimate the fair value of our goodwill, long-term investments, and long-lived assets, including assumptions related to the recovery from the COVID-19 pandemic and performance following the pandemic, which may result in the need to recognize goodwill, investment, and asset impairment charges, which could have a material adverse effect on our results of operations.

Any significant increase in our provision for expected credit losses and any significant increase in cash outlays to refund consumers, for instance relating to a downturn in the global travel industry affecting our travel service provider and restaurant partners and marketing affiliates, could have a corresponding adverse effect on our results of operations and related cash flows. We could experience a high level of cancellations of existing reservations which could result in higher than normal cash outlays to refund consumers for prepaid reservations. In some instances, where we had agreed to provide free cancellations to consumers for non-refundable reservations, we did not estimate a recovery of prepayment already made to a travel service provider. In certain instances, we may offer cancellable room rates on behalf of a partner to provide flexibility to our consumers even if the partner has not provided a cancellable room rate, which could have a negative impact on our revenues if we are unable to facilitate booking from another customer.

*Investment in new business strategies and acquisitions could disrupt our ongoing business and present risks not originally contemplated.*

We have invested and in the future may invest in new business strategies and acquisitions of complementary businesses in furtherance of our mission to make it easier for everyone to experience the world. For example, we acquired Getaroom in December 2021 to enhance our business-to-business distribution capabilities for hotel partners and more effectively support our accommodations affiliate partners, and in November 2021 we entered into an agreement to acquire European-based flights booking provider Etraveli Group. Such endeavors may not be successful and may involve significant risks and uncertainties, including diversion of management's attention from current operations, greater than expected liabilities and expenses, increased regulatory scrutiny, inadequate return on capital, new risks with which we are not familiar, legal and compliance obligations that previously did not apply to us, integration risks, and difficulties and unidentified issues not discovered in our investigations and evaluations of those strategies and acquisitions. Further, we may issue shares of our common stock in these transactions, which could result in dilution to our stockholders. As a result, entering new businesses involves risks and costs that could, if realized, have an adverse effect on our business, reputation, results of operations, profit margins, cash flows or financial condition, as well as on our ability to achieve the expected benefits of any such investments or acquisitions.

We may decide to make minority investments, including through joint ventures, in which we have limited or no management or operational control. The controlling person in such a case may have business interests, strategies, or goals that are inconsistent with ours, and decisions of the company or venture in which we invested may result in harm to our reputation or business or adversely affect the value of our investment.

*We may not be able to successfully integrate acquired businesses or combine internal businesses.*

The integration of acquired businesses requires significant time and resources, and we may not manage these processes successfully. In addition to acquired businesses, we have integrated certain of our businesses that had been managed independently, integrated certain functions across our businesses, and restructured or ceased operating certain assets or businesses, and we may do so in the future, including through divestitures. Integrations are complex, often involve additional or unexpected costs, and create a variety of issues and risks, including:

- disruption or harm to the businesses involved, or to our other businesses, including as a result of the need for management to spend time and attention on the integration;
- difficulty combining different company cultures, systems, reporting structures, titles, job descriptions, and compensation schemes, or implementing and maintaining effective controls, procedures, and policies;
- problems retaining key personnel, in particular at the acquired or integrated company; and
- loss of travel service providers, restaurants, or partners of the acquired business.

We may not successfully integrate companies or achieve the strategic, financial, or operating objectives of an acquisition or integration, any of which could adversely affect our business, results of operations, or value of our acquisitions.

*We face risks related to our operational and technological infrastructures.*

Historically, our brands operated on a largely independent basis and many of them focused on particular services or geographies. As we look to develop our Connected Trip vision and pursue our other strategic objectives, we continue to optimize collaboration among our brands. As we manage this shift, in addition to managing any changes in our workforce, we may find it difficult to maintain the beneficial aspects of our corporate culture at the brand companies and throughout the organization as a whole. In addition, any future expansion or shift increases the complexity of our business and places additional strain on our management, operations, technical performance, financial resources, and administrative, legal, tax, internal control, and financial reporting functions. Our current and planned employees and outsourced resources, systems, procedures, and controls may not be adequate to support and effectively manage growth and increased complexity, or could result in actual or perceived disruption of our service or customer support, especially as we have employees and outsourced resources in multiple geographic locations around the world and increase the number and variety of our products and payment systems.

In addition, we are in the early stages 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 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.

## **Information Security, Cybersecurity, and Data Privacy Risks**

*Our processing, storage, use, and disclosure of personal data exposes us to risks of internal or external security breaches and could give rise to liabilities and/or damage our reputation.*

We are an innovative technology company dependent on sophisticated software applications and computing infrastructure. If threat actors such as cyber-criminals, hackers, and state-sponsored organizations are able to circumvent our security controls and capabilities, including as a result of our own acts or omissions, it could result in a compromise or breach of consumer or employee data. In e-commerce, data security is essential to maintaining consumer and partner confidence in our services and the uninterrupted availability of our web and mobile platforms is essential for our business. Consumers who use certain of our services provide us with their personal identity data and payment information, which in turn attracts attention from threat actors and fraudsters. Cyberattacks are increasing in frequency and sophistication and are constantly evolving. We may not be able to defend against a persistent, sophisticated cyberattack from a determined adversary. In addition, our security policies and internal security controls may not keep pace with the continuous innovation of our offerings.

Vulnerabilities in our consumer and partner account security and workflow practices could and have resulted in unauthorized access to confidential data. These risks are likely to increase as we expand our offerings, integrate our products and services including as we incorporate AI and machine learning, and store and process more data, including personal information and payment data. The disclosure of non-public Company-sensitive information by our workforce or other parties, through external media channels such as social media, could lead to information loss, reputational harm, or loss of a competitive advantage. We expend significant resources to protect against security breaches, and regularly increase our security-related expenditures to maintain or increase our systems' security. We have experienced and responded to cyberattacks, which we believe have not had a material impact on the integrity of our systems or the security of data, including personal information maintained by us. Security breaches could result in negative publicity, damage our reputation, expose us to risk of loss or litigation and possible liability, subject us to regulatory penalties and sanctions, or cause consumers to lose confidence in our security and choose to use the services of our competitors, any of which would have an adverse effect on our brands, market share, results of operations, and financial condition. See Part I, Item 1A, Risk Factors - "*Cyberattacks and system vulnerabilities could lead to sustained service outages, data loss, reduced revenue, increased costs, liability claims, or harm to our competitive position.*" Additionally, our consumers' personal data could be affected by security breaches at third parties upon which we rely, such as travel service providers, connectivity partners, payroll providers, health plan providers, payment processors, data exchange services (for example, XML Providers), or GDSs. See below Part I, Item 1A, Risk Factors - "*Our business relies on a global supply chain of third party services providers and we are exposed to risks because we rely on the resilience, security, and legal compliance of their products and services.*" Our efforts to protect information from unauthorized access may also result in the rejection of legitimate attempts to book reservations through our services, which could result in lost business.

In the operation of our business, we receive and store a large volume of personally identifiable data and payment information. This data is increasingly subject to legislation and regulations in numerous jurisdictions around the world. The European Union's General Data Protection Regulation (the "GDPR") imposes significant compliance obligations and costs on us. Under the GDPR, violations could result in fines of up to 20 million Euros or up to 4% of the annual global revenues of the infringer, whichever is greater. Several data protection authorities have imposed significant fines on companies of various sizes across industry sectors for violations of the GDPR. The California Consumer Privacy Act (the "CCPA"), which became operative in January 2020, and the California Privacy Rights Act, which became operative in January 2023, each impose new privacy requirements and rights for consumers in California and has resulted and will continue to result in additional complexity and costs related to compliance. Many other states in the United States and jurisdictions globally have adopted or may adopt similar data protection regulations. These regulations are typically intended to protect the security of personal data that is collected, processed, and transmitted in or from the governing jurisdiction as well as to give individuals greater rights and/or control over how their data is processed. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, including employee information. These laws and their interpretations continue to develop and may be inconsistent from jurisdiction to jurisdiction. Furthermore, enforcement actions often cause interpretation of these new laws to evolve, which could require changing our initial responses to these laws. For example, the invalidation of the EU-US Privacy Shield in 2020 altered one of the acceptable approaches which many companies relied upon to ensure compliant data transfers between the European Union and the United States. Additionally, some of these regulations, such as the CCPA, give consumers a private right of action against companies for violations of these rules. While we have invested and continue to invest significant resources to comply with the GDPR, CCPA, and other privacy regulations, many of these regulations (such as the Personal Information Protection Law in the People's Republic of China) are new, complex, and subject to interpretation. Non-compliance with these laws could result in negative publicity, damage to our reputation, significant penalties, or other legal liability. 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, our results of operations, financial condition, or competitive position could be adversely affected.

*Cyberattacks and system vulnerabilities could lead to sustained service outages, data loss, reduced revenue, increased costs, liability claims, or harm to our competitive position.*

If our systems cannot cope with the level of demand required to service our consumers and accommodations, we could experience unanticipated disruptions in service, slower response times, decreased customer service and customer satisfaction, and delays in the introduction of new services. As an online business, we are dependent on the internet and maintaining connectivity between ourselves and consumers, sources of internet traffic, such as Google, and our travel service providers and restaurants. As consumers increasingly turn to mobile and other smart devices, we also depend on consumers' access to the internet through mobile carriers and their systems. Disruptions in internet access, especially if widespread or prolonged, could materially adversely affect our business and results of operations. While we maintain redundant systems and hosting services, it is possible that we could experience an interruption in our business, and we do not carry business interruption insurance sufficient to compensate us for all losses that may occur.



We have computer hardware for operating our services located in hosting facilities around the world. We do not have a comprehensive disaster recovery plan in every geographic region in which we conduct business, and these systems and operations are vulnerable to damage or interruption from human error, misconduct, or catastrophic events. In the event of any disruption of service at such facilities or the failure by such facilities to provide our required data communications capacity, we may not be able to switch to back-up systems immediately and it could result in lengthy interruptions or delays in our services. In addition to placing increased burdens on our engineering staff, these outages could create a significant amount of consumer questions and complaints that need to be addressed by customer support. Any system failure that causes an interruption or delay in service could impair our reputation, damage our brands, increase customer service costs, or result in lost business, any of which could adversely effect our business and results of operations. We have taken and continue to take steps to increase the reliability and redundancy of our systems. These steps are expensive, may reduce our margins, and may not be successful in reducing the frequency or duration of unscheduled downtime.

We have experienced targeted and organized malware, phishing, and account takeover attacks, and may in the future experience these and other forms of attack such as ransomware, SQL injection (where a third party attempts to insert malicious code into our software through data entry fields in our websites in order to gain control of the system), and attempts to use our websites as a platform to launch a denial-of-service attack on another party. Our existing security measures may not be successful in preventing attacks on our systems. For instance, from time to time, we have experienced denial-of-service type attacks on our systems that have made portions of our websites slow or unavailable for periods of time. Our existing IT business continuity and disaster recovery practices are less effective against certain types of attacks such as ransomware, which could result in our services being unavailable for an extended period of time, nullify our data, expose our payment card and personal data, or expose us to an extortion attempt. Reductions in the availability and response time of our online services could cause loss of substantial business volumes during the occurrence of any such attack on our systems and measures we may take to divert suspect traffic in the event of such an attack could result in the diversion of bona fide customers. These issues are more difficult to manage during any expansion of the number of places where we operate and the variety of services we offer, and as the tools and techniques used in such attacks become more advanced. We use sophisticated technology to identify cybersecurity threats; however, a cyberattack may go undetected for a period of time resulting in harm to our computer systems and the loss of data. This could result in financial penalties being imposed by the regulators and reputational harm. Our insurance policies have coverage limits and may not be adequate to reimburse us for all losses caused by security breaches. Successful attacks could result in significant interruptions in our operations, severe damage to our information technology infrastructure, negative publicity, damage our reputation, and prevent consumers from using our services during the attack, any of which could cause consumers to use the services of our competitors, which would have a negative effect on the value of our brands, our market share, business, and results of operations.

We use both internally-developed systems and third-party systems to operate our services, including transaction processing, order management, and financial and accounting systems. If the number of consumers using our services increases substantially, or if critical third-party systems stop operating as designed, we may need to significantly expand and upgrade our technology, transaction processing systems, financial and accounting systems, or other infrastructure. We may not be able to upgrade our systems and infrastructure to accommodate such conditions in a timely manner, and, depending on the systems affected, our transactional, financial, and accounting systems could be impacted for a meaningful amount of time before upgrade, expansion, or repair. Many of our processes and systems, including those related to processing and recording revenue, are highly automated and involve multiple inputs from various IT systems, which can mitigate the risk of human error but which can also make testing, troubleshooting, and auditing more difficult. As a result, it may be difficult to quickly detect and correct errors embedded in these processes or systems.

*Our business relies on a global supply chain of third party services providers and we are exposed to risks because we rely on the resilience, security, and legal compliance of their products and services.*

We rely on certain third-party computer systems and third-party service providers, including GDSs and computerized central reservation systems of the accommodation, rental car, and airline industries in connection with providing some of our services. Any damage to, breach of or interruption in these third-party services and systems or deterioration in their performance could prevent us from booking related accommodation, rental car, and airline reservations and have a material adverse effect on our business, brands, and results of operations. Third party business partners, service providers, and consultants may be given access to our computer networks. A cyberattack against one of these third parties that compromises their credentials may result in unauthorized access to our systems and data, resulting in a cyberattack against us. Furthermore, our agreements with some third-party service providers are terminable upon short notice and often do not provide recourse for service interruptions. In the event our arrangement with any such third party is terminated, we may not be able to find an alternative source of systems support on a timely basis or on commercially reasonable terms and, as a result, it could have a material adverse effect on our business and results of operations.

Consumers generally are concerned with security and privacy on the internet, and any publicized privacy and security problems could negatively affect consumers' willingness to provide private information or effect online commercial transactions generally, including through our services. Some of our business is conducted with third-party marketing affiliates, which may generate travel reservations through our infrastructure or through other systems. A security breach at any third-party that we conduct business with, such as the security breach experienced by Intercontinental Hotels Group Plc. in September 2022, could be perceived by consumers as a security breach of our systems and could result in negative publicity, subject us to notification requirements, damage our reputation, expose us to risk of loss or litigation and possible liability, and subject us to regulatory penalties and sanctions, even if we had no direct involvement in the breach. In addition, such third parties may not comply with applicable disclosure requirements or with parameters within which we permit them to process data, which could expose us to liability.

We depend upon various third parties to process payments, including credit cards, for our merchant transactions around the world. In addition, we rely on third parties to provide credit card numbers which we use as a payment mechanism for merchant transactions. If any such third party were wholly or partially compromised or ceased or suspended operations, our cash flows could be disrupted or we may not be able to generate merchant transactions (and related revenues) for a period of time and this could have a negative effect on our business, reputation, and results of operations and, in certain cases of the insolvency of such a partner, could result in additional payments by us and loss of the total transaction value.

### **Legal, Tax, Regulatory, Compliance, and Reputational Risks**

*We may have exposure to additional tax liabilities.*

As an international business providing reservation and marketing services around the world, we are subject to income taxes and non-income-based taxes. Although we believe that our tax filing positions are reasonable and comply with applicable law, we regularly review our tax filing positions, especially in light of tax law or business practice changes, and we may change our positions or determine that previous positions should be amended, either of which could result in additional tax liabilities. The final determination of tax audits or tax disputes may be different from what is reflected in our historical income tax provisions and accruals. To date, we have been audited in many taxing jurisdictions. If current or future audits find that additional taxes are due, we may be subject to incremental tax liabilities, possibly including interest and penalties, which could have a material adverse effect on our results of operations, financial condition, and cash flows. See Notes 15 and 16 to our Consolidated Financial Statements for more information regarding certain tax matters and tax contingencies.

In general, governments are increasingly focused on ways to increase tax revenues, which has contributed to an increase in audit activity, more aggressive positions taken by tax authorities, more time and difficulty to resolve any audits or disputes and an increase in new tax legislation. Any such additional taxes or other assessments may be in excess of our current tax provisions or may require us to modify our business practices in order to reduce our exposure to additional taxes going forward, any of which could have a material adverse effect on our business, results of operations, and financial condition.

In December 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted into law in the United States. The Tax Act introduced a tax on 50% of global intangible low-taxed income ("GILTI"), which is income determined to be in excess of a specified routine rate of return on qualifying business assets. The Tax Act further introduced a base erosion and anti-abuse tax ("BEAT") aimed at preventing the erosion of the U.S. tax base and a new tax deduction with respect to certain foreign-derived intangible income. If we are unable to operate our business so that BEAT does not impact us, our effective tax rate, results of operations and cash flows would be adversely affected. The interpretation and implementation of the Tax Act and regulations, rules, or guidance that have been or may be adopted under, or result from, the Tax Act have had and could have a negative impact on our results of operations and cash flows. In August 2022, the Inflation Reduction Act was enacted into law in the United States. The key tax provisions applicable to us are a 15% corporate minimum tax on book income and a 1% excise tax on stock repurchases, both of which are effective January 1, 2023. The interpretation and implementation of these provisions could have a negative impact on our results of operations and cash flows. In addition, increases in the U.S. corporate income tax rate, increasing the percentage of GILTI subject to tax in the United States, or other changes included in any adopted U.S. federal tax legislation could have a negative impact on our results of operations and cash flows.

Certain countries have taken steps to unilaterally introduce a digital services tax to address the issue of multinational businesses carrying on business in their jurisdiction without a physical presence and therefore generally not being subject to income tax in those jurisdictions. These digital services taxes are calculated as a percentage of revenue rather than income or profits. The interpretation and implementation of the various digital services taxes (especially if there is inconsistency in the application of these taxes across tax jurisdictions) could have a materially adverse impact on our results of operations and cash flows. Further, digital services taxes may not apply to our competitors such as hotel chains and smaller OTCs, which could harm our business and competitive position.

Additionally, there have been significant changes made and proposed to international tax laws that increase the complexity, burden, and cost of tax compliance. The Organisation for Economic Co-operation and Development ("OECD") has been working on the "base erosion and profit shifting" ("BEPS") project to ensure international tax standards keep pace with changes in global business practices. This project could change various aspects of the existing rules under which our tax obligations are determined in many of the countries in which we do business. In 2021, more than 130 countries agreed to a new OECD framework on BEPS that, among other provisions, includes proposed changes to how the right to tax income would be allocated among countries and imposes a 15% global minimum tax. The OECD recently issued additional commentary related to the 15% minimum tax, including the intention that provisions be incorporated into law with an effective date of January 1, 2024. The rules for the calculation of the 15% minimum tax are complex and additional guidance continues to be issued by the OECD. Until member countries enact legislation implementing the 15% minimum tax, it is not certain how it will impact us.

Due to the large scale of our business activities outside of the United States, any changes in U.S. or international taxation of our activities, such as new definitions of permanent establishment, new nexus and profit allocation rules, or the combined effect of tax laws in multiple jurisdictions, may increase our worldwide effective tax rate, increase the complexity and costs associated with tax compliance, and adversely affect our cash flows and results of operations.

We are also subject to other non-income-based taxes, such as value-added, payroll, sales, use, excise, net worth, property, hotel occupancy, and goods and services taxes. We refer generally to taxes on travel transactions (e.g., value-added taxes, sales taxes, excise taxes, hotel occupancy taxes, etc.) as "travel transaction taxes." From time to time, we are under audit or investigation by tax authorities or involved in legal proceedings related to these non-income-based taxes or we may revise or amend our tax positions, which may result in additional non-income-based tax liabilities.

A number of jurisdictions in the United States have initiated lawsuits or other proceedings against OTCs, including us, related to, among other things, the payment of certain travel transaction taxes (such as hotel occupancy taxes) that could include historical taxes that are claimed to be owed, interest, penalties, punitive damages and/or attorney's fees and costs. Additional jurisdictions may assert that we are subject to travel transaction taxes and could seek to collect such taxes, either retroactively, prospectively or both. We continue to defend against these lawsuits and, where appropriate, intend to continue to assert that we should not be subject to such taxes. Although we believe we do not owe the taxes claimed in these lawsuits, litigation is uncertain, and if there was an adverse outcome in this litigation, or any similar litigation in other jurisdictions, it could result in liabilities for past and/or future bookings, and it could have an adverse effect on our business, profit margins, and results of operations. An unfavorable outcome or settlement of pending litigation could encourage the commencement of additional litigation, audit proceedings, or other regulatory inquiries. Jurisdictions could also seek to amend their tax statutes in order to collect travel transaction taxes from us on a prospective basis.

Additionally, a number of jurisdictions in the United States and other countries have adopted or may adopt laws that require us to collect and remit travel transaction taxes on behalf of travel service providers, which in some instances may negatively impact our revenue and may be difficult to implement. Adverse tax decisions or new laws could have a material adverse effect on our business, margins, cash flows and results of operations.

*We may not be able to maintain our "Innovation Box Tax" benefit.*

The Netherlands corporate income tax law provides that income generated from qualifying innovative activities is taxed at the rate of 9% beginning in January 2021 and 7% prior to 2021 ("Innovation Box Tax") rather than the Dutch statutory rate of 25%. Effective January 1, 2022, the Netherlands corporate income tax rate increased from 25% to 25.8%. A portion of Booking.com's earnings historically has qualified for Innovation Box Tax treatment.

In order to be eligible for Innovation Box Tax treatment, Booking.com must, among other things, apply for and obtain a research and development ("R&D") certificate from a Dutch governmental agency every six months confirming that the activities that Booking.com intends to be engaged in over the subsequent six-month period are "innovative." The R&D certificate is current but should Booking.com fail to secure such a certificate in any future period - for example, because the governmental agency does not view Booking.com's new or anticipated activities as innovative - or should this agency determine that the activities performed in a prior period were not performed as contemplated or did not comply with the agency's requirements, Booking.com may lose its certificate and, as a result, the Innovation Box Tax benefit may be reduced or eliminated. Booking.com intends to apply for continued Innovation Box Tax treatment for future periods. However, Booking.com's application may not be accepted, or, if accepted, the amount of qualifying earnings may be reduced.

The loss of the Innovation Box Tax benefit (or any material portion thereof), whether due to a change in tax law or a determination by the Dutch government that Booking.com's activities no longer qualify, could substantially increase our effective tax rate and adversely impact our results of operations and cash flows in the future.

*Our business is subject to various competition/anti-trust, consumer protection, and online commerce laws, rules, and regulations around the world, and as the size of our business grows, scrutiny of our business by legislators and regulators in these areas may intensify.*

We, the travel industry, and the technology industry generally are subject to competition and consumer protection laws and regulations around the world. These laws and regulations evolve and change, and their interpretation, application, and enforcement can also change, be unpredictable, or be affected by changing political or social pressures. As we expand our business into new areas, including our evolution towards the Connected Trip, we may become subject to additional laws and regulations. At times, online travel platforms, including us, have been the subject of investigations or inquiries by various national competition authorities ("NCAs") or other governmental authorities. For example, we have been and continue to be involved in investigations related to whether Booking.com's contractual parity arrangements with accommodation providers, sometimes also referred to as "most favored nation" or "MFN" provisions, are anti-competitive because they require accommodation providers to provide Booking.com with room rates, conditions, and availability that are at least as favorable as those offered to other OTCs or through the accommodation provider's website. To resolve and close certain of the investigations, we have from time to time made commitments to the investigating authorities regarding future business practices or activities, such as agreeing to narrow the scope of our parity arrangements. Additionally, these types of investigations can result and have resulted in the assessment of fines.

We have also been involved in investigations or inquiries involving consumer protection matters and we have previously made certain voluntary commitments to consumer authorities to resolve investigations or inquiries that have included showing prices inclusive of all mandatory taxes and charges, providing information about the effect of money earned on search result rankings on or before the search results page, and making certain adjustments to how discounts and statements concerning popularity or availability are shown to consumers. To the extent that these or any other investigations or inquiries result in additional commitments, fines, damages, or other remedies, our business, financial condition, and results of operations could be harmed.

As markets evolve and NCAs or other governmental authorities continue to monitor our industry, investigations of the industry generally or of us specifically could occur and have occurred. While we believe that we are complying with our commitments, investigating authorities or third parties may determine that we are not complying with the commitments we have made and decide to pursue legal action to compel compliance or seek other remedies. Further, in September 2017 the Swiss Price Surveillance Office opened an investigation into the level of commissions of Booking.com in Switzerland and the investigation is ongoing. If there is an adverse outcome and Booking.com is unsuccessful in any appeal, Booking.com could be required to reduce its commissions in Switzerland. We are cooperating with regulators where applicable, but we are unable to predict what, if any, effect any investigations or resolutions thereof, including the effect of any commitments we might make, will have on our business, industry practices, or online commerce more generally.

To the extent that regulatory authorities impose fines on us or require changes to our business practices or to those currently common to the industry, our business, competitive position, and results of operations could be materially and adversely affected. Negative publicity regarding competition and/or consumer law investigations could adversely affect our brands and therefore our business, market share, and results of operations. Competition and consumer law-related investigations, legislation, or issues have and could in the future result in private litigation.

Another area of regulatory inquiry involves contractual search term bidding restrictions where one contracting party agrees not to bid on certain key search terms related to the other party (e.g., such other party's name). 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 or if we remove them from all of our contracts, it could negatively impact our performance marketing efficiency, business, and results of operations.

There is significant legislative and public focus on the technology industry, especially as technology companies become larger. In some instances, countries have passed legislation that goes further to restrict business activities than actions taken by NCAs or other regulatory authorities. France, Italy, Belgium, Portugal, and Austria have passed legislation prohibiting parity contract clauses in their entirety and, last year, a German court ruled that our narrow parity clauses are not permitted. Additionally, the EU's Platform to Business Regulation regulates the relationship between online platforms such as Booking.com and European business users of online platforms. The Digital Markets Act ("DMA") and Digital Services Act ("DSA") give regulators in the EU more instruments to investigate and regulate digital businesses and impose new rules and

requirements on platforms designated as "gatekeepers" under the DMA and online platforms more generally, with separate rules for "Very Large Online Platforms" ("VLOPs") under the DSA. If the European Commission determines that we are a gatekeeper or one of our brands is a VLOP, we will be subject to additional rules and regulations that may not be applicable to our competitors. For example, the DMA imposes new restrictions and requirements, including in areas such as parity arrangements and the usage of personal data across services, which could adversely impact our business. Designated gatekeepers will also need to establish an independent compliance function to monitor compliance with the DMA. An initial designation as a gatekeeper could take place later this year, and key requirements are expected to become enforceable against designated gatekeepers in early 2024. The requirements for gatekeepers are also subject to further interpretation and regulatory engagement, and such designation may be subject to a review process. Under the DSA, we may be required to collect more information from partners, which could disincentivize certain partners from using our services. Further, if one of our brands is designated a VLOP, it would be subject to additional scrutiny, obligations, and costs, such as payment of an annual supervisory fee, requirements to carry out annual risk assessments and independent audits, and needing to establish an independent compliance function. The DMA and DSA each have significant penalties for non-compliance.

The European Commission will designate VLOPs based on a platform's number of EU "monthly active recipients" ("MARs"). The European Commission requires counting users to whom information was displayed, even if a user does not make a transaction on the platform. The assessment of MARs and any other published information by our brands represents an estimate based on the data available to us and limited guidance, and is subject to limitations. The estimate is published solely as a requirement under the DSA, may be inaccurate, and should not be used for any other purpose. For information we consider relevant to the performance of our business, see Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Additionally, in July 2021 President Biden of the United States signed an executive order aimed at restricting anticompetitive practices, including those within the technology industry. Any rules or regulations that result from this executive order, as well as any other new laws and regulations and changing public perception relating to the technology industry could impact our services, require us to change our business practices, or otherwise cause us to incur additional operating costs to comply with or address these developments. Further, as market conditions change as a result of investigations, litigation, legislation, or political or social pressure, we may decide to voluntarily modify our business practices beyond what is required, the full effects of which may not be known when making the decision, but which could harm our competitive position and adversely affect our business and results of operations.

With additional attention on the size of travel or technology companies generally, our size and market share may negatively affect our ability to obtain regulatory approval of proposed acquisitions, our ability to expand into complementary businesses or our latitude in dealing with travel service providers (such as by limiting our ability to provide discounts, rebates, or incentives or to exercise contractual rights), any of which could adversely affect our business, results of operations or ability to grow and compete.

*Regulatory and legal requirements and uncertainties could subject us to business constraints, increased compliance costs and complexities, or otherwise harm our business.*

Our ability to provide our services and any future services is and will continue to be affected by legal regulations of national and local governments and regulatory authorities, many of which are evolving and subject to the possibility of new or revised interpretations. For example, we currently offer optional rental car-related insurance products to customers protecting them against accidental damage to their rental vehicles, optional room and flight cancellation insurance products, and we intend to offer additional trip-related insurance products in the future, which subjects us to certain insurance distribution regulations and related increased compliance costs and complexities, any of which could negatively impact our business and results of operations. Laws in some countries relating to data localization, registration as a travel agent, and other local requirements could, if applicable to us, adversely affect our ability to conduct business in those countries. Any increase in the number or complexity of the laws and regulations applicable to us and our businesses could increase our compliance costs and burdens and negatively affect our business and results of operations.

For example, in the European Union and the United Kingdom, the Package Travel Directive and other local laws governing the sale of travel services (the "Package Directive") sets out broad requirements such as local registration, certain mandatory financial guarantees, disclosure requirements, and other rules regulating the provision of single travel sales, travel packages, and linked travel arrangements. The Package Directive also creates additional liability for a provider of travel packages, which could be the OTC, for performance of the travel services within a packaged trip under certain circumstances. Some parts of our business are already subject to the broad scope of the Package Directive, and as our offerings continue to diversify and expand, we may become subject to additional requirements of the Package Directive. Compliance with this directive could be costly and complex or, as a result of these requirements, we could choose to limit offerings that would

otherwise be beneficial for the business, any of which could adversely affect our business, results of operations, or ability to grow and compete. Any changes to the Package Directive, including any changes to the scope of the travel services covered, increased levels of consumer protections, or changes to the requirements of financial guarantees could be costly or complex to comply with and may also adversely affect our business, results of operations, or ability to grow and compete in the future.

The implementation of unfavorable regulations or unfavorable interpretations of existing regulations by judicial or regulatory bodies could require us to incur significant compliance costs, cause the development of the affected markets to become impractical and otherwise have a material adverse effect on our business and results of operations. For example, in connection with a lawsuit begun in 2015 by the Association of Turkish Travel Agencies, a Turkish court ordered in 2019 that Booking.com must meet certain registration requirements in order to offer Turkish hotels and accommodations to Turkish residents. If Booking.com does not successfully appeal this decision or meet the Turkish registration requirements, Booking.com will be unable to resume offering Turkish hotels and accommodations to Turkish residents, which would continue to negatively impact our results of operations. There can be no assurance that there will not be an adverse outcome to any such litigation or that such an outcome would not result in an adverse impact on our business, financial condition, or results of operations.

Compliance with the laws and regulations of multiple jurisdictions increases our cost of doing business. Examples of these laws and regulations, which sometimes conflict, include the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, the DSA and DMA, and local laws which also prohibit corrupt payments to governmental officials or third parties, data privacy requirements, labor relations laws, non-discrimination, human rights or anti-human trafficking laws and regulations, such as the U.K. Modern Slavery Act 2015, tax laws, anti-trust or competition laws, U.S., E.U., or U.N. sanctioned country or sanctioned persons mandates, and consumer protection laws. Violations of these laws and regulations have resulted in the past and could result in the future in fines, penalties, and/or criminal sanctions against us, our officers, or our employees and/or prohibitions on how or where we conduct business. Any such violations could delay or prevent potential acquisitions, and could materially damage our reputation, our brands, our global expansion efforts, our ability to attract and retain employees and business partners, our business, and our operating results. Even if we comply with these laws and regulations, doing business in certain jurisdictions or violations of these laws and regulations by the parties with whom we conduct business could harm our reputation and brands, which could adversely affect our results of operations or stock price. In addition, these restrictions may provide a competitive advantage to our competitors unless they are also subject to comparable restrictions. Our success depends, in part, on our ability to anticipate these risks and manage these difficulties. Additionally, our employees in certain countries in Europe are represented by works councils and/or trade unions. We are required to consult with works councils on certain matters such as restructurings, acquisitions and divestitures, and other matters that could impact our labor force. Consultations may not be completed on terms satisfactory to us and, as a result, could result in increases in our cost of labor, diversion of management's attention away from operating our business, delays in certain initiatives, and expose us to claims and litigation. We are also subject to a variety of other regulatory, legal, and public policy risks and challenges in managing an organization operating in various countries, including those related to:

- additional complexity to comply with regulations in multiple jurisdictions, as well as overlapping or inconsistent legal regimes, in particular with respect to tax, labor, consumer protection, digital content, advertising, promotions, privacy, and competition laws;
- difficulties in transferring funds from or converting currencies in certain countries;
- reduced protection for intellectual property rights in some countries; and
- changes in social or political conditions or policies relating to a wide range of sustainability topics.

We have made efforts and expect to make further efforts to integrate access to travel services across our various brands. These changes add complexity to legal and tax compliance and our internal controls, and our size and operating history may increase the likelihood that we will be subject to regulatory scrutiny or audits by tax authorities in various jurisdictions. In addition, by virtue of Booking.com's size and presence in the Netherlands, it is required to have a supervisory board to oversee the strategy and operations of Booking.com. While the existence of the supervisory board has not had a material impact on our operations, under certain circumstances, this governance structure could require Booking.com to obtain supervisory board approval in order to take certain actions, which could result in delays or other unanticipated strategic or operational challenges.

*There are various risks associated with the facilitation of payments from consumers, including risks related to fraud, compliance with evolving rules and regulations, and reliance on third parties.*

Our results have been and will likely continue to be negatively impacted by consumer purchases made using fraudulent payment cards (such as credit, debit, prepaid, or similar cards), claims the consumer did not authorize the purchase, or consumers who have closed bank accounts or have insufficient funds in their bank accounts to satisfy payments. We may be held liable for accepting fraudulent payment cards (such as stolen or cloned cards) on our platforms or in connection with other fraudulent transactions on our platforms, as well as other payment disputes with consumers. Accordingly, we calculate and record an allowance for the resulting chargebacks. We must also continually implement and evolve measures to detect and reduce the risk of fraud, in particular as these methods become increasingly sophisticated. If we are unable to successfully combat the use of fraudulent payment cards on our platforms, our business, profit margins, results of operations, and financial condition could be materially adversely affected.

We are processing more of our transactions on a merchant basis where we facilitate payments from travelers through the use of payment cards and other payment methods (such as PayPal, Alipay, Paytm, and WeChat Pay). While processing transactions on a merchant basis allows us to process transactions for properties that do not otherwise accept payment cards and to increase our ability to offer a variety of payment methods and flexible transaction terms to consumers, we incur additional payment processing costs (which are typically higher for foreign currency transactions) and other costs related to these transactions, such as costs related to fraudulent payments and transactions and fraud detection. As we expand our payments services to consumers and business partners, in addition to the revenues from these transactions, we may experience a significant increase in these costs, and our results of operations and profit margins could be materially adversely affected, in particular if we experience a significant increase in non-variable costs related to fraudulent payments and transactions.

As a greater percentage of our transactions involve us processing payments, our global systems and processes must be managed on a larger scale, which adds complexity, administrative burdens and costs, and increases the demands on our systems and controls, which could adversely affect our results of operations. In addition, as our payment processing activities continue to develop, we expect to be subject to additional regulations, including financial services regulations, which we expect to result in increased compliance costs and complexities, including those associated with the implementation of new or advanced internal controls, including, by way of example, those arising from the E.U.'s Payment Services Directive 2 and similar legislation. The implementation of these processes may result in increased compliance costs and administrative burdens.

Regulators (or we) may determine, and in some cases are likely to determine, that certain aspects of our business are subject to laws that govern payments activities, such as money transmission and online payments processing, which could require us to obtain licenses to continue to operate in certain jurisdictions or result in modification of our business plans. Regulations relating to operational resilience, banking, privacy, and security of our processes could also apply to us. Further, our payments systems are susceptible to illegal and improper uses, including money laundering, terrorist financing, fraudulent sales of goods or services, and transactions by or with sanctioned parties. We have invested and will need to continue to invest substantial resources to comply with applicable laws and regulations, and failure to maintain compliance could lead to fines or require us to modify or interrupt our business practices, plans, or operations, any of which could negatively impact our business, results of operations, and profit margins.

We are also subject to payment card association rules and obligations under our contracts with the card schemes and our payment card processors, and indirectly to the rules of payment systems in respect of credit (i.e., account to account) transfers. The rules of the card schemes and payment systems are updated in cycles, and we may need to adjust our systems and/or processes to comply with any updated obligations. Card association rules include the Payment Card Industry Data Security Standard (the "Standard"). Under the Standard and these association rules and obligations, if information is compromised, we could be liable to payment card issuers for associated expenses and penalties, and in some cases, we could be restricted in our ability to accept payment cards. Under certain circumstances in our agreements with the card schemes and in relation to the Standard, we are also subject to periodic audits, self-assessments, and other assessments of our compliance with the rules and obligations of the payment card associations and the Standard, which could result in additional expenses and administrative burdens. In addition, if we fail to follow payment card industry security standards, even if no consumer information is compromised, we could incur significant fines or experience a significant increase in payment card transaction costs. Additionally, compliance with the Standard may not prevent all security incidents. If we are fined or required to pay additional processing fees or if our ability to accept payment cards is restricted in any way as a result of our failure to comply with these payment card industry rules, or otherwise, it could adversely impact our business, results of operations, and profit margins.

We rely on banks, card schemes, and other payment processors to execute certain components of the payments process. For inbound payments, we pay these third parties interchange fees and other processing and gateway fees to help



facilitate payments from consumers to travel service providers. As a result, if we are unable to maintain our relationships with these third parties on favorable terms or if these fees are increased for any reason, our profit margin, business, and results of operations could be harmed. Additionally, if these third parties experience service disruptions or if they cease operations, consumers and travel service providers could have difficulty making or receiving payments, which could adversely impact our reputation, business, and results of operations.

In addition, in the event that one of our major travel service providers voluntarily or involuntarily declares bankruptcy or otherwise ceases or limits operations, we could experience an increase in chargebacks from customers with travel reservations with such travel service provider and we could experience financial loss from certain prepayments made to such travel service provider if we are not able to recover the prepayment.

*We face risks relating to our environmental, social, and governance ("ESG") objectives, including climate related commitments we have made that require us to invest effort, resources, and management time, and failing to meet those objectives may adversely impact our reputation, employee retention, and willingness of customers and partners to do business with us.*

Investors, proxy advisory services, regulatory authorities, and other stakeholders are increasingly focused on our ESG practices. We have made climate related commitments to reduce our scope 1 & 2 emissions by 95% and our scope 3 emissions by 50% by the end of 2030, and to achieve net zero by 2040. Additionally, we committed to making it easier for our customers to find more sustainable trip options and we continue to work on enhancing related disclosure of goals, progress, and other ESG matters.

Our ability to achieve ESG goals and initiatives is subject to risks including: (1) the availability and cost of limiting or offsetting our use of carbon-based energy sources and technologies, (2) evolving regulatory requirements affecting ESG standards and disclosures, (3) our ability to work with partners and providers that can meet our sustainability and other standards, (4) the availability of vendor or other third-party data, (5) the impact of our organic growth and acquisitions or dispositions of businesses or operations on our ESG goals, and (6) customers' actual demand for ESG-oriented product offerings, which may be more expensive and less available than other options. We may need to invest significant effort, resources, and time to progress our ESG objectives, including our climate commitments, and external factors such as rapidly changing regulations, policies, and related interpretation may arise that may lead us to revise our timelines, commitments, or how we measure and report ESG data. For example, stricter regulation related to certification schemes applicable to sustainability labels under consideration in Europe could impact our Travel Sustainable program commitments.

If our ESG practices do not meet evolving investor or other stakeholder expectations or regulatory requirements, then our reputation, ability to attract or retain employees, and our attractiveness as an investment or business partner could be negatively impacted. Similarly, our failure or perceived failure to pursue or fulfill our ESG-related objectives or to satisfy various reporting standards could expose us to government enforcement actions, private litigation, and actions by stockholders or stakeholders, and adversely impact our business, brands, or reputation.

*We face risks related to our intellectual property.*

We regard our intellectual property as important to our success, and we rely on intellectual property such as trademarks, copyrights, patents, and trade secrets to support our business as well as domain names or other intangible rights or property secured through purchase, licensing or other agreements with our employees, travel service providers, partners, and other parties. We have filed various applications for protection of certain aspects of our intellectual property in the United States and other jurisdictions, and we currently hold a number of issued patents in several jurisdictions. Further, in the future we may acquire additional intellectual property portfolios, which could require significant cash expenditures. However, we may choose not to register or otherwise protect some of our intellectual property and instead rely on trade secret or other means of protection. We have licensed in the past, and may license in the future, certain of our proprietary rights, such as trademarks or copyrighted material, to third parties, and these licensees may take actions that diminish the value of our proprietary rights or harm our reputation. We also have procured various intellectual property licenses from third parties. Effective intellectual property protection may not be available in every country in which our services are made available, particularly in certain jurisdictions in which we operate in which theft of intellectual property may be more prevalent. We may be required to expend significant time and resources to prevent infringement or to enforce our intellectual property rights.

We believe that our intellectual property rights help to protect our business. We endeavor to defend our intellectual property rights diligently, but intellectual property litigation is expensive and time-consuming, and may divert managerial attention and resources from our business objectives. We may not be able to successfully defend our intellectual property rights

or our intellectual property rights may not be sufficient to effectively protect our business, which could adversely affect our business, brands, and results of operations.

From time to time, in the ordinary course of our business, we may be subject to legal proceedings and claims relating to the intellectual property rights of others, and we expect that third parties will continue to assert intellectual property claims against us. Successful infringement claims against us could result in a significant monetary liability and/or prevent us from operating our business, or portions of our business, or require us to change business practices or develop non-infringing alternatives, which could require significant effort and expense. In addition, resolution of claims may require us to obtain licenses to intellectual property rights belonging to third parties, which may be expensive to procure, or possibly require us to cease using those rights altogether. Any of these events could have an adverse effect on our business, results of operations, and financial condition.

*Our use of "open source" software could adversely affect our ability to protect our proprietary software and subject us to possible litigation.*

We periodically use open source software in connection with our software development. From time to time, companies that use open source software have faced claims challenging the use of open source software and/or compliance with open source license terms. We could be subject to suits by parties claiming ownership of what we believe to be open source software, or claiming non-compliance with open source licensing terms. Some open source licenses require users who distribute software containing open source to make available all or part of such software, which in some circumstances could include valuable proprietary code of the user. While we monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, in part because open source license terms are often ambiguous. Any requirement to disclose our proprietary source code or pay damages for breach of contract could be harmful to our business, results of operations, or financial condition, and could help our competitors develop services that are similar to or better than ours.

*Regulations and policies impacting the way corporations use cookies and other online tracking technologies could negatively impact the way we do business.*

There are several privacy-driven initiatives that are changing the gathering and use of consumer data in the digital marketing ecosystem. These include phasing out the use of third-party cookies (and other tracking technologies) by browsers such as Safari and Google Chrome, restrictions on the use of the identifier for advertisers (such as the Apple "IDFA") by mobile device manufacturers, the adoption of regulations by many jurisdictions that govern the use of cookies, and Apple's iCloud+ Private Relay, which hides a user's IP address from websites that the user accesses in favor of other IP addresses provided by Apple's partners.

Google Chrome has announced that they will not permit the use of third-party cookies on Chrome by the end of 2024 and other browsers have already stopped their use. Apple has begun to require app developers to gain consent to use the IDFA and other identifiers with their own consent framework. Apple's paying iCloud customers who update to current versions of iOS, iPadOS and OS X have access to iCloud+ Private Relay when using the Safari browser to hide such user's IP address from websites. These initiatives impact a small portion of our digital advertising practices. These changes are not unique to the digital advertising at our Company. While we believe that our primary performance marketing spend will not be directly impacted by these changes, we are prepared to utilize alternative digital marketing techniques for the portion of our marketing spend that could be impacted.

In addition, many jurisdictions have adopted regulations governing the use of cookies. For example, in the EU, the ePrivacy Directive regulates the use of cookies and similar technologies, including limitations on the use of data and guidelines for enabling users to accept or reject cookies. Authorities may assert, and in some cases are likely to determine, that our collection, use, or management of customer and other data is inconsistent with laws and regulations, including laws that apply to cookies or similar technology, and there may be significant penalties for non-compliance. In the EU, the ePrivacy Directive is implemented in national laws as a result of which different interpretations and requirements apply on a country by country basis. EU regulators continue to issue guidance concerning the ePrivacy Directive's requirements regarding the use of cookies and similar technologies and may impose specific measures which could impact our use of such technologies. In addition, the ePrivacy Directive and national implementation laws impose additional limitations on the use of data across messaging products and include significant penalties for non-compliance. In the U.S., disclosure requirements and limitations may apply to the use of certain cookies and other online tracking technologies deemed to be sales of personal information under the CCPA or other state laws. If these regulations impair our ability to serve customers optimally or if we are less effective than our competitors in addressing these issues, our ability to improve performance on our platforms, business, market share, and results of operations could be adversely affected. Further, any failure to comply with evolving privacy regulations, guidance, and

interpretations could result in significant fines, government enforcement actions, private litigation, and harm to our business, results of operations, or reputation.

## Financial Risks

*Our liquidity, credit ratings, and ongoing access to capital could be materially and negatively affected by global financial conditions and events.*

Our continued access to sources of liquidity depends on multiple factors, including global economic conditions, the condition of global financial markets, the availability of sufficient amounts of financing, our ability to meet debt covenant requirements, our operating performance, and our credit ratings. Increased volatility in the financial and securities markets in recent years has generally made access to capital less certain. Further, if our credit ratings were to be downgraded or if financing sources were to ascribe higher risk to our rating levels, our industry or us, our access to capital, and the cost of any financing would be negatively impacted. We currently have \$2.0 billion available under our revolving credit facility, which provides an additional potential source of liquidity. The revolving credit facility contains certain financial covenants, compliance with which is a condition to our ability to borrow thereunder. There can be no assurance that we will be able to meet the covenant requirements at any particular time, and our ability to borrow under the revolving credit facility depends on such compliance. Further, the lenders have the right to require repayment of any amounts borrowed under the facility if we are not in compliance.

There is no guarantee that additional debt financing will be available in the future to fund our obligations, or that it will be available on commercially reasonable terms, in which case we may need to seek other sources of funding. In addition, the terms of future debt agreements could include more restrictive covenants, which could restrict our business operations.

See Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources for more information on our liquidity and capital resources.

*We are exposed to fluctuations in foreign currency exchange rates.*

We conduct a substantial majority of our business outside the United States but we report our results in U.S. Dollars. As a result, we face exposure to movements in foreign currency exchange rates as the financial results of our businesses outside of the U.S. are translated from local currency (principally Euros and British Pounds Sterling) into U.S. Dollars. When the U.S. Dollar strengthens against other currencies in which we transact, our foreign-currency-denominated net assets, gross bookings, revenues, operating expenses, and net income are lower as expressed in U.S. Dollars. When the U.S. Dollar weakens against other currencies in which we transact, our foreign-currency-denominated net assets, gross bookings, revenues, operating expenses, and net income are higher as expressed in U.S. Dollars. Foreign currency exchange rate fluctuations on transactions denominated in currencies other than the functional currency result in gains and losses that are reflected in our financial results.

Recent years have seen volatility in the exchange rate between the Euro, the British Pound Sterling, the U.S. Dollar, and other currencies. Significant fluctuations in foreign currency exchange rates can affect consumer travel behavior. Consumers traveling from a country whose currency has weakened against other currencies may book lower ADR accommodations, choose to shorten or cancel their international travel plans or choose to travel domestically rather than internationally, any of which could adversely affect our gross bookings, revenues, and results of operations.

Volatility in foreign currency exchange rates and its impact on consumer behavior, which may differ across regions, make 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 makes it more difficult to manage our business and forecast our financial and operational performance.

*Our stock price is highly volatile.*

The market price of our common stock is highly volatile and is likely to continue to be subject to wide fluctuations in response to factors such as the following, some of which are beyond our control:

- financial or operating results that vary from the expectations of securities analysts and investors or any publicly-disclosed estimates;
- quarterly variations in our financial or operating results;
- changes in expectations as to our future financial or operating performance;

- worldwide economic conditions in general and in Europe in particular;
- fluctuations in foreign currency exchange rates, particularly between the U.S. Dollar and the Euro;
- the effects of inflation;
- changes in interest rates;
- occurrence of a significant security breach;
- changes in our capital structure;
- changes in market valuations of other internet or online service companies;
- announcements of significant business or operational changes by us or our competitors;
- loss of a major travel service provider participant, such as a hotel chain, rental car company, or airline, from our services;
- changes in the status of our intellectual property rights;
- lack of success in expanding our business;
- business interruptions, such as may result from catastrophes or other events;
- announcements by third parties of significant claims or initiation of litigation proceedings against us or adverse developments in pending proceedings;
- additions or departures of key personnel; and
- trading volume fluctuations or other market volatility.

Sales of a substantial number of shares of our common stock, including through the conversion of our convertible notes, could adversely affect the market price of our common stock by introducing a large number of sellers or short sellers to the market. Given the volatility that exists for our shares, such sales could cause the market price of our common stock to decline significantly. In addition, fluctuations in our stock price and our price-to-earnings multiple may have made or may make our stock attractive to momentum, 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.

The trading prices of technology company stocks in general, including ours, have experienced extreme price and volume fluctuations. To the extent that the public's perception of the prospects of technology or e-commerce or travel companies is negative, our stock price could decline, regardless of our results. Other broad market and industry factors, such as market fluctuations or political and economic conditions, may decrease the market price of our common stock, regardless of our operating performance. Negative market conditions could adversely affect our ability to raise additional capital or the value of our stock for purposes of acquiring other companies or businesses.

In the past, we have been a defendant in securities class action litigation. Securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. To the extent our stock price declines or is volatile, we may in the future be the target of additional litigation. This additional litigation could result in substantial costs and divert management's attention and resources, either of which could adversely affect our business, financial condition, and results of operations.

*We face increased risks if the level of our debt increases.*

We have a substantial amount of outstanding indebtedness and we may incur substantial additional indebtedness in the future, including through public or private offerings of debt securities. Our outstanding indebtedness and any additional indebtedness we incur may have significant consequences, which may be amplified if our cash flow and earnings decrease, and which could include:

- requiring the dedication of a portion of our cash flow from operations to service our indebtedness, thereby reducing the amount of cash flow available for other purposes, including capital expenditures, meeting our operating expenses, share repurchases, and acquisitions;
- increased vulnerability to downturns in our business, competitive pressures, and adverse changes in general economic and industry conditions;
- decreased or lost ability to obtain additional financing on terms acceptable to us for working capital, capital expenditures, acquisitions, share repurchases, or other general corporate purposes; and
- decreased flexibility when planning for or reacting to changes in our business and industry.

Our ability to make payments of principal and interest on our indebtedness depends upon our future performance, which will be subject to general economic conditions, industry cycles and financial, business, and other factors affecting our results of operations and financial condition, many of which are beyond our control. Further, we may not have access to equity or debt markets or other sources of financing, or such financing may not be available to us on commercially reasonable terms, to repay or refinance our debt as it comes due or, in the case of our convertible notes, upon conversion.

*The value of our investments could decline, which could adversely affect our financial condition and results of operations.*

We maintain an investment portfolio of various and diverse holdings. Our portfolio typically includes marketable debt securities, equity securities of publicly-traded companies, the values of which are subject to market price volatility, and investments in private companies. Credit losses, impairments, and changes in the fair values of our investments could be volatile and they have had, and are likely to continue to have, a significant impact on our quarterly net income (or loss). See Notes 5 and 6 to our Consolidated Financial Statements.

Our investments in private companies are inherently risky in that such companies are typically at an early stage of development, may have no or limited revenues, may not be or ever become profitable, may not be able to secure additional funding, or their technologies, services, or products may not be successfully developed or introduced to the market. Further, our ability to liquidate any such investments is typically dependent on a liquidity event, such as a public offering or acquisition, as no public market exists for such securities. Valuations of privately-held companies are inherently complex and uncertain due to the lack of a liquid market for such securities. If we determine that any of our equity investments in such companies have experienced a decline in value, we are required to recognize the change in the Consolidated Statements of Operations. For investments classified as debt securities, any decline in value attributed to credit losses is also recognized in the Consolidated Statements of Operations.

We could lose the full amount of any of our investments, and impairment of our investments have previously and could in the future have a material adverse effect on our financial condition and results of operations.

### **Item 1B. Unresolved Staff Comments**

None.

### **Item 2. Properties**

We lease office space facilities for our corporate headquarters in Norwalk, Connecticut, United States of America. We lease additional space, including office space and data center facilities in various locations around the world, to support our operations, the largest being the headquarters of our Booking.com business in Amsterdam, Netherlands.

We believe that our existing facilities are adequate to meet our current requirements, and that suitable additional or substitute space will be available as needed to accommodate any further expansion of corporate operations.

### **Item 3. Legal Proceedings**

A description of any material legal proceedings to which we are a party is included in Note 16 to our Consolidated Financial Statements included in this Annual Report on Form 10-K for the year ended December 31, 2022, and is incorporated into this Item 3 by reference.

#### **Item 4. Mine Safety Disclosures**

Not applicable.

### **PART II**

#### **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

##### **Common Stock**

Our common stock is quoted on the NASDAQ Global Select Market under the symbol "BKNG."

##### **Holders**

At February 16, 2023, there were approximately 130 shareholders of record of Booking Holdings Inc.'s common stock.

##### **Dividend Policy**

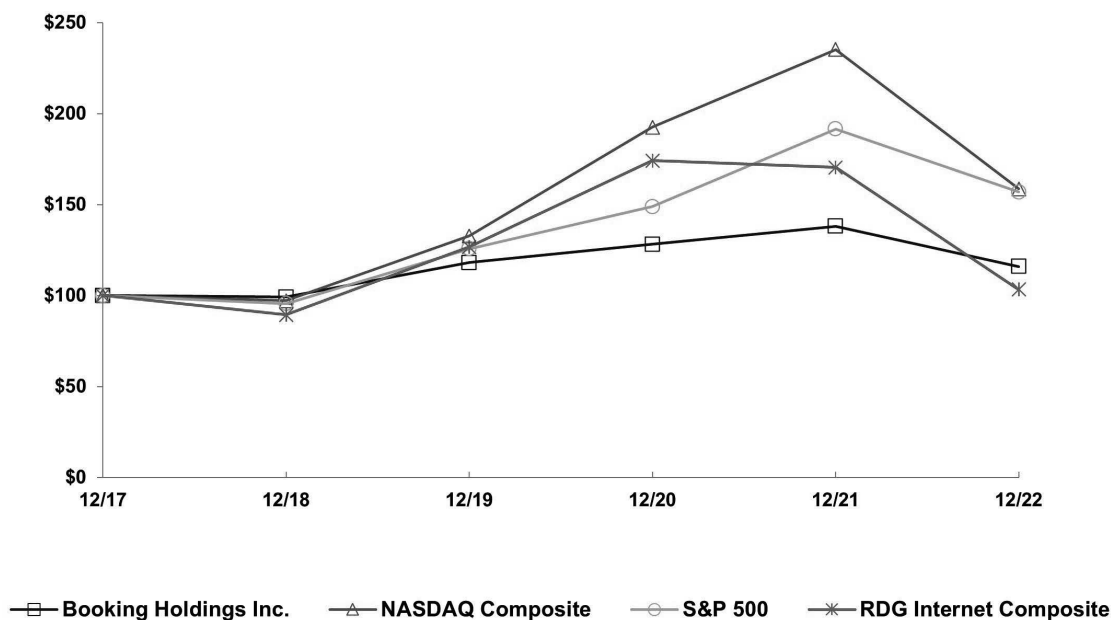
We have not declared or paid any cash dividends on our capital stock since our inception and do not expect to pay any cash dividends for the foreseeable future. Our revolving credit facility includes a covenant that restricts us from declaring or making any cash distribution or repurchasing any of our shares (with certain exceptions including in connection with tax withholding related to shares issued to employees) unless we are in compliance on a pro forma basis with the maximum leverage ratio covenant then in effect. Such restriction ends upon delivery of financial statements required for the three months ending June 30, 2023, or we have the ability to terminate this restriction earlier if we demonstrate compliance with the original maximum leverage ratio covenant in the revolving credit facility. At December 31, 2022, we were in compliance with the relevant maximum leverage ratio covenant. See Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources.

##### **Performance Measurement Comparison**

The following graph shows the total stockholder return through December 31, 2022 of an investment of \$100 in cash on December 31, 2017 for our common stock and an investment of \$100 in cash on December 31, 2017 for (i) the NASDAQ Composite Index, (ii) the Standard and Poor's 500 Index, and (iii) the Research Data Group ("RDG") Internet Composite Index. The RDG Internet Composite Index is an index of stocks representing the internet industry, including internet software and service companies and e-commerce companies. Historic stock performance is not necessarily indicative of future stock price performance. All values assume reinvestment of the full amount of all dividends and are calculated as of the last day of each month:

## COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\*

Among Booking Holdings Inc., the NASDAQ Composite Index, the S&P 500 Index and the RDG Internet Composite Index



\*\$100 invested on 12/31/17 in stock or index, including reinvestment of dividends.  
Fiscal year ending December 31.

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| Measurement Point<br>December 31 | Booking Holdings Inc. | NASDAQ<br>Composite Index | S&P 500<br>Index | RDG Internet<br>Composite |
|----------------------------------|-----------------------|---------------------------|------------------|---------------------------|
| 2017                             | 100.00                | 100.00                    | 100.00           | 100.00                    |
| 2018                             | 99.12                 | 97.16                     | 95.62            | 89.34                     |
| 2019                             | 118.18                | 132.81                    | 125.72           | 126.80                    |
| 2020                             | 128.17                | 192.47                    | 148.85           | 174.13                    |
| 2021                             | 138.07                | 235.15                    | 191.58           | 170.44                    |
| 2022                             | 115.97                | 158.65                    | 156.89           | 103.35                    |



## Issuer Purchases of Equity Securities

The following table sets forth information relating to repurchases of our equity securities during the three months ended December 31, 2022:

### ISSUER PURCHASES OF EQUITY SECURITIES

| Period             | Total Number of Shares (or Units) Purchased | Average Price Paid per Share (or Unit) | Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs |
|--------------------|---------------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| October 1, 2022 —  | 340,381 <sup>(1)</sup>                      | \$ 1,748                               | 340,381                                                                                     | \$ 5,646,693,772 <sup>(1)</sup>                                                                                         |
| October 31, 2022   | 13 <sup>(2)</sup>                           | \$ 1,664                               | N/A                                                                                         | N/A                                                                                                                     |
| November 1, 2022 — | 421,097 <sup>(1)</sup>                      | \$ 1,947                               | 421,097                                                                                     | \$ 4,826,709,181 <sup>(1)</sup>                                                                                         |
| November 30, 2022  | 1,828 <sup>(2)</sup>                        | \$ 2,013                               | N/A                                                                                         | N/A                                                                                                                     |
| December 1, 2022 — | 468,326 <sup>(1)</sup>                      | \$ 1,991                               | 468,326                                                                                     | \$ 3,894,328,381 <sup>(1)</sup>                                                                                         |
| December 31, 2022  | 792 <sup>(2)</sup>                          | \$ 1,945                               | N/A                                                                                         | N/A                                                                                                                     |
| Total              | <u>1,232,437</u>                            |                                        | <u>1,229,804</u>                                                                            | \$ 3,894,328,381                                                                                                        |

- (1) Pursuant to a stock repurchase program announced on May 9, 2019, whereby we were authorized to repurchase up to \$15.0 billion of our common stock.
- (2) Pursuant to a general authorization, not publicly announced, whereby we are authorized to repurchase shares of our common stock to satisfy employee withholding tax obligations related to stock-based compensation. The table above does not include adjustments during the three months ended December 31, 2022 to previously withheld share amounts (addition of ten shares) that reflect changes to the estimates of employee tax withholding obligations.

## Item 6. [Reserved]

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion should be read in conjunction with our Consolidated Financial Statements, including the notes to those statements, and the Section entitled "Special Note Regarding Forward-Looking Statements," included elsewhere in this Annual Report on Form 10-K. Our actual results may differ materially from the results discussed in any forward-looking statements, which may be due to factors discussed in "Risk Factors" and elsewhere in this Annual Report on Form 10-K.*

*We evaluate certain operating and financial measures on both an as-reported and constant-currency basis. We calculate constant currency by converting our current-year period operating and financial results for transactions recorded in currencies other than U.S. Dollars using the corresponding prior-year period monthly average exchange rates rather than the current-year period monthly average exchange rates.*

### **Overview**

Our mission is to make it easier for everyone to experience the world. We connect consumers who wish to make travel reservations with travel service providers around the world through our online platforms. We offer these services through six primary consumer-facing brands: Booking.com, Priceline, agoda, Rentalcars.com, KAYAK, and OpenTable. See Note 1 to our Consolidated Financial Statements for information on our operating segments. See Note 17 to our Consolidated Financial Statements for information related to revenue by geographic area.

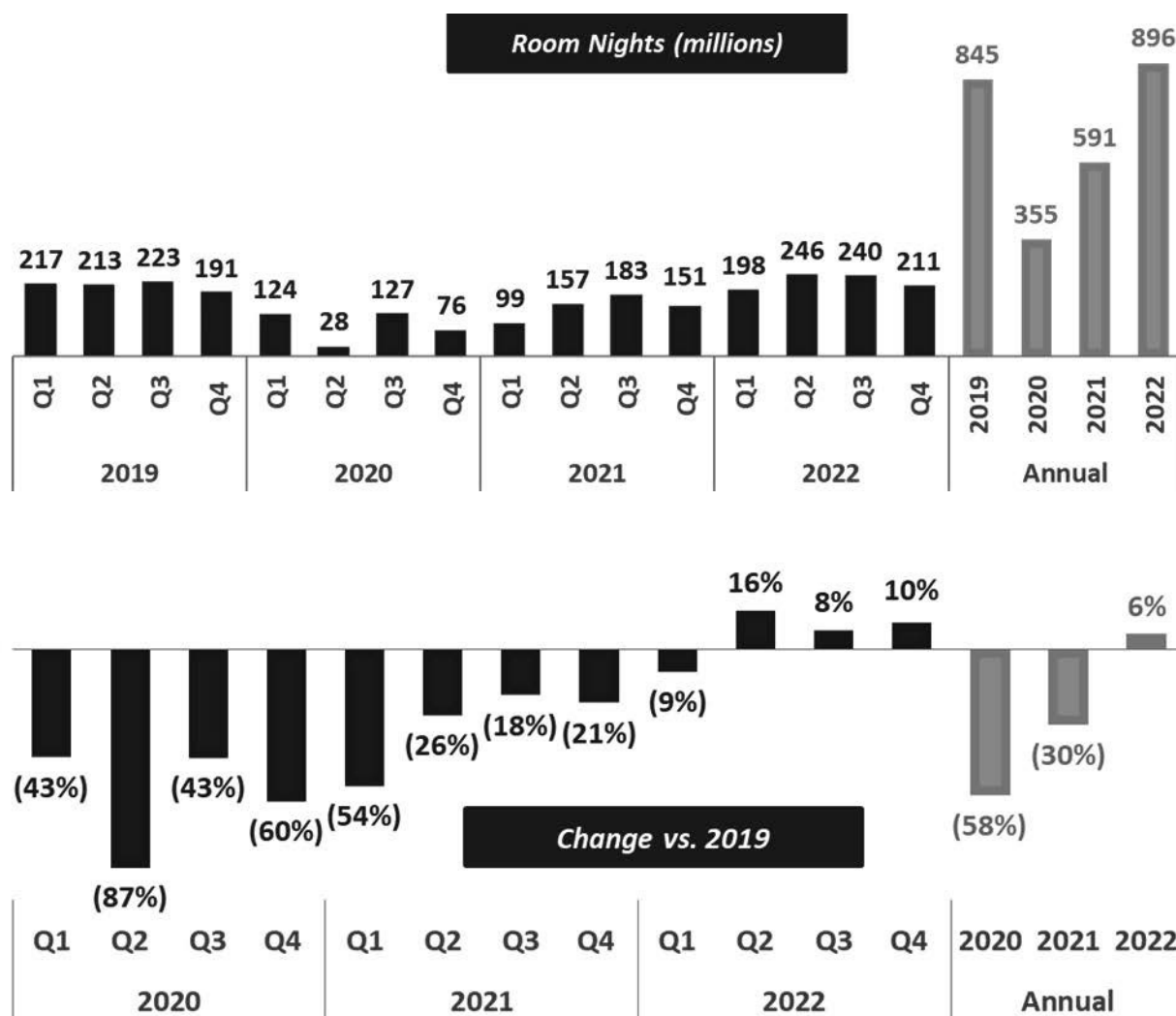
We derive substantially all of our revenues from enabling consumers to make travel service reservations. We also earn revenues from advertising services, restaurant reservations and restaurant management services, and various other services, such as travel-related insurance revenues.

### **Trends**

The COVID-19 pandemic and the resulting implementation of travel restrictions by governments around the world resulted in a significant decline in travel activities and consumer demand for related services. Accommodation room nights, which include the impact of cancellations, declined rapidly as the COVID-19 pandemic spread in 2020. Since the beginning of the second quarter of 2020 and through 2022, changes in accommodation room nights versus the comparable period in 2019 have generally improved as government-imposed travel restrictions have eased, vaccines and other medical interventions have become more widespread, and consumer demand for travel has generally rebounded. In 2021, room nights were 66% higher than in 2020 but still 30% lower than in 2019. On a regional basis, considering where the traveler is booking from, North America was the only region in 2021 to have room nights increase versus 2019. In 2022, global room nights were 52% higher than in 2021 and 6% higher than in 2019. The year-over-year growth in room nights in 2022 was driven primarily by the continued recovery in Europe, Asia, and Rest of World, as well as by continued growth in North America.

The comparison of room nights in 2021 and 2022 to the comparable period in 2019 avoids the distortion created from comparing to a prior year period that was significantly impacted by the COVID-19 pandemic.

### Quarterly Room Nights and Change versus 2019



In early March 2022, following Russia's invasion of Ukraine, we suspended the booking of travel services in Russia and Belarus. This led to the loss of new bookings from bookers in these countries. Excluding room nights from bookers in Russia, Ukraine, and Belarus in both 2022 and 2019, our overall room nights in 2022 were up about 10% versus 2019.

We have observed an improvement in cancellation rates since the high in April 2020, though we have seen periods of elevated cancellation rates typically coinciding with significant increases in COVID-19 cases and newly imposed travel restrictions. The cancellation rate in 2022 improved compared to the cancellation rates in 2021 and 2019. In 2022, a higher share of our room nights were booked with flexible cancellation policies, as compared to 2019 and 2021, which could result in higher cancellation rates in future periods.

Because we recognize revenue from bookings when the traveler checks in, our reported revenue is not at risk of being reversed due to cancellations. Increases in cancellation rates can negatively impact our marketing efficiency as a result of incurring performance marketing expense at the time a booking is made even though that booking could be canceled in the future if it was booked under a flexible cancellation policy. There are many factors in addition to cancellation rates that contribute to marketing efficiency including average daily rates ("ADRs"), costs per click, foreign currency exchange rates, our ability to convert paid traffic to booking consumers, the timing and effectiveness of our brand marketing campaigns, and the extent to which consumers come directly to our platforms for bookings. Significant increases in cancellation rates such as those experienced during the second quarter of 2020 may increase our customer service costs.

Since the second quarter of 2020, government-imposed travel restrictions have generally limited international travel (travelers booking a stay at a property located outside their own country) more than domestic travel (travelers booking a stay within their own country). We believe the continued easing of government-imposed travel restrictions in many countries throughout the world in 2022 helped drive an increase in the mix of our room nights booked for international travel versus 2021, however, the mix remained below 2019 levels.

We saw an increase in the mix of our room nights booked on a mobile device in 2022 compared to 2019. When comparing 2022 to 2021, we saw a decrease in the mix of our room nights booked on a mobile device in 2022 due to a year-over-year increase in the mix of our room nights booked for international travel and a year-over-year expansion of the booking window. Room nights booked on a mobile device generally have a lower mix of international travel and a shorter booking window than room nights booked on a desktop. The mix of our room nights booked on a mobile app in 2022 was above 2019 and 2021. We continue to see favorable repeat direct booking behavior from consumers in our mobile apps, which allow us more opportunities to engage directly with consumers. The revenue earned on a transaction from a mobile device may be less than a typical desktop transaction as we see different consumer purchasing patterns across devices. For example, accommodation reservations made on a mobile device typically are for shorter lengths of stay and have lower accommodation ADRs.

Our global ADRs increased approximately 25%, on a constant currency basis, in 2022 as compared to 2019, driven primarily by higher ADRs for accommodations located in Europe as well as increases in ADRs across all other regions as compared to 2019. In addition, we estimate that our global ADRs in 2022, as compared to 2019, benefited by approximately two percentage points from changes in the geographical mix of our business driven primarily by slower room night recovery in Asia, which is a low ADR region, and stronger room night performance in North America, which is a high ADR region. Our global ADRs increased approximately 15%, on a constant currency basis, in 2022 as compared to 2021, driven primarily by higher ADRs in Europe as well as increases in ADRs across all other regions as compared to 2021. The increase in our global ADRs in 2022, as compared to 2021, was negatively impacted by approximately three percentage points from changes in geographical mix in our business driven primarily by stronger year-over-year room night growth in Asia and lower year-over-year room night growth in North America.

Prior to the COVID-19 outbreak, we observed a trend of declining constant-currency accommodation ADRs partially driven by the negative impact of the changing geographical mix of our business (e.g., lower ADR regions like Asia were generally growing faster than higher ADR regions like Western Europe and North America) as well as pricing pressures within local markets from time to time. Those declining ADR trends resulted in accommodation gross bookings growing less than room nights. As the travel market continues to recover from the impact of the COVID-19 pandemic and with all regions experiencing general inflation in prices, we have seen travel industry ADRs generally increasing from pandemic lows in 2020. While our ADRs have continued to increase in 2022 as compared to 2019, it remains highly uncertain what the trend in industry ADRs will look like going forward.

We focus on relentless innovation to grow our business by, among other things, providing a best-in-class user experience with intuitive, easy-to-use online platforms to ensure that we are meeting the needs of online consumers while aiming to exceed their expectations. As part of these ongoing efforts, we have a long-term strategy to build a seamless offering of multiple elements of travel, allowing us to provide a more tailored and flexible consumer experience, which we refer to as the "Connected Trip," and we expect these efforts to increase room night growth and revenue growth over time. We may see a negative impact on our operating margins in the near term as we incur the expenses associated with Connected Trip-related investments. Further, to the extent our non-accommodation services (e.g., airline ticket reservation services) have lower margins and increase as a percentage of our total business, our operating margins may be negatively affected.

As part of our strategy to provide more payment options to consumers and travel service providers, increase the number and variety of accommodations available on Booking.com, and enable our long-term Connected Trip strategy, Booking.com increasingly processes transactions on a merchant basis, where it facilitates payments from travelers for the services provided. This allows Booking.com to process transactions for travel service providers and to increase its ability to offer secure and flexible transaction terms to consumers, such as the form and timing of payment. We believe that expanding these types of service offerings will benefit consumers and travel service providers, as well as our gross bookings, room night, and earnings growth rates. However, this results in additional expenses for personnel, payment processing, chargebacks (including those related to fraud), and other expenses related to these transactions, which are recorded in "Personnel" and "Sales and other expenses" in our Consolidated Statements of Operations, as well as associated incremental revenues (e.g., credit card rebates), which are recorded in "Merchant revenues." To the extent more of our business is generated on a merchant basis, we incur a greater level of these merchant-related expenses, which negatively impacts our operating margins despite increases in associated incremental revenues. The mix of our gross bookings generated on a merchant basis was 44% in 2022, an increase from 34% in 2021 and 27% in 2019.

We have established widely used and recognized e-commerce brands through marketing and promotional campaigns. Our total marketing expenses, which are comprised of performance and brand marketing expenses that are substantially variable in nature, were \$6.0 billion in 2022, up 58% versus 2021 and up 21% versus 2019 as a result of the improving demand environment and our efforts to invest in marketing. Our performance marketing expense, which represents a substantial majority of our marketing expense, is primarily related to the use of online search engines (primarily Google), meta-search and travel research services, and affiliate marketing to generate traffic to our platforms. Our brand marketing expense is primarily related to costs associated with producing and airing television advertising, online video advertising (for example, on YouTube and Facebook), and online display advertising.

Marketing efficiency, expressed as marketing expense as a percentage of gross bookings, and performance marketing returns on investment ("ROIs") are impacted by a number of factors that are subject to variability and are in some cases outside of our control, including ADRs, costs per click, cancellation rates, foreign currency exchange rates, our ability to convert paid traffic to booking customers, and the timing and effectiveness of our brand marketing campaigns. In recent years, we observed periods of stable or increasing ROIs. Although it is difficult to predict how performance marketing ROIs will change in the future, ROIs could be negatively impacted by increased levels of competition and other factors. When evaluating our performance marketing spend, we typically consider several factors for each channel, such as the customer experience on the advertising platform, the incremental traffic we receive, and anticipated repeat rates.

Marketing efficiency can also be impacted by the extent to which consumers come directly to our platforms for bookings. Marketing expenses as a percentage of total gross bookings in 2022 were lower than 2019 despite lower performance marketing ROIs due to an increase in the share of room nights booked by consumers coming directly to our platforms. Performance marketing ROIs were lower in 2022 versus 2019 due to our efforts to invest in marketing during the recovery in the travel industry in 2022. See Part I, Item 1A, Risk Factors - *"We rely on marketing channels to generate a significant amount of traffic to our platforms and grow our business,"* and *"Our business could be negatively affected by changes in online search and meta-search algorithms and dynamics or traffic-generating arrangements."*

Historically, our growth has primarily been generated by the worldwide accommodation reservation business of Booking.com due in part to the availability of a large number of properties through Booking.com. Booking.com included over 2.7 million properties on its website at December 31, 2022, consisting of over 400,000 hotels, motels, and resorts and approximately 2.3 million alternative accommodation properties (including homes, apartments, and other unique places to stay), and representing an increase from approximately 2.4 million properties at December 31, 2021. The year-over-year increase in total properties was driven primarily by an increase in alternative accommodation properties.

The mix of Booking.com's room nights booked for alternative accommodation properties in 2022 was approximately 30%, up slightly versus 2019 and 2021. We have observed an overall longer-term trend of an increasing mix of room nights booked for alternative accommodation properties as consumer demand for these types of properties has grown, and as we have increased the number and variety of alternative accommodation properties available to consumers on Booking.com. We may experience lower profit margins due to additional costs, such as increased customer service costs, related to offering alternative accommodations on our platforms. As our alternative accommodation business has grown, these different characteristics have negatively impacted our profit margins and this trend may continue.

Although we believe that providing an extensive collection of properties, excellent customer service, and an intuitive, easy-to-use consumer experience are important factors influencing a consumer's decision to make a reservation, for many consumers, the price of the travel service is the primary factor determining whether a consumer will book a reservation. Discounting and couponing (i.e., merchandising) occurs across all of the major regions in which we operate, particularly in Asia. In some cases, our competitors are willing to make little or no profit on a transaction, or offer travel services at a loss, in order to gain market share. As a result, it is increasingly important to offer travel services, such as accommodation reservations, at a competitive price, whether through discounts, coupons, closed-user group rates or loyalty programs, increased flexibility in cancellation policies, or otherwise. These initiatives have resulted and, in the future, may result in lower ADRs and lower revenue as a percentage of gross bookings. Total revenue as a percentage of gross bookings was negatively impacted by investments in merchandising in 2022 compared to 2021 and 2019.

Many taxing authorities are increasingly focused on ways to increase tax revenues and have targeted large multinational technology companies in these efforts. As a result, many countries and some U.S. states have implemented or are considering the adoption of a digital services tax or similar tax that imposes a tax on revenue earned from digital advertisements or the use of online platforms, even when there is no physical presence in the jurisdiction. Currently, rates for this tax range from 1.5% to 10% of revenue deemed generated in the jurisdiction. The digital services taxes currently in effect, which we record in "General and administrative" expense in the Consolidated Statements of Operations, have negatively impacted our

results of operations. While the Organisation for Economic Co-operation and Development has been working on multinational tax changes that could require all member parties to remove all digital services taxes, the timing for completion of that project has been delayed and many details remain uncertain. If that project is significantly delayed or not completed more countries could implement digital services taxes, which could negatively impact our results of operations and cash flows. For more information, see Part I, Item 1A, Risk Factors - *"We may have exposure to additional tax liabilities."*

Increased regulatory focus on online businesses, including online travel businesses like ours, could result in increased compliance costs or otherwise adversely affect our business. For example, the Digital Markets Act ("DMA") and Digital Services Act ("DSA") give regulators in the EU more instruments to investigate and regulate digital businesses and impose new rules and requirements on platforms designated as "gatekeepers" under the DMA and online platforms more generally, with separate rules for "Very Large Online Platforms" under the DSA. For more information on the impacts of regulations on our business, see Note 16 to our Consolidated Financial Statements and Part I, Item 1A, Risk Factors - *"Our business is subject to various competition/anti-trust, consumer protection, and online commerce laws, rules, and regulations around the world, and as the size of our business grows, scrutiny of our business by legislators and regulators in these areas may intensify."*

Our businesses outside of the U.S. (see Note 17 to our Consolidated Financial Statements) represent a substantial majority of our financial results, but because we report our results in U.S. Dollars, we face exposure to movements in foreign currency exchange rates as the financial results and the financial condition of our businesses outside of the U.S. are translated from local currency (principally Euros and British Pounds Sterling) into U.S. Dollars. For example, the U.S. Dollar strengthened in 2022 versus both the Euro and British Pound Sterling by 11% and 10%, respectively, as compared to 2021. As a result of the movements in foreign currency exchange rates, both the absolute amounts of and percentage changes in our foreign-currency-denominated net assets, gross bookings, revenues, operating expenses, and net income as expressed in U.S. Dollars are affected. Our total revenues increased by 56% in 2022 as compared to 2021, but without the impact of changes in foreign currency exchange rates our total revenue increased year-over-year on a constant-currency basis by approximately 71%. Since our expenses are generally denominated in foreign currencies on a basis similar to our revenues, our operating margins have not been significantly impacted by currency fluctuations. We designate certain portions of the aggregate principal value of our Euro-denominated debt as a hedge of the foreign currency exposure of the net investment in certain Euro functional currency subsidiaries. Foreign currency transaction gains or losses on the Euro-denominated debt that is not designated as a hedging instrument for accounting purposes are recognized in "Other income (expense), net" in the Consolidated Statements of Operations (see Notes 12 and 21 to our Consolidated Financial Statements). Such foreign currency transaction gains or losses are dependent on the amount of net assets of the Euro functional currency subsidiaries, the amount of the Euro-denominated debt that is designated as a hedge, and fluctuations in foreign currency exchange rates. For more information, see Part I, Item 1A, Risk Factors - *"We are exposed to fluctuations in foreign currency exchange rates."*

We generally enter into derivative instruments to minimize the impact of foreign currency exchange rate fluctuations. See Note 6 to our Consolidated Financial Statements for additional information related to our derivative contracts.

## **Other Factors**

Over the long term, we intend to continue to invest in marketing and promotion, technology, and personnel within parameters consistent with attempts to improve long-term operating results, even if those expenditures create pressure on operating margins. In recent years, we have experienced pressure on operating margins as we invested in initiatives to drive future growth. We also intend to broaden the scope of our business, including exploring strategic alternatives such as acquisitions.

The competition for technology talent in our industry is intense, including among established technology companies, startups, and companies transitioning to digital, and this level of competition could continue in the future. As a result of the competitive labor market and inflationary pressure on compensation, our personnel expenses to attract and retain key talent are increasing, which may adversely affect our results of operations. See Part I, Item 1A, Risk Factors - *"We rely on the performance of highly skilled employees; and, if we are unable to retain or motivate key employees or hire, retain, and motivate well-qualified employees, our business would be harmed."*

## 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.

## Critical Accounting Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Our significant accounting policies and estimates are more fully described in Note 2 to our Consolidated Financial Statements. Certain of our accounting estimates are particularly important to our financial position and results of operations and require us to make difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. We use our judgment to determine the appropriate assumptions to be used in the determination of certain estimates and we evaluate our estimates on an ongoing basis. Estimates are based on historical experience, terms of existing contracts, our observance of trends in the travel industry, and on various other assumptions that we believe to be reasonable under the circumstances. Our actual results may differ from these estimates under different assumptions or conditions. Matters that involve significant estimates and judgments of management include the following:

### *Valuation of Investments in Private Companies*

See Notes 2, 5, and 6 to our Consolidated Financial Statements for additional information related to the investments in private companies and information on fair value measurements, including the three levels of inputs to the valuation techniques used to measure fair value. When inputs that are observable, either directly or indirectly (observable market data), are available at the measurement date and are not significantly adjusted using unobservable inputs, the observable inputs would be classified as Level 2 inputs. When little or no market data is available, the fair value of these investments are measured using unobservable inputs ("Level 3 inputs").

Our investments measured using Level 3 inputs primarily consist of investments in privately-held companies that were classified as either debt securities or equity securities without readily determinable fair values. Fair values of privately held securities are estimated using a variety of valuation methodologies, including both market and income approaches. We use valuation techniques appropriate for the type of investment and the information available about the investee as of the valuation date to determine fair value. Recent financing transactions in the investee are generally considered the best indication of the enterprise value and therefore used as a basis to estimate fair value. However, based on a number of factors, such as the proximity to the valuation date or the volume or other terms of these financing transactions, we may also use other valuation techniques to supplement this data, including the income approach. When a recent financing transaction occurs and represents fair value, we also use the calibration process, as appropriate, when estimating fair value on subsequent measurement dates. Calibration is the process of using observed transactions in the investee company's own instruments to ensure that the valuation techniques that will be employed to value the investee company investment on subsequent measurement dates begin with assumptions that are consistent with the original observed transaction as well as any more recent observed transactions in the instruments issued by the investee company.

In July 2021, Yanolja announced a new round of funding which was completed in October 2021 along with certain other transactions. As a result of these observable transactions, we increased the carrying value of our investment in Yanolja to



\$306 million as of December 31, 2021. During the three months ended June 30, 2022, considering the significant adverse changes in the market valuations of companies in the travel and technology industries, we evaluated our investment in Yanolja for impairment and recognized an impairment charge of \$184 million resulting in an adjusted carrying value of \$122 million at June 30, 2022 and December 31, 2022. As discussed below, we used unobservable inputs to determine fair value. We used a combination of the market approach and the income approach in estimating the fair value of our investment in Yanolja as of June 30, 2022. The market approach estimates value using prices and other relevant information generated by market transactions involving identical or comparable companies. The income approach estimates value based on the expectation of future cash flows that a company will generate. These future cash flows are discounted to their present values using a discount rate based on a company's weighted-average cost of capital, and is adjusted to reflect the risks inherent in its cash flows. The key unobservable inputs and ranges used in estimating the fair value of our investment in Yanolja as of June 30, 2022 include, for the market approach, percentage decrease in the calibrated earnings before interest, taxes, depreciation, and amortization ("EBITDA") multiple (36%) and for the income approach, the weighted average cost of capital (10%-14%) and terminal EBITDA multiple (14x-16x). Significant changes in any of these inputs in isolation would result in significantly different fair value measurements. Generally, a change in the assumption used for EBITDA multiples would result in a directionally similar change in the fair value and a change in the assumption used for weighted average cost of capital would result in a directionally opposite change in the fair value.

The determination of the fair values of investments in private companies, where we are a minority shareholder and have access to limited information from the investee, reflects numerous assumptions that are subject to various risks and uncertainties, including key assumptions regarding the investee's expected growth rates and operating margin, as well as other key assumptions with respect to matters outside of our control, such as discount rates and market comparables. It requires significant judgments and estimates and actual results could be materially different than those judgments and estimates used. Future events and changing market conditions may lead us to re-evaluate the assumptions reflected in our valuation, which may result in a need to recognize additional impairment charges that could have a material adverse effect on our results of operations.

### ***Valuation of Goodwill and other Long-lived Assets***

The application of the acquisition method of accounting for business combinations requires the use of significant estimates and assumptions to determine the fair value of the assets acquired and liabilities assumed. Our estimates of the fair value are based upon assumptions that we believe are reasonable. When we deem appropriate, we utilize assistance from third-party valuation firms. The consideration transferred is allocated to the assets acquired and liabilities assumed based on their respective values at the acquisition date. The excess of the consideration transferred over the net of the amounts allocated to the identifiable assets acquired and liabilities assumed is recognized as goodwill. Goodwill is assigned to reporting units that are expected to benefit from the synergies of the business combination.

A substantial portion of our intangible assets and goodwill relates to the acquisitions of OpenTable, KAYAK, and Getaroom. See Note 18 to our Consolidated Financial Statements for additional information related to the acquisition of Getaroom in December 2021.

We review long-lived assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The assessment of possible impairment is based upon the ability to recover the carrying value of the assets from the estimated undiscounted future net cash flows, before interest and taxes, of the related asset group.

We test goodwill for impairment on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. We test goodwill at a reporting unit level and our annual goodwill impairment tests are performed as of September 30. As of September 30, 2022, we performed our annual goodwill impairment test and concluded that there was no impairment of goodwill.

The estimation of fair values of our reporting units reflect numerous assumptions that are subject to various risks and uncertainties, including key assumptions regarding each reporting unit's expected growth rates and operating margin and the competitive environment, as well as other key assumptions with respect to matters outside of our control, such as discount rates and market comparables. Generally, changes in the assumptions used for comparable company multiples would result in directionally similar changes in the fair value and changes in the assumptions used for discount rates would result in directionally opposite changes in the fair value. The estimation of fair value requires significant judgments and estimates and actual results could be materially different than the judgments and estimates used. During 2022, there have been significant adverse changes in the market valuation of companies in the travel and technology industries. Discount rates have also been impacted during the period due to rising interest rates and adverse changes in the macroeconomic environment. Future events and changing market conditions, including economic uncertainties such as inflation, rising interest rates and risks of a potential

recession, may lead us to re-evaluate the assumptions used to estimate the fair values of our reporting units, which may result in a need to recognize additional goodwill impairment charges that could have a material adverse effect on our results of operations.

During the year ended December 31, 2020, as a result of the deterioration of the Company's business due to the COVID-19 pandemic, the Company recorded significant goodwill impairment charges (described below) related to the OpenTable and KAYAK reporting unit. For the 2020 annual goodwill impairment test and subsequent annual tests, including as of September 30, 2022, the estimated fair value of OpenTable and KAYAK was determined using a combination of standard valuation techniques, including an income approach (discounted cash flows) and a market approach (applying comparable company multiples). The carrying value of goodwill assigned to the OpenTable and KAYAK reporting unit was \$973 million as of September 30, 2022. Future events and changing market conditions, including adverse changes in discount rates and market comparables, may require us to revise our assumptions and estimate a lower fair value for the OpenTable and KAYAK reporting unit at a future date, which may result in a need to recognize additional goodwill impairment charges that could have a material adverse effect on our results of operations. If the discount rate used in the income approach as of September 30, 2022 increases or decreases by 0.5%, the impact to the estimated fair value of OpenTable and KAYAK, at September 30, 2022, would have ranged from a decrease of approximately \$98 million to an increase of approximately \$111 million. If the comparable company multiple used in the market approach as of September 30, 2022 increases or decreases by 1x, the impact to the estimated fair value of OpenTable and KAYAK, at September 30, 2022, would have ranged from an increase of approximately \$159 million to a decrease of approximately \$159 million.

#### *2020 Interim Goodwill Impairment Test*

Due to the significant and negative financial impact of the COVID-19 pandemic (see Note 2), we performed an interim period goodwill impairment test at March 31, 2020 and recognized a goodwill impairment charge of \$489 million related to the OpenTable and KAYAK reporting unit for the three months ended March 31, 2020, which is not tax-deductible, resulting in an adjusted carrying value of goodwill for OpenTable and KAYAK of \$1.5 billion at March 31, 2020. The goodwill impairment was primarily driven by a significant reduction in the forecasted near-term cash flows of OpenTable and KAYAK as well as the significant decline in comparable companies' market values as a result of the COVID-19 pandemic.

The estimated fair value of OpenTable and KAYAK was determined using a combination of standard valuation techniques, including an income approach (discounted cash flows) and a market approach (applying the recent decline in enterprise values of comparable publicly-traded companies to the recently calculated fair value for OpenTable and KAYAK as well as applying comparable company multiples). The income approach estimates fair value utilizing long-term growth rates and discount rates applied to the cash flow projections. In the cash flow projections, we assumed at the time that OpenTable and KAYAK would experience a significant decline in near-term cash flows with a recovery to 2019 levels of financial performance (including profitability) occurring in 2023. The shape and timing of the recovery was a key assumption in our fair value calculation (both in the income and market approaches).

#### *2020 Annual Goodwill Impairment Test*

As of September 30, 2020, we performed our annual goodwill impairment test and recognized a goodwill impairment charge of \$573 million for the OpenTable and KAYAK reporting unit for the three months ended September 30, 2020, which is not tax-deductible, resulting in an adjusted carrying value of goodwill for OpenTable and KAYAK of \$1.0 billion at September 30, 2020. The goodwill impairment was primarily driven by a significant reduction in the forecasted cash flows of OpenTable and KAYAK, reflecting a longer assumed recovery period to 2019 levels of profitability, mainly due to the continued material adverse impact of the COVID-19 pandemic, including its impact on the flight vertical at KAYAK, and the lowered outlook for monetization opportunities in restaurant reservation services.

The estimated fair value of OpenTable and KAYAK was determined using a combination of standard valuation techniques, including an income approach (discounted cash flows) and a market approach (applying comparable company multiples). The income approach, applied as of September 30, 2020, reflected a reduction in the forecasted cash flows of OpenTable and KAYAK and a longer assumed recovery period to 2019 levels of profitability, driven primarily by a lowered outlook for monetization opportunities in restaurant reservation services and slower than previously expected recovery trends for airline travel, which is a key vertical for KAYAK. For the interim goodwill impairment test at March 31, 2020, we assumed a recovery to 2019 levels of financial performance would occur in 2023 for OpenTable and KAYAK. Based on our evaluation of all relevant information available as of September 30, 2020 for the annual goodwill impairment test, we expected at the time that OpenTable and KAYAK would not return to the 2019 level of profitability within five years from that date, and that it was uncertain whether the shape of the recovery would ultimately match our expectations. An increase or decrease of one percentage point to the profitability growth rates used in the cash flow projections would have resulted in an increase or

decrease of approximately \$100 million to the estimated fair value of OpenTable and KAYAK as of September 30, 2020. The discount rate is determined based on the reporting unit's estimated weighted-average cost of capital and adjusted to reflect the risks inherent in its cash flows, which requires significant judgments. The discount rate used for the annual goodwill impairment test as of September 30, 2020 was higher than the discount rate used for the interim goodwill impairment test as of March 31, 2020. If the discount rate used in the income approach increases or decreases by 0.5%, the impact to the estimated fair value of OpenTable and KAYAK, at September 30, 2020, would have ranged from a decrease of approximately \$65 million to an increase of approximately \$70 million.

### ***Income Taxes***

We determine our tax expense based on our income and statutory tax rates applicable in the various jurisdictions in which we operate. Due to the complex nature of tax legislation and frequent changes with such associated legislation, significant judgment is required in computing our tax expense and determining our tax positions. The U.S. Tax Cuts and Jobs Act (the "Tax Act") enacted in December 2017 made significant changes to U.S. federal tax law, including a one-time deemed repatriation tax imposed on accumulated unremitted international earnings, to be paid over eight years. We do not intend to indefinitely reinvest our international earnings that were subject to U.S. taxation pursuant to the mandatory deemed repatriation or subject to U.S. taxation as global intangible low-taxed income ("GILTI").

We regularly review our deferred tax assets for recoverability considering historical profitability, projected future taxable income, the expected timing of the reversals of temporary differences, and tax planning strategies and record valuation allowances as required.

We are subject to ongoing tax examinations and assessments in various jurisdictions. We have been audited in many jurisdictions and from time to time face challenges regarding the amount of taxes due. These challenges include questions regarding the timing and amount of deductions that we have taken on our tax returns. Although we believe that our tax filing positions are reasonable and comply with applicable law, we regularly review our tax filing positions, especially in light of tax law or business practice changes, and we may change our positions or determine that previous positions should be amended, either of which could result in additional tax liabilities. The final determination of tax audits or tax disputes may be different from what is reflected in our historical income tax provisions and accruals.

The evaluation of tax positions and recognition of income tax benefits require significant judgment and we consult with external tax and legal counsel as appropriate. We consider the technical merits of our tax positions along with the applicable tax statutes, related interpretations and precedents, and our expectation of the outcome of proceedings (or negotiations) with tax authorities. We recognize liabilities when we believe that uncertain positions may not be fully sustained upon audit by the tax authorities, including any related appeals or litigation processes. Liabilities recognized for uncertain tax positions are based on a two-step approach for recognition and measurement. First, we evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained based on its technical merits. Second, we measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. Interest and penalties attributable to uncertain tax positions, if any, are recognized as a component of income tax expense. The tax benefits ultimately realized by us may be different than what is recorded in the financial statements due to future events such as our settling the matter with the tax authorities and our success in sustaining our tax positions.

See Notes 15 and 16 to our Consolidated Financial Statements for additional information.

### ***Contingencies***

Loss contingencies (other than income tax-related contingencies disclosed above) arise from actual or possible claims and assessments and pending or threatened litigation that may be brought against us. Based on our assessment of loss contingencies at each balance sheet date, a loss is recorded in the financial statements if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. If the amount of the loss cannot be reasonably estimated, we disclose information about the contingency in the financial statements. We also disclose information in our financial statements about reasonably possible loss contingencies.

The determination of whether a loss is probable and whether the amount of the loss can be reasonably estimated requires significant judgment and evaluation of all the underlying facts and circumstances, including judgments about the potential actions of third-party claimants, regulatory authorities, and courts. Claims, assessments, and litigations involve significant uncertainties such as the complexity of the facts, the legal theories involved, the nature of the claims, the judgment of the courts, the applicable methodology for determining potential damages, and, in the case of class actions, whether a class action can be certified and the extent to which members of a class would or would not file a claim.

On a quarterly basis, we update our analysis and estimates considering all available information, including the impact of negotiations, settlements, rulings, and advice of legal counsel. Changes in our assessment of whether a loss is probable, our estimate of the loss, or our determination of whether the amount of loss can be reasonably estimated could have a material impact on our results of operations and financial position. Changes in our assumptions regarding a particular matter or the effectiveness of our strategies related to legal and other proceedings could also have a material impact on our results of operations and financial position. For all loss contingencies, until a matter is finally resolved, there may be an exposure to loss in excess of the liability accrued for the matter and such amounts could be material.

See Note 16 to our Consolidated Financial Statements for additional information.

### **Recent Accounting Pronouncements**

See Note 2 to our Consolidated Financial Statements for details, which is incorporated into this Item 7 by reference thereto.

## Results of Operations

*Year Ended December 31, 2022 compared to Year Ended December 31, 2021*

*We evaluate certain operating and financial measures on both an as-reported and constant-currency basis. We calculate constant currency by converting our current-year period operating and financial results for transactions recorded in currencies other than U.S. Dollars using the corresponding prior-year period monthly average exchange rates rather than the current-year period monthly average exchange rates. Foreign exchange rate fluctuations negatively impacted our year-over-year growth in gross bookings, revenues, and operating expenses for the year ended December 31, 2022. Since our expenses are generally denominated in foreign currencies on a basis similar to our revenues, our operating margins have not been significantly impacted by currency fluctuations.*

### Operating and Statistical Metrics

Our financial results are driven by certain operating metrics that encompass the booking and other business activity generated by our travel and travel-related services. Specifically, reservations of room nights, rental car days, and airline tickets capture the volume of units booked through our online travel companies' ("OTC") brands by our travel reservation services customers. Gross bookings is an operating and statistical metric that captures the total dollar value, generally inclusive of taxes and fees, of all travel services booked through our OTC brands by our customers, net of cancellations, and is widely used in the travel business. Our non-OTC brands (KAYAK and OpenTable) have different business metrics from those of our OTC brands, so search queries through KAYAK and restaurant reservations through OpenTable do not contribute to our gross bookings.

Room nights, rental car days, and airline tickets reserved through our services for the years ended December 31, 2022 and 2021 were as follows:

| (in millions)   | Year Ended December 31, |      | Increase<br>(Decrease) |
|-----------------|-------------------------|------|------------------------|
|                 | 2022                    | 2021 |                        |
| Room nights     | 896                     | 591  | 51.6 %                 |
| Rental car days | 62                      | 47   | 30.7 %                 |
| Airline tickets | 23                      | 15   | 49.9 %                 |

Room nights, rental car days, and airline tickets reserved through our services increased significantly in 2022 compared to 2021, due primarily to the continued improvement in travel demand trends as the impact of the COVID-19 pandemic lessened in 2022 versus 2021.

Gross bookings resulting from reservations of room nights, rental car days, and airline tickets made through our agency and merchant categories for the years ended December 31, 2022 and 2021 were as follows (numbers may not total due to rounding):

| (in millions)           | Year Ended December 31, |                  | Increase<br>(Decrease) |
|-------------------------|-------------------------|------------------|------------------------|
|                         | 2022                    | 2021             |                        |
| Agency gross bookings   | \$ 67,379               | \$ 50,741        | 32.8 %                 |
| Merchant gross bookings | 53,873                  | 25,845           | 108.4 %                |
| Total gross bookings    | <u>\$ 121,253</u>       | <u>\$ 76,586</u> | 58.3 %                 |

Agency gross bookings are derived from travel-related transactions where we do not facilitate payments from travelers for the services provided, while merchant gross bookings are derived from services where we facilitate payments. Agency and merchant gross bookings increased in 2022 compared to 2021 due primarily to the continued improvement in travel demand trends. Merchant gross bookings increased more than agency gross bookings due to the expansion of merchant accommodation reservation services at Booking.com.

The year-over-year increase in gross bookings in 2022 was due primarily to the increase in room nights and the increase in accommodation ADRs of approximately 15% on a constant-currency basis, partially offset by the negative impact of foreign exchange rate fluctuations. Gross bookings resulting from reservations of airline tickets increased 86% year-over-year in 2022 due to higher unit growth and ticket price increases. Gross bookings resulting from reservations of rental car days increased 26% year-over-year in 2022 due primarily to higher unit growth.

## Revenues

### Online travel reservation services

Substantially all of our revenues are generated by providing online travel reservation services, which facilitate online travel purchases between travel service providers and travelers.

Revenues from online travel reservation services are classified into two categories:

- *Agency.* Agency revenues are derived from travel-related transactions where we do not facilitate payments from travelers for the services provided. Agency revenues consist almost entirely of travel reservation commissions from our accommodation, rental car, and airline reservation services. Substantially all of our agency revenue is from Booking.com's accommodation reservations.
- *Merchant.* Merchant revenues are derived from travel-related transactions where we facilitate payments from travelers for the services provided, generally at the time of booking. Merchant revenues are derived from transactions where travelers book accommodation, rental car, airline reservations, and other travel related services. The majority of our merchant revenue is from Booking.com's accommodation reservations. Merchant revenues include:
  - travel reservation commissions and transaction net revenues (i.e., the amount charged to travelers, including the impact of merchandising, less the amount owed to travel service providers) in connection with our merchant reservation services;
  - revenues from facilitating payments, such as credit card processing rebates and customer processing fees; and
  - ancillary fees, including travel-related insurance revenues.

### Advertising and other revenues

Advertising and other revenues are derived primarily from:

- revenues earned by KAYAK for (a) sending referrals to OTCs and travel service providers and (b) advertising placements on its platforms; and
- revenues earned by OpenTable for (a) restaurant reservation services (fees paid by restaurants for diners seated through OpenTable's online reservation service) and (b) subscription fees for restaurant management services.

| (in millions)                  | Year Ended December 31, |                  | Increase<br>(Decrease) |
|--------------------------------|-------------------------|------------------|------------------------|
|                                | 2022                    | 2021             |                        |
| Agency revenues                | \$ 9,003                | \$ 6,663         | 35.1 %                 |
| Merchant revenues              | 7,193                   | 3,696            | 94.6 %                 |
| Advertising and other revenues | 894                     | 599              | 49.4 %                 |
| Total revenues                 | <u>\$ 17,090</u>        | <u>\$ 10,958</u> | 56.0 %                 |

Agency, merchant, and advertising and other revenues increased in 2022 compared to 2021 due primarily to the continued improvement in gross bookings as the impact of the COVID-19 pandemic lessened in 2022 versus 2021, partially offset by the negative impact of foreign exchange rate fluctuations. Merchant revenues in 2022 increased more than agency revenues due to the expansion of merchant accommodation reservation services at Booking.com.

Total revenues as a percentage of gross bookings was 14.1% in 2022, down from 14.3% in 2021 due to investments in merchandising and an increase in the mix of airline ticket gross bookings, partially offset by increased revenues from facilitating payments.

## Operating Expenses

### Marketing Expenses

| (in millions)             | Year Ended December 31, |          | Increase<br>(Decrease) |
|---------------------------|-------------------------|----------|------------------------|
|                           | 2022                    | 2021     |                        |
| Marketing expenses        | \$ 5,993                | \$ 3,801 | 57.6 %                 |
| % of Total gross bookings | 4.9 %                   | 5.0 %    |                        |
| % of Total revenues       | 35.1 %                  | 34.7 %   |                        |

Marketing expenses consist primarily of the costs of:

- search engine keyword purchases;
- referrals from meta-search and travel research websites;
- affiliate programs;
- offline and online brand marketing; and
- other performance-based marketing and incentives.

We adjust our marketing spend based on our growth and profitability objectives, as well as the travel demand and expected ROIs in our marketing channels. We rely on our marketing channels to generate a significant amount of traffic to our websites. Our marketing expenses, which are substantially variable in nature, increased significantly in 2022 compared to 2021, due primarily to the continued improvement in travel demand as the impact of the COVID-19 pandemic lessened in 2022 versus 2021. Marketing expenses as a percentage of total gross bookings decreased slightly in 2022 compared to 2021 due to year-over-year increases in the mix of direct traffic, partially offset by year-over-year decreases in performance marketing ROIs. Performance marketing ROIs were lower in 2022 versus 2021 due to our efforts to invest in marketing during the recovery in the travel industry in 2022.

### Sales and Other Expenses

| (in millions)             | Year Ended December 31, |        | Increase<br>(Decrease) |
|---------------------------|-------------------------|--------|------------------------|
|                           | 2022                    | 2021   |                        |
| Sales and other expenses  | \$ 1,818                | \$ 881 | 106.3 %                |
| % of Total gross bookings | 1.5 %                   | 1.2 %  |                        |
| % of Total revenues       | 10.6 %                  | 8.0 %  |                        |

Sales and other expenses consist primarily of:

- credit card and other payment processing fees associated with merchant transactions;
- fees paid to third parties that provide call center, website content translations, and other services;
- chargeback provisions and fraud prevention expenses associated with merchant transactions;
- provisions for expected credit losses, primarily related to accommodation commission receivables and prepayments to certain customers; and
- customer relations costs.

Sales and other expenses, which are substantially variable in nature, increased significantly in 2022 compared to 2021, due primarily to an increase in merchant transaction costs of \$573 million, and an increase in third-party call center costs of \$235 million. Merchant transactions increased year-over-year in 2022 due to the continued improvement in travel demand trends as the impact of the COVID-19 pandemic lessened in 2022 versus 2021, as well as the expansion of merchant accommodation reservation services at Booking.com. The year-over-year increase in third-party call center costs in 2022 was due in part to the transfer of certain customer service operations of Booking.com to Majorel, which shifted costs from personnel expenses to sales and other expenses.

## Personnel

| (in millions)              | Year Ended December 31, |          | Increase<br>(Decrease) |
|----------------------------|-------------------------|----------|------------------------|
|                            | 2022                    | 2021     |                        |
| <i>Personnel</i>           | \$ 2,465                | \$ 2,314 | 6.5 %                  |
| <i>% of Total revenues</i> | 14.4 %                  | 21.1 %   |                        |

Personnel expenses consist primarily of:

- salaries;
- bonuses;
- stock-based compensation;
- payroll taxes; and
- employee health and other benefits.

Personnel expenses, excluding stock-based compensation, increased 6% in 2022 compared to 2021, due to an increase in salary expense of \$139 million and an increase in bonus expense accruals of \$66 million, partially offset by the \$136 million expense, recorded in 2021, associated with the return of government assistance received through various government aid programs. Employee headcount of approximately 21,600 as of December 31, 2022 increased by 6% as compared to December 31, 2021. Personnel expenses in 2022 and employee headcount as of December 31, 2022 were reduced due to the transfer of certain customer service operations of Booking.com to Majorel which shifted costs from personnel expenses to sales and other expenses. Stock-based compensation expense was \$404 million in 2022 compared to \$370 million in 2021.

## General and Administrative

| (in millions)                     | Year Ended December 31, |        | Increase<br>(Decrease) |
|-----------------------------------|-------------------------|--------|------------------------|
|                                   | 2022                    | 2021   |                        |
| <i>General and administrative</i> | \$ 934                  | \$ 620 | 50.9 %                 |
| <i>% of Total revenues</i>        | 5.5 %                   | 5.7 %  |                        |

General and administrative expenses consist primarily of:

- indirect taxes such as digital services taxes and travel transaction taxes;
- fees for outside professionals;
- occupancy and office expenses; and
- personnel-related expenses such as travel, relocation, recruiting, and training expenses.

General and administrative expenses increased in 2022 compared to 2021 due to an increase of \$167 million in indirect taxes driven by higher digital services taxes, as well as the \$46 million accrual related to the potential settlement of an Italian indirect tax matter. See Note 16 to our Consolidated Financial Statements. The year-over-year increase in general and administrative expenses was also driven by an increase of \$75 million in personnel-related expenses and an increase of \$53 million in fees for professional services. The year-over-year increase in digital services taxes was driven by the improvement in revenue.

## Information Technology

| (in millions)                 | Year Ended December 31, |        | Increase<br>(Decrease) |
|-------------------------------|-------------------------|--------|------------------------|
|                               | 2022                    | 2021   |                        |
| <i>Information technology</i> | \$ 526                  | \$ 412 | 27.6 %                 |
| <i>% of Total revenues</i>    | 3.1 %                   | 3.8 %  |                        |

Information technology expenses consist primarily of:

- software license and system maintenance fees;
- cloud computing costs and outsourced data center costs;
- payments to contractors; and
- data communications and other expenses associated with operating our services.



Information technology expenses increased in 2022 compared to 2021 due to increased cloud computing costs, payments to contractors, and software license fees.

#### *Depreciation and Amortization*

| (in millions)                        | Year Ended December 31, |        | Increase<br>(Decrease) |
|--------------------------------------|-------------------------|--------|------------------------|
|                                      | 2022                    | 2021   |                        |
| <i>Depreciation and amortization</i> | \$ 451                  | \$ 421 | 6.9 %                  |
| <i>% of Total revenues</i>           | 2.6 %                   | 3.8 %  |                        |

Depreciation and amortization expenses consist of:

- amortization of intangible assets with determinable lives;
- amortization of internally-developed and purchased software;
- depreciation of computer equipment; and
- depreciation of leasehold improvements, furniture and fixtures, and office equipment.

Depreciation and amortization expenses increased in 2022 compared to 2021 due to increased amortization expense related to the acquisition of Getaroom, partially offset by decreased depreciation of computer equipment and leasehold improvements.

#### *Restructuring, Disposal, and Other Exit Activities*

| (in millions)                                             | Year Ended December 31, |       | Increase<br>(Decrease) |
|-----------------------------------------------------------|-------------------------|-------|------------------------|
|                                                           | 2022                    | 2021  |                        |
| <i>Restructuring, disposal, and other exit activities</i> | \$ (199)                | \$ 13 | *                      |
| <i>% of Total revenues</i>                                | (1.2)%                  | 0.1 % |                        |

\* Not meaningful

Restructuring, disposal, and other exit activities in 2022 includes the gain of \$240 million on the sale and leaseback transaction related to Booking.com's future headquarters building (see Note 10 to our Consolidated Financial Statements), partially offset by a loss of \$41 million related to the transfer of certain customer service operations of Booking.com to Majorel. Restructuring, disposal, and other exit activities for the year ended December 31, 2021 principally relate to the restructuring charges as a result of restructuring actions taken in 2020 and are primarily related to employee severance and other termination benefits at Booking.com (see Note 19 to our Consolidated Financial Statements).

#### *Interest Expense*

| (in millions)           | Year Ended December 31, |        | Increase<br>(Decrease) |
|-------------------------|-------------------------|--------|------------------------|
|                         | 2022                    | 2021   |                        |
| <i>Interest expense</i> | \$ 391                  | \$ 334 | 16.9 %                 |

Interest expense increased for the year ended December 31, 2022, compared to the year ended December 31, 2021, primarily due to higher interest rates relating to our cash management activities (with related income recorded in interest income) and the issuance of senior notes in November 2022. This was offset in part by the impact of the adoption on January 1, 2022 of the new accounting standards update for convertible instruments, the redemption of senior notes with higher interest rates in April 2021, and the maturity in September 2021 of convertible senior notes. The amortization of debt discount on convertible debt was recorded in Interest expense. With the adoption of the new accounting standards update, such amortization is not recorded in the financial statements for periods after January 1, 2022 (see Note 2 to our Consolidated Financial Statements).

#### *Other Income (Expense), Net*

| (in millions)                      | Year Ended December 31, |          | Increase<br>(Decrease) |
|------------------------------------|-------------------------|----------|------------------------|
|                                    | 2022                    | 2021     |                        |
| <i>Other income (expense), net</i> | \$ (788)                | \$ (697) | 13.1 %                 |

The following table sets forth the composition of "Other income (expense), net" for the years ended December 31, 2022 and 2021:

| (in millions)                               | Year Ended December 31, |                 |
|---------------------------------------------|-------------------------|-----------------|
|                                             | 2022                    | 2021            |
| Interest and dividend income                | \$ 219                  | \$ 16           |
| Net losses on equity securities             | (963)                   | (569)           |
| Foreign currency transaction (losses) gains | (43)                    | 111             |
| Loss on early extinguishment of debt        | —                       | (242)           |
| Other                                       | (1)                     | (13)            |
| <b>Other income (expense), net</b>          | <b>\$ (788)</b>         | <b>\$ (697)</b> |

See Note 21 to our Consolidated Financial Statements for additional information.

Interest and dividend income increased for the year ended December 31, 2022, compared to the year ended December 31, 2021, primarily due to the impact of higher interest rates on cash management activities (with related expenses recorded in interest expense) and investment activities.

See Notes 5 and 6 to our Consolidated Financial Statements for additional information related to net losses on equity securities and the impairment of an investment in equity securities.

Foreign currency transaction (losses) gains for the year ended December 31, 2022 includes gains of \$46 million related to our Euro-denominated debt and accrued interest that were not designated as net investment hedges and losses of \$52 million on derivative contracts. Foreign currency transaction gains for the year ended December 31, 2021 includes gains of \$135 million related to our Euro-denominated debt and accrued interest that were not designated as net investment hedges and losses of \$30 million on derivative contracts.

Loss on early extinguishment of debt is related to our Senior Notes due April 2025 and our Senior Notes due April 2027 that were redeemed in April 2021 (see Note 12 to our Consolidated Financial Statements).

### Income Taxes

| (in millions)                   | Year Ended December 31, |        | Increase<br>(Decrease) |
|---------------------------------|-------------------------|--------|------------------------|
|                                 | 2022                    | 2021   |                        |
| Income tax expense              | \$ 865                  | \$ 300 | 188.6 %                |
| % of Income before income taxes | 22.1 %                  | 20.5 % |                        |

Our 2022 effective tax rate differs from the U.S. federal statutory tax rate of 21%, primarily due to higher international tax rates, a valuation allowance recorded against deferred tax assets related to certain unrealized losses on equity securities, certain non-deductible expenses, and an increase in unrecognized tax benefits, partially offset by the benefit of the Netherlands Innovation Box Tax (discussed below). Our 2021 effective tax rate differs from the U.S. federal statutory tax rate of 21%, primarily due to the benefit of the Netherlands Innovation Box Tax, partially offset by higher international tax rates and an increase in unrecognized tax benefits.

Our effective tax rate was higher for the year ended December 31, 2022, compared to the year ended December 31, 2021, primarily due to lower benefit resulting from the Netherlands Innovation Box Tax and higher valuation allowance recorded against deferred tax assets related to certain unrealized losses on equity securities, partially offset by lower international tax rates.

Under Dutch corporate income tax law, income generated from qualifying innovative activities is taxed at a rate of 9% ("Innovation Box Tax") for periods beginning on or after January 1, 2021 rather than the Dutch statutory rate of 25%. Previously, the Innovation Box Tax rate was 7%. Effective January 1, 2022, the Netherlands corporate income tax rate increased from 25% to 25.8%. A portion of Booking.com's earnings during the years ended December 31, 2022 and 2021 qualified for Innovation Box Tax treatment, which had a significant beneficial impact on our effective tax rates for these periods. For more information regarding the Innovation Box Tax, see Part I, Item 1A, Risk Factors - "We may not be able to maintain our 'Innovation Box Tax' benefit."

## **Results of Operations**

*Year Ended December 31, 2021 compared to Year Ended December 31, 2020*

For a comparison of our results of operations for the fiscal years ended December 31, 2021 and 2020, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on February 23, 2022.

## Liquidity and Capital Resources

Our financial results and prospects are almost entirely dependent on facilitating the sale of travel-related services. The COVID-19 pandemic and the resulting implementation of restrictive measures resulted in a significant decline in travel activities and consumer demand for related services, in 2020 in particular. For more information, see Note 2 to our Consolidated Financial Statements and Part I, Item 1A, Risk Factors - *"The COVID-19 pandemic has materially adversely affected, and may further adversely impact, our business and financial performance."*

Marketing expenses and personnel expenses are the most significant operating expenses for our business. We rely on marketing channels to generate a significant amount of traffic to our websites. See our Consolidated Statements of Operations and "Trends" and "Results of Operations" above for additional information on marketing expenses and personnel expenses including stock-based compensation expenses.

Our continued access to sources of liquidity depends on multiple factors, including global economic conditions, the condition of global financial markets, the availability of sufficient amounts of financing, our ability to meet debt covenant requirements, our operating performance, and our credit ratings. If our credit ratings were to be downgraded, or financing sources were to ascribe higher risk to our rating levels, our industry or us, our access to capital and the cost of any financing would be negatively impacted. There is no guarantee that additional debt financing will be available in the future to fund our obligations, or that it will be available on commercially reasonable terms, in which case we may need to seek other sources of funding. In addition, the terms of future debt agreements could include more restrictive covenants than those we are currently subject to, which could restrict our business operations. For more information, see Part I, Item 1A, Risk Factors - *"Our liquidity, credit ratings, and ongoing access to capital could be materially and negatively affected by global financial conditions and events."*

At December 31, 2022, we had \$15.2 billion in cash, cash equivalents, and short-term and long-term investments, of which approximately \$9.3 billion is held by our international subsidiaries. Cash, cash equivalents, and long-term investments held by our international subsidiaries are denominated primarily in Euros, Hong Kong Dollars, and British Pounds Sterling. Cash equivalents and short-term and long-term investments are principally comprised of money market fund investments, time deposits and certificates of deposit, government and corporate debt securities, equity securities of Meituan, Grab Holdings Limited ("Grab") and DiDi Global Inc. ("DiDi"), and our investments in private companies. We completed the sale of our investment in equity securities of Meituan in February 2023 and received gross proceeds of \$1.7 billion. See Notes 5 and 6 to our Consolidated Financial Statements.

Deferred merchant bookings of \$2.2 billion at December 31, 2022 represents cash payments received from travelers in advance of us completing our performance obligations and are comprised principally of amounts estimated to be payable to travel service providers as well as our estimated future revenue for our commission or margin and fees. The amounts are mostly subject to refunds for cancellations.

At December 31, 2022, we had a remaining transition tax liability of \$811 million as a result of the Tax Act, which included \$711 million reported as "Long-term U.S. transition tax liability" and \$100 million included in "Accrued expenses and other current liabilities" in the Consolidated Balance Sheet. This liability will be paid over the next four years. In accordance with the Tax Act, generally, future repatriation of our international cash will not be subject to a U.S. federal income tax liability as a dividend, but will be subject to U.S. state income taxes and international withholding taxes, which have been accrued by us. In August 2022, the Inflation Reduction Act of 2022 was enacted into law in the United States. The key provisions applicable to us include a 15% corporate minimum tax on book income. In addition, see Part I, Item 1A, Risk Factors - *"We may have exposure to additional tax liabilities."*

In August 2019, we entered into a \$2.0 billion five-year unsecured revolving credit facility with a group of lenders. The revolving credit facility provides for the issuance of up to \$80 million of letters of credit as well as borrowings of up to \$100 million on same-day notice, referred to as swingline loans. The proceeds of loans made under the facility can be used for working capital and general corporate purposes, including acquisitions, share repurchases and debt repayments. At December 31, 2022, there were no borrowings outstanding and \$14 million of letters of credit issued under this revolving credit facility. The revolving credit facility contains a maximum leverage ratio covenant. After a 2020 amendment to the revolving credit facility, the permitted maximum leverage ratio is increased through and including the three months ending March 31, 2023 and we may not declare or make any cash distribution or repurchase any of our shares (with certain exceptions including in connection with tax withholding related to shares issued to employees) unless we are in compliance on a pro forma basis with the maximum leverage ratio covenant then in effect. Such restriction ends upon delivery of financial statements required for the three months ending June 30, 2023, or we have the ability to terminate this restriction earlier if we demonstrate compliance with the original maximum leverage ratio covenant in the revolving credit facility. At December 31, 2022, we were

in compliance with the relevant maximum leverage ratio covenant. There can be no assurance that we will be able to meet the maximum leverage ratio covenant at any particular time, and our ability to borrow under the revolving credit facility depends on compliance with the covenant. Further, the lenders have the right to require repayment of any amounts borrowed under the facility if we are not in compliance with the covenant.

In November 2022, the Company issued senior notes for an aggregate principal amount of 3.5 billion Euros with interest rates ranging from 4.0% to 4.75% and with maturity dates ranging from November 2026 to November 2034. The Company paid \$19 million in debt issuance costs during the year ended December 31, 2022 related to the issuance of these senior notes. A portion of the proceeds from the issuance of these senior notes were used to repay the Senior Notes due November 2022 (the "November 2022 Notes"). In addition, we intend to repay the Senior Notes due March 2023 from these proceeds upon maturity. The remaining proceeds from the issuance of these senior notes are available to be used for general corporate purposes.

In November 2022, we repaid \$778 million on the maturity of the November 2022 Notes. In March 2022, the Company repaid \$1.1 billion on the maturity of Senior Notes due March 2022. In addition, the Company paid the applicable accrued and unpaid interest relating to these senior notes.

At December 31, 2022, we had outstanding senior notes with varying maturities for an aggregate principal amount of \$12.5 billion, with \$500 million payable within the next twelve months. The senior notes had a cumulative interest to maturity of \$2.4 billion, with \$365 million payable within the next twelve months. See Note 12 to our Consolidated Financial Statements for additional information related to our debt arrangements, including principal amounts, interest rates and maturity dates.

During the year ended December 31, 2022, we repurchased shares of our common stock for an aggregate cost of \$6.7 billion. At December 31, 2022, we had a total remaining amount of \$3.9 billion authorized by our Board of Directors to repurchase our common stock. In February 2023, our Board authorized a program to repurchase up to an additional \$20.0 billion of our common stock. We expect to complete repurchases under the two authorizations within the next four years, assuming we remain in compliance with the applicable maximum leverage ratio covenant under the credit facility amendment. The Inflation Reduction Act of 2022 has mandated a 1% excise tax on stock repurchases effective from January 1, 2023. See Notes 12 and 13 to our Consolidated Financial Statements. Stock repurchases subsequent to December 31, 2022 were approximately \$542 million as of February 22, 2023.

In November 2021, the Company entered into an agreement to acquire global flight booking provider Etraveli Group for approximately 1.6 billion Euros (\$1.7 billion). Completion of the acquisition is subject to certain closing conditions, including regulatory approvals.

In December 2022, we entered into a sale and leaseback transaction for Booking.com's future headquarters building. The building was sold for an aggregate consideration of approximately 566 million Euros (\$601 million) and we concurrently entered into an agreement to lease the building from the purchaser for an initial term of 16.5 years, with up to five renewal options of five years each. The annual base rent under the lease is 24 million Euros (\$26 million) and will increase annually based on the consumer price index, subject to a specified ceiling. See Note 10 to our Consolidated Financial Statements for additional information.

At December 31, 2022, we had lease obligations of \$867 million. See Note 10 to our Consolidated Financial Statements for more information on our obligations related to operating and financing leases. Additionally, at December 31, 2022, we had, in the aggregate, \$378 million of non-cancellable purchase obligations individually greater than \$10 million payable over the next five years, of which \$143 million is payable within the next twelve months. Such purchase obligations relate to agreements to purchase goods and services that are enforceable and legally binding, that specify all significant terms, including the quantities to be purchased, price provisions, and the approximate timing of the transaction.

At December 31, 2022 there were \$452 million of standby letters of credit and bank guarantees issued on our behalf. These are obtained primarily for regulatory purposes.

See Note 16 to our Consolidated Financial Statements for additional information related to our commitments and contingencies.

We believe that our existing cash balances and liquid resources will be sufficient to fund our operating activities, capital expenditures, and other obligations through at least the next twelve months. However, if we are not successful in generating sufficient cash flow from operations or in raising additional capital when required in sufficient amounts and on terms acceptable to us, we may be required to reduce our planned capital expenditures and scale back the scope of our business plans,

either of which could have a material adverse effect on our business, our ability to compete or our future growth prospects, financial condition, and results of operations. If additional funds were raised through the issuance of equity securities, the percentage ownership of our then current stockholders would be diluted. We may not generate sufficient cash flow from operations in the future, revenue growth or sustained profitability may not be realized, and future borrowings or equity sales may not be available in amounts sufficient to make anticipated capital expenditures, finance our strategies, or repay our indebtedness.

### ***Cash Flow Analysis***

#### ***Year Ended December 31, 2022 compared to Year Ended December 31, 2021***

Net cash provided by operating activities for the year ended December 31, 2022 was \$6.6 billion, resulting from net income of \$3.1 billion, a favorable net impact of \$1.7 billion from adjustments for non-cash items and the gain on the sale and leaseback transaction, and a favorable net change in working capital and long-term assets and liabilities of \$1.8 billion. Non-cash items were principally associated with net losses on equity securities, depreciation and amortization, stock-based compensation expense and other stock-based payments, deferred income tax benefit, provision for expected credit losses and chargebacks, and operating lease amortization. For the year ended December 31, 2022, deferred merchant bookings and other current liabilities increased by \$3.7 billion, and accounts receivable increased by \$1.2 billion, primarily due to increases in business volumes.

Net cash provided by operating activities for the year ended December 31, 2021 was \$2.8 billion, resulting from net income of \$1.2 billion, a favorable impact of \$1.4 billion from adjustments for non-cash items and the loss on early extinguishment of debt, and a favorable net change in working capital and other long-term assets and liabilities of \$269 million. Non-cash items were principally associated with net losses on equity securities, deferred income tax benefit, depreciation and amortization, stock-based compensation expense and other stock-based payments, and operating lease amortization. For the year ended December 31, 2021, accounts receivable increased by \$1.0 billion and deferred merchant bookings and other current liabilities increased by \$1.5 billion, primarily due to increases in business volumes.

Net cash used in investing activities for the year ended December 31, 2022 was \$518 million, principally resulting from purchases of investments of \$768 million, primarily in various corporate and government debt securities (see Note 5), as well as from purchases of property and equipment of \$368 million. This was partially offset by proceeds from the sale and leaseback transaction of \$601 million and proceeds from the sales and maturities of investments of \$32 million. Net cash used in investing activities for the year ended December 31, 2021 was \$1.0 billion, principally resulting from the acquisition of Getaroom of \$1.2 billion and purchases of property and equipment of \$304 million. This was partially offset by proceeds from the sales and maturities of investments of \$508 million, net of purchases of \$17 million.

Net cash used in financing activities for the year ended December 31, 2022 was \$4.9 billion, almost entirely resulting from payments for the repurchase of common stock of \$6.6 billion and payments on the maturity of debt of \$1.9 billion. This was partially offset by the proceeds from the issuance of long-term debt of \$3.6 billion. Net cash used in financing activities for the year ended December 31, 2021 was \$1.2 billion, almost entirely resulting from payments on the redemption and conversion of debt of \$3.1 billion and payments for the repurchase of common stock of \$163 million, partially offset by the proceeds from the issuance of long-term debt of \$2.0 billion.

#### ***Year Ended December 31, 2021 compared to Year Ended December 31, 2020***

For a comparison of our cash flow activities for the fiscal years ended December 31, 2021 and 2020, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on February 23, 2022.

### ***Contingencies***

For information related to the French and other tax assessments and other tax matters, see Note 16 to our Consolidated Financial Statements and Part I, Item IA, Risk Factors - "*We may have exposure to additional tax liabilities.*"

For information related to the pension matter and our other contingent liabilities, see Note 16 to our Consolidated Financial Statements.

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

We have exposure to several types of market risk: changes in interest rates, foreign currency exchange rates, and equity prices.

We manage our exposure to interest rate risk and foreign currency risk through internally established policies and procedures and, when deemed appropriate, through the use of derivative financial instruments. We use foreign currency exchange derivative contracts to manage short-term foreign currency risk.

The objective of our policies is to mitigate potential income statement, cash flow, and fair value exposures resulting from possible future adverse fluctuations in rates. We evaluate our exposure to market risk by assessing the anticipated near-term and long-term fluctuations in interest rates and foreign currency exchange rates. This evaluation includes the review of leading market indicators, discussions with financial analysts and investment bankers regarding current and future economic conditions, and the review of market projections as to expected future rates. We utilize this information to determine our own investment strategies as well as to determine if the use of derivative financial instruments is appropriate to mitigate any potential future market exposure that we may face. Our policy does not allow speculation in derivative instruments for profit or, except in certain limited situations, execution of derivative instrument contracts for which there are no underlying exposures. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives. To the extent that changes in interest rates and foreign currency exchange rates affect general economic conditions, we would also be affected by such changes.

At December 31, 2022 and 2021, the outstanding aggregate principal amount of our debt was \$12.5 billion and \$11.1 billion, respectively. We estimate that the fair value of such debt was approximately \$12.4 billion and \$12.1 billion at December 31, 2022 and 2021, respectively. As of December 31, 2022, the outstanding principal amount of the Company's debt exceeds the fair value of debt mainly due to the increase in interest rates partially offset by the conversion premium on the convertible senior notes due in May 2025. The estimated fair value of the Company's debt in excess of the outstanding principal amount at December 31, 2021 primarily relates to the conversion premium on the convertible senior notes due in May 2025 and the outstanding senior notes due in April 2030. Excluding the effect on the fair value of our convertible senior notes, a hypothetical 100 basis point (1.0%) decrease in interest rates would have resulted in an increase in the estimated fair value of our other debt of approximately \$522 million and \$401 million at December 31, 2022 and 2021, respectively. Our convertible senior notes are more sensitive to the equity market price volatility of our shares than changes in interest rates. The fair value of the convertible senior notes will likely increase as the market price of our shares increases and will likely decrease as the market price of our shares falls.

Our businesses outside of the U.S. (see Note 17 to our Consolidated Financial Statements) represent a substantial majority of our financial results, but because we report our results in U.S. Dollars, we face exposure to movements in foreign currency exchange rates as the financial results and the financial condition of our businesses outside of the U.S. are translated from local currencies (principally Euros and British Pounds Sterling) into U.S. Dollars. If the U.S. Dollar weakens against the local currencies, the translation of these foreign-currency-denominated balances will result in increased net assets, gross bookings, revenues, operating expenses, and net income. Similarly, our net assets, gross bookings, revenues, operating expenses and net income will decrease if the U.S. Dollar strengthens against the local currencies. For example, the U.S. Dollar strengthened in 2022 versus both the Euro and British Pound Sterling by 11% and 10%, respectively, as compared to 2021. Our total revenues increased by 56% for the year ended December 31, 2022 as compared to the year ended December 31, 2021, but without the impact of changes in foreign currency exchange rates, our total revenues increased year-over-year on a constant-currency basis by approximately 71%. Since our expenses are generally denominated in foreign currencies on a basis similar to our revenues, our operating margins have not been significantly impacted by currency fluctuations. Additionally, foreign currency exchange rate fluctuations on transactions denominated in currencies other than the functional currency result in gains and losses that are reflected in our Consolidated Statements of Operations. As of December 31, 2022, we had a significant investment that was denominated in Hong Kong Dollars and the related impact from the movements in foreign currency exchange rates was recognized in "Other income (expense), net" in the Consolidated Statements of Operations. See Note 5 to our Consolidated financial Statements.

As of December 31, 2022 and 2021, the carrying value of our Euro denominated debt was \$7.6 billion and \$6.2 billion, respectively. We designate certain portions of the aggregate principal value of our Euro-denominated debt as a hedge of the foreign currency exposure of the net investment in certain Euro functional currency subsidiaries. The foreign currency transaction gains or losses on the Euro-denominated debt that is not designated as a hedging instrument for accounting purposes are recognized in "Other income (expense), net" in our Consolidated Statements of Operations (see Notes 12 and 21 to our Consolidated Financial Statements). Such foreign currency transaction gains or losses are dependent on the amount of net assets

of the Euro functional currency subsidiaries, the amount of the Euro-denominated debt that is designated as a hedge, and fluctuations in foreign currency exchange rates.

We generally enter into derivative instruments to hedge our exposure to the impact of movements in foreign currency exchange rates on our transactional balances denominated in currencies other than the functional currency. We will continue to evaluate the use of derivative instruments in the future. See Note 6 to our Consolidated Financial Statements for additional information related to our derivative contracts.

We are exposed to equity price risk as it relates to changes in fair values of our investments in equity securities of publicly-traded companies and private companies. We recorded net losses of \$963 million and \$569 million and net gains of \$1.7 billion for the years ended December 31, 2022, 2021 and 2020, respectively, related to these equity securities (see Notes 5 and 6 to our Consolidated Financial Statements). The estimated fair value of our investments in equity securities of publicly-traded companies and private companies at December 31, 2022 and 2021 was \$2.2 billion and \$3.2 billion, respectively. Our investments in private companies are measured at cost less impairment, if any. Such investments are also required to be measured at fair value as of the date of certain observable transactions for the identical or a similar investment of the same issuer. A hypothetical 10% decrease in the fair values at December 31, 2022 and 2021 of our investments in equity securities of publicly-traded companies and private companies would have resulted in a loss, before tax, of approximately \$220 million and \$320 million, respectively, being recognized in net income.

#### **Item 8. Financial Statements and Supplementary Data**

The following Consolidated Financial Statements of the Company and the report of our independent registered public accounting firm are filed as part of this Annual Report on Form 10-K (See Part IV, Item 15, Exhibits and Financial Statement Schedules): Consolidated Balance Sheets at December 31, 2022 and 2021; Consolidated Statements of Operations, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Stockholders' Equity, and Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2021, and 2020; Notes to our Consolidated Financial Statements; and Report of Independent Registered Public Accounting Firm.

#### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

#### **Item 9A. Controls and Procedures**

*Disclosure Controls and Procedures.* Under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such a term is defined under Exchange Act Rule 13a-15(e). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we include a report of our management's assessment of the design and effectiveness of our internal controls over financial reporting for the year ended December 31, 2022.

*Management's Report on Internal Control Over Financial Reporting.* Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such a term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in the *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2022. Our independent registered public accounting firm also attested to and reported on the effectiveness of internal control over financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.



*Changes in Internal Controls.* No change in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) occurred during the three months ended December 31, 2022 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

In 2022, we began a multi-year implementation to integrate and upgrade certain cross-brand global financial systems and processes, including but not limited to SAP S4 Hana ("SAP").

The first phase of this implementation became operational in 2022 at select financially immaterial entities at Booking.com. The impact of such changes to our processes and procedures related to internal control over financial reporting is not material. We expect the remaining Booking.com entities to go live in 2023 as part of the next phase of this implementation. As a result, there will be certain material changes to our processes and procedures that impact our internal control over financial reporting. We believe we are taking the necessary steps to monitor and maintain appropriate internal control over financial reporting during this period of change.

While we expect this implementation to strengthen our internal financial controls by automating certain manual processes and standardizing business processes and reporting across our organization, management will continue assessing changes to our internal controls during subsequent periods.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Booking Holdings Inc.

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Booking Holdings Inc. and subsidiaries (the "Company") as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated February 23, 2023, expressed an unqualified opinion on those financial statements.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Stamford, Connecticut  
February 23, 2023

## **Item 9B. Other Information**

None.

## **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

None.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

Information required by Part III, Item 10 will be included in our Proxy Statement relating to our 2023 annual meeting of stockholders to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year ended December 31, 2022, and is incorporated herein by reference.

### **Item 11. Executive Compensation**

Information required by Part III, Item 11 will be included in our Proxy Statement relating to our 2023 annual meeting of stockholders to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year ended December 31, 2022, and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

Information required by Part III, Item 12 will be included in our Proxy Statement relating to our 2023 annual meeting of stockholders to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year ended December 31, 2022, and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information required by Part III, Item 13 will be included in our Proxy Statement relating to our 2023 annual meeting of stockholders to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year ended December 31, 2022, and is incorporated herein by reference.

### **Item 14. Principal Accountant Fees and Services**

Information required by Part III, Item 14 will be included in our Proxy Statement relating to our 2023 annual meeting of stockholders to be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year ended December 31, 2022, and is incorporated herein by reference.

## **PART IV**

### **Item 15. Exhibits and Financial Statement Schedules.**

- (a) List of Documents Filed as a Part of this Annual Report on Form 10-K:

The following Consolidated Financial Statements of the Company and the report of our independent registered public accounting firm are filed as part of this Annual Report on Form 10-K: Consolidated Balance Sheets at December 31, 2022 and 2021; Consolidated Statements of Operations, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Stockholders' Equity and Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2021, and 2020; Notes to our Consolidated Financial Statements; and Report of Independent Registered Public Accounting Firm.

All financial statement schedules have been omitted because they are not applicable, not material or the required information is shown in the Consolidated Financial Statements or the notes thereto.

- (b) Exhibits

In reviewing the agreements included as exhibits to this Annual Report on Form 10-K, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure

information about the Company or the other parties to the agreements. Some agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this Annual Report on Form 10-K and the Company's other public filings, which are available without charge through the SEC's website at <http://www.sec.gov>.

| Exhibit Number | Description                                                                                                                         |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------|
| 3.1(a)         | Restated Certificate of Incorporation of the Company.                                                                               |
| 3.2(b)         | Certificate of Amendment of the Restated Certificate of Incorporation, dated as of June 4, 2021.                                    |
| 3.3(b)         | Amended and Restated By-Laws of Booking Holdings Inc., dated as of June 4, 2021.                                                    |
| 4.1            | Reference is hereby made to Exhibits 3.1, 3.2, and 3.3.                                                                             |
| 4.2(c)         | Specimen Certificate for the Company's Common Stock.                                                                                |
| 4.3(d)         | Indenture, dated as of September 23, 2014, between the Company and Deutsche Bank Trust Company Americas, as Trustee.                |
| 4.4(e)         | Indenture, dated as of August 8, 2017, between the Company and U.S. Bank National Association, as trustee.                          |
| 4.5(f)         | Form of 2.375% Senior Note due 2024.                                                                                                |
| 4.6(g)         | Officers' Certificate, dated September 23, 2014, for the 2.375% Senior Notes due 2024.                                              |
| 4.7(h)         | Form of 1.800% Senior Note due 2027.                                                                                                |
| 4.8(i)         | Officers' Certificate, dated March 3, 2015, for the 1.800% Senior Notes due 2027.                                                   |
| 4.9(j)         | Form of 3.650% Senior Note due 2025.                                                                                                |
| 4.10(k)        | Officers' Certificate, dated March 13, 2015, for the 3.650% Senior Notes due 2025.                                                  |
| 4.11(l)        | Form of 3.600% Senior Note due 2026.                                                                                                |
| 4.12(l)        | Officers' Certificate, dated May 23, 2016, for the 3.600% Senior Notes due 2026.                                                    |
| 4.13(n)        | Form of 2.750% Senior Note due 2023.                                                                                                |
| 4.14(n)        | Officers' Certificate, dated August 15, 2017, with respect to the 2.750% Senior Notes due 2023.                                     |
| 4.15(n)        | Form of 3.550% Senior Note due 2028.                                                                                                |
| 4.16(n)        | Officers' Certificate, dated August 15, 2017, with respect to the 3.550% Senior Notes due 2028.                                     |
| 4.17(ff)       | Description of the Company's Common Stock Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.                 |
| 4.18(ff)       | Description of the Company's 2.375% Senior Notes due 2024 Registered Pursuant to Section 12 of the Securities Exchange Act of 1934. |
| 4.19(ff)       | Description of the Company's 1.800% Senior Notes due 2027 Registered Pursuant to Section 12 of the Securities Exchange Act of 1934. |
| 4.20(kk)       | Description of the Company's 0.100% Senior Notes due 2025 Registered Pursuant to Section 12 of the Securities Exchange Act of 1934. |
| 4.21(kk)       | Description of the Company's 0.500% Senior Notes due 2028 Registered Pursuant to Section 12 of the Securities Exchange Act of 1934. |
| 4.22(dd)       | Form of 4.625% Senior Note due 2030.                                                                                                |
| 4.23(dd)       | Officer's Certificate, dated April 13, 2020, with respect to the 4.625% Senior Notes due 2030.                                      |
| 4.24(dd)       | Form of 0.750% Convertible Senior Note due 2025.                                                                                    |
| 4.25(dd)       | Indenture, dated as of April 14, 2020, between Booking Holdings Inc. and U.S. Bank National Association, as trustee.                |

| Exhibit Number | Description                                                                                                                                                                                                                      |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.26(o)        | Form of 0.100% Senior Note due 2025.                                                                                                                                                                                             |
| 4.27(o)        | Officers' Certificate, dated March 8, 2021, with respect to the 0.100% Senior Notes due 2025.                                                                                                                                    |
| 4.28(o)        | Form of 0.500% Senior Note due 2028.                                                                                                                                                                                             |
| 4.29(o)        | Officers' Certificate, dated March 8, 2021, with respect to the 0.500% Senior Notes due 2028.                                                                                                                                    |
| 4.30(l)        | Form of 4.000% Senior Note due 2026.                                                                                                                                                                                             |
| 4.31(l)        | Officers' Certificate, dated November 15, 2022, with respect to the 4.000% Senior Notes due 2026.                                                                                                                                |
| 4.32(l)        | Form of 4.250% Senior Note due 2029.                                                                                                                                                                                             |
| 4.33(l)        | Officers' Certificate, dated November 15, 2022, with respect to the 4.250% Senior Notes due 2029.                                                                                                                                |
| 4.34(l)        | Form of 4.500% Senior Note due 2031.                                                                                                                                                                                             |
| 4.35(l)        | Officers' Certificate, dated November 15, 2022, with respect to the 4.500% Senior Notes due 2031.                                                                                                                                |
| 4.36(l)        | Form of 4.750% Senior Note due 2034.                                                                                                                                                                                             |
| 4.37(l)        | Officers' Certificate, dated November 15, 2022, with respect to the 4.750% Senior Notes due 2034.                                                                                                                                |
| 4.38           | Description of the Company's 4.000% Senior Notes due 2026 Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.                                                                                              |
| 4.39           | Description of the Company's 4.250% Senior Notes due 2029 Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.                                                                                              |
| 4.40           | Description of the Company's 4.500% Senior Notes due 2031 Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.                                                                                              |
| 4.41           | Description of the Company's 4.750% Senior Notes due 2034 Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.                                                                                              |
| 10.1(b)+       | Booking Holdings Inc. 1999 Omnibus Plan (as amended and restated effective June 3, 2021).                                                                                                                                        |
| 10.2(p)+       | Form of Restricted Stock Unit Agreement for awards under the 1999 Omnibus Plan to non-employee directors.                                                                                                                        |
| 10.3(gg)+      | Form of Restricted Stock Unit Agreement for awards under the 1999 Omnibus Plan.                                                                                                                                                  |
| 10.4(q)+       | 2018 Form of Performance Share Unit Agreement under the 1999 Omnibus Plan.                                                                                                                                                       |
| 10.5(s)+       | 2019 Form of Performance Share Unit Agreement under the 1999 Omnibus Plan.                                                                                                                                                       |
| 10.6(hh)+      | Form of Performance Share Unit Agreement under the Company's 1999 Omnibus Plan.                                                                                                                                                  |
| 10.7(r)+       | Amended and Restated KAYAK Software Corporation 2012 Equity Incentive Plan.                                                                                                                                                      |
| 10.8(r)+       | OpenTable, Inc. Amended and Restated 2009 Equity Incentive Award Plan.                                                                                                                                                           |
| 10.9(t)+       | Buuteeq, Inc. Amended and Restated 2010 Stock Plan.                                                                                                                                                                              |
| 10.10(u)+      | Amended and Restated Rocket Travel, Inc. 2012 Stock Incentive Plan.                                                                                                                                                              |
| 10.11(u)+      | Amended and Restated Annual Bonus Plan.                                                                                                                                                                                          |
| 10.12(v)+      | Form of Non-Competition and Non-Solicitation Agreement.                                                                                                                                                                          |
| 10.13(w)+      | Second Amended and Restated Employment Agreement, dated April 21, 2015 by and between the Company and Peter J. Millones.                                                                                                         |
| 10.14(x)+      | Employment Agreement, dated December 15, 2016 by and between the Company and Glenn D. Fogel.                                                                                                                                     |
| 10.15(x)+      | Non-Competition and Non-Solicitation Agreement, dated December 15, 2016 by and between the Company and Glenn D. Fogel.                                                                                                           |
| 10.16(x)+      | Employee Confidentiality and Assignment Agreement, dated December 15, 2016 by and between the Company and Glenn D. Fogel.                                                                                                        |
| 10.17(y)+      | Employment Agreement, dated January 19, 2018, between the Company and David I. Goulden.                                                                                                                                          |
| 10.18(y)+      | Non-Competition and Non-Solicitation Agreement, dated March 1, 2018, between the Company and David I. Goulden.                                                                                                                   |
| 10.19(y)+      | Employee Confidentiality and Assignment Agreement, dated January 19, 2018, between the Company and David I. Goulden.                                                                                                             |
| 10.20(z)       | Credit Agreement, dated as of August 14, 2019, among the Company, the lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent.                                                           |
| 10.21(mm)+     | Letter Agreement, dated October 24, 2019, by and between the Company and Glenn D. Fogel.                                                                                                                                         |
| 10.22(aa)+     | Form of Employee Confidentiality and Assignment Agreement.                                                                                                                                                                       |
| 10.23(cc)      | Amendment No. 1, dated as of April 7, 2020, to the Credit Agreement, dated as of August 14, 2019, by and among the Company, the lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as administrative agent. |

| Exhibit Number | Description                                                                                                                                                                                                                                                                                         |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.24(ee)      | Amendment No. 2, dated as of October 28, 2020, to the Credit Agreement, dated as of August 14, 2019, by and among the Company, the lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as administrative agent.                                                                 |
| 10.25(ii)+     | Letter Amendment to 2018 PSU Award and 2019 PSU Award Agreements with Glenn D. Fogel dated January 28, 2021.                                                                                                                                                                                        |
| 10.26(ii)+     | Letter Amendment to 2018 PSU Award and 2019 PSU Award Agreements with David I. Goulden dated January 28, 2021.                                                                                                                                                                                      |
| 10.27(ii)+     | Letter Amendment to 2018 PSU Award and 2019 PSU Award Agreements with Peter J. Millones dated January 28, 2021.                                                                                                                                                                                     |
| 10.28(jj)+     | Letter Agreement, dated July 31, 2021, by and between the Company and Paulo Pisano.                                                                                                                                                                                                                 |
| 10.29(kk)      | Amendment No. 3, dated as of December 22, 2021, to the Credit Agreement, dated as of August 14, 2019, by and among the Company, the lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as administrative agent.                                                                |
| 10.30(nn)      | Agreement for the Sale and Purchase of the Booking Campus in Amsterdam, the Netherlands, dated as of December 14, 2022, by and among Booking.com Real Estate Amsterdam B.V., as the Seller, D-IE WIIS Oosterdok Coöperatief U.A., as the Purchaser, and Booking.com Holding B.V., as the Guarantor. |
| 21             | List of Subsidiaries.                                                                                                                                                                                                                                                                               |
| 23.1           | Consent of Deloitte & Touche LLP.                                                                                                                                                                                                                                                                   |
| 24.1           | Power of Attorney (included in the Signature Page).                                                                                                                                                                                                                                                 |
| 31.1           | Certification of Glenn D. Fogel, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                         |
| 31.2           | Certification of David I. Goulden, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                       |
| 32.1(bb)       | Certification of Glenn D. Fogel, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code).                                                                                                                   |
| 32.2(bb)       | Certification of David I. Goulden, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code).                                                                                                                 |
| 101.INS        | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.                                                                                                                                     |
| 104            | Cover Page Interactive Data File - the cover page from this Annual Report on Form 10-K for the year ended December 31, 2022, formatted in Inline XBRL (included in Exhibit 101).                                                                                                                    |

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+ Indicates a management contract or compensatory plan or arrangement.

- (a) Previously filed as an exhibit to the Current Report on Form 8-K filed on February 21, 2018 (File No. 1-36691).
- (b) Previously filed as an exhibit to the Current Report on Form 8-K filed on June 4, 2021 (File No. 1-36691).
- (c) Previously filed as an exhibit to Amendment No. 2 to Registration Statement on Form S-1 filed on March 18, 1999 (File No. 333-69657).
- (d) Previously filed as an exhibit to the Current Report on Form 8-K filed on November 25, 2015 (File No. 1-36691).
- (e) Previously filed as an exhibit to the Registration Statement on Form S-3 filed on August 8, 2017 (File No. 333-219800).
- (f) Previously filed as an exhibit to the Current Report on Form 8-K filed on September 22, 2014 (File No. 0-25581).
- (g) Previously filed as an exhibit to the Current Report on Form 8-K filed on September 26, 2014 (File No. 0-25581).
- (h) Previously filed as an exhibit to the Current Report on Form 8-K filed on March 2, 2015 (File No. 1-36691).
- (i) Previously filed as an exhibit to the Current Report on Form 8-K filed on March 4, 2015 (File No. 1-36691).
- (j) Previously filed as an exhibit to the Current Report on Form 8-K filed on March 12, 2015 (File No. 1-36691).
- (k) Previously filed as an exhibit to the Current Report on Form 8-K filed on March 13, 2015 (File No. 1-36691).
- (l) Previously filed as an exhibit to the Current Report on Form 8-K filed on May 23, 2016 (File No. 1-36691).

- (m) Previously filed as an exhibit to the Current Report on Form 8-K filed on March 10, 2017 (File No. 1-36691).
- (n) Previously filed as an exhibit to our Current Report on Form 8-K filed on August 15, 2017 (File No. 1-36691).
- (o) Previously filed as an exhibit to our Current Report on Form 8-K filed on March 8, 2021 (File No. 1-36691).
- (p) Previously filed as an exhibit to the Current Report on Form 8-K filed on March 9, 2011 (File No. 0-25581).
- (q) Previously filed as an exhibit to the Current Report on Form 8-K filed on March 2, 2018 (File No. 1-36691).
- (r) Previously filed as an exhibit to the Current Report on Form 8-K filed on March 3, 2017 (File No. 1-36691).
- (s) Previously filed as an exhibit to the Current Report on Form 8-K filed on March 1, 2019 (File No. 1-36691).
- (t) Previously filed as an exhibit to the Registration Statement on Form S-8 filed on June 13, 2014 (File No. 333-196756).
- (u) Previously filed as an exhibit to the Annual Report on Form 10-K filed for the year ended December 31, 2015 (File No. 1-36691).
- (v) Previously filed as an exhibit to the Current Report on Form 8-K filed on March 4, 2013 (File No. 0-25581).
- (w) Previously filed as an exhibit to our Current Report on Form 8-K filed on April 24, 2015 (File No. 1-36691).
- (x) Previously filed as an exhibit to the Current Report on Form 8-K filed on December 16, 2016 (File No. 1-36691).
- (y) Previously filed as an exhibit to the Current Report on Form 8-K filed on January 22, 2018 (File No. 1-36691).
- (z) Previously filed as an exhibit to the Current Report on Form 8-K filed on August 14, 2019 (File No. 1-36691).
- (aa) Previously filed as an exhibit to the Quarterly Report on Form 10-Q filed on May 9, 2019 (File No. 1-36691).
- (bb) This document is being furnished in accordance with SEC Release Nos. 33-8212 and 34-47551.
- (cc) Previously filed as an exhibit to the Current Report on Form 8-K filed on April 8, 2020 (File No. 1-36691).
- (dd) Previously filed as an exhibit to the Current Report on Form 8-K filed on April 14, 2020 (File No. 1-36691).
- (ee) Previously filed as an exhibit to the Current Report on Form 8-K filed on October 30, 2020 (File No. 1-36691).
- (ff) Previously filed as an exhibit to the Annual Report on Form 10-K filed on February 26, 2020 (File No. 1-36691).
- (gg) Previously filed as an exhibit to the Quarterly Report on Form 10-Q filed on May 7, 2020 (File No. 1-36691).
- (hh) Previously filed as an exhibit to the Current Report on Form 8-K filed on July 17, 2020 (File No. 1-36691).
- (ii) Previously filed as an exhibit to the Current Report on Form 8-K filed on January 29, 2021 (File No. 1-36691).
- (jj) Previously filed as an exhibit to the Quarterly Report on Form 10-Q filed on November 3, 2021 (File No. 1-36691).
- (kk) Previously filed as an exhibit to the Annual Report on Form 10-K filed on February 23, 2021 (File No. 1-36691).
- (ll) Previously filed as an exhibit to the Current Report on Form 8-K filed on November 15, 2022 (File No. 1-36691).
- (mm) Previously filed as an exhibit to the Current Report on Form 8-K filed on October 25, 2019 (File No. 1-36691).
- (nn) Previously filed as an exhibit to the Current Report on Form 8-K filed on December 19, 2022 (File No. 1-36691).

**Item 16. Form 10-K Summary.**

None.

### **Signatures**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BOOKING HOLDINGS INC.

By: /s/ Glenn D. Fogel

Name: Glenn D. Fogel

Title: Chief Executive Officer and President

Date: February 23, 2023

### **Power of Attorney**

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Glenn D. Fogel, David I. Goulden and Peter J. Millones, and each of them severally, his or her true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the Securities and Exchange Commission in connection with this Annual Report on Form 10-K and any and all amendments hereto, as fully and for all intents and purposes as he or she might do or could do in person, and hereby ratifies and confirms all said attorneys-in-fact and agents, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.



| Signature                                                         | Title                                                                              | Date              |
|-------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------|
| <u>/s/ Robert J. Mylod Jr.</u><br>Robert J. Mylod Jr.             | Director, Chair of the Board                                                       | February 23, 2023 |
| <u>/s/ Glenn D. Fogel</u><br>Glenn D. Fogel                       | Director, Chief Executive Officer and President                                    | February 23, 2023 |
| <u>/s/ David I. Goulden</u><br>David I. Goulden                   | Executive Vice President and Chief Financial Officer (Principal Financial Officer) | February 23, 2023 |
| <u>/s/ Susana D'Emic</u><br>Susana D'Emic                         | Chief Accounting Officer and Controller (Principal Accounting Officer)             | February 23, 2023 |
| <u>/s/ Timothy M. Armstrong</u><br>Timothy M. Armstrong           | Director                                                                           | February 23, 2023 |
| <u>/s/ Mirian Graddick-Weir</u><br>Mirian Graddick-Weir           | Director                                                                           | February 23, 2023 |
| <u>/s/ Wei Hopeman</u><br>Wei Hopeman                             | Director                                                                           | February 23, 2023 |
| <u>/s/ Charles H. Noski</u><br>Charles H. Noski                   | Director                                                                           | February 23, 2023 |
| <u>/s/ Larry Quinlan</u><br>Larry Quinlan                         | Director                                                                           | February 23, 2023 |
| <u>/s/ Nicholas J. Read</u><br>Nicholas J. Read                   | Director                                                                           | February 23, 2023 |
| <u>/s/ Thomas E. Rothman</u><br>Thomas E. Rothman                 | Director                                                                           | February 23, 2023 |
| <u>/s/ Sumit Singh</u><br>Sumit Singh                             | Director                                                                           | February 23, 2023 |
| <u>/s/ Lynn Vojvodich Radakovich</u><br>Lynn Vojvodich Radakovich | Director                                                                           | February 23, 2023 |
| <u>/s/ Vanessa A. Wittman</u><br>Vanessa A. Wittman               | Director                                                                           | February 23, 2023 |

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Booking Holdings Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Booking Holdings Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively, the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows, for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### ***Total Revenues - Refer to Notes 2 and 3 to the financial statements***

##### *Critical Audit Matter Description*

Total revenues for the year ended December 31, 2022 were \$17.1 billion. Substantially all of the Company's revenues are generated by providing online travel reservation services, which principally allow travelers to book travel reservations with travel service providers through the Company's platforms. Revenues consist of a significant volume of low-dollar transactions utilizing multiple custom systems.

We identified total revenues as a critical audit matter as the majority of the processes to calculate and record revenues are highly automated, rely on a number of custom systems, and involve interfacing significant volumes of data across multiple systems. Given the complex information technology (IT) environment, this required the involvement of professionals with expertise in IT to identify, test, and evaluate the revenue data flows, the revenue systems and the automated controls.

##### *How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the Company's revenue transactions included the following, among others:

- With the assistance of our IT specialists, we:
  - Identified the systems used to calculate and record revenue transactions.

- Tested the general IT controls over each of these systems, including testing of user access controls, change management controls, and IT operations controls.
- Performed testing of system interface controls and automated controls within the relevant revenue streams.
- We tested business process controls to reconcile the various systems to the Company's general ledgers.
- We performed detail transaction testing by agreeing the amounts recognized to source documents and testing the mathematical accuracy of the recorded revenues.

***Goodwill - Refer to Notes 2 and 11 to the financial statements***

***Critical Audit Matter Description***

The Company's evaluation of goodwill impairment involves the comparison of the fair value of each of the Company's reporting units to its carrying value. The total goodwill balance was \$2.8 billion as of December 31, 2022. A substantial portion of the Company's goodwill relates to the acquisitions of KAYAK in 2013, OpenTable in 2014 and Getaroom in 2021. As it related to the annual impairment test, the Company estimated the fair values using a combination of standard valuation techniques, including an income approach (discounted cash flows) and market approaches (earnings before interest, taxes, depreciation, and amortization ("EBITDA") multiples of comparable publicly traded companies). With respect to the income approach, management makes significant estimates and assumptions related to forecasts of future performance, including revenues, operating margins and discount rates.

Given the significant judgments made by management to estimate the fair value of the OpenTable and KAYAK reporting unit, performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to selection of the discount rates and forecasts of future revenues and operating margins required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

***How the Critical Audit Matter Was Addressed in the Audit***

Our audit procedures related to the forecasts of future revenues and operating margins and the selection of the discount rates for the OpenTable and KAYAK reporting unit included the following, among others:

- We tested the effectiveness of controls over goodwill impairment evaluation, including those over the forecasts and the selection of the discount rates.
- We evaluated management's ability to accurately forecast by comparing actual results in previous years to management's historical forecasts.
- We evaluated the reasonableness of management's forecasts of future revenues and operating margins by comparing management's forecasts with:
  - Historical revenues and operating margins.
  - Internal communications to management and the Board of Directors.
  - Forecasted information within analyst, economist and industry reports of the Company and selected companies in its peer group.
- We considered the impact of industry and market conditions on management's forecasts.
- With the assistance of our fair value specialists, we evaluated the discount rates, including testing the underlying source information and the mathematical accuracy of the calculations and developing a range of independent estimates and comparing those to the discount rates selected by management.
- We evaluated the reasonableness of management's forecasts of future cash flows and discount rates utilized in the income approach fair value calculation by comparing the income approach fair value to the market approach fair values.

***Commitments and Contingencies - Tax Matters - Refer to Note 16 to the financial statements***

***Critical Audit Matter Description***

The Company is subject to ongoing tax examinations and assessments in various jurisdictions. During the year the Company entered into an agreement with the French tax authorities to settle tax assessments from 2006-2018 for \$163 million. Further the Company has on-going income tax and indirect tax assessments relating to permanent establishment, transfer pricing matters, and/or value added taxes ("VAT"), including interest and penalties from French, Italian, and Turkish tax authorities in the amount of \$40 million, \$268 million, and \$44 million respectively. In addition, the Company received an Italian Tax Audit Report which does not constitute a formal tax assessment; however, it recommends a VAT assessment of \$164 million, plus interest and penalties. The Company believes that it has been, and continues to be, in compliance with the relevant tax laws, and

the Company is contesting these assessments. The Company has recorded a liability of \$163 million for the French settlement. The Company has recorded a liability of \$19 million related to the income tax matters in Italy and a liability of \$47 million related to the VAT matters in Italy.

Given the complexity of the relevant tax laws and regulations, auditing management's evaluation and accounting for the tax positions associated with these tax assessments involved subjective and complex judgments.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the accounting for the tax positions associated with the tax assessments included the following, among others:

- We tested the effectiveness of controls over accounting for uncertain tax positions.
- We evaluated the evidence of settlement with the French tax authorities.
- With the assistance of our income tax specialists, we evaluated management's analysis regarding the likelihood of sustaining its tax positions upon examination by the relevant tax authorities and, we evaluated management's estimate of the amount of tax benefit recognized.
- With the assistance of our indirect tax specialists, we assessed the reasonableness of the indirect tax contingent liability.
- We assessed the basis of the Company's analysis and measurement by obtaining, reading, and evaluating relevant third-party specialists' reports and the Company's documentation.
- We obtained, read, and evaluated relevant correspondence between the Company and the tax authorities.
- We evaluated any developments in the matters during the current fiscal year through inquiry of both Company personnel and the Company's third-party specialists.

/s/ DELOITTE & TOUCHE LLP

Stamford, Connecticut  
February 23, 2023

We have served as the Company's auditor since 1997.

**Booking Holdings Inc.**  
**CONSOLIDATED BALANCE SHEETS**  
(In millions, except share and per share data)

|                                                                                                                                | <b>December 31,</b> |                  |
|--------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------|
|                                                                                                                                | <b>2022</b>         | <b>2021</b>      |
| <b>ASSETS</b>                                                                                                                  |                     |                  |
| Current assets:                                                                                                                |                     |                  |
| Cash and cash equivalents                                                                                                      | \$ 12,221           | \$ 11,127        |
| Short-term investments (Available-for-sale debt securities:<br>Amortized cost of \$176 and \$25, respectively)                 | 175                 | 25               |
| Accounts receivable, net (Allowance for expected credit losses of \$117 and \$101,<br>respectively)                            | 2,229               | 1,358            |
| Prepaid expenses, net (Allowance for expected credit losses of \$18 and \$29, respectively)                                    | 477                 | 404              |
| Other current assets                                                                                                           | 696                 | 231              |
| Total current assets                                                                                                           | 15,798              | 13,145           |
| Property and equipment, net                                                                                                    | 669                 | 822              |
| Operating lease assets                                                                                                         | 645                 | 496              |
| Intangible assets, net                                                                                                         | 1,829               | 2,057            |
| Goodwill                                                                                                                       | 2,807               | 2,887            |
| Long-term investments (Includes available-for-sale debt securities:<br>Amortized cost of \$576 at December 31, 2022)           | 2,789               | 3,175            |
| Other assets, net (Allowance for expected credit losses of \$5 and \$18, respectively)                                         | 824                 | 1,059            |
| Total assets                                                                                                                   | <u>\$ 25,361</u>    | <u>\$ 23,641</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                                    |                     |                  |
| Current liabilities:                                                                                                           |                     |                  |
| Accounts payable                                                                                                               | \$ 2,507            | \$ 1,586         |
| Accrued expenses and other current liabilities                                                                                 | 3,244               | 1,765            |
| Deferred merchant bookings                                                                                                     | 2,223               | 906              |
| Short-term debt                                                                                                                | 500                 | 1,989            |
| Total current liabilities                                                                                                      | 8,474               | 6,246            |
| Deferred income taxes                                                                                                          | 685                 | 905              |
| Operating lease liabilities                                                                                                    | 552                 | 351              |
| Long-term U.S. transition tax liability                                                                                        | 711                 | 825              |
| Other long-term liabilities                                                                                                    | 172                 | 199              |
| Long-term debt                                                                                                                 | 11,985              | 8,937            |
| Total liabilities                                                                                                              | 22,579              | 17,463           |
| Commitments and contingencies (see Note 16)                                                                                    |                     |                  |
| Stockholders' equity:                                                                                                          |                     |                  |
| Common stock, \$0.008 par value,<br>Authorized shares: 1,000,000,000<br>Issued shares: 63,780,528 and 63,584,444, respectively | —                   | —                |
| Treasury stock: 25,917,558 and 22,518,391 shares, respectively                                                                 | (30,983)            | (24,290)         |
| Additional paid-in capital                                                                                                     | 6,491               | 6,159            |
| Retained earnings                                                                                                              | 27,541              | 24,453           |
| Accumulated other comprehensive loss                                                                                           | (267)               | (144)            |
| Total stockholders' equity                                                                                                     | 2,782               | 6,178            |
| Total liabilities and stockholders' equity                                                                                     | <u>\$ 25,361</u>    | <u>\$ 23,641</u> |

See Notes to Consolidated Financial Statements.

**Booking Holdings Inc.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In millions, except share and per share data)

|                                                                                        | Year Ended December 31, |          |          |
|----------------------------------------------------------------------------------------|-------------------------|----------|----------|
|                                                                                        | 2022                    | 2021     | 2020     |
| Agency revenues                                                                        | \$ 9,003                | \$ 6,663 | \$ 4,314 |
| Merchant revenues                                                                      | 7,193                   | 3,696    | 2,117    |
| Advertising and other revenues                                                         | 894                     | 599      | 365      |
| Total revenues                                                                         | 17,090                  | 10,958   | 6,796    |
| Operating expenses:                                                                    |                         |          |          |
| Marketing expenses                                                                     | 5,993                   | 3,801    | 2,179    |
| Sales and other expenses                                                               | 1,818                   | 881      | 755      |
| Personnel, including stock-based compensation of \$404, \$370, and \$233, respectively | 2,465                   | 2,314    | 1,944    |
| General and administrative                                                             | 934                     | 620      | 581      |
| Information technology                                                                 | 526                     | 412      | 299      |
| Depreciation and amortization                                                          | 451                     | 421      | 458      |
| Restructuring, disposal, and other exit activities                                     | (199)                   | 13       | 149      |
| Impairment of goodwill                                                                 | —                       | —        | 1,062    |
| Total operating expenses                                                               | 11,988                  | 8,462    | 7,427    |
| Operating income (loss)                                                                | 5,102                   | 2,496    | (631)    |
| Interest expense                                                                       | (391)                   | (334)    | (356)    |
| Other income (expense), net                                                            | (788)                   | (697)    | 1,554    |
| Income before income taxes                                                             | 3,923                   | 1,465    | 567      |
| Income tax expense                                                                     | 865                     | 300      | 508      |
| Net income                                                                             | \$ 3,058                | \$ 1,165 | \$ 59    |
| Net income applicable to common stockholders per basic common share                    | \$ 76.70                | \$ 28.39 | \$ 1.45  |
| Weighted-average number of basic common shares outstanding (in 000's)                  | 39,872                  | 41,042   | 40,974   |
| Net income applicable to common stockholders per diluted common share                  | \$ 76.35                | \$ 28.17 | \$ 1.44  |
| Weighted-average number of diluted common shares outstanding (in 000's)                | 40,052                  | 41,362   | 41,160   |

See Notes to Consolidated Financial Statements.

**Booking Holdings Inc.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In millions)

|                                                                | <b>Year Ended December 31,</b> |                 |               |
|----------------------------------------------------------------|--------------------------------|-----------------|---------------|
|                                                                | <b>2022</b>                    | <b>2021</b>     | <b>2020</b>   |
| Net income                                                     | \$ 3,058                       | \$ 1,165        | \$ 59         |
| Other comprehensive (loss) income, net of tax                  |                                |                 |               |
| Foreign currency translation adjustments                       | (111)                          | (57)            | 50            |
| Net unrealized (losses) gains on available-for-sale securities | (12)                           | 31              | 23            |
| Total other comprehensive (loss) income, net of tax            | (123)                          | (26)            | 73            |
| Comprehensive income                                           | <u>\$ 2,935</u>                | <u>\$ 1,139</u> | <u>\$ 132</u> |

See Notes to Consolidated Financial Statements.



**Booking Holdings Inc.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, and 2020**  
(In millions, except share data)

|                                                                                             | Common Stock         |        | Treasury Stock       |             | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Loss |          | Total |
|---------------------------------------------------------------------------------------------|----------------------|--------|----------------------|-------------|----------------------------------|----------------------|-----------------------------------------------|----------|-------|
|                                                                                             | Shares<br>(in 000's) | Amount | Shares<br>(in 000's) | Amount      |                                  |                      |                                               |          |       |
| <b>Balance, December 31, 2019</b>                                                           | 63,179               | \$ —   | (21,762)             | \$ (22,864) | \$ 5,756                         | \$ 23,232            | \$ (191)                                      | \$ 5,933 |       |
| Cumulative effect of adoption of accounting standards update                                | —                    | —      | —                    | —           | —                                | (3)                  | —                                             | (3)      |       |
| Net income                                                                                  | —                    | —      | —                    | —           | —                                | 59                   | —                                             | 59       |       |
| Foreign currency translation adjustments, net of tax                                        | —                    | —      | —                    | —           | —                                | —                    | 50                                            | 50       |       |
| Net unrealized gains on available-for-sale securities, net of tax                           | —                    | —      | —                    | —           | —                                | —                    | 23                                            | 23       |       |
| Issuance of convertible senior notes                                                        | —                    | —      | —                    | —           | 96                               | —                    | —                                             | 96       |       |
| Conversion of debt                                                                          | —                    | —      | —                    | —           | (245)                            | —                    | —                                             | (245)    |       |
| Exercise of stock options and vesting of restricted stock units and performance share units | 227                  | —      | —                    | —           | 6                                | —                    | —                                             | 6        |       |
| Repurchase of common stock                                                                  | —                    | —      | (685)                | (1,264)     | —                                | —                    | —                                             | (1,264)  |       |
| Stock-based compensation and other stock-based payments                                     | —                    | —      | —                    | —           | 238                              | —                    | —                                             | 238      |       |
| <b>Balance, December 31, 2020</b>                                                           | 63,406               | \$ —   | (22,447)             | \$ (24,128) | \$ 5,851                         | \$ 23,288            | \$ (118)                                      | \$ 4,893 |       |
| Net income                                                                                  | —                    | —      | —                    | —           | —                                | 1,165                | —                                             | 1,165    |       |
| Foreign currency translation adjustments, net of tax                                        | —                    | —      | —                    | —           | —                                | —                    | (57)                                          | (57)     |       |
| Net unrealized gains on available-for-sale securities, net of tax                           | —                    | —      | —                    | —           | —                                | —                    | 31                                            | 31       |       |
| Conversion of debt                                                                          | —                    | —      | —                    | —           | (86)                             | —                    | —                                             | (86)     |       |
| Exercise of stock options and vesting of restricted stock units and performance share units | 178                  | —      | —                    | —           | 5                                | —                    | —                                             | 5        |       |
| Repurchase of common stock                                                                  | —                    | —      | (71)                 | (162)       | —                                | —                    | —                                             | (162)    |       |
| Stock-based compensation and other stock-based payments                                     | —                    | —      | —                    | —           | 389                              | —                    | —                                             | 389      |       |
| <b>Balance, December 31, 2021</b>                                                           | 63,584               | \$ —   | (22,518)             | \$ (24,290) | \$ 6,159                         | \$ 24,453            | \$ (144)                                      | \$ 6,178 |       |
| Cumulative effect of adoption of accounting standards update                                | —                    | —      | —                    | —           | (96)                             | 30                   | —                                             | (66)     |       |
| Net income                                                                                  | —                    | —      | —                    | —           | —                                | 3,058                | —                                             | 3,058    |       |
| Foreign currency translation adjustments, net of tax                                        | —                    | —      | —                    | —           | —                                | —                    | (111)                                         | (111)    |       |
| Net unrealized losses on available-for-sale securities, net of tax                          | —                    | —      | —                    | —           | —                                | —                    | (12)                                          | (12)     |       |
| Exercise of stock options and vesting of restricted stock units and performance share units | 197                  | —      | —                    | —           | 7                                | —                    | —                                             | 7        |       |
| Repurchase of common stock                                                                  | —                    | —      | (3,400)              | (6,693)     | —                                | —                    | —                                             | (6,693)  |       |
| Stock-based compensation and other stock-based payments                                     | —                    | —      | —                    | —           | 421                              | —                    | —                                             | 421      |       |
| <b>Balance, December 31, 2022</b>                                                           | 63,781               | \$ —   | (25,918)             | \$ (30,983) | \$ 6,491                         | \$ 27,541            | \$ (267)                                      | \$ 2,782 |       |

See Notes to Consolidated Financial Statements.

**Booking Holdings Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)

|                                                                                                       | Year Ended December 31, |           |           |
|-------------------------------------------------------------------------------------------------------|-------------------------|-----------|-----------|
|                                                                                                       | 2022                    | 2021      | 2020      |
| <b>OPERATING ACTIVITIES:</b>                                                                          |                         |           |           |
| Net income                                                                                            | \$ 3,058                | \$ 1,165  | \$ 59     |
| Adjustments to reconcile net income to net cash provided by operating activities:                     |                         |           |           |
| Depreciation and amortization                                                                         | 451                     | 421       | 458       |
| Provision for expected credit losses and chargebacks                                                  | 232                     | 109       | 319       |
| Deferred income tax (benefit) expense                                                                 | (257)                   | (445)     | 213       |
| Net losses (gains) on equity securities                                                               | 963                     | 569       | (1,713)   |
| Stock-based compensation expense and other stock-based payments                                       | 404                     | 376       | 255       |
| Operating lease amortization                                                                          | 156                     | 178       | 184       |
| Unrealized foreign currency transaction (gains) losses related to Euro-denominated debt               | (46)                    | (135)     | 200       |
| Impairment of goodwill                                                                                | —                       | —         | 1,062     |
| Loss on early extinguishment of debt                                                                  | —                       | 242       | —         |
| Gain on sale and leaseback transaction                                                                | (240)                   | —         | —         |
| Other                                                                                                 | 38                      | 71        | 68        |
| Changes in assets and liabilities, net of effects of acquisitions:                                    |                         |           |           |
| Accounts receivable                                                                                   | (1,228)                 | (1,002)   | 891       |
| Prepaid expenses and other current assets                                                             | (217)                   | 6         | 161       |
| Deferred merchant bookings and other current liabilities                                              | 3,718                   | 1,539     | (2,266)   |
| Long-term assets and liabilities                                                                      | (478)                   | (274)     | 194       |
| Net cash provided by operating activities                                                             | 6,554                   | 2,820     | 85        |
| <b>INVESTING ACTIVITIES:</b>                                                                          |                         |           |           |
| Purchase of investments                                                                               | (768)                   | (17)      | (74)      |
| Proceeds from sale and maturity of investments                                                        | 32                      | 508       | 2,997     |
| Additions to property and equipment                                                                   | (368)                   | (304)     | (286)     |
| Acquisitions, net of cash acquired                                                                    | —                       | (1,185)   | —         |
| Proceeds from sale and leaseback transaction                                                          | 601                     | —         | —         |
| Other investing activities                                                                            | (15)                    | —         | —         |
| Net cash (used in) provided by investing activities                                                   | (518)                   | (998)     | 2,637     |
| <b>FINANCING ACTIVITIES:</b>                                                                          |                         |           |           |
| Proceeds from the issuance of long-term debt                                                          | 3,621                   | 2,015     | 4,108     |
| Payments on maturity and redemption of debt                                                           | (1,880)                 | (3,068)   | (1,244)   |
| Payments for repurchase of common stock                                                               | (6,621)                 | (163)     | (1,303)   |
| Other financing activities                                                                            | (17)                    | (23)      | (33)      |
| Net cash (used in) provided by financing activities                                                   | (4,897)                 | (1,239)   | 1,528     |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash and cash equivalents | (40)                    | (13)      | —         |
| Net increase in cash and cash equivalents and restricted cash and cash equivalents                    | 1,099                   | 570       | 4,250     |
| Total cash and cash equivalents and restricted cash and cash equivalents, beginning of period         | 11,152                  | 10,582    | 6,332     |
| Total cash and cash equivalents and restricted cash and cash equivalents, end of period               | \$ 12,251               | \$ 11,152 | \$ 10,582 |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>                                                            |                         |           |           |
| Cash paid during the period for income taxes (see Note 15)                                            | \$ 600                  | \$ 735    | \$ 319    |
| Cash paid during the period for interest                                                              | \$ 380                  | \$ 318    | \$ 278    |

See Notes to Consolidated Financial Statements.

**Booking Holdings Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. BUSINESS DESCRIPTION**

Booking Holdings Inc. ("Booking Holdings" or the "Company") seeks to make it easier for everyone to experience the world by providing consumers, travel service providers, and restaurants with leading travel and restaurant online reservation and related services. The Company offers its services through six primary consumer-facing brands: Booking.com, Priceline, agoda, Rentalcars.com, KAYAK, and OpenTable, which allow consumers to: book a broad array of accommodations (including hotels, motels, resorts, homes, apartments, bed and breakfasts, hostels, and other alternative and traditional accommodations properties) and a flight to their destinations; make a car rental reservation or arrange for an airport taxi; make a dinner reservation; or book a vacation package, tour, activity, or cruise. Consumers can also use the Company's meta-search services to easily compare travel reservation information, such as flight, hotel, and rental car reservations from hundreds of online travel platforms at once. In addition, the Company offers other services to consumers, travel service providers and restaurants, such as travel-related insurance products and restaurant management services. The Company's portfolio of brands are organized into four operating segments which are aggregated into one reportable segment based on the similarity in economic characteristics, other qualitative factors, and the objectives and principles of Accounting Standards Codification ("ASC") 280, *Segment Reporting*.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Company's Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries, including acquired businesses from the dates of acquisition. All intercompany accounts and transactions have been eliminated in consolidation.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results may differ significantly from those estimates. The estimates underlying the Company's Consolidated Financial Statements relate to, among other things, the valuation of goodwill and other long-lived tangible and intangible assets, the valuation of investments in private companies, income taxes, contingencies, stock-based compensation, the allowance for expected credit losses (also referred to as provision for bad debts or provision for uncollectible accounts), chargeback provisions, and the accrual of obligations for loyalty and other incentive programs.

***Impact of COVID-19***

The Company's financial results and prospects are almost entirely dependent on facilitating the sale of travel-related services. The COVID-19 pandemic and the resulting implementation of travel restrictions by governments around the world resulted in a significant decline in travel activities and consumer demand for travel related services, in 2020 in particular. During the year ended December 31, 2020, given the severe downturn in the global travel industry and the financial difficulties faced by many of the Company's travel service provider and restaurant customers and marketing affiliates, the Company increased its provision for expected credit losses (also referred to as provision for bad debts or provision for uncollectible accounts) on receivables from and prepayments to its travel service provider and restaurant customers and marketing affiliates (see Note 7). Moreover, due to the high level of cancellations of existing reservations, the Company incurred higher than normal cash outlays to refund consumers for prepaid reservations, including certain situations where the Company had already transferred the prepayment to the travel service provider. During the year ended December 31, 2021, based on its review of recent historical credit loss experience and stability in the economic conditions in certain markets, the Company revised its estimates of expected credit losses (see Note 7). Any significant increase in the Company's provision for expected credit losses and any significant increase in cash outlays to refund consumers would have a corresponding adverse effect on the Company's results of operations and related cash flows.

As a result of the deterioration of the Company's business due to the COVID-19 pandemic, the Company recorded significant goodwill impairment charges during the year ended December 31, 2020 (see Note 11). In addition, the Company recorded a significant impairment charge during the year ended December 31, 2020 for one of the Company's long-term investments (see Notes 5 and 6). It is possible that the Company may have to record additional significant impairment charges in future periods.

In response to the reduction in the Company's business volumes as a result of the impact of the COVID-19 pandemic, during the year ended December 31, 2020, the Company took actions to reduce the size of its workforce to optimize efficiency and reduce costs. See Note 19 for additional information. The Company also participated in certain governmental assistance programs and received certain grants and other assistance. In June 2021, the Company announced its intention to voluntarily return the government assistance received and completed the repayments by December 2021. The Company repaid \$107 million during the year ended December 31, 2021. See Note 20 for additional information.

Even though there have been improvements in the economic and operating conditions for the Company's business since the outset of the COVID-19 pandemic, the Company cannot predict the long-term effects of the pandemic on its business or the travel and restaurant industries as a whole.

### ***Reclassification***

Certain amounts from prior periods have been reclassified to conform to the current year presentation.

### ***Fair Value of Financial Instruments***

Certain financial instruments, including cash, restricted cash, accounts payable, accrued expenses, and deferred merchant bookings, are carried at cost which approximates their fair value because of the short-term nature of these financial instruments. Accounts receivable and other financial assets measured at amortized cost are carried at cost less an allowance for expected credit losses to present the net amount expected to be collected (see Note 7). See Notes 5, 6, and 12 for information related to fair value for investments, derivatives, and the Company's outstanding senior notes.

There are three levels of inputs to valuation techniques used to measure fair value:

- Level 1: Quoted prices in active markets that are accessible by the Company at the measurement date for identical assets and liabilities.
- Level 2: Inputs that are observable, either directly or indirectly. Such prices may be based upon quoted prices for identical or comparable securities in active markets or inputs not quoted on active markets, but corroborated by market data.
- Level 3: Unobservable inputs are used when little or no market data is available.

### ***Cash and Cash Equivalents***

Cash and cash equivalents consists primarily of cash and highly liquid investment grade securities with an original maturity of three months or less. Cash equivalents are recognized based on settlement date.

### ***Restricted Cash and Cash Equivalents***

Restricted cash and cash equivalents are restricted through legal contracts or regulations. Restricted cash and cash equivalents at December 31, 2022 and 2021 principally relate to the minimum cash requirement for the Company's travel-related insurance business.

The following table reconciles cash and cash equivalents and restricted cash and cash equivalents reported in the Consolidated Balance Sheets to the total amount shown in the Consolidated Statements of Cash Flows (in millions):

|                                                                                                                                | <b>December 31,</b> |                  |
|--------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------|
|                                                                                                                                | <b>2022</b>         | <b>2021</b>      |
| As included in the Consolidated Balance Sheets:                                                                                |                     |                  |
| Cash and cash equivalents                                                                                                      | \$ 12,221           | \$ 11,127        |
| Restricted cash and cash equivalents <sup>(1)</sup>                                                                            | 30                  | 25               |
| Total cash and cash equivalents and restricted cash and cash equivalents as shown in the Consolidated Statements of Cash Flows | <u>\$ 12,251</u>    | <u>\$ 11,152</u> |

(1) Included in "Other current assets" in the Consolidated Balance Sheets.

## ***Investments***

Investments held by the Company include debt securities and equity securities. Investments in debt or equity securities that include embedded features, such as conversion or redemption features, are analyzed by the Company to determine if these features are embedded derivatives that require separate accounting treatment. Payments made for investments are reported in "Purchase of investments" and proceeds received from sales or maturities of investments are reported in "Proceeds from sale and maturity of investments" in the Consolidated Statements of Cash Flows.

### ***Debt Securities***

The Company has classified its investments in debt securities as available-for-sale securities. Preferred stock that is either mandatorily redeemable or redeemable at the option of the investor is considered a debt security for accounting purposes. These securities are reported at estimated fair value with the aggregate unrealized gains and losses, net of tax, reflected in "Accumulated other comprehensive loss" in the Consolidated Balance Sheets. The fair value of these investments is based on the specific quoted market price of the securities or comparable securities at the balance sheet dates. Unobservable inputs are also used when little or no market data is available. See Note 6 for information related to fair value measurements.

If the amortized cost basis of an available-for-sale security exceeds its fair value and if the Company has the intention to sell the security or it is more likely than not that the Company will be required to sell the security before recovery of the amortized cost basis, an impairment is recognized in the Consolidated Statements of Operations. If the Company does not have the intention to sell the security and it is not more likely than not that the Company will be required to sell the security before recovery of the amortized cost basis and the Company determines that the decline in fair value below the amortized cost basis of an available-for-sale security is entirely or partially due to credit-related factors, the credit loss is measured and recognized as an allowance for expected credit losses along with the related expense in the Consolidated Statements of Operations. The allowance is measured as the amount by which the debt security's amortized cost basis exceeds the Company's best estimate of the present value of cash flows expected to be collected.

The Company's investments in marketable debt securities are recognized based on the trade date. The cost of marketable debt securities sold is determined using a first-in and first-out method. The Company's investments in debt securities are assessed for classification in the Consolidated Balance Sheets as short-term or long-term at the individual security level. Classification as short-term or long-term is based on the maturities of the securities, as applicable, and the Company's expectations regarding the timing of sales and redemptions. Investments of a strategic nature that have been made for the purpose of affiliation or potential business advantage or in connection with a commercial relationship are included in "Long-term investments" in the Consolidated Balance Sheets, except in situations where the Company expects the investment to be realized in cash, redeemed, or sold within one year.

### ***Equity Securities***

Equity securities are reported as "Long-term investments" in the Consolidated Balance Sheets and include equity investments with readily determinable fair values and equity investments without readily determinable fair values. Equity investments with readily determinable fair values are reported at estimated fair value with changes in fair value recognized in "Other income (expense), net" in the Consolidated Statements of Operations.

The Company holds investments in equity securities of private companies, over which the Company does not have the ability to exercise significant influence or control. These investments, which do not have readily determinable fair values, are measured at cost less impairment, if any. Such investments are also required to be measured at fair value as of the date of certain observable transactions for the identical or a similar investment of the same issuer.

### ***Accounts Receivable from Customers and Allowance for Expected Credit Losses***

Accounts receivable is reported net of expected credit losses. The Company estimates lifetime expected credit losses upon recognition of the financial assets. The Company has identified the relevant risk characteristics of its customers and the related receivables and prepayments, which include the following: size, type (alternative accommodations vs. hotels) or geographic location of the customer, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Company considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, the nature of competition, and industry-specific factors that could impact the Company's receivables. Additionally, external data and macroeconomic conditions are considered. This is assessed at each quarter based on the Company's specific facts and circumstances.

### ***Property and Equipment, Net***

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets or, when applicable, the term of the lease related to leasehold improvements, whichever is shorter.

### ***Website and Internal-use Software Capitalization***

Acquisition costs and certain direct development costs associated with website and internal-use software are capitalized and include external direct costs of services and payroll costs for employees devoting time to the software projects principally related to platform development, including support systems, software coding, designing system interfaces, and installation and testing of the software. These costs are recorded as property and equipment and are generally amortized beginning when the asset is substantially ready for use. Costs incurred for enhancements that are expected to result in additional features or functionalities are capitalized and amortized over the estimated useful life of the enhancements. Costs incurred during the preliminary project stage, as well as maintenance and training costs, are expensed as incurred.

### ***Cloud Computing Arrangements***

The Company utilizes various third-party computer systems and third-party service providers, including global distribution systems ("GDSs") and computerized central reservation systems of the accommodation, rental car, and airline industries in connection with providing some of its services. The Company uses both internally-developed systems and third-party systems to operate its services, including transaction processing, order management, and financial and accounting systems. Implementation costs incurred in a hosting arrangement that is a service contract are capitalized and amortized over the term of the hosting arrangement. The capitalized implementation costs are reported as "Prepaid expenses, net" or "Other assets, net" in the Company's Consolidated Balance Sheets, as appropriate. The related amortization expenses are reported as "Information technology" in the Company's Consolidated Statements of Operations.

### ***Leases***

The Company determines if an arrangement is a lease, or contains a lease, when a contract is signed. The Company determines if a lease is an operating or finance lease and records a lease asset and a lease liability upon lease commencement, which is the date when the underlying asset is made available for use by the lessor. The Company has operating leases for office space, and data centers. For office space and data centers, the Company has elected to combine the fixed payments to lease the asset and any fixed non-lease payments (such as maintenance or utility charges) when determining its lease payments. The Company's finance leases are mainly for computer equipment.

The Company uses its incremental borrowing rate as its discount rate to determine the present value of its remaining lease payments to calculate its lease assets and lease liabilities because the rate implicit in the lease is not readily determinable. The incremental borrowing rate approximates the rate the Company would pay to borrow in the currency of the lease payments on a collateralized basis for the weighted-average life of the lease. Operating lease assets also include any prepaid lease payments and lease incentives received prior to lease commencement.

The Company recognizes operating lease costs and the amortization of finance lease assets on a straight-line basis over the lease term. The interest component of a finance lease is recognized using the effective interest method over the lease term. Certain of the Company's lease agreements include rent payments which are adjusted periodically based on an index or rate. Any change in payments due to such adjustments are recognized as variable lease expense as they are incurred. Variable lease expense also includes costs for property taxes, insurance, and services provided by the lessor which are charged based on usage or performance (such as maintenance or utility charges).

Most leases have one or more options to renew beyond their initial term. The exercise of renewal options, mainly for office space and data centers, is at the Company's discretion and are included in the determination of the lease term for accounting purposes if they are reasonably certain to be exercised.

### ***Business Combinations, Goodwill, and Intangible Assets***

The Company accounts for acquired businesses using the acquisition method of accounting. The consideration transferred is allocated to the assets acquired and liabilities assumed based on their respective values at the acquisition date. The excess of the consideration transferred over the net of the amounts allocated to the identifiable assets acquired and liabilities assumed is recognized as goodwill.

In 2021, the Financial Accounting Standards Board ("FASB") issued a new accounting standards update that requires an acquirer to recognize and measure contract assets and contract liabilities in a business combination in accordance with ASC 606, *Revenue from Contracts with Customers*, rather than at fair value on the acquisition date as required under legacy U.S. GAAP. The Company adopted this update in 2021 and applied it to all business combinations occurring on or after January 1, 2021.

Goodwill is assigned to reporting units that are expected to benefit from the synergies of the business combination. Goodwill is not subject to amortization and is tested for impairment on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company tests goodwill at a reporting unit level. The fair value of the reporting unit is compared to its carrying value, including goodwill. Fair values are determined using a combination of standard valuation techniques, including an income approach (discounted cash flows) and market approaches (e.g., earnings before interest, taxes, depreciation, and amortization ("EBITDA") multiples of comparable publicly traded companies) and based on market participant assumptions. A goodwill impairment loss is measured at the amount by which a reporting unit's carrying amount exceeds its fair value, not to exceed the carrying amount of goodwill. See Note 11 for additional information.

Intangible assets are carried at cost and amortized on a straight-line basis over their estimated useful lives.

### ***Impairment of Long-lived Assets***

The Company reviews long-lived assets, including intangible assets and operating lease assets, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The assessment of possible impairment is based upon the Company's ability to recover the carrying value of the assets from the estimated undiscounted future net cash flows, before interest and taxes, of the related asset group. The amount of impairment loss, if any, is measured as the excess of the carrying value of the asset over the present value of estimated future cash flows, using a discount rate commensurate with the risks involved and based on assumptions representative of market participants.

### ***Foreign Currency Translation***

The functional currency of the Company's subsidiaries is generally the respective local currency. For operations outside of the U.S., assets and liabilities are translated into U.S. Dollars at the rate of exchange existing at the balance sheet date. Income statement amounts are translated at monthly average exchange rates applicable for the period. Translation gains and losses are included as a component of "Accumulated other comprehensive loss" in the Company's Consolidated Balance Sheets. Foreign currency transaction gains and losses are included in "Other income (expense), net" in the Company's Consolidated Statements of Operations.

### ***Derivatives***

#### ***Derivatives not Designated as Hedges***

As a result of the Company's operations outside of the U.S., it is exposed to various market risks that may affect its consolidated results of operations, cash flows, and financial position. These market risks include, but are not limited to, fluctuations in foreign currency exchange rates. For the Company's operations outside of the U.S., the primary foreign currency exposures are in Euros and British Pounds Sterling, the currencies in which the Company conducts a significant portion of its business activities. As a result, the Company faces exposure to adverse movements in foreign currency exchange rates as the financial results of its operations outside of the U.S. are translated from local currencies into U.S. Dollars upon consolidation. Additionally, foreign currency exchange rate fluctuations on transactions denominated in currencies other than the functional currency of an entity result in gains and losses that are reflected in net income.

The Company may enter into derivative instruments to hedge certain net exposures of nonfunctional currency denominated assets and liabilities and the volatility associated with translating earnings for its operations outside of the U.S. into U.S. Dollars, even though it does not elect to apply hedge accounting or hedge accounting does not apply. These contracts are generally short-term in duration. Certain of the Company's derivative instruments have master netting arrangements, which reduce credit risk by permitting net settlement of transactions with the same counterparty. The Company is exposed to the risk that counterparties to derivative instruments may fail to meet their contractual obligations. The Company regularly reviews its credit exposure and assesses the creditworthiness of its counterparties. The Company reports the fair value of its derivative assets and liabilities on a gross basis in the Consolidated Balance Sheets in "Other current assets" and "Accrued expenses and other current liabilities," respectively. Unless designated as hedges for accounting purposes, gains and losses resulting from changes in the fair value of derivative instruments are recognized in "Other income (expense), net" in the Consolidated Statements of Operations in the period that the changes occur and are classified within "Net cash provided by operating

activities" or "Net cash (used in) provided by financing activities," as appropriate, in the Consolidated Statements of Cash Flows. See Note 6 for additional information related to these derivative instruments.

#### *Derivatives Designated as Cash Flow Hedges*

See Note 6 for information related to derivatives designated as cash flow hedges.

#### *Non-derivative Instrument Designated as Net Investment Hedge*

The foreign currency transaction gains or losses on the Company's Euro-denominated debt are measured based upon changes in spot rates. The foreign currency transaction gains or losses on the Euro-denominated debt that is designated as a hedging instrument for accounting purposes are recorded in "Accumulated other comprehensive loss" in the Consolidated Balance Sheets. The foreign currency transaction gains or losses on the Euro-denominated debt that is not designated as a hedging instrument are recognized in "Other income (expense), net" in the Consolidated Statements of Operations. See Notes 12 and 14 for additional information related to the net investment hedge.

#### *Revenue Recognition*

##### *Online travel reservation services*

Substantially all of the Company's revenues are generated by providing online travel reservation services, which principally allows travelers to book travel reservations with travel service providers through the Company's platforms. While the Company generally refers to a consumer that books travel reservation services on the Company's platforms as its customer, for accounting purposes, the Company's customers are the travel service providers and, in certain merchant transactions, the travelers. The Company's contracts with travel service providers give them the ability to market their reservation availability without transferring responsibility to deliver the travel service to the Company. Therefore, the Company's revenues are presented on a net basis in the Consolidated Statements of Operations. These contracts include payment terms and establish the consideration to which the Company is entitled, which includes either a commission or a margin on the travel transaction. Revenue is measured based on the expected consideration specified in the contract with the travel service provider, considering the effects of factors such as discounts and other sales incentives. Estimates for sales incentives are based on historical experience, current trends, and forecasts, as applicable. Coupons are recorded as a reduction of the transaction price, generally at the time they are redeemed. The local occupancy taxes, general excise taxes, value-added taxes, sales taxes, and other similar taxes ("travel transaction taxes"), if any, collected from travelers are reported on a net basis in revenues in the Consolidated Statements of Operations.

Revenues for online travel reservation services are recognized at a point in time when the Company has completed its post-booking services and the travelers begin using the arranged travel services. These services are classified into two categories:

- Agency revenues are derived from travel-related transactions where the Company does not facilitate payments from travelers for the services provided. The Company invoices the travel service providers for its commissions in the month that travel is completed. Agency revenues consist almost entirely of travel reservation commissions from the Company's accommodation, rental car, and airline reservation services.
- Merchant revenues are derived from travel-related transactions where the Company facilitates payments from travelers for the services provided, generally at the time of booking. Merchant revenues are derived from transactions where travelers book accommodation, rental car, airline reservations, and other travel related services. Merchant revenues include travel reservation commissions and transaction net revenues (i.e., the amount charged to travelers less the amount owed to travel service providers) in connection with the Company's merchant reservations services; credit card processing rebates and customer processing fees; and ancillary fees, including travel-related insurance revenues.

##### *Advertising and Other Revenues*

Advertising and other revenues are primarily recognized by KAYAK and OpenTable. KAYAK recognizes advertising revenue primarily by sending referrals to online travel companies ("OTCs") and travel service providers and from advertising placements on its platforms. Revenue related to referrals is recognized when a consumer clicks on a referral placement or upon completion of the travel. Revenue for advertising placements is recognized based upon when a consumer clicks on an advertisement or when KAYAK displays an advertisement. OpenTable recognizes revenues for reservation fees when diners are seated through its online restaurant reservation service and subscription fees for restaurant management services on a straight-line basis over the contractual period in accordance with how the service is provided.



### *Incentives and Loyalty Programs*

The Company provides various incentive programs such as referral bonuses, rebates, credits, and discounts. In addition, the Company offers loyalty programs where participating consumers may be awarded loyalty points on current transactions that can be redeemed in the future. The estimated value of the incentives granted and the loyalty points expected to be redeemed is generally recognized as a reduction of revenue at the time they are granted.

### *Deferred Merchant Bookings*

Cash payments received from travelers in advance of the Company completing its performance obligations are included in "Deferred merchant bookings" in the Company's Consolidated Balance Sheets and are comprised principally of amounts estimated to be payable to travel service providers as well as the Company's estimated future revenue for its commission or margin and fees. The amounts are mostly subject to refunds for cancellations. The Company expects to complete its performance obligations generally within one year from the reservation date. The increase in the Deferred Merchant Booking balance during the year ended December 31, 2022 was principally due to the increase in business volumes.

### *Marketing Expenses*

The Company's advertising expenses are reported in "Marketing expenses" in the Consolidated Statements of Operations. Marketing expenses consist of performance marketing expenses and brand marketing expenses. Performance marketing expenses are expenses generally measured by return on investment or an increase in bookings over a specified time period. These expenses consist primarily of the costs of: (1) search engine keyword purchases; (2) referrals from meta-search and travel research websites; (3) affiliate programs; (4) offline and online brand marketing; and (5) other performance-based marketing and incentives. Performance marketing expenses are recognized as incurred. Included in "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets are accrued liabilities of \$480 million and \$306 million at December 31, 2022 and 2021, respectively, related to performance marketing. Brand marketing expenses are expenses incurred to build brand awareness over a specified time period. These expenses consist primarily of television advertising and online video and display advertising (including the airing of the Company's television advertising online), as well as other marketing expenses such as public relations and sponsorships. Brand marketing expenses are generally recognized as incurred with the exception of advertising production costs, which are deferred and expensed the first time the advertisement is displayed or broadcast.

### *Sales and Other Expenses*

Sales and other expenses are generally variable in nature and consist primarily of: (1) credit cards and other payment processing fees associated with merchant transactions; (2) fees paid to third parties that provide call center, website content translations, and other services; (3) chargeback provisions and fraud prevention expenses associated with merchant transactions; (4) customer relations costs; and (5) provisions for expected credit losses, primarily related to accommodation commission receivables and prepayments to certain customers.

### *Personnel*

Personnel expenses consist of compensation to the Company's personnel, including salaries, stock-based compensation, bonuses, payroll taxes and employee health and other benefits. Included in "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets are accrued liabilities of \$518 million and \$421 million at December 31, 2022 and 2021, respectively, related to personnel expenses.

### *Stock-Based Compensation*

Stock-based compensation expense related to performance share units, restricted stock units and stock options is recognized based on fair value on a straight-line basis over the respective requisite service periods and forfeitures are accounted for when they occur. The fair value on the grant date of performance share units and restricted stock units is determined based on the number of units granted and the quoted price of the Company's common stock. For performance share units with market conditions, the effect of the market condition is also considered in the determination of fair value on the grant date using Monte Carlo simulations. The fair value of employee stock options is determined using the Black-Scholes model.

The Company records stock-based compensation expense for performance-based awards using its estimate of the probable outcome at the end of the performance period (i.e., the estimated performance against the performance targets or performance goals, as applicable). The Company periodically adjusts the cumulative stock-based compensation expense recorded when the probable outcome for these performance-based awards is updated based upon changes in actual and forecasted operating results or expected achievement of performance goals, as applicable.

The benefits of tax deductions in excess of recognized compensation costs are recognized in the Consolidated Statements of Operations as a discrete item when an option exercise or a vesting and release of shares occurs. Excess tax benefits are presented as operating cash flows and cash payments for employee statutory tax withholding related to vested stock awards are presented as financing cash flows in the Consolidated Statements of Cash Flows.

#### ***Benefit Plans***

The Company maintains a defined contribution 401(k) savings plan covering certain U.S. employees. The Company also maintains certain other defined contribution plans outside of the United States for which it provides contributions for participating employees. The Company's matching contributions during the years ended December 31, 2022, 2021, and 2020 were \$40 million, \$32 million, and \$33 million, respectively.

#### ***Government Grants and Other Assistance***

The Company recognizes government grants in the financial statements when it is probable that the grant will be received and the Company will comply with the conditions of the grant. Government grants are recorded as a reduction in the related operating expense or the cost of the asset that they are intended to defray. The government grants received by the Company have principally been granted to defray personnel costs. See Note 20 for information related to government grants and other assistance.

#### ***Information Technology***

Information technology expenses consist primarily of: (1) software license and system maintenance fees; (2) outsourced data center and cloud computing costs; (3) payments to contractors; and (4) data communications and other expenses associated with operating the Company's services.

#### ***Restructuring, Disposal and Other Exit Activities***

The Company records employee severance and other termination costs that meet the requirements for recognition in accordance with the relevant guidance of ASC 420, *Exit or Disposal Cost Obligations*, or ASC 712, *Compensation - Nonretirement Postemployment Benefits*, as applicable. For involuntary termination benefits that are not provided under the terms of an ongoing benefit arrangement, the liability for the current fair value of expected future costs associated with a management-approved restructuring plan is recognized in the period in which the plan is communicated to the employees and the plan is not expected to change significantly. For ongoing benefit arrangements, inclusive of statutory requirements, employee termination costs are accrued when the existing situation or set of circumstances indicates that an obligation has been incurred, it is probable the benefits will be paid, and the amount can be reasonably estimated. Termination benefits associated with voluntary leaver schemes are recorded when the employee irrevocably accepts the offer and the amount can be reasonably estimated.

Long-lived assets to be sold are classified as held for sale in the period in which the requirements for such classification are met in accordance with ASC 360, *Property, Plant, and Equipment*. Assets that are classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell.

#### ***Income Taxes***

The Company accounts for income taxes under the asset and liability method. The Company records the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and amounts reported in the Consolidated Balance Sheets, as well as operating loss and tax credit carryforwards. Deferred taxes are classified as non-current in the Consolidated Balance Sheets.

The Company records deferred tax assets to the extent it believes these assets will more likely than not be realized. The Company regularly reviews its deferred tax assets for recoverability considering historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences, the carryforward periods available for tax reporting purposes, and tax planning strategies. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the period in which related temporary differences become deductible. In determining the future tax consequences of events that have been recognized in the financial statements or tax returns, significant judgments, estimates, and interpretation of statutes are required.

Deferred taxes are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date of such change.

The Company recognizes liabilities when it believes that uncertain positions may not be fully sustained upon audit by the tax authorities. Liabilities recognized for uncertain tax positions are based on a two-step approach for recognition and measurement. First, the Company evaluates the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit based on its technical merits. Second, the Company measures the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. Interest and penalties attributable to uncertain tax positions, if any, are recognized as a component of income tax expense.

The Company accounts for taxes on global intangible low-taxed income ("GILTI") introduced by the U.S. Tax Cuts and Jobs Act (the "Tax Act") as period costs. See Note 15 for further details related to income taxes.

### ***Contingencies***

Loss contingencies (other than income tax-related contingencies) arise from actual or possible claims and assessments and pending or threatened litigation that may be brought against the Company by individuals, governments or other entities. Based on the Company's assessment of loss contingencies at each balance sheet date, a loss is recorded in the financial statements if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated.

### **Recent Accounting Pronouncements Adopted**

#### *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*

On January 1, 2022, the Company adopted the new accounting standards update relating to convertible instruments and contracts in an entity's own equity. Compared to legacy U.S. GAAP, the accounting standards update reduces the number of accounting models for convertible debt instruments, requires fewer embedded conversion features to be separately recognized from the host contract, and amends certain guidance to reduce form-over-substance-based accounting conclusions. Under the updated guidance, upon the initial recognition of convertible debt, the Company presents the entire amount attributable to the debt as a liability. The initial carrying amount of the convertible debt liability is reduced by any direct and incremental issuance costs paid to third parties that are associated with the convertible debt issuance. No amount attributable to the debt is initially recognized within equity unless the instrument is issued at a substantial premium. In calculating diluted earnings per share, the accounting standards update also requires the use of the if-converted method for the Company's convertible debt.

The Company adopted the accounting standards update on a modified retrospective basis applied to the 0.75% convertible senior notes due May 2025 (see Note 12) resulting in an increase of \$30 million to "Retained earnings" as of January 1, 2022. The significant corresponding balance sheet changes as of that date were an increase of \$86 million to "Long-term debt" and decreases of \$96 million to "Additional paid-in capital" and \$21 million to "Deferred income taxes." For the Company's convertible debt, interest expense for the periods beginning on January 1, 2022 is reflected in the financial statements using interest rates that are closer to the coupon interest rate of the debt rather than the higher imputed interest expense that resulted from the separation of conversion features required by legacy U.S. GAAP. See Note 8 for additional information on net income per share calculations.

### **Other Recent Accounting Pronouncements**

#### *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*

In June 2022, the FASB issued an accounting standards update with guidance on the fair value measurement of equity securities subject to contractual sale restrictions. The update clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The update also clarifies that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The update also requires certain additional disclosures for equity securities subject to contractual sale restrictions. The amendments in this update are effective for the Company beginning January 1, 2024 on a prospective basis. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Company does not expect the adoption of the accounting standards update to have a material impact on its Consolidated Financial Statements.

### **3. REVENUE**

#### **Disaggregation of Revenue**

##### ***Revenue by Type of Service***

Approximately 89%, 87%, and 88% of the Company's revenues for the years ended December 31, 2022, 2021, and 2020, respectively, relates to online accommodation reservation services. Revenue from all other sources of online travel reservation services and advertising and other revenues each individually represent less than 10% of the Company's total revenues for each year. Substantially all of the Company's agency revenue is from Booking.com's accommodation reservations.

##### ***Revenue by Geographic Area***

See Note 17 for the information related to revenue by geographic area.

#### **Incentives and Loyalty Programs**

At December 31, 2022 and 2021, liabilities of \$143 million and \$71 million, respectively, were included in "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets for incentives granted and loyalty programs.

During the year ended December 31, 2020, the Company recorded a decrease of \$28 million to the liability for loyalty programs, primarily due to changes in estimates of the number of loyalty points expected to be redeemed prior to expiration under OpenTable's loyalty program, with a corresponding increase to revenue. In addition, during the year ended December 31, 2020, the Company offered additional rebates to customers meeting certain eligibility requirements under an incentive program at Booking.com, which resulted in a reduction of revenue of \$100 million during the year ended December 31, 2020.

#### **Refunds to Travelers**

Due to the high level of cancellations of existing reservations as a result of the COVID-19 pandemic (see Note 2), in 2020, the Company incurred higher than normal cash outlays to refund travelers for prepaid reservations, including certain situations where the Company had already transferred the prepayment to the travel service provider. For the year ended December 31, 2020, the Company recorded a reduction in revenue of \$44 million for refunds paid or estimated to be payable to travelers where the Company had agreed to provide free cancellation for certain non-refundable reservations without a corresponding estimated expected recovery from the travel service providers.

### **4. STOCK-BASED COMPENSATION**

The Company's 1999 Omnibus Plan, as amended and restated effective June 3, 2021, (the "1999 Plan") is the primary stock compensation plan from which broad-based employee, non-employee director, and consultant equity awards may be made. At December 31, 2022, there were 1,226,245 shares of common stock available for future grant under the 1999 Plan. In addition, under plans assumed in connection with various acquisitions, there were 18,865 shares of common stock available for future grant at December 31, 2022.

Stock-based compensation issued under the plans generally consists of restricted stock units, performance share units, and stock options. Performance share units and restricted stock units are payable in shares of the Company's common stock upon vesting. The Company issues shares of its common stock upon the exercise of stock options. The tax benefit related to stock-based compensation was \$40 million, \$37 million, and \$30 million for the years ended December 31, 2022, 2021, and 2020, respectively.

Due to the impact of the COVID-19 pandemic (see Note 2), there was a significant decline, as of March 31, 2020, in the estimated performance over the performance periods against the performance targets and consequently, a significant reduction in the number of shares that were probable to be issued as compared to December 31, 2019. As a result, for the three months ended March 31, 2020, the Company recognized a reduction in stock-based compensation expense of \$73 million, which is included in "Personnel" expense in the Consolidated Statement of Operations for the year ended December 31, 2020. During the three months ended June 30, 2020, considering pre-COVID-19 performance and the significant effect of the COVID-19 pandemic on Company performance and consequently on the number of shares that were probable to be issued to employees, the Company modified the performance-based awards granted in 2018 (other than the performance-based awards granted to executive officers and certain other employees) to adjust the number of shares to be issued, subject to other vesting conditions. As a result, the Company incurred additional stock-based compensation expense of \$11 million, which was

recognized over the remaining requisite service period. In 2021, the Company modified the performance-based awards granted in 2018 and 2019 to its executive officers to adjust the number of shares to be issued, subject to other vesting conditions. The modification, in aggregate, resulted in additional stock-based compensation expense of \$40 million, which was recognized over the remaining requisite service periods for the performance-based awards.

Restricted stock units and performance share units granted by the Company during the years ended December 31, 2022, 2021, and 2020 had an aggregate grant-date fair value of \$490 million, \$421 million, and \$392 million, respectively. Restricted stock units and performance share units that vested during the years ended December 31, 2022, 2021, and 2020 had an aggregate fair value at vesting of \$400 million, \$395 million, and \$358 million, respectively. At December 31, 2022, there was \$519 million of estimated total future stock-based compensation expense related to unvested restricted stock units and performance share units to be recognized over a weighted-average period of 1.8 years.

### Restricted Stock Units

The Company makes broad-based grants of restricted stock units that generally vest during a period of one- to three-years, subject to certain exceptions for terminations other than for "cause," for "good reason," or on account of death or disability.

The following table summarizes the activity of restricted stock units for employees and non-employee directors during the year ended December 31, 2022:

| Restricted Stock Units               | Shares         | Weighted-average Grant-date Fair Value |
|--------------------------------------|----------------|----------------------------------------|
| <b>Unvested at December 31, 2021</b> | <b>281,924</b> | <b>\$ 1,914</b>                        |
| Granted                              | 180,259        | \$ 2,098                               |
| Vested                               | (147,201)      | \$ 1,809                               |
| Forfeited                            | (34,522)       | \$ 2,058                               |
| <b>Unvested at December 31, 2022</b> | <b>280,460</b> | <b>\$ 2,070</b>                        |

### Performance Share Units

The Company grants performance share units to executives and certain other employees, which generally vest at the end of a three-year period (with the exception of certain shorter term performance share units granted in 2022 and 2021 that vest at the end of one and two years), subject to certain exceptions for terminations other than for "cause," for "good reason," or on account of death or disability. The number of shares that ultimately vest depends on achieving certain performance metrics, performance goals, stock price increase and/or relative total shareholder return, as applicable, by the end of the performance period, assuming there is no accelerated vesting for, among other things, a termination of employment under certain circumstances.

The following table summarizes the activity of performance share units for employees during the year ended December 31, 2022:

| Performance Share Units                             | Shares         | Weighted-average Grant-date Fair Value |
|-----------------------------------------------------|----------------|----------------------------------------|
| <b>Unvested at December 31, 2021 <sup>(1)</sup></b> | <b>108,323</b> | <b>\$ 2,123</b>                        |
| Granted <sup>(2)(3)</sup>                           | 50,443         | \$ 2,210                               |
| Vested                                              | (44,276)       | \$ 1,859                               |
| Performance shares adjustment <sup>(4)</sup>        | 33,742         | \$ 2,390                               |
| Forfeited                                           | (4,530)        | \$ 2,244                               |
| <b>Unvested at December 31, 2022</b>                | <b>143,702</b> | <b>\$ 2,294</b>                        |

- (1) Excludes 12,251 performance share units awarded during the year ended December 31, 2021 for which the grant date under ASC 718, *Compensation - Stock Compensation*, was not established as of December 31, 2021. Among other conditions, for the grant date to be established, a mutual understanding is required to be reached between the Company and the employee of the key terms and conditions of the award, including the performance targets. The performance targets for each of the annual performance periods under the award are set at the beginning of the respective year.
- (2) Excludes 9,692 performance share units awarded during the year ended December 31, 2022 for which the grant date under ASC 718 has not been established as of December 31, 2022.

- (3) Includes 7,856 performance share units awarded during the year ended December 31, 2021 for which the grant date under ASC 718 was established during the year ended December 31, 2022.
- (4) Probable outcome for performance-based awards is updated based upon changes in actual and forecasted operating results or expected achievement of performance goals, as applicable, and the impact of modifications.

## Stock Options

In 2020, the Company granted stock options to certain employees that vest in March 2023, subject to certain exceptions for terminations other than for "cause," for "good reason," or on account of death or disability. No stock options were granted to the executive officers of the Company. Stock options granted or assumed in acquisitions generally have a term of 10 years from the grant date. The fair value of stock options granted is estimated on the grant date using the Black-Scholes option pricing model and is affected by assumptions regarding a number of complex and subjective variables. The use of an option pricing model requires the use of several assumptions including expected volatility, risk-free interest rate, expected dividends, and expected term. Expected volatility is based on the Company's historical volatility over the expected term of the option and implied volatility of publicly traded options of the Company's common stock. The expected term of the options represents the estimated period of time until option exercise. Since the Company has limited historical stock option exercise experience, the Company used the simplified method in estimating the expected term, which is calculated as the average of the sum of the vesting term and the original contractual term of the options. The risk-free interest rate is based on U.S. Treasury zero-coupon issues at the time of grant for the expected term of the option.

The following table summarizes the assumptions used to value options granted during the year ended December 31, 2020 using the Black-Scholes options pricing model:

### Black-Scholes assumptions

|                                 |        |
|---------------------------------|--------|
| Risk-free interest rate         | 0.56 % |
| Expected term in years          | 6.4    |
| Expected stock price volatility | 33.8 % |
| Expected dividend yield         | 0 %    |

Stock options granted by the Company during the year ended December 31, 2020 had an aggregate grant-date fair value of \$79 million and a weighted-average grant-date fair value per option of \$485.

The following table summarizes the activity for stock options during the year ended December 31, 2022:

| Employee Stock Options           | Number of Shares | Weighted-average Exercise Price | Aggregate Intrinsic Value (in millions) | Weighted-average Remaining Contractual Term (in years) |
|----------------------------------|------------------|---------------------------------|-----------------------------------------|--------------------------------------------------------|
| Balance, December 31, 2021       | 135,851          | \$ 1,407                        | \$ 135                                  | 8.3                                                    |
| Exercised                        | (5,306)          | \$ 1,374                        |                                         |                                                        |
| Forfeited                        | (9,732)          | \$ 1,411                        |                                         |                                                        |
| Balance, December 31, 2022       | 120,813          | \$ 1,408                        | \$ 73                                   | 7.3                                                    |
| Exercisable at December 31, 2022 | 624              | \$ 891                          | \$ 1                                    | 1.2                                                    |

## 5. INVESTMENTS

The following table summarizes the Company's investments by major security type at December 31, 2022 (in millions):

|                                                         | Cost            | Gross<br>Unrealized<br>Gains /<br>Upward<br>Adjustments | Gross<br>Unrealized<br>Losses /<br>Downward<br>Adjustments | Carrying<br>Value |
|---------------------------------------------------------|-----------------|---------------------------------------------------------|------------------------------------------------------------|-------------------|
| <b>Short-term investments:</b>                          |                 |                                                         |                                                            |                   |
| Debt securities:                                        |                 |                                                         |                                                            |                   |
| International government securities                     | \$ 13           | \$ —                                                    | \$ —                                                       | \$ 13             |
| U.S. government securities <sup>(1)</sup>               | 131             | —                                                       | (1)                                                        | 130               |
| Corporate debt securities                               | 32              | —                                                       | —                                                          | 32                |
| <b>Total short-term investments</b>                     | <b>\$ 176</b>   | <b>\$ —</b>                                             | <b>\$ (1)</b>                                              | <b>\$ 175</b>     |
| <b>Long-term investments:</b>                           |                 |                                                         |                                                            |                   |
| Debt securities:                                        |                 |                                                         |                                                            |                   |
| International government securities                     | \$ 63           | \$ —                                                    | \$ (1)                                                     | \$ 62             |
| U.S. government securities <sup>(1)</sup>               | 147             | —                                                       | (3)                                                        | 144               |
| Corporate debt securities                               | 366             | —                                                       | (7)                                                        | 359               |
| <b>Total debt securities</b>                            | <b>576</b>      | <b>—</b>                                                | <b>(11)</b>                                                | <b>565</b>        |
| Equity securities:                                      |                 |                                                         |                                                            |                   |
| Equity securities with readily determinable fair values | 1,165           | 1,352                                                   | (446)                                                      | 2,071             |
| Equity securities of private companies                  | 78              | 259                                                     | (184)                                                      | 153               |
| <b>Total equity securities</b>                          | <b>1,243</b>    | <b>1,611</b>                                            | <b>(630)</b>                                               | <b>2,224</b>      |
| <b>Total long-term investments</b>                      | <b>\$ 1,819</b> | <b>\$ 1,611</b>                                         | <b>\$ (641)</b>                                            | <b>\$ 2,789</b>   |

(1) Includes investments in U.S. municipal bonds.

The following table summarizes the Company's investments by major security type at December 31, 2021 (in millions):

|                                                         | Cost            | Gross<br>Unrealized<br>Gains /<br>Upward<br>Adjustments | Gross<br>Unrealized<br>Losses /<br>Downward<br>Adjustments | Carrying<br>Value |
|---------------------------------------------------------|-----------------|---------------------------------------------------------|------------------------------------------------------------|-------------------|
| <b>Short-term investments:</b>                          |                 |                                                         |                                                            |                   |
| Debt securities:                                        |                 |                                                         |                                                            |                   |
| Corporate debt securities                               | \$ 25           | \$ —                                                    | \$ —                                                       | \$ 25             |
| <b>Long-term investments:</b>                           |                 |                                                         |                                                            |                   |
| Equity securities:                                      |                 |                                                         |                                                            |                   |
| Equity securities with readily determinable fair values | \$ 1,165        | \$ 1,990                                                | \$ (305)                                                   | \$ 2,850          |
| Equity securities of private companies                  | 66              | 259                                                     | —                                                          | 325               |
| <b>Total equity securities</b>                          | <b>1,231</b>    | <b>2,249</b>                                            | <b>(305)</b>                                               | <b>3,175</b>      |
| <b>Total long-term investments</b>                      | <b>\$ 1,231</b> | <b>\$ 2,249</b>                                         | <b>\$ (305)</b>                                            | <b>\$ 3,175</b>   |

The Company has classified its investments in international government securities, U.S. government securities, and corporate debt securities as available-for-sale debt securities. The aggregate unrealized gains and losses, net of tax, are reflected in "Accumulated other comprehensive loss" in the Consolidated Balance Sheets. The Company's investment policy seeks to preserve capital and maintain sufficient liquidity to meet operational and other needs of the business. At December 31, 2022, the Company's investments in debt securities had an average credit quality of A+/A1/A+ and the Company's long-term investments in available-for-sale debt securities had maturity dates between 1 and 2 years.

The Company invests in international government securities with high credit quality. At December 31, 2022, investments in international government securities principally included debt securities issued by the governments of Germany, France, Norway, Sweden, and Canada.

During the year ended December 31, 2020, the Company realized \$2.2 billion in cash from sales and maturities of its investments in government and corporate debt securities.

Equity securities with readily determinable fair values include the Company's investments in Meituan, Grab Holdings Limited ("Grab"), and DiDi Global Inc. ("DiDi"), with fair values of \$1.8 billion, \$136 million, and \$125 million, respectively, at December 31, 2022 and \$2.3 billion, \$301 million, and \$195 million, respectively, at December 31, 2021, which are included in "Long-term investments" in the Consolidated Balance Sheets.

Net unrealized (losses) gains related to these investments included in "Other income (expense), net" in the Consolidated Statements of Operations for the years ended December 31, 2022, 2021, and 2020 were as follows (in millions):

|         | Year Ended December 31, |          |          |
|---------|-------------------------|----------|----------|
|         | 2022                    | 2021     | 2020     |
| Meituan | \$ (526)                | \$ (731) | \$ 2,006 |
| Grab    | (165)                   | 101      | —        |
| DiDi    | (70)                    | (205)    | (100)    |

The Company invested \$200 million in preferred shares of Grab Holdings Inc. Prior to the business combination transaction involving Grab Holdings Inc., Grab and Altimeter Growth Corp. (the "Grab Transaction"), the Company's investment in Grab was classified as a debt security for accounting purposes with the aggregate unrealized gains and losses, net of tax reflected in "Accumulated other comprehensive loss" in the Consolidated Balance Sheets. In December 2021, the Company's investment in preferred shares were converted to Class A ordinary shares of Grab and such ordinary shares began publicly trading on the NASDAQ Stock Market. As a result, the Company's investment was classified as equity securities with readily determinable fair values and the aggregate unrealized gains of \$265 million was reclassified from "Accumulated other comprehensive loss" in the Consolidated Balance Sheet to "Other income (expense), net" in the Consolidated Statement of Operations for the year ended December 31, 2021 (see Note 6).

The Company invested \$500 million in preferred shares of DiDi Global Inc. ("DiDi"). The investment was classified as equity securities without readily determinable fair values and measured at cost less impairment, if any. The investment was also required to be measured at fair value as of the date of certain observable transactions for identical or a similar investment issued by DiDi. During the three months ended March 31, 2020, the Company recognized an impairment charge of \$100 million to the investment due to the impact of COVID-19 pandemic (see Note 2). As a result of DiDi's initial public offering in 2021, the Company's investment was converted to Class A ordinary shares and classified as equity securities with readily determinable fair values. In June 2022, DiDi delisted its American Depositary Shares ("ADSs") from the New York Stock Exchange. The shares are currently trading in the over-the-counter market with trade prices publicly reported by OTC Markets Group Inc.

In January 2023, the Board of Directors of the Company approved the sale of the Company's investment in equity securities of Meituan. The Company completed the sale in February 2023 and received gross proceeds of \$1.7 billion. The cost basis of the Company's investment in Meituan was \$450 million.



The Company's investments in equity securities of private companies at December 31, 2022 and 2021, includes \$51 million originally invested in Yanolja Co., Ltd. ("Yanolja"). A new round of funding and certain other transactions in the equity securities of Yanolja were completed in October 2021. As a result of these observable transactions, the Company recorded an unrealized gain of \$255 million in "Other income (expense), net" in the Consolidated Statement of Operations for the year ended December 31, 2021 that resulted in an adjusted carrying value of \$306 million as of December 31, 2021. During the three months ended June 30, 2022, considering the significant adverse changes in the market valuations of companies in the travel and technology industries in 2022, the Company evaluated its investment in Yanolja for impairment and recognized an impairment charge of \$184 million, resulting in an adjusted carrying value of \$122 million at June 30, 2022 and December 31, 2022 (see Note 6).

## 6. FAIR VALUE MEASUREMENTS

Financial assets and liabilities measured at fair value on a recurring basis at December 31, 2022 and nonrecurring fair value measurements are categorized below based on the level of inputs to the valuation techniques used to measure fair value (see Note 2) (in millions):

|                                                                     | Level 1          | Level 2       | Level 3     | Total            |
|---------------------------------------------------------------------|------------------|---------------|-------------|------------------|
| <b><u>Recurring fair value measurements</u></b>                     |                  |               |             |                  |
| <b>ASSETS:</b>                                                      |                  |               |             |                  |
| <b>Cash equivalents and restricted cash equivalents:</b>            |                  |               |             |                  |
| Money market fund investments                                       | \$ 11,483        | \$ —          | \$ —        | \$ 11,483        |
| Time deposits and certificates of deposit                           | 60               | —             | —           | 60               |
| <b>Short-term investments:</b>                                      |                  |               |             |                  |
| International government securities                                 | —                | 13            | —           | 13               |
| U.S. government securities                                          | —                | 130           | —           | 130              |
| Corporate debt securities                                           | —                | 32            | —           | 32               |
| <b>Long-term investments:</b>                                       |                  |               |             |                  |
| International government securities                                 | —                | 62            | —           | 62               |
| U.S. government securities                                          | —                | 144           | —           | 144              |
| Corporate debt securities                                           | —                | 359           | —           | 359              |
| Equity securities                                                   | 2,071            | —             | —           | 2,071            |
| <b>Derivatives:</b>                                                 |                  |               |             |                  |
| Foreign currency exchange derivatives                               | —                | 65            | —           | 65               |
| Total assets at fair value                                          | <u>\$ 13,614</u> | <u>\$ 805</u> | <u>\$ —</u> | <u>\$ 14,419</u> |
| <b>LIABILITIES:</b>                                                 |                  |               |             |                  |
| Foreign currency exchange derivatives                               | \$ —             | \$ 26         | \$ —        | \$ 26            |
| <b><u>Nonrecurring fair value measurements</u></b>                  |                  |               |             |                  |
| Investment in equity securities of a private company <sup>(1)</sup> | \$ —             | \$ —          | \$ 122      | \$ 122           |

- (1) During the three months ended June 30, 2022, the Company's investment in Yanolja was written down to its estimated fair value (see Note 5).

Financial assets and liabilities measured at fair value on a recurring basis at December 31, 2021 and nonrecurring fair value measurements are categorized below based on the level of inputs to the valuation techniques used to measure fair value (see Note 2) (in millions):

|                                                                      | Level 1          | Level 2      | Total            |
|----------------------------------------------------------------------|------------------|--------------|------------------|
| <b><u>Recurring fair value measurements</u></b> <sup>(1)</sup>       |                  |              |                  |
| <b>ASSETS:</b>                                                       |                  |              |                  |
| <b>Cash equivalents and restricted cash equivalents:</b>             |                  |              |                  |
| Money market fund investments                                        | \$ 10,410        | \$ —         | \$ 10,410        |
| Time deposits and certificates of deposit                            | 25               | —            | 25               |
| <b>Short-term investments:</b>                                       |                  |              |                  |
| Corporate debt securities                                            | —                | 25           | 25               |
| <b>Long-term investments:</b>                                        |                  |              |                  |
| Equity securities                                                    | 2,850            | —            | 2,850            |
| <b>Derivatives:</b>                                                  |                  |              |                  |
| Foreign currency exchange derivatives                                | —                | 5            | 5                |
| Total assets at fair value                                           | <u>\$ 13,285</u> | <u>\$ 30</u> | <u>\$ 13,315</u> |
| <b>LIABILITIES:</b>                                                  |                  |              |                  |
| Foreign currency exchange derivatives                                | \$ —             | \$ 11        | \$ 11            |
| <b><u>Nonrecurring fair value measurements</u></b>                   |                  |              |                  |
| Investments in equity securities of private companies <sup>(2)</sup> | \$ —             | \$ 325       | \$ 325           |

(1) The Company did not have any Level 3 fair value measurements at December 31, 2021.

(2) During the year ended December 31, 2021, the Company recorded upward adjustments to its investments in equity securities of private companies, including Yanolja, based on observable price changes in orderly transactions for identical or similar investments of the same issuer (see Note 5).

### ***Rollforward of Level 3 Recurring Fair Value Measurements***

The following table summarizes the fair value adjustments for debt securities measured using significant unobservable inputs (Level 3) (in millions):

|                                 | Year Ended<br>December 31, 2021 |
|---------------------------------|---------------------------------|
| Balance, beginning of year      | \$ 200                          |
| Unrealized gains <sup>(1)</sup> | 265                             |
| Transfers out of Level 3        | (465)                           |
| Balance, end of year            | <u>\$ —</u>                     |

(1) During the year ended December 31, 2021, as a result of the Grab Transaction, the Company's investment in Grab was reclassified as equity securities with readily determinable fair values (see Note 5).

### **Investments**

See Note 5 for additional information related to the Company's investments.

The valuation of the Company's investments in debt securities is considered a "Level 2" valuation because the Company has access to quoted prices for identical or comparable securities, but does not have visibility into the volume and frequency of trading for this investment. A market approach is used for recurring fair value measurements and the valuation techniques use inputs that are observable, or can be corroborated by observable data, in an active marketplace.

### *Investments in private companies measured using Level 3 inputs*

The Company's investments measured using Level 3 inputs primarily consist of investments in privately-held companies. Fair values of privately-held securities are estimated using a variety of valuation methodologies, including both market and income approaches. The Company uses valuation techniques appropriate for the type of investment and the information available about the investee as of the valuation date to determine fair value. Recent financing transactions in the investee are generally considered the best indication of the enterprise value and therefore used as a basis to estimate fair value. However, based on a number of factors, such as the proximity in timing to the valuation date or the volume or other terms of these financing transactions, the Company may also use other valuation techniques to supplement this data, including the income approach. When a recent financing transaction occurs and represents fair value, the Company also uses the calibration process, as appropriate, when estimating fair value on subsequent measurement dates. Calibration is the process of using observed transactions in the investee company's own instruments to ensure that the valuation techniques that will be employed to value the investee company investment on subsequent measurement dates begin with assumptions that are consistent with the original observed transaction as well as any more recent observed transactions in the instruments issued by the investee company.

During the three months ended June 30, 2022, the investment in Yanolja was written-down to its estimated fair value. The Company used unobservable inputs to determine fair value. The Company used a combination of the market approach and the income approach in estimating the fair value of its investment in Yanolja as of June 30, 2022. The market approach estimates value using prices and other relevant information generated by market transactions involving identical or comparable companies. The income approach estimates value based on the expectation of future cash flows that a company will generate. These future cash flows are discounted to their present values using a discount rate based on a company's weighted-average cost of capital and is adjusted to reflect the risks inherent in its cash flows. The key unobservable inputs and ranges used in estimating the fair value of our investment in Yanolja as of June 30, 2022 include, for the market approach, percentage decrease in the calibrated EBITDA multiple (36%) and for the income approach, the weighted average cost of capital (10%-14%) and terminal EBITDA multiple (14x-16x). Significant changes in any of these inputs in isolation would result in significantly different fair value measurements. Generally, a change in the assumption used for EBITDA multiples would result in a directionally similar change in the fair value and a change in the assumption used for weighted average cost of capital would result in a directionally opposite change in the fair value.

The determination of the fair values of investments, where the Company is a minority shareholder and has access to limited information from the investee, reflects numerous assumptions that are subject to various risks and uncertainties, including key assumptions regarding the investee's expected growth rates and operating margin, as well as other key assumptions with respect to matters outside of the Company's control, such as discount rates and market comparables. It requires significant judgments and estimates and actual results could be materially different than those judgments and estimates utilized in the fair value estimate. Future events and changing market conditions may lead the Company to re-evaluate the assumptions reflected in the valuation which may result in a need to recognize an additional impairment charge that could have a material adverse effect on the Company's results of operations.

### ***Derivatives***

In the normal course of business, the Company is exposed to the impact of foreign currency fluctuations. The Company mitigates these risks by following established risk management policies and procedures, including the use of derivatives. The Company enters into foreign currency forward contracts to hedge its exposure to the impact of movements in foreign currency exchange rates on its transactional balances denominated in currencies other than the functional currency. The Company does not use derivatives for trading or speculative purposes.

The Company's derivative instruments are valued using pricing models. Pricing models take into account the contract terms as well as multiple inputs where applicable, such as interest rate yield curves, option volatility, and foreign currency exchange rates. The valuation of derivatives is considered "Level 2" fair value measurement. The Company's derivative instruments are typically short-term in nature. The Company reports the fair values of its derivative assets and liabilities on a gross basis in the Consolidated Balance Sheets in "Other current assets" and "Accrued expenses and other current liabilities," respectively.

As of December 31, 2022 and 2021, the Company did not designate any derivatives as hedges for accounting purposes. Gains and losses resulting from changes in the fair values of derivative instruments are recognized in "Other income (expense), net" in the Consolidated Statements of Operations in the period that the changes occur and cash flow impacts, if any, are classified within "Net cash provided by operating activities" or "Net cash (used in) provided by financing activities," as appropriate, in the Consolidated Statements of Cash Flows.

The table below provides estimated fair values and notional amounts of foreign currency exchange derivatives outstanding at December 31, 2022 and 2021 (in millions). The notional amount of a foreign currency forward contract is the contracted amount of foreign currency to be exchanged and is not recorded in the balance sheet.

|                                                | December 31, |        |
|------------------------------------------------|--------------|--------|
|                                                | 2022         | 2021   |
| Estimated fair value of derivative assets      | \$ 65        | \$ 5   |
| Estimated fair value of derivative liabilities | 26           | 11     |
| Notional amount:                               |              |        |
| Foreign currency purchases                     | \$ 2,870     | \$ 840 |
| Foreign currency sales                         | 2,682        | 1,857  |

The effect of foreign currency exchange derivatives recorded in "Other income (expense), net" in the Consolidated Statements of Operations for the years ended December 31, 2022, 2021, and 2020 is as follows (in millions):

|                                                 | Year Ended December 31, |       |       |
|-------------------------------------------------|-------------------------|-------|-------|
|                                                 | 2022                    | 2021  | 2020  |
| Losses on foreign currency exchange derivatives | \$ 52                   | \$ 30 | \$ 31 |

#### *Derivatives designated as cash flow hedges*

In March 2021, the Company entered into reverse treasury lock agreements with certain financial institutions, with an aggregate notional amount of \$1.8 billion and expiration date of March 31, 2021, to hedge the risk of changes in the cash flows related to the planned redemption, in April 2021, of the Senior Notes due April 2025 (the "April 2025 Notes") and the Senior Notes due April 2027 (the "April 2027 Notes") attributable to changes in the underlying U.S. treasury notes' interest rates. The Company designated the reverse treasury lock agreements as cash flow hedges. As of March 31, 2021, the Company recognized unrealized losses of \$15 million in "Accumulated other comprehensive loss" in the Consolidated Balance Sheet. In April 2021, the Company settled the reverse treasury lock agreements for an aggregate amount of \$15 million and also redeemed the April 2025 Notes and the April 2027 Notes. The cash flows related to the reverse treasury lock agreements are classified within "Net cash (used in) provided by financing activities" in the Consolidated Statement of Cash Flows. During the three months ended June 30, 2021, the Company reclassified the losses on the cash flow hedges from "Accumulated other comprehensive loss" in the Consolidated Balance Sheet to "Other income (expense), net" in the Consolidated Statement of Operations, concurrently with the recognition of the losses upon early extinguishment of the April 2025 Notes and the April 2027 Notes (see Note 12).

#### ***Other Financial Assets and Liabilities***

At December 31, 2022 and 2021, the Company's cash consisted of bank deposits. Cash equivalents principally include money market fund investments, time deposits, and certificates of deposit and their carrying value generally approximates the fair value as they are readily convertible to known amounts of cash. Other financial assets and liabilities, including restricted cash, accounts payable, accrued expenses, and deferred merchant bookings, are carried at cost which approximates their fair values because of the short-term nature of these items. Accounts receivable and other financial assets measured at amortized cost are carried at cost less an allowance for expected credit losses to present the net amount expected to be collected (see Note 7). See Note 12 for the estimated fair value of the Company's outstanding senior notes, including the estimated fair value of the Company's convertible senior notes.

#### ***Goodwill***

See Note 11 for nonrecurring fair value measurements related to the goodwill impairment test.

## 7. ACCOUNTS RECEIVABLE AND OTHER FINANCIAL ASSETS

Accounts receivable in the Consolidated Balance Sheets at December 31, 2022 and 2021 includes receivables from customers of \$1.5 billion and \$1.1 billion, respectively, and receivables from payment processors and networks of \$730 million and \$343 million, respectively. The remaining balance principally relates to receivables from marketing affiliates. The Company's receivables are short-term in nature. In addition, the Company had prepayments to certain customers of \$29 million and \$67 million, included in "Prepaid expenses, net," and \$5 million and \$18 million, included in "Other assets, net" in the Consolidated Balance Sheets at December 31, 2022 and 2021, respectively. The amounts mentioned above are stated on a gross basis, before deducting the allowance for expected credit losses.

In 2020, due to the impact of the COVID-19 pandemic (see Note 2), given the severe downturn in the global travel industry and the financial difficulties faced by many of the Company's travel service provider and restaurant customers and marketing affiliates, the Company increased its provision for expected credit losses on receivables from and prepayments to its customers and marketing affiliates. Significant judgments and assumptions are required to estimate the allowance for expected credit losses and such assumptions may change in future periods, particularly the assumptions related to the business prospects and financial condition of customers and marketing affiliates, including the impact of the COVID-19 pandemic, macroeconomic conditions, inflationary pressures, potential recession, and the Company's ability to collect the receivable or recover the prepayment.

The following table summarizes the activity of the allowance for expected credit losses on receivables (in millions):

|                                          | Year Ended December 31, |               |               |
|------------------------------------------|-------------------------|---------------|---------------|
|                                          | 2022                    | 2021          | 2020          |
| Balance, beginning of year               | \$ 101                  | \$ 166        | \$ 49         |
| Provision charged to earnings            | 130                     | 48            | 216           |
| Write-offs and adjustments               | (110)                   | (107)         | (116)         |
| Foreign currency translation adjustments | (4)                     | (6)           | 17            |
| Balance, end of year                     | <u>\$ 117</u>           | <u>\$ 101</u> | <u>\$ 166</u> |

The allowance for expected credit losses on receivables includes a portion of the amounts related to refunds paid or payable to certain travelers without a corresponding estimated expected recovery from the travel service providers. For the years ended December 31, 2022, 2021, and 2020, the Company recorded a reduction in revenue of \$37 million, \$13 million, and \$37 million, respectively, for such refunds, which is included in "Provision charged to earnings" in the table above.

In addition to the allowance for expected credit losses on receivables, the Company recorded an allowance for expected credit losses on prepayments to certain customers, which are included in "Prepaid expenses, net" and "Other assets, net" in the Consolidated Balance Sheets. The following table summarizes the activity of the allowance for expected credit losses on prepayments to customers (in millions):

|                                  | Year Ended December 31, |              |              |
|----------------------------------|-------------------------|--------------|--------------|
|                                  | 2022                    | 2021         | 2020         |
| Balance, beginning of year       | \$ 47                   | \$ 55        | \$ 6         |
| Provision charged to expense     | (20)                    | (4)          | 51           |
| Write-offs and adjustments       | (4)                     | (5)          | (2)          |
| Currency translation adjustments | —                       | 1            | —            |
| Balance, end of year             | <u>\$ 23</u>            | <u>\$ 47</u> | <u>\$ 55</u> |

## 8. NET INCOME PER SHARE

The Company computes basic net income per share by dividing net income applicable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net income per share is based upon the weighted-average number of common and common equivalent shares outstanding during the period. Only dilutive common equivalent shares that decrease the net income per share are included in the computation of diluted net income per share.

Common equivalent shares related to stock options, restricted stock units, and performance share units are calculated using the treasury stock method. Performance share units are included in the weighted-average common equivalent shares based on the number of shares that would be issued if the end of the reporting period were the end of the performance period, if the result would be dilutive.

The Company's convertible senior notes have net share settlement features requiring the Company, upon conversion, to settle the principal amount of the debt for cash and the conversion premium for cash or shares of the Company's common stock, at the Company's option. If the conversion prices for the convertible senior notes exceed the Company's average stock price for the period, the convertible senior notes generally have no impact on diluted net income per share. For periods prior to January 1, 2022, the treasury stock method was used for convertible senior notes in the calculation of diluted net income per share. Following the adoption of the accounting standards update on January 1, 2022 (see Note 2), the if-converted method is used for all periods after that date.

A reconciliation of the weighted-average number of shares outstanding used in calculating diluted net income per share is as follows (in thousands):

|                                                                                             | Year Ended December 31, |               |               |
|---------------------------------------------------------------------------------------------|-------------------------|---------------|---------------|
|                                                                                             | 2022                    | 2021          | 2020          |
| Weighted-average number of basic common shares outstanding                                  | 39,872                  | 41,042        | 40,974        |
| Weighted-average dilutive stock options, restricted stock units and performance share units | 151                     | 209           | 158           |
| Assumed conversion of convertible senior notes                                              | 29                      | 111           | 28            |
| Weighted-average number of diluted common and common equivalent shares outstanding          | <u>40,052</u>           | <u>41,362</u> | <u>41,160</u> |

For the years ended December 31, 2022, 2021, and 2020, 10,270, 12,722, and 124,922 potential common shares, respectively, related to stock options, restricted stock units and performance share units, as applicable, were excluded from the calculation of diluted net income per share because their effect would have been anti-dilutive for the respective year.

## 9. PROPERTY AND EQUIPMENT, NET

Property and equipment, net at December 31, 2022 and 2021 consist of the following (in millions):

|                                                  | December 31,   |                | Estimated Useful Lives (years) |
|--------------------------------------------------|----------------|----------------|--------------------------------|
|                                                  | 2022           | 2021           |                                |
| Computer equipment                               | \$ 758         | \$ 728         | 2 to 6 years                   |
| Capitalized software                             | 900            | 742            | 2 to 7 years                   |
| Leasehold improvements                           | 277            | 268            | 1 to 15 years                  |
| Office equipment, furniture and fixtures         | 58             | 61             | 2 to 8 years                   |
| Building construction-in-progress <sup>(1)</sup> | —              | 328            |                                |
| Total                                            | <u>1,993</u>   | <u>2,127</u>   |                                |
| Less: Accumulated depreciation                   | <u>(1,324)</u> | <u>(1,305)</u> |                                |
| Property and equipment, net                      | <u>\$ 669</u>  | <u>\$ 822</u>  |                                |

(1) See Note 10 for additional information on the sale and leaseback transaction.

Depreciation expense was \$227 million, \$259 million, and \$291 million for the years ended December 31, 2022, 2021, and 2020, respectively. Additions to capitalized software during the years ended December 31, 2022, 2021, and 2020 were \$217 million, \$191 million, and \$144 million, respectively.

### *Additional information related to Consolidated Statements of Cash Flows*

Noncash investing activity related to additions to property and equipment, including stock-based compensation and accrued liabilities, was \$48 million, \$51 million, and \$4 million for the years ended December 31, 2022, 2021, and 2020, respectively.

## 10. LEASES

The Company has operating and finance leases for office space, data centers, and computer equipment.

The Company recognized the following related to its leases in its Consolidated Balance Sheets (in millions):

|                                          |                                                | December 31,  |               |
|------------------------------------------|------------------------------------------------|---------------|---------------|
|                                          | Classification in Consolidated Balance Sheets  | 2022          | 2021          |
| <b>Operating lease assets</b>            | Operating lease assets                         | \$ 645        | \$ 496        |
| <b>Operating lease liabilities:</b>      |                                                |               |               |
| Current operating lease liabilities      | Accrued expenses and other current liabilities | \$ 125        | \$ 143        |
| Non-current operating lease liabilities  | Operating lease liabilities                    | 552           | 351           |
| <b>Total operating lease liabilities</b> |                                                | <u>\$ 677</u> | <u>\$ 494</u> |

|                                        |                                                | December 31, |              |
|----------------------------------------|------------------------------------------------|--------------|--------------|
|                                        | Classification in Consolidated Balance Sheets  | 2022         | 2021         |
| <b>Finance lease assets</b>            | Property and equipment, net                    | \$ 52        | \$ 10        |
| <b>Finance lease liabilities:</b>      |                                                |              |              |
| Current finance lease liabilities      | Accrued expenses and other current liabilities | \$ 21        | \$ 4         |
| Non-current finance lease liabilities  | Other long-term liabilities                    | 32           | 6            |
| <b>Total finance lease liabilities</b> |                                                | <u>\$ 53</u> | <u>\$ 10</u> |

The Company recognized the following costs related to its leases in its Consolidated Statements of Operations (in millions):

|                                                 |                                                         | Year Ended December 31, |               |               |
|-------------------------------------------------|---------------------------------------------------------|-------------------------|---------------|---------------|
|                                                 | Classification in Consolidated Statements of Operations | 2022                    | 2021          | 2020          |
| Finance lease cost                              | Depreciation and amortization                           | \$ 9                    | \$ 3          | \$ 1          |
| Operating lease cost                            | General and administrative and Information technology   | 160                     | 185           | 194           |
| Variable lease cost                             | General and administrative and Information technology   | 45                      | 46            | 46            |
| Less: Sublease income                           | General and administrative                              | (5)                     | (3)           | (2)           |
| <b>Total lease cost, net of sublease income</b> |                                                         | <u>\$ 209</u>           | <u>\$ 231</u> | <u>\$ 239</u> |

As of December 31, 2022, the future lease payments for operating and finance leases are as follows (in millions):

|                                | Operating Leases | Finance Leases |
|--------------------------------|------------------|----------------|
| 2023                           | \$ 143           | \$ 21          |
| 2024                           | 110              | 20             |
| 2025                           | 92               | 13             |
| 2026                           | 65               | —              |
| 2027                           | 54               | —              |
| Thereafter                     | 349              | —              |
| Total remaining lease payments | 813              | 54             |
| Less: Imputed interest         | (136)            | (1)            |
| <b>Total lease liabilities</b> | <u>\$ 677</u>    | <u>\$ 53</u>   |

As of December 31, 2022, the Company has entered into leases that have not yet commenced with future lease payments of approximately \$63 million which are not reflected in the table above. These leases will commence in 2023 with lease terms of up to ten years and will be recognized upon lease commencement.

Supplemental cash flow information related to operating and finance leases is as follows (in millions):

|                                                                                 | Year Ended December 31, |        |        |
|---------------------------------------------------------------------------------|-------------------------|--------|--------|
|                                                                                 | 2022                    | 2021   | 2020   |
| Cash paid for amounts included in the measurement of lease liabilities:         |                         |        |        |
| Operating cash flows from operating leases                                      | \$ 175                  | \$ 186 | \$ 200 |
| Financing cash flows from finance leases                                        | 9                       | 2      | 1      |
| Operating lease assets obtained in exchange for new operating lease liabilities | 392                     | 162    | 67     |
| Finance lease assets obtained in exchange for new finance lease liabilities     | 50                      | 8      | 5      |

"Operating lease amortization" presented in the operating activities section of the Consolidated Statements of Cash Flows reflects the portion of the operating lease cost from the amortization of the operating lease assets.

At December 31, 2022 and 2021 the weighted-average lease term and discount rate for operating and finance leases are as follows:

|                                       | December 31, |           |
|---------------------------------------|--------------|-----------|
|                                       | 2022         | 2021      |
| Operating leases:                     |              |           |
| Weighted-average remaining lease term | 9.8 years    | 8.4 years |
| Weighted-average discount rate        | 3.2 %        | 2.0 %     |
| Finance leases:                       |              |           |
| Weighted-average remaining lease term | 2.7 years    | 2.7 years |
| Weighted-average discount rate        | 2.0 %        | 0.7 %     |

In September 2016, the Company signed a turnkey agreement to construct a building for Booking.com's future headquarters in the Netherlands. Subsequent to that date, the Company had made several progress payments related to the construction of the building. As of December 31, 2021, such payments were included in "Property and equipment, net" in the Consolidated Balance Sheet. In addition, upon signing the turnkey agreement, the Company paid 43 million Euros (\$48 million) for the acquired land lease, which was included, net of amortization, in "Operating lease assets" in the Consolidated Balance Sheet as of December 31, 2021. In addition to the turnkey agreement, the Company had a remaining obligation at December 31, 2021 to pay 68 million Euros (\$77 million) over the remaining initial term of the acquired land lease, which expires in 2065.

During the year ended December 31, 2022, the construction of the building was completed and the Company entered into a sale and leaseback transaction whereby the Company transferred ownership of the building and the acquired lease rights to a subsidiary of Deka Immobilien Investment GmbH for an aggregate consideration of approximately 566 million Euros (\$601 million). The Company concurrently entered into an agreement to lease the building from the purchaser for an initial term of 16.5 years, with up to five renewal options of five years each. The annual base rent under the lease is 24 million Euros (\$26 million) and will increase annually based on the consumer price index, subject to a specified ceiling. The lease commenced in December 2022 and has been classified by the Company as an operating lease. The Company recognized a gain of \$240 million on the sale and leaseback transaction, which was recorded in the "Restructuring, disposal, and other exit activities" in the Consolidated Statement of Operations.



## 11. GOODWILL AND INTANGIBLE ASSETS

A substantial portion of the Company's intangible assets and goodwill relates to the acquisitions of OpenTable, KAYAK, and Getaroom. See Note 18 for additional information related to the acquisition of Getaroom in December 2021.

### Goodwill

The changes in the balance of goodwill for the years ended December 31, 2022 and 2021 consist of the following (in millions):

|                                                                               | Year Ended December 31, |          |
|-------------------------------------------------------------------------------|-------------------------|----------|
|                                                                               | 2022                    | 2021     |
| Balance, beginning of year                                                    | \$ 2,887                | \$ 1,895 |
| Acquisitions                                                                  | —                       | 1,022    |
| Foreign currency translation adjustments and other adjustments <sup>(1)</sup> | (80)                    | (30)     |
| Balance, end of year <sup>(2)</sup>                                           | \$ 2,807                | \$ 2,887 |

(1) During the year ended December 31, 2022, measurement period adjustments relating to the acquisition of Getaroom resulted in a decrease to goodwill of \$38 million.

(2) The balance of goodwill as of December 31, 2022 and 2021 is stated net of cumulative impairment charges of \$2.0 billion.

At September 30, 2022, the Company performed its annual goodwill impairment test and concluded that there was no impairment of goodwill.

### *2020 Interim Goodwill Impairment Test*

Due to the significant and negative financial impact of the COVID-19 pandemic (see Note 2), the Company performed an interim period goodwill impairment test at March 31, 2020 and recognized a goodwill impairment charge of \$489 million related to the OpenTable and KAYAK reporting unit for the three months ended March 31, 2020, which is not tax-deductible, resulting in an adjusted carrying value of goodwill for OpenTable and KAYAK of \$1.5 billion at March 31, 2020. The goodwill impairment was primarily driven by a significant reduction in the forecasted near-term cash flows of OpenTable and KAYAK as well as the significant decline in comparable companies' market values as a result of the COVID-19 pandemic.

The estimated fair value of OpenTable and KAYAK was determined using a combination of standard valuation techniques, including an income approach (discounted cash flows) and a market approach (applying the recent decline in enterprise values of comparable publicly-traded companies to the recently calculated fair value for OpenTable and KAYAK, as well as applying comparable company multiples).

The income approach estimates fair value utilizing long-term growth rates and discount rates applied to the cash flow projections. In the cash flow projections, the Company assumed at the time that OpenTable and KAYAK would experience a significant decline in near-term cash flows with a recovery to 2019 levels of financial performance (including profitability) occurring in 2023. The shape and timing of the recovery was a key assumption in the fair value calculation (both in the income and market approaches).

### *2020 Annual Goodwill Impairment Test*

As of September 30, 2020, the Company performed its annual goodwill impairment test and recognized a goodwill impairment charge of \$573 million for the OpenTable and KAYAK reporting unit for the three months ended September 30, 2020, which is not tax-deductible, resulting in an adjusted carrying value of goodwill for OpenTable and KAYAK of \$1.0 billion at September 30, 2020. The goodwill impairment was primarily driven by a significant reduction in the forecasted cash flows of OpenTable and KAYAK, reflecting a longer assumed recovery period to 2019 levels of profitability, mainly due to the continued material adverse impact of the COVID-19 pandemic, including its impact on the flight vertical at KAYAK, and the lowered outlook for monetization opportunities in restaurant reservation services.

The estimated fair value of OpenTable and KAYAK was determined using a combination of standard valuation techniques, including an income approach (discounted cash flows) and a market approach (applying comparable company multiples).

The income approach estimates fair value utilizing long-term growth rates and discount rates applied to the cash flow projections. The income approach, applied as of September 30, 2020, reflected a reduction in the forecasted cash flows of OpenTable and KAYAK and a longer assumed recovery period to 2019 levels of profitability, driven primarily by a lowered outlook for monetization opportunities in restaurant reservation services and slower than previously expected recovery trends for airline travel, which is a key vertical for KAYAK. For the interim goodwill impairment test at March 31, 2020, the Company expected a recovery to 2019 levels of financial performance occurring in 2023 for OpenTable and KAYAK. Based on the Company's evaluation of all relevant information available as of September 30, 2020 for the annual goodwill impairment test, the Company expected at the time that OpenTable and KAYAK would not return to the 2019 level of profitability within five years from that date, and that it was uncertain whether the shape of the recovery would ultimately match the Company's expectations. An increase or decrease of one percentage point to the profitability growth rates used in the cash flow projections would have resulted in an increase or decrease of approximately \$100 million to the estimated fair value of OpenTable and KAYAK as of September 30, 2020. The discount rate is determined based on the reporting unit's estimated weighted-average cost of capital and adjusted to reflect the risks inherent in its cash flows, which requires significant judgments. The discount rate used for the annual goodwill impairment test as of September 30, 2020 was higher than the discount rate used for the interim goodwill impairment test as of March 31, 2020. If the discount rate used in the income approach increases or decreases by 0.5%, the impact to the estimated fair value of OpenTable and KAYAK determined using the income approach, at September 30, 2020, would have ranged from a decrease of approximately \$65 million to an increase of approximately \$70 million.

The estimation of fair value reflects numerous assumptions that are subject to various risks and uncertainties, including key assumptions regarding OpenTable and KAYAK's expected growth rates and operating margin, expected length and severity of the impact from the COVID-19 pandemic, the shape and timing of the subsequent recovery, and the competitive environment, which were applied for the 2020 interim and annual goodwill impairment tests, as well as other key assumptions with respect to matters outside of the Company's control, such as discount rates and market comparables. Generally, changes in the assumptions used for comparable company multiples would result in directionally similar changes in the fair value and changes in the assumptions used for discount rates would result in directionally opposite changes in the fair value. The estimation of fair value requires significant judgments and estimates and actual results could be materially different than the judgments and estimates used. Future events and changing market conditions may lead the Company to re-evaluate the assumptions used to estimate the fair values of our reporting units, which may result in a need to recognize an additional goodwill impairment charge that could have a material adverse effect on the Company's results of operations.

## Intangible Assets

The Company's intangible assets consist of the following (in millions):

|                                    | December 31, 2022     |                          |                     | December 31, 2021     |                          |                     | Amortization Period |
|------------------------------------|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|---------------------|
|                                    | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |                     |
| Supply and distribution agreements | \$ 1,386              | \$ (658)                 | \$ 728              | \$ 1,407              | \$ (591)                 | \$ 816              | 3 - 20 years        |
| Technology                         | 287                   | (185)                    | 102                 | 297                   | (151)                    | 146                 | 2 - 7 years         |
| Internet domain names              | 38                    | (35)                     | 3                   | 41                    | (36)                     | 5                   | 5 - 20 years        |
| Trade names                        | 1,806                 | (812)                    | 994                 | 1,814                 | (724)                    | 1,090               | 3 - 20 years        |
| Other intangible assets            | 5                     | (3)                      | 2                   | 2                     | (2)                      | —                   | Up to 15 years      |
| Total intangible assets            | <u>\$ 3,522</u>       | <u>\$ (1,693)</u>        | <u>\$ 1,829</u>     | <u>\$ 3,561</u>       | <u>\$ (1,504)</u>        | <u>\$ 2,057</u>     |                     |

Amortization expense for intangible assets was \$224 million, \$162 million, and \$167 million for the years ended December 31, 2022, 2021, and 2020, respectively.

The estimated future annual amortization expense for the Company's intangible assets at December 31, 2022 is as follows (in millions):

|            |    |              |
|------------|----|--------------|
| 2023       | \$ | 222          |
| 2024       |    | 221          |
| 2025       |    | 213          |
| 2026       |    | 180          |
| 2027       |    | 169          |
| Thereafter |    | 824          |
|            | \$ | <u>1,829</u> |

## 12. DEBT

### Revolving Credit Facility

In August 2019, the Company entered into a \$2.0 billion five-year unsecured revolving credit facility with a group of lenders. U.S. Dollar-denominated borrowings under the revolving credit facility will bear interest, at the Company's option, at a rate per annum equal to either (i) the London Inter-bank Offered Rate, or if such London Inter-bank Offered Rate is no longer available, the agreed alternate rate of interest ("LIBOR") (but no less than 0%) for the interest period in effect for such borrowing plus an applicable margin ranging from 0.875% to 1.50%; or (ii) the sum of (x) the greatest of (a) JPMorgan Chase Bank, N.A.'s prime lending rate, (b) the U.S. federal funds rate plus 0.50% and (c) LIBOR (but no less than 0%) for an interest period of one month plus 1.00%, plus (y) an applicable margin ranging from 0% to 0.50%. Following an amendment to the revolving credit facility in December 2021, (i) Euro-denominated borrowings will bear interest at a rate per annum equal to the Euro Interbank Offered Rate ("EURIBOR"), or if EURIBOR is no longer available, the agreed alternate rate of interest (but no less than 0%) for the interest period in effect for such borrowing and (ii) Pounds Sterling-denominated borrowings will bear interest at a rate per annum equal to the Sterling Overnight Index Average ("SONIA"), or if SONIA is no longer available, the agreed alternate rate of interest (but no less than 0%), in each case, plus an applicable margin ranging from 0.875% to 1.50%. Undrawn balances available under the revolving credit facility are subject to commitment fees at the applicable rate ranging from 0.07% to 0.20%.

The revolving credit facility provides for the issuance of up to \$80 million of letters of credit as well as borrowings of up to \$100 million on same-day notice, referred to as swingline loans. Other than swingline loans, which are available only in U.S. Dollars, borrowings and letters of credit under the revolving credit facility may be made in U.S. Dollars, Euros, British Pounds Sterling, and any other foreign currency agreed to by the lenders. The proceeds of loans made under the facility can be used for working capital and general corporate purposes, including acquisitions, share repurchases, and debt repayments. At December 31, 2022 and 2021, there were no borrowings outstanding and \$14 million and \$4 million, respectively, of letters of credit issued under this revolving credit facility.

The revolving credit facility contains a maximum leverage ratio covenant, compliance with which is a condition to the Company's ability to borrow thereunder. In 2020, the Company amended the revolving credit facility to (i) suspend the maximum leverage ratio covenant through and including the three months ended March 31, 2022, which was replaced with a \$4.5 billion minimum liquidity covenant based on unrestricted cash, cash equivalents, short-term investments and unused capacity under the revolving credit facility and (ii) increase the permitted maximum leverage ratio from and including the three months ended June 30, 2022 through and including the three months ending March 31, 2023. The Company cannot declare or make any cash distribution and cannot repurchase any of its shares (with certain exceptions including in connection with tax withholding related to shares issued to employees) unless it is in compliance on a pro forma basis with the maximum leverage ratio covenant then in effect. Such restriction ends upon delivery of financial statements required for the three months ending June 30, 2023, or the Company has the ability to terminate this restriction earlier if it demonstrates compliance with the original maximum leverage ratio covenant in the revolving credit facility. Beginning with the three months ended June 30, 2022, the minimum liquidity covenant ceased to apply and the maximum leverage ratio covenant, as increased, was again in effect.

## Outstanding Debt

Outstanding debt at December 31, 2022 consists of the following (in millions):

| December 31, 2022                                   | Outstanding<br>Principal<br>Amount | Unamortized<br>Debt<br>Discount and<br>Debt<br>Issuance Cost | Carrying<br>Value |
|-----------------------------------------------------|------------------------------------|--------------------------------------------------------------|-------------------|
| <b>Current liabilities:</b>                         |                                    |                                                              |                   |
| 2.75% Senior Notes due March 2023                   | \$ 500                             | \$ —                                                         | \$ 500            |
| <b>Total current liabilities</b>                    | <u>\$ 500</u>                      | <u>\$ —</u>                                                  | <u>\$ 500</u>     |
| <b>Long-term debt:</b>                              |                                    |                                                              |                   |
| 2.375% (€1 Billion) Senior Notes due September 2024 | \$ 1,067                           | \$ (3)                                                       | \$ 1,064          |
| 3.65% Senior Notes due March 2025                   | 500                                | (1)                                                          | 499               |
| 0.1% (€950 Million) Senior Notes due March 2025     | 1,014                              | (3)                                                          | 1,011             |
| 0.75% Convertible Senior Notes due May 2025         | 863                                | (9)                                                          | 854               |
| 3.6% Senior Notes due June 2026                     | 1,000                              | (3)                                                          | 997               |
| 4.0% (€750 Million) Senior Notes due November 2026  | 800                                | (3)                                                          | 797               |
| 1.8% (€1 Billion) Senior Notes due March 2027       | 1,067                              | (2)                                                          | 1,065             |
| 3.55% Senior Notes due March 2028                   | 500                                | (2)                                                          | 498               |
| 0.5% (€750 Million) Senior Notes due March 2028     | 800                                | (3)                                                          | 797               |
| 4.25% (€750 Million) Senior Notes due May 2029      | 800                                | (6)                                                          | 794               |
| 4.625% Senior Notes due April 2030                  | 1,500                              | (9)                                                          | 1,491             |
| 4.5% (€1 Billion) Senior Notes due November 2031    | 1,067                              | (7)                                                          | 1,060             |
| 4.75% (€1 Billion) Senior Notes due November 2034   | 1,067                              | (9)                                                          | 1,058             |
| <b>Total long-term debt</b>                         | <u>\$ 12,045</u>                   | <u>\$ (60)</u>                                               | <u>\$ 11,985</u>  |

Outstanding debt at December 31, 2021 consists of the following (in millions):

| December 31, 2021                                   | Outstanding<br>Principal<br>Amount | Unamortized<br>Debt<br>Discount and<br>Debt<br>Issuance Cost | Carrying<br>Value |
|-----------------------------------------------------|------------------------------------|--------------------------------------------------------------|-------------------|
| <b>Current liabilities:</b>                         |                                    |                                                              |                   |
| 0.8% (€1 Billion) Senior Notes due March 2022       | \$ 1,137                           | \$ —                                                         | \$ 1,137          |
| 2.15% (€750 Million) Senior Notes due November 2022 | 853                                | (1)                                                          | 852               |
| <b>Total current liabilities</b>                    | <u>\$ 1,990</u>                    | <u>\$ (1)</u>                                                | <u>\$ 1,989</u>   |
| <b>Long-term debt:</b>                              |                                    |                                                              |                   |
| 2.75% Senior Notes due March 2023                   | \$ 500                             | \$ (1)                                                       | \$ 499            |
| 2.375% (€1 Billion) Senior Notes due September 2024 | 1,137                              | (5)                                                          | 1,132             |
| 3.65% Senior Notes due March 2025                   | 500                                | (1)                                                          | 499               |
| 0.1% (€950 Million) Senior Notes due March 2025     | 1,080                              | (4)                                                          | 1,076             |
| 0.75% Convertible Senior Notes due May 2025         | 863                                | (99)                                                         | 764               |
| 3.6% Senior Notes due June 2026                     | 1,000                              | (4)                                                          | 996               |
| 1.8% (€1 Billion) Senior Notes due March 2027       | 1,137                              | (3)                                                          | 1,134             |
| 3.55% Senior Notes due March 2028                   | 500                                | (2)                                                          | 498               |
| 0.5% (€750 Million) Senior Notes due March 2028     | 853                                | (5)                                                          | 848               |
| 4.625% Senior Notes due April 2030                  | 1,500                              | (9)                                                          | 1,491             |
| <b>Total long-term debt</b>                         | <u>\$ 9,070</u>                    | <u>\$ (133)</u>                                              | <u>\$ 8,937</u>   |

### ***Fair Value of Debt***

At December 31, 2022 and 2021, the estimated fair value of the outstanding debt was approximately \$12.4 billion and \$12.1 billion, respectively, and was considered a "Level 2" fair value measurement (see Note 2). Fair value was estimated based upon actual trades at the end of the reporting period or the most recent trade available as well as the Company's stock price at the end of the reporting period. As of December 31, 2022, the outstanding principal amount of the Company's debt exceeds the fair value of debt mainly due to the increase in interest rates partially offset by the conversion premium on the convertible senior notes due in May 2025. The estimated fair value of the Company's debt in excess of the outstanding principal amount at December 31, 2021 primarily relates to the conversion premium on the convertible senior notes due in May 2025 and the outstanding senior notes due in April 2030.

### ***Convertible Senior Notes***

In April 2020, the Company issued \$863 million aggregate principal amount of convertible senior notes due in May 2025 with an interest rate of 0.75% (the "May 2025 Notes"). The Company paid \$19 million in debt issuance costs during the year ended December 31, 2020 related to the issuance. The May 2025 Notes are convertible, subject to certain conditions, into the Company's common stock at a conversion price of \$1,886.44 per share. The May 2025 Notes are convertible, at the option of the holder, prior to November 1, 2024, upon the occurrence of specific events, including but not limited to a change in control, or if the closing sales price of the Company's common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is more than 130% of the conversion price in effect for the notes on the last trading day of the immediately preceding quarter. In the event that all or substantially all of the Company's common stock is acquired on or prior to the maturity of the May 2025 Notes in a transaction in which the consideration paid to holders of the Company's common stock consists of all or substantially all cash, the Company would be required to make additional payments in the form of additional shares of common stock to the holders of the May 2025 Notes in an aggregate value ranging from \$0 to \$235 million depending upon the date of the transaction and the then current stock price of the Company. Starting on November 1, 2024, holders will have the right to convert all or any portion of the May 2025 Notes, regardless of the Company's stock price. The May 2025 Notes may not be redeemed by the Company prior to maturity. The holders may require the Company to repurchase the May 2025 Notes for cash in certain circumstances. Interest on the May 2025 Notes is payable on May 1 and November 1 of each year. If the note holders exercise their option to convert, the Company delivers cash to repay the principal amount of the notes and delivers shares of common stock or cash, at its option, to satisfy the conversion value in excess of the principal amount. Based on the closing price of the Company's common stock for the prescribed measurement periods for the three months ended December 31, 2022 and 2021, the contingent conversion thresholds on the May 2025 Notes were not exceeded and therefore the notes were not convertible. At December 31, 2022 and 2021, the estimated fair value of the May 2025 Notes was \$1.2 billion and \$1.3 billion, respectively, and was considered a "Level 2" fair value measurement (see Note 2).

In August 2014, the Company issued \$1.0 billion aggregate principal amount of convertible senior notes due September 2021 with an interest rate of 0.9% (the "September 2021 Notes"). In September 2021, in connection with the maturity of the outstanding September 2021 Notes, the Company paid \$1.0 billion to satisfy the aggregate principal amount due and paid an additional \$86 million conversion premium in excess of the principal amount.

In May 2013, the Company issued \$1.0 billion aggregate principal amount of convertible senior notes due June 2020, with an interest rate of 0.35% (the "June 2020 Notes"). In June 2020, in connection with the maturity of the outstanding June 2020 Notes, the Company paid \$1.0 billion to satisfy the aggregate principal amount due and an additional \$245 million conversion premium in excess of the principal amount.

Prior to January 1, 2022, cash-settled convertible debt, such as the Company's convertible senior notes, were separated into debt and equity components at issuance and each component was assigned a value. The value assigned to the debt component was the estimated fair value, at the issuance date, of a similar bond without the conversion feature. The difference between the bond cash proceeds and this estimated fair value, representing the value assigned to the equity component, was recorded as a debt discount. Debt discount was amortized using the effective interest rate method over the period from the origination date through the stated maturity date. The Company estimated the borrowing rates at debt origination to be 4.10% for the May 2025 Notes, considering its credit rating and similar debt of the Company or comparable corporate issuers without the conversion feature. The yield to maturity was estimated at an at-market coupon priced at par.

Debt discount after tax of \$100 million (\$130 million before tax) related to the May 2025 Notes and \$83 million (\$143 million before tax) related to the September 2021 Notes less debt issuance costs allocated to the equity component of the respective convertible notes was recorded in additional paid-in capital in the balance sheet at debt origination.

On January 1, 2022, the Company adopted the new accounting standards update relating to convertible instruments (see Note 2). The adoption of the new accounting standards update resulted in a decrease of \$26 million in "Interest expense" and an increase in "Income before income taxes" in the Consolidated Statement of Operations for the year ended December 31, 2022. The following table summarizes the interest expense and weighted-average effective interest rates related to the convertible senior notes (in millions, except for interest rates). The remaining period for amortization of debt discount and debt issuance costs, as applicable, is the period until the stated maturity date for the respective debt.

|                                                       | Year Ended December 31, |              |              |
|-------------------------------------------------------|-------------------------|--------------|--------------|
|                                                       | 2022                    | 2021         | 2020         |
| Coupon interest expense                               | \$ 6                    | \$ 13        | \$ 15        |
| Amortization of debt discount and debt issuance costs | 4                       | 43           | 54           |
| <b>Total interest expense</b>                         | <b>\$ 10</b>            | <b>\$ 56</b> | <b>\$ 69</b> |
| Weighted-average effective interest rate              | 1.2 %                   | 3.8 %        | 3.5 %        |

### *Other Senior Notes*

In November 2022, the Company issued (i) Senior Notes due November 2026 with an interest rate of 4.0% for an aggregate principal amount of 750 million Euros, (ii) Senior Notes due May 2029 with an interest rate of 4.25% for an aggregate principal amount of 750 million Euros, (iii) Senior Notes due November 2031 with an interest rate of 4.5% for an aggregate principal amount of 1.0 billion Euros, and (iv) Senior Notes due November 2034 with an interest rate of 4.75% for an aggregate principal amount of 1.0 billion Euros. The Company paid \$19 million in debt issuance costs during the year ended December 31, 2022 related to the issuance of these senior notes. A portion of the proceeds from the issuance of these senior notes were used to repay the Senior Notes due November 2022 (the "November 2022 Notes"). In addition, the Company intends to repay the Senior Notes due March 2023 from these proceeds upon maturity. The remaining proceeds from the issuance of these senior notes are available to be used for general corporate purposes.

In November 2022, the Company repaid \$778 million on the maturity of the November 2022 Notes. In March 2022, the Company repaid \$1.1 billion on the maturity of Senior Notes due March 2022. In addition, the Company paid the applicable accrued and unpaid interest relating to these senior notes.

In March 2021, the Company issued Senior Notes due March 2025 with an interest rate of 0.1% for an aggregate principal amount of 950 million Euros and Senior Notes due March 2028 with an interest rate of 0.5% for an aggregate principal amount of 750 million Euros. The proceeds from the issuance of these senior notes were used to redeem the April 2025 Notes and the April 2027 Notes.

In April 2021, the Company paid \$1.1 billion and \$868 million to redeem the April 2025 Notes and the April 2027 Notes, respectively. In addition, the Company paid the applicable accrued and unpaid interest. The Company recorded a loss, before tax, of \$242 million in the Consolidated Statement of Operations for the year ended December 31, 2021, on the early extinguishment of these senior notes.

In April 2020, the Company issued (i) Senior Notes due April 2025 with an interest rate of 4.1% for an aggregate principal amount of \$1.0 billion, (ii) Senior Notes due April 2027 with an interest rate of 4.5% for an aggregate principal amount of \$750 million, and (iii) Senior Notes due April 2030 with an interest rate of 4.625% for an aggregate principal amount of \$1.5 billion. The Company paid \$19 million in debt issuance costs during the year ended December 31, 2020 related to the issuance of these senior notes.

Each of our senior notes are unsecured and rank equally in right of payment with all of our other senior unsecured notes.

Other senior notes had a total carrying value of \$11.6 billion and \$10.2 billion at December 31, 2022 and 2021, respectively. The following table summarizes the information related to other senior notes outstanding at December 31, 2022:

| Other Senior Notes                     | Date of Issuance | Effective Interest Rate <sup>(1)</sup> | Timing of Interest Payments          |
|----------------------------------------|------------------|----------------------------------------|--------------------------------------|
| 2.75% Senior Notes due March 2023      | August 2017      | 2.88 %                                 | Semi-annually in March and September |
| 2.375% Senior Notes due September 2024 | September 2014   | 2.54 %                                 | Annually in September                |
| 3.65% Senior Notes due March 2025      | March 2015       | 3.76 %                                 | Semi-annually in March and September |
| 0.1% Senior Notes due March 2025       | March 2021       | 0.30 %                                 | Annually in March                    |
| 3.6% Senior Notes due June 2026        | May 2016         | 3.70 %                                 | Semi-annually in June and December   |
| 4.0% Senior Notes due November 2026    | November 2022    | 4.08 %                                 | Annually in November                 |
| 1.8% Senior Notes due March 2027       | March 2015       | 1.86 %                                 | Annually in March                    |
| 3.55% Senior Notes due March 2028      | August 2017      | 3.63 %                                 | Semi-annually in March and September |
| 0.5% Senior Notes due March 2028       | March 2021       | 0.63 %                                 | Annually in March                    |
| 4.25% Senior Notes due May 2029        | November 2022    | 4.35 %                                 | Annually in May                      |
| 4.625% Senior Notes due April 2030     | April 2020       | 4.72 %                                 | Semi-annually in April and October   |
| 4.5% Senior Notes due November 2031    | November 2022    | 4.57 %                                 | Annually in November                 |
| 4.75% Senior Notes due November 2034   | November 2022    | 4.81 %                                 | Annually in November                 |

(1) Represents the coupon interest rate adjusted for deferred debt issuance costs, premiums or discounts existing at the origination of the debt.

Debt discount and debt issuance costs are amortized using the effective interest rate method over the period from the origination date through the stated maturity date. The following table summarizes the interest expenses related to other senior notes (in millions):

|                                                       | Year Ended December 31, |               |               |
|-------------------------------------------------------|-------------------------|---------------|---------------|
|                                                       | 2022                    | 2021          | 2020          |
| Coupon interest expense                               | \$ 241                  | \$ 257        | \$ 264        |
| Amortization of debt discount and debt issuance costs | 10                      | 10            | 9             |
| <b>Total interest expense</b>                         | <b>\$ 251</b>           | <b>\$ 267</b> | <b>\$ 273</b> |

The Company designates certain portions of the aggregate principal value of the Euro-denominated debt as a hedge of the foreign currency exposure of the net investment in certain Euro functional currency subsidiaries. For the years ended December 31, 2022 and 2021, the carrying value of the portion of Euro-denominated debt, designated as a net investment hedge, ranged from \$4.2 billion to \$6.2 billion and from \$2.5 billion to \$5.1 billion, respectively. The foreign currency transaction gains or losses on the Euro-denominated debt that is designated as a hedging instrument for accounting purposes are recorded in "Accumulated other comprehensive loss" in the Consolidated Balance Sheets. The foreign currency transaction gains or losses on the Euro-denominated debt that is not designated as a hedging instrument are recognized in "Other income (expense), net" in the Consolidated Statements of Operations.

### 13. TREASURY STOCK

At December 31, 2022 and 2021, the Company had a total remaining authorization of \$3.9 billion and \$10.4 billion, respectively, to repurchase its common stock under a program authorized by the Company's Board of Directors in 2019 to repurchase up to \$15.0 billion of the Company's common stock. In February 2023, the Company's Board of Directors authorized a program to repurchase up to an additional \$20.0 billion of the Company's common stock. The Company expects to complete repurchases under the two authorizations within the next four years, assuming the Company remains in compliance with the applicable maximum leverage ratio covenant under the credit facility amendment. See Note 12 for a description of the impact of the 2020 credit facility amendment on the Company's ability to repurchase shares. The Board of Directors has also given the Company the general authorization to repurchase shares of its common stock withheld to satisfy employee withholding tax obligations related to stock-based compensation. The Inflation Reduction Act of 2022 has mandated a 1% excise tax on stock repurchases effective from January 1, 2023.

The following table summarizes the Company's stock repurchase activities during the years ended December 31, 2022, 2021, and 2020 (in millions, except for shares, which are reflected in thousands):

|                                                                  | Year Ended December 31, |                 |           |               |            |                 |
|------------------------------------------------------------------|-------------------------|-----------------|-----------|---------------|------------|-----------------|
|                                                                  | 2022                    |                 | 2021      |               | 2020       |                 |
|                                                                  | Shares                  | Amount          | Shares    | Amount        | Shares     | Amount          |
| Authorized stock repurchase programs                             | 3,320                   | \$ 6,526        | —         | \$ —          | 601        | \$ 1,122        |
| General authorization for shares withheld on stock award vesting | 80                      | 167             | 71        | 162           | 84         | 142             |
| <b>Total</b>                                                     | <b>3,400</b>            | <b>\$ 6,693</b> | <b>71</b> | <b>\$ 162</b> | <b>685</b> | <b>\$ 1,264</b> |

Stock repurchases of \$70 million in December 2022 were settled in January 2023. In addition, stock repurchases subsequent to December 31, 2022 were approximately \$542 million as of February 22, 2023.

For the years ended December 31, 2022, 2021, and 2020, the Company remitted employee withholding taxes of \$165 million, \$163 million, and \$141 million, respectively, to the tax authorities, which is different from the aggregate cost of the shares withheld for taxes for each year due to the timing in remitting the taxes. The cash remitted to the tax authorities is included in financing activities in the Consolidated Statements of Cash Flows.



## 14 CHANGES IN ACCUMULATED OTHER COMPREHENSIVE LOSS BY COMPONENT

The table below presents the changes in the balances of accumulated other comprehensive loss ("AOCI") by component for the years ended December 31, 2020, 2021, and 2022 (in millions):

|                                                                    | Foreign currency translation adjustments |                    |                                      |         |                   | Unrealized losses on cash flow hedges <sup>(1)</sup> |      |                   | Net unrealized gains (losses) on available-for-sale securities |         |                   | Total AOCI, net of tax |
|--------------------------------------------------------------------|------------------------------------------|--------------------|--------------------------------------|---------|-------------------|------------------------------------------------------|------|-------------------|----------------------------------------------------------------|---------|-------------------|------------------------|
|                                                                    | Foreign currency translation             |                    | Net investment hedges <sup>(2)</sup> |         | Total, net of tax |                                                      |      | Total, net of tax |                                                                |         | Total, net of tax |                        |
|                                                                    | Before tax                               | Tax <sup>(3)</sup> | Before tax                           | Tax     |                   | Before tax                                           | Tax  |                   | Before tax                                                     | Tax     |                   |                        |
| Balance, December 31, 2019                                         | \$ (186)                                 | \$ 54              | \$ (2)                               | \$ (5)  | \$ (139)          | \$ —                                                 | \$ — | \$ —              | \$ (7)                                                         | \$ (45) | \$ (52)           | \$ (191)               |
| Other comprehensive income (loss) ("OCI") before reclassifications | 197                                      | (7)                | (182)                                | 42      | 50                | —                                                    | —    | —                 | 6                                                              | (1)     | 5                 | 55                     |
| Amounts reclassified to net income <sup>(4)</sup>                  | —                                        | —                  | —                                    | —       | —                 | —                                                    | —    | —                 | 4                                                              | 14      | 18                | 18                     |
| OCI for the period                                                 | 197                                      | (7)                | (182)                                | 42      | 50                | —                                                    | —    | —                 | 10                                                             | 13      | 23                | 73                     |
| Balance, December 31, 2020                                         | \$ 11                                    | \$ 47              | \$ (184)                             | \$ 37   | \$ (89)           | \$ —                                                 | \$ — | \$ —              | \$ 3                                                           | \$ (32) | \$ (29)           | \$ (118)               |
| OCI before reclassifications                                       | (287)                                    | 20                 | 275                                  | (65)    | (57)              | (15)                                                 | 4    | (11)              | 265                                                            | (62)    | 203               | 135                    |
| Amounts reclassified to net income <sup>(4)(5)</sup>               | —                                        | —                  | —                                    | —       | —                 | 15                                                   | (4)  | 11                | (265)                                                          | 93      | (172)             | (161)                  |
| OCI for the period                                                 | (287)                                    | 20                 | 275                                  | (65)    | (57)              | —                                                    | —    | —                 | —                                                              | 31      | 31                | (26)                   |
| Balance, December 31, 2021                                         | \$ (276)                                 | \$ 67              | \$ 91                                | \$ (28) | \$ (146)          | \$ —                                                 | \$ — | \$ —              | \$ 3                                                           | \$ (1)  | \$ 2              | \$ (144)               |
| OCI before reclassifications                                       | (303)                                    | 26                 | 219                                  | (53)    | (111)             | —                                                    | —    | —                 | (13)                                                           | 3       | (10)              | (121)                  |
| Amounts reclassified to net income <sup>(4)</sup>                  | —                                        | —                  | —                                    | —       | —                 | —                                                    | —    | —                 | (3)                                                            | 1       | (2)               | (2)                    |
| OCI for the period                                                 | (303)                                    | 26                 | 219                                  | (53)    | (111)             | —                                                    | —    | —                 | (16)                                                           | 4       | (12)              | (123)                  |
| Balance, December 31, 2022                                         | \$ (579)                                 | \$ 93              | \$ 310                               | \$ (81) | \$ (257)          | \$ —                                                 | \$ — | \$ —              | \$ (13)                                                        | \$ 3    | \$ (10)           | \$ (267)               |

- (1) Relates to the reverse treasury lock agreements entered in March 2021 that were designated as cash flow hedges and settled in April 2021 (see Note 6).
- (2) Net investment hedges balance at December 31, 2022 and earlier dates presented above, includes accumulated net losses from fair value adjustments of \$35 million (\$53 million before tax) associated with previously settled derivatives that were designated as net investment hedges. The remaining balances relate to foreign currency transaction gains (losses) and related tax benefits (expenses) associated with the Company's Euro-denominated debt that is designated as a hedge of the foreign currency exposure of the net investment in certain Euro functional currency subsidiaries (see Notes 2 and 12).
- (3) The tax benefits relate to foreign currency translation adjustments to the Company's one-time deemed repatriation tax liability recorded at December 31, 2017 and foreign earnings for periods after December 31, 2017 that are subject to U.S. federal and state income tax, resulting from the enactment of the Tax Act.
- (4) The reclassified net gains (losses) on available-for-sale securities, before tax, are included in "Other income (expense), net" and the reclassified tax (expenses) benefits are included in "Income tax expense" in the Consolidated Statements of Operations. The cost of marketable debt securities sold is determined using a first-in and first-out method. For the years ended December 31, 2021 and 2020, the reclassified tax expenses include a tax expense of \$31 million and \$15 million, related to the redemption in December 2021 of the Company's investment of \$500 million in Trip.com Group convertible senior notes and the maturity in May 2020 of the Company's investment of \$250 million in Trip.com Group convertible senior notes, respectively.
- (5) For the year ended December 31, 2021, amounts reclassified to net income includes a gain of \$203 million (\$265 million before tax) related to the Company's investment in Grab, which was reclassified from available-for-sale debt securities to equity securities with readily determinable fair values (see Note 5).

## 15. INCOME TAXES

The composition of pre-tax income (loss) for the years ended December 31, 2022, 2021, and 2020 is as follows (in millions):

|               | Year Ended December 31, |                 |               |
|---------------|-------------------------|-----------------|---------------|
|               | 2022                    | 2021            | 2020          |
| International | \$ 4,717                | \$ 1,937        | \$ 2,575      |
| U.S.          | (794)                   | (472)           | (2,008)       |
| Total         | <u>\$ 3,923</u>         | <u>\$ 1,465</u> | <u>\$ 567</u> |

### Provision for Income Taxes

The composition of income tax expense for the years ended December 31, 2022, 2021, and 2020 is as follows (in millions):

|                                        | Year Ended December 31, |               |               |
|----------------------------------------|-------------------------|---------------|---------------|
|                                        | 2022                    | 2021          | 2020          |
| Current income tax expense (benefit):  |                         |               |               |
| International                          | \$ 1,145                | \$ 665        | \$ 320        |
| U.S. Federal                           | (8)                     | 68            | (9)           |
| U.S. State                             | (15)                    | 12            | (16)          |
| Current income tax expense (benefit):  | <u>1,122</u>            | <u>745</u>    | <u>295</u>    |
| Deferred income tax (benefit) expense: |                         |               |               |
| International                          | (61)                    | (103)         | (62)          |
| U.S. Federal                           | (172)                   | (323)         | 296           |
| U.S. State                             | (24)                    | (19)          | (21)          |
| Deferred income tax (benefit) expense  | <u>(257)</u>            | <u>(445)</u>  | <u>213</u>    |
| Income tax expense                     | <u>\$ 865</u>           | <u>\$ 300</u> | <u>\$ 508</u> |

Income tax liabilities of \$880 million and \$181 million are included in "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets at December 31, 2022 and 2021, respectively. During the three months ended March 31, 2020, the Company made a prepayment of the Netherlands income taxes of 660 million Euros (\$717 million) to earn prepayment discounts. The Company requested a refund of this amount from the Dutch tax authorities and it was received in April 2020. During the three months ended March 31, 2021, the Company prepaid Netherlands income taxes of 149 million Euros (\$175 million). During the year ended December 31, 2022, the Company paid Netherlands income taxes of 348 million Euros (\$363 million).

### U.S. Tax Reform

In December 2017, the Tax Act was enacted into law in the United States. The Tax Act made significant changes to U.S. federal tax law, including a one-time deemed repatriation tax on accumulated unremitted international earnings, to be paid over eight years.

In 2020, the Company recorded an income tax benefit of \$8 million to adjust its income tax expense that was recorded during the year ended December 31, 2017 relating to the federal one-time deemed repatriation liability. This benefit was primarily due to additional tax credits. The Company utilized \$108 million of deferred tax assets related to U.S. federal net operating losses ("NOLs") and \$115 million of other tax credit carryforwards to reduce its transition tax liability as of December 31, 2021.

Under the Tax Act, the Company's future cash generated by the Company's international operations can generally be repatriated without further U.S. federal income tax, but will be subject to U.S. state income taxes and international withholding taxes, which have been accrued by the Company.

The Tax Act also introduced in 2018 a tax on 50% of GILTI, which is income determined to be in excess of a specified routine rate of return, and a base erosion and anti-abuse tax ("BEAT") aimed at preventing the erosion of the U.S. tax base. The Company has adopted an accounting policy to treat taxes on GILTI as period costs.

## Deferred Income Taxes

The Company utilized \$309 million of its U.S. NOLs to reduce its U.S. federal tax liability for the deemed repatriation tax. After utilization of available NOLs, at December 31, 2022, the Company had U.S. federal NOLs of \$315 million, the majority of which do not have an expiration date, and U.S. state NOLs of \$465 million, which mainly begin to expire in years December 31, 2032 and forward. In addition, at December 31, 2022, the Company had \$859 million of non-U.S. NOLs, the majority of which do not have an expiration date, and \$42 million of U.S. research tax credit and foreign tax credit carryforwards available to reduce future tax liabilities.

The utilization of these NOLs and credits is dependent upon the Company's ability to generate sufficient future taxable income and the tax laws in the jurisdictions where the losses were generated. The Company periodically evaluates the likelihood of the realization of deferred tax assets, and reduces the carrying amount of these deferred tax assets by a valuation allowance to the extent it believes a portion will not be realized. The Company considers many factors when assessing the likelihood of future realization of the deferred tax assets, including its recent cumulative earnings experience by taxing jurisdiction, expectations of future income, tax planning strategies, the carryforward periods available for tax reporting purposes and other relevant factors.

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31, 2022 and 2021 are as follows (in millions):

|                                                                   | December 31, |          |
|-------------------------------------------------------------------|--------------|----------|
|                                                                   | 2022         | 2021     |
| <b>Deferred tax assets:</b>                                       |              |          |
| Net operating loss carryforward — U.S.                            | \$ 95        | \$ 88    |
| Net operating loss carryforward — International                   | 176          | 137      |
| Accrued expenses                                                  | 74           | 50       |
| Stock-based compensation and other stock based payments           | 36           | 50       |
| Foreign currency translation adjustment                           | 83           | 48       |
| Tax credits                                                       | 35           | 19       |
| Operating lease liabilities                                       | 29           | 38       |
| Property and equipment                                            | 126          | 95       |
| Other                                                             | 7            | 11       |
| Total deferred tax assets                                         | 661          | 536      |
| Valuation allowance on deferred tax assets                        | (120)        | (37)     |
| Deferred tax assets, net                                          | 541          | 499      |
| <b>Deferred tax liabilities:</b>                                  |              |          |
| Discount on convertible notes                                     | —            | (20)     |
| Intangible assets and other                                       | (174)        | (192)    |
| Euro-denominated debt                                             | (84)         | (20)     |
| State income tax on accumulated unremitted international earnings | (8)          | (8)      |
| Unrealized gains on investments                                   | (202)        | (417)    |
| Operating lease assets                                            | (26)         | (37)     |
| Installment sale liability                                        | (119)        | (156)    |
| Deferred tax liabilities                                          | (613)        | (850)    |
| Net deferred tax liabilities <sup>(1)</sup>                       | \$ (72)      | \$ (351) |

(1) Includes deferred tax assets of \$613 million and \$554 million at December 31, 2022 and 2021, respectively, included in "Other assets, net" in the Consolidated Balance Sheets.

The valuation allowance on deferred tax assets at December 31, 2022 includes \$29 million related to international operations and \$91 million primarily related to certain unrealized losses on equity securities and Connecticut NOLs. The

valuation allowance on deferred tax assets at December 31, 2021 includes \$26 million related to international operations and \$11 million primarily related to certain U.S. federal capital loss carryforwards and Connecticut NOLs. The increase in the valuation allowance is primarily related to deferred tax assets generated from certain unrealized losses on equity securities.

The Company does not intend to indefinitely reinvest its international earnings that were subject to U.S. taxation pursuant to the mandatory deemed repatriation or subject to U.S. taxation as GILTI.

### Reconciliation of U.S. Federal Statutory Income Tax Rate to Effective Income Tax Rate

A significant portion of the Company's taxable earnings is generated in the Netherlands. According to Dutch corporate income tax law, income generated from qualifying innovative activities is taxed at a rate of 9% ("Innovation Box Tax") for periods beginning on or after January 1, 2021 rather than the Dutch statutory rate of 25%. Previously, the Innovation Box Tax rate was 7%. Effective January 1, 2022, the Netherlands corporate income tax rate increased from 25% to 25.8%. A portion of Booking.com's earnings during the years ended December 31, 2022, 2021, and 2020 qualified for Innovation Box Tax treatment, which had a significant beneficial impact on the Company's effective tax rate for those years.

The effective income tax rate of the Company is different from the amount computed using the expected U.S. statutory federal rate of 21% for the years ended December 31, 2022, 2021, and 2020 as a result of the following items (in millions):

|                                                                    | Year Ended December 31, |               |               |
|--------------------------------------------------------------------|-------------------------|---------------|---------------|
|                                                                    | 2022                    | 2021          | 2020          |
| Income tax expense at U.S. federal statutory rate                  | \$ 824                  | \$ 308        | \$ 119        |
| Adjustment due to:                                                 |                         |               |               |
| Foreign rate differential                                          | 264                     | 137           | 55            |
| Innovation Box Tax benefit                                         | (452)                   | (230)         | (79)          |
| Goodwill impairment                                                | —                       | —             | 228           |
| Stock-based compensation                                           | 42                      | 37            | 32            |
| Federal GILTI                                                      | 10                      | 17            | 73            |
| State income tax benefit                                           | (31)                    | (6)           | (31)          |
| Valuation allowance                                                | 87                      | (19)          | 36            |
| Uncertain tax positions                                            | 72                      | 39            | 64            |
| Tax Act - U.S. transition tax benefit and other transition impacts | —                       | —             | (8)           |
| Other                                                              | 49                      | 17            | 19            |
| Income tax expense                                                 | <u>\$ 865</u>           | <u>\$ 300</u> | <u>\$ 508</u> |

### Uncertain Tax Positions

The following is a reconciliation of the total beginning and ending amount of unrecognized tax benefits (in millions):

|                                                        | Year Ended December 31, |               |              |
|--------------------------------------------------------|-------------------------|---------------|--------------|
|                                                        | 2022                    | 2021          | 2020         |
| Unrecognized tax benefit — January 1                   | \$ 120                  | \$ 84         | \$ 56        |
| Gross increases — tax positions in current period      | 3                       | 14            | 2            |
| Gross increases — tax positions in prior periods       | 94                      | 44            | 48           |
| Gross decreases — tax positions in prior periods       | (33)                    | (19)          | (11)         |
| Reduction due to settlements during the current period | —                       | (3)           | (11)         |
| Unrecognized tax benefit — December 31                 | <u>\$ 184</u>           | <u>\$ 120</u> | <u>\$ 84</u> |

The increase in unrecognized tax benefits is principally related Booking.com's French tax matters (see Note 16), the majority of which is included in "Accrued expenses and other current liabilities" in the Consolidated Balance Sheet as of December 31, 2022. The remaining unrecognized tax benefits are primarily included in "Other assets, net" and "Accrued expenses and other current liabilities" in the Consolidated Balance Sheet as of December 31, 2022. The unrecognized tax benefits, if recognized, would affect the effective tax rate. Due to resolution of Booking.com's French tax matters, the Company expects that a significant change to the balance of the gross unrecognized tax benefits will occur over the next 12 months. As

of December 31, 2022 and 2021, total gross interest and penalties accrued was \$43 million and \$30 million, respectively. See Note 16 for more information regarding tax contingencies.

The Company's major taxing jurisdictions include: the Netherlands, United States, Singapore, and United Kingdom. The statutes of limitations that remain open related to these major tax jurisdictions are: the Company's Netherlands returns for 2016 and forward, U.S. federal returns for 2017 and forward, Singapore returns from 2018 and forward, and U.K. returns for 2019 and forward. The Company's 2017 and 2018 U.S. federal income tax returns are currently under audit by the Internal Revenue Service.

## **16. COMMITMENTS AND CONTINGENCIES**

### **Competition and Consumer Protection Reviews**

At times, online platforms, including online travel platforms, have been the subject of investigations or inquiries by various national competition authorities ("NCAs") or other governmental authorities regarding competition law matters, consumer protection issues, or other areas of concern. The Company is and has been involved in many such investigations. For example, the Company has been and continues to be involved in investigations related to whether Booking.com's contractual parity arrangements with accommodation providers, sometimes also referred to as "most favored nation" or "MFN" provisions, are anti-competitive because they require accommodation providers to provide Booking.com with room rates, conditions or availability that are at least as favorable as those offered to other OTCs or through the accommodation provider's website. To resolve and close certain of the investigations, the Company has from time to time made commitments to the investigating authorities regarding future business practices or activities, such as agreeing to narrow the scope of its parity clauses, in order to resolve parity-related investigations. These investigations have resulted in fines and the Company could incur additional fines in the future. In addition, in September 2017, the Swiss Price Surveillance Office opened an investigation into the level of commissions of Booking.com in Switzerland and the investigation is ongoing. If there is an adverse outcome and Booking.com is unsuccessful in any appeal, Booking.com could be required to reduce its commissions in Switzerland. Most recently, in October 2022, the Comisión Nacional de los Mercados y la Competencia in Spain opened an investigation into whether certain practices by Booking.com may produce adverse effects for hotels and other online travel agencies. If the investigation finds that certain Booking.com practices violated Spanish competition laws, Booking.com may face fines and/or be required to make other commitments. Some authorities are reviewing the online hotel booking sector more generally through market inquiries, and the Company cannot predict the outcome of such inquiries or any resulting impact on its business, results of operations, cash flows, or financial condition.

The Company is and has been involved in investigations or inquiries by NCAs or other governmental authorities involving consumer protection matters, including in the United Kingdom and the European Union. The Company has previously made certain voluntary commitments to competition authorities to resolve investigations or inquiries that have included showing prices inclusive of all mandatory taxes and charges, providing information about the effect of money earned on search result rankings on or before the search results page and making certain adjustments to how discounts and statements concerning popularity or availability are shown to consumers. In the future, it is possible new jurisdictions could engage the Company in discussions to implement changes to its business in those countries. The Company is unable to predict what, if any, effect any future similar commitments will have on its business, industry practices or online commerce more generally. To the extent that any other investigations or inquiries result in additional commitments, fines, damages or other remedies, the Company's business, financial condition, and results of operations could be harmed.

The Company is unable to predict how any current or future investigations or litigation may be resolved or the long-term impact of any such resolution on its business. For example, competition and consumer-law-related investigations, legislation, or issues could result in private litigation and the Company is currently involved in such litigation. More immediate results could include, among other things, the imposition of fines, payment of damages, commitments to change certain business practices, or reputational damage, any of which could harm the Company's business, results of operations, brands, or competitive position.

### **Tax Matters**

In December 2015, the French tax authorities issued Booking.com assessments for unpaid income and value added taxes ("VAT") related to tax years 2006 through 2012 for approximately 356 million Euros (\$379 million), the majority of which represents penalties and interest. The assessments assert that Booking.com had a permanent establishment in France. In December 2019, the French tax authorities issued an additional assessment of 70 million Euros (\$75 million), including interest and penalties, for the 2013 tax year asserting that Booking.com had taxable income attributable to a permanent establishment in France. The French tax authorities also have issued assessments totaling 117 million Euros (\$125 million), including interest

and penalties, for certain tax years between 2011 and 2018 on Booking.com's French subsidiary asserting that the subsidiary did not receive sufficient compensation for the services it rendered to Booking.com in the Netherlands. As a result of a formal demand from the French tax authorities for payment of the amounts assessed against Booking.com for the years 2006 through 2012, in January 2019, the Company paid the assessments of approximately 356 million Euros (\$379 million) in order to preserve its right to contest those assessments in court. Although the Company believes that Booking.com has been, and continues to be, in compliance with French tax law, in December 2022 the Company entered into an agreement with the French tax authorities to settle all of the tax assessments for the periods 2006-2018 for a total amount of approximately 153 million Euros (\$163 million). The settlement amount is reflected in unrecognized tax benefits, of which the majority is included in "Accrued expenses and other current liabilities" in the Company's Consolidated Balance Sheet as of December 31, 2022.

The Company expects that the excess of the payment previously made by the Company with respect to the reassessments for the tax periods 2006-2012 over the settlement amount for those tax periods will be refunded within the next twelve months. The prepayments made by the Company, net of a portion of unrecognized benefits relating to the settlement, are reflected in "Other current assets" in the Company's Consolidated Balance Sheet as of December 31, 2022. In December 2022, the French tax authorities issued assessments on Booking.com's French subsidiary totaling 38 million Euros (\$40 million) including interest, for the tax years 2019-2021 asserting that the subsidiary did not receive sufficient compensation for the services it rendered to Booking.com in the Netherlands. Pursuant to the terms of the settlement agreement with the French tax authorities, the Company intends to request that the 2019-2021 assessments be submitted to a Mutual Agreement Procedure ("MAP") between France and the Netherlands.

Between December 2018 and August 2021, the Italian tax authorities issued assessments on Booking.com's Italian subsidiary totaling approximately 251 million Euros (\$268 million) for the tax years 2013-2018 asserting that its transfer pricing policies were inadequate. The Company believes Booking.com has been and continues to be in compliance with Italian tax law. In September 2020, the Italian tax authorities approved the opening of a MAP between Italy and the Netherlands for the 2013 tax year and the Italian tax authorities subsequently approved the inclusion of the tax years 2014-2018 in the MAP. Based on the Company's expectation that the Italian assessments for 2013-2018, and any transfer pricing assessments received for subsequent open years will be settled through the MAP process, and after considering potential resolution amounts, 18 million Euros (\$19 million) have been reflected in unrecognized tax benefits, the majority of which are reflected in "Other assets, net" in the Company's Consolidated Balance Sheet as of December 31, 2022.

In December 2019, the Company made a partial prepayment of 10 million Euros (\$10 million) of the 2013 assessment to avoid any collection enforcement from the Italian tax authorities pending the appeal phase of the case. The payment, net of a partial reduction for unrecognized tax benefits, is included in "Other assets, net" in the Consolidated Balance Sheets at December 31, 2022 and 2021, and does not constitute an admission that the Company owes the taxes and will be refunded (with interest) to the Company to the extent that the Company prevails. Similarly, during the year ended December 31, 2022 the Company made deposits totaling 64 million Euros (\$68 million) for the 2014 through 2018 assessments. The payments are included in "Other assets, net" in the Consolidated Balance Sheet at December 31, 2022.

In June 2021, the investigative arm of the Italian tax authorities issued a Tax Audit Report recommending that a formal tax assessment of 154 million Euros (\$164 million), plus interest and penalties, be made on Booking.com BV for VAT related to commissions charged to certain Italian accommodation providers from 2013 to 2019. In connection with the Tax Audit Report, the Genoa Public Prosecutor has requested certain Booking.com tax information and related data. The Company is cooperating with that request. While the Company continues to believe that Booking.com has been compliant with applicable VAT laws, recently the Company had discussions with the Italian tax authorities regarding the potential to resolve these matters. As of December 31, 2022, the Company recorded a liability of 44 million Euros (\$47 million), including interest and penalties, with respect to the potential settlement of the issues raised in the Tax Audit Report as applied to the periods 2013 to 2022, which is included in "Accrued expenses and other current liabilities" in the Company's Consolidated Balance Sheet.

In 2018 and 2019, Turkish tax authorities asserted that Booking.com has a permanent establishment in Turkey and issued tax assessments for the years 2012 through 2018 for approximately 832 million Turkish Lira (\$44 million), which includes interest and penalties through December 31, 2022. The Company believes that Booking.com has been, and continues to be, in compliance with Turkish tax law, and the Company is contesting these assessments in court. Such lawsuits are in varying stages of litigation, and the Company has not recorded a liability in connection with these assessments. In December 2021, the Company paid approximately 118 million Turkish Lira (\$6 million) of the assessments in order to preserve its right to contest a portion of the assessments in court. The payment, which is included in "Other assets, net" in the Consolidated Balance Sheets at December 31, 2022 and 2021, does not constitute an admission that the Company owes the taxes and will be refunded to the Company to the extent the Company prevails.

The Company is also involved in other tax-related audits, investigations, or litigation relating to income taxes, value-added taxes, travel transaction taxes (e.g., hotel occupancy taxes) and other taxes. Any taxes or assessments in excess of the Company's tax provisions, including the resolution of any tax proceedings or litigation, could have a material adverse impact on the Company's results of operations, cash flows, and financial condition.

## **Other Matters**

Beginning in 2014, Booking.com received several letters from the Netherlands Pension Fund for the Travel Industry (Reiswerk) ("BPF") claiming that Booking.com is required to participate in the mandatory pension scheme of the BPF with retroactive effect to 1999, which has a higher contribution rate than the pension scheme in which Booking.com is currently participating. BPF instituted legal proceedings against Booking.com and in 2016 the District Court of Amsterdam rejected all of BPF's claims. BPF appealed the decision to the Court of Appeal, and, in May 2019, the Court of Appeal also rejected all of BPF's claims, in each case by ruling that Booking.com does not meet the definition of a travel intermediary for purposes of the mandatory pension scheme. BPF then appealed to the Netherlands Supreme Court. In April 2021, the Supreme Court overturned the previous decision of the Court of Appeal and held that Booking.com meets the definition of a travel intermediary for the purposes of the mandatory pension scheme. The Supreme Court ruled only on the qualification of Booking.com as a travel intermediary for the purposes of the mandatory pension scheme and did not rule on the various other defenses brought forward by the Company against BPF's claims. The Supreme Court referred the matter to another Court of Appeal that will have to assess the other defenses brought forward by the Company. The Company intends to pursue a number of defenses in the subsequent proceedings and may ultimately prevail in whole or in part. While the Company continues to believe that Booking.com is in compliance with its pension obligations and that the Court of Appeal could ultimately rule in favor of Booking.com, given the Supreme Court's decision, the Company believes it is probable that it has incurred a loss related to this matter. The Company is not able to reasonably estimate a loss or a range of loss because there are significant factual and legal questions yet to be determined in the subsequent proceedings. As a result, as of December 31, 2022, the Company has not recorded a liability in connection with a potential adverse ultimate outcome to this litigation. However, if Booking.com were to ultimately lose and all of BPF's claims were to be accepted (including with retroactive effect to 1999), the Company estimates that as of December 31, 2022, the maximum loss, not including any potential interest or penalties, would be approximately 340 million Euros (\$363 million). Such estimated potential loss increases as Booking.com continues not to contribute to the BPF and depends on Booking.com's applicable employee compensation after December 31, 2022.

From time to time, the Company notifies the competent data protection authority, such as the Dutch data protection authority in accordance with its obligations under the General Data Protection Regulation, of certain incidental and accidental personal data security incidents. Should, for example, the Dutch data protection authority decide these incidents were the result of inadequate technical and organizational security measures or practices, it could decide to impose a fine.

The Company has been, is currently, and expects to continue to be, subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of third-party intellectual property rights. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources, divert management's attention from the Company's business objectives and adversely affect the Company's business, results of operations, financial condition, and cash flows.

The Company accrues for certain legal contingencies where it is probable that a loss has been incurred and the amount can be reasonably estimated. Such accrued amounts are not material to the Company's balance sheets and provisions recorded have not been material to the Company's results of operations or cash flows.

## **Other Contractual Obligations and Contingencies**

The Company had \$452 million and \$511 million of standby letters of credit and bank guarantees issued on behalf of the Company as of December 31, 2022 and 2021, respectively, including those issued under the revolving credit facility. These are obtained primarily for regulatory purposes. See Note 12 for information related to letters of credit issued under the revolving credit facility.

Booking.com offers partner liability insurance that protects accommodation partners ("home partners") in instances where a reservation has been made via Booking.com. The partner liability insurance may provide home partners (both owners and property managers) coverage up to \$1.0 million equivalent per occurrence, subject to limitations and exclusions, against third-party lawsuits claims for bodily injury, or third party personal property damage that occurred during a stay booked through Booking.com. Booking.com retains certain limited financial risks related to this insurance offering, which is underwritten by third party insurance companies.

## 17. GEOGRAPHIC INFORMATION

The Company's revenue from its businesses outside of the U.S. consists of the results of Booking.com, agoda, and Rentalcars.com in their entirety and the results of the KAYAK and OpenTable businesses located outside of the U.S. This classification is independent of where the consumer resides, where the consumer is physically located while using the Company's services, or the location of the travel service provider or restaurant. For example, a reservation made through Booking.com (which is domiciled in the Netherlands) at a hotel in New York by a consumer in the United States is part of the results of the Company's businesses outside of the U.S. The Company's geographic information on revenues is as follows (in millions):

| For the year ended: | United States | Outside of the U.S. |          | Total Company |
|---------------------|---------------|---------------------|----------|---------------|
|                     |               | The Netherlands     | Other    |               |
| December 31, 2022   | \$ 2,205      | \$ 13,428           | \$ 1,457 | \$ 17,090     |
| December 31, 2021   | 1,434         | 8,678               | 846      | 10,958        |
| December 31, 2020   | 783           | 5,264               | 749      | 6,796         |

The following table presents information on the Company's property and equipment (excluding capitalized software) and operating lease assets based on location of the assets at December 31, 2022 and 2021 (in millions):

|                   | United States | Outside of the U.S. |                |        | Total Company |
|-------------------|---------------|---------------------|----------------|--------|---------------|
|                   |               | The Netherlands     | United Kingdom | Other  |               |
| December 31, 2022 | \$ 143        | \$ 445              | \$ 125         | \$ 213 | \$ 926        |
| December 31, 2021 | 175           | 506                 | 115            | 213    | 1,009         |

## 18. ACQUISITIONS

In November 2021, the Company entered into an agreement to acquire global flight booking provider Etraveli Group for approximately 1.6 billion Euros (\$1.7 billion). Completion of the acquisition is subject to certain closing conditions, including regulatory approvals.

In December 2021, the Company acquired all of the outstanding stock of Getaroom, a business-to-business distributor of hotel rooms, in a cash transaction for \$1.3 billion (\$1.2 billion, net of cash acquired).

The following table summarizes the allocation of the consideration transferred for the Getaroom acquisition.

|                                               | (in millions) |
|-----------------------------------------------|---------------|
| Current assets <sup>(1)</sup>                 | \$ 174        |
| Identifiable intangible assets <sup>(2)</sup> | 437           |
| Goodwill <sup>(3)</sup>                       | 982           |
| Other non-current assets                      | 11            |
| Current liabilities                           | (199)         |
| Deferred income taxes                         | (65)          |
| Other non-current liabilities <sup>(4)</sup>  | (44)          |
| Total consideration                           | \$ 1,296      |

(1) Includes cash and restricted cash acquired of \$116 million.

(2) Acquired definite-lived intangible assets consist of supply and distribution agreements with an estimated value of \$311 million and weighted-average useful life of 10 years, technology assets with an estimated value of \$118 million and weighted-average useful life of 4 years, trade names with an estimated value of \$5 million and weighted-average useful life of 3 years and other intangible assets with an estimated value of \$3 million and weighted-average useful life of 5 years.

(3) Goodwill, which is not tax deductible, reflects the synergies expected from combining the technology and expertise of Getaroom and Priceline.

(4) Includes liabilities of \$39 million principally related to travel transaction taxes.



The allocation of the consideration transferred was completed and, compared to the preliminary allocation, resulted in a decrease to goodwill of \$38 million, a decrease to deferred tax liabilities of \$27 million, and increase to intangible assets of \$14 million, and a net decrease to other assets and liabilities of \$3 million.

Supplemental pro forma information has not been presented as the results of Getaroom are not material to the Company's results of operations.

## **19. RESTRUCTURING, DISPOSAL, AND OTHER EXIT ACTIVITIES**

During the year ended December 31, 2022, the Company entered into a sale and leaseback transaction related to Booking.com's future headquarters building and recognized a gain of \$240 million on the transaction, which was recorded in the "Restructuring, disposal, and other exit activities" in the Consolidated Statement of Operations (see Note 10).

During the year ended December 31, 2022, the Company transferred certain customer service operations of Booking.com to Majorel Group Luxembourg S.A. resulting in a loss of \$41 million included in "Restructuring, disposal, and other exit activities" in the Consolidated Statement of Operations.

In response to the reduction in the Company's business volumes as a result of the impact of the COVID-19 pandemic (see Note 2), during the year ended December 31, 2020, the Company took actions at all of its brands to reduce the size of its workforce across more than 60 countries to optimize efficiency and reduce costs. As part of these actions, the Company engaged in consultations with its employees, works councils, employee representatives, and other relevant organizations related to the reductions in force in certain countries (including the Netherlands and the United Kingdom). These consultations resulted in the Company executing either voluntary leaver schemes or involuntary reductions in force, or, in some countries, a combination of the two. The Company completed the vast majority of announcements to affected employees by December 2020. In 2021, the Company approved and communicated the final portion of workforce reductions in the Netherlands, France, and several other countries.

During the years ended December 31, 2021 and 2020, the Company recorded expenses of \$13 million and \$149 million, respectively, for the restructuring actions, which were included in "Restructuring, disposal, and other exit activities" in the Consolidated Statements of Operations. During 2021 and 2020, these expenses consist of employee severance and other termination benefits, and other cost reducing activities. During the years ended December 31, 2021 and 2020, the Company made payments of \$38 million and \$108 million, respectively. Noncash restructuring expenses and other adjustments to the restructuring liability during the years ended December 31, 2021 and 2020 were \$9 million and \$4 million, respectively.

## **20. GOVERNMENT GRANTS AND OTHER ASSISTANCE**

Certain governments passed legislation to help businesses during the COVID-19 pandemic through loans, wage subsidies, tax relief, or other financial aid. During the year ended December 31, 2020 and the three months ended March 31, 2021, the Company participated in several of these programs and recognized, in the aggregate, government grants and other assistance benefits of \$131 million, principally recorded as a reduction of "Personnel" expense in the Consolidated Statements of Operations for the respective periods. As of March 31, 2021, the Company had a receivable of \$28 million for payments expected to be received for the programs where it had met the qualifying requirements.

In June 2021, in light of the improving booking trends in certain countries, the Company announced its intention to voluntarily return assistance received through various government aid programs and completed the repayments by December 31, 2021. For the year ended December 31, 2021, the Company recorded expenses of \$137 million in the Consolidated Statement of Operations, principally in "Personnel" expense, to reflect the return of such assistance. The Company repaid \$107 million during the year ended December 31, 2021. The previously recorded receivable for payments expected to be received was also written off in June 2021.

During the year ended December 31, 2020, the Company recognized government grants and other assistance benefits of \$127 million.

## 21. OTHER INCOME (EXPENSE), NET

The components of other income (expense), net included the following (in millions):

|                                                            | Year Ended December 31, |                 |                 |
|------------------------------------------------------------|-------------------------|-----------------|-----------------|
|                                                            | 2022                    | 2021            | 2020            |
| Interest and dividend income                               | \$ 219                  | \$ 16           | \$ 54           |
| Net (losses) gains on equity securities <sup>(1)</sup>     | (963)                   | (569)           | 1,713           |
| Foreign currency transaction (losses) gains <sup>(2)</sup> | (43)                    | 111             | (207)           |
| Loss on early extinguishment of debt <sup>(3)</sup>        | —                       | (242)           | —               |
| Other <sup>(4)</sup>                                       | (1)                     | (13)            | (6)             |
| <b>Other income (expense), net</b>                         | <b>\$ (788)</b>         | <b>\$ (697)</b> | <b>\$ 1,554</b> |

- (1) See Note 5 for additional information related to the net (losses) gains on equity securities and Note 6 for additional information related to the impairment of an investment in equity securities.
- (2) Foreign currency transaction (losses) gains include gains of \$46 million and \$135 million, and losses of \$200 million, for the years ended December 31, 2022, 2021, and 2020, respectively, related to Euro-denominated debt and accrued interest that were not designated as net investment hedges (see Note 12).
- (3) See Note 12 for additional information related to the loss on early extinguishment of debt.
- (4) The amount for the year ended December 31, 2021 includes losses on reverse treasury lock agreements which were designated as cash flow hedges (see Note 6).







## CORPORATE OFFICES

Booking Holdings Inc.  
800 Connecticut Avenue  
Norwalk, CT 06854

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### DIRECTORS

Timothy Armstrong  
Glenn D. Fogel  
Mirian M. Graddick-Weir  
Wei Hopeman  
Robert J. Mylod, Jr.  
Charles H. Noski  
Larry Quinlan  
Nicholas J. Read  
Thomas E. Rothman  
Sumit Singh  
Lynn Vojvodich Radakovich  
Vanessa A. Wittman

### EXECUTIVE OFFICERS

**Glenn D. Fogel**  
Chief Executive Officer and President

**David I. Goulden**  
Executive Vice President and Chief Financial Officer

**Peter J. Millones**  
Executive Vice President and General Counsel

**Paulo Pisano**  
Chief Human Resources Officer

### TRANSFER AGENT

American Stock Transfer  
& Trust Company, LLC  
6201 15th Avenue  
Brooklyn, NY 11219

### STOCK LISTING

The Nasdaq Stock Market  
Ticker Symbol: BKNG



**BOOKING** HOLDINGS

