



Inside Today's Blitz

- FDA OK's Third COVID Shot for Immunocompromised
- China COVID Outbreak May Be Waning as Cases Drop to Lowest Since July
- **Adidas** to sell **Reebok** brand for €2.1B; **BIIB** Aduhelm won't be covered by VA; **KSU** rejects higher bid from **CP**; **FB** may be forced to sell **Giphy** after UK probe

Market Outlook

Futures indicating a flat morning with the **Dow** up 15 bps, the **S&P** up 7 bps, and the **Nasdaq** up 3 bps. The **Russell** is down 8 bps. **Energy** is down slightly with **WTI** off by 14 bps and **gasoline** down 30 bps. **Natural gas** is off by 45 bps. **Gold** and **silver** both higher today with the latter up 1.15%. **Copper** is up 23 bps. The **dollar** is down 13 bps. **Bonds** are up 33 bps. **VIX** is 16.80. It is – yet again – a pretty quiet morning for macro news. COVID remains in focus with fears now that the current spread of the delta variant will cause shipping delays and weigh on global supply chains again. China closed one of the busiest ports in the world yesterday and LA's ports are preparing for a slowdown from Asia in the coming month. Elsewhere, the FDA authorized a third shot of COVID vaccine for immunocompromised individuals. We saw some central banks adjust GDP outlooks today with both Hong Kong and Taiwan higher. Earnings season continues to draw to a close. DIS and ZIP two notables last night. Otherwise, it remains a quiet overall environment likely until early September.

Asian markets are mixed today with the Hang Seng down 48 bps, Shanghai down 24 bps, and the Nikkei down 14 bps. Casino groups were weak in Hong Kong with **Sands China** down over 3%. In Europe, the major indices are mostly higher with the DAX up 44 bps, the CAC up 31 bps, and the FTSE up 40 bps. We're seeing outperformance in chemicals and financials. **Deutsche Euroshop** is higher on earnings while **Avon Protection** is getting hit hard. **Adidas** rose 2% after it agreed to sell its underperforming Reebok brand. **Zooplus** jumped as much as 40% after U.S. private equity firm Hellman & Friedman offered to buy the online retailer of pet supplies. **Ipsen** fell 12% after the withdrawal of the NDA for palovarotene in the US. Defense contractor **Babcock** jumped 6.5% after it agreed to sell its consultancy unit. **BHP Group** gained about 1% amid speculation it may announce a decision on exiting fossil fuels next week.

Calendar

Today... Import/Export Prices, Michigan Consumer Sentiment;
International Data: EU Trade Balance; **International Earnings:** Embraer; **Earnings Before the Open:** DSEY, ERJ, HNST

Next Week... It will be a quiet week with the focus on China data (retail sales, industrial production, LPR) and then US earnings with key reports from HD, WMT, LOW, TGT, ADI, CSCO, NVDA, EL, and DE. Other notable events include FOMC minutes on Wednesday.

Overnight Markets

Silver	23.37	1.10%
Gold	1761.8	0.57%
Bonds	163.44	0.33%
Copper	4.371	0.25%
Lumber	495	0.25%
Platinum	1018.7	0.10%
Oil (WTI)	69.06	-0.05%
US Dollar	92.92	-0.13%
Natural Gas	3.916	-0.45%
VIX	16.8	-1.20%

Technical View



Key Levels to Watch

S&P futures (ES_F) aren't doing much of anything at all this morning after the strong session on Thursday. We've been balancing in a narrow range around close/high at 4456. The overnight VWAP is 4455.25. We've seen VPOC rise in each of the last four days, buyers clearly in control. Areas of interest today include 4468, 4481, and 4494. A pullback targets 4442, 4428.75 and 4416.

Economic Data

- **Hong Kong** sees GDP at 5.5% to 6.5% vs 3.5% to 5.5% prior
- **Taiwan** sees GDP at 5.88% vs 5.46% prior
- **Malaysia** is cutting their GDP outlook to 3% to 4% from 6.5% to 7% due to COVID's current impact
- **Spanish** CPI was -0.8% vs -0.7% est.
- **German** WPI was 1.1% vs 1.5% prior

Macro News

- **China** says their COVID outbreak is waning, per Reuters, with the smallest number of local cases since late July
- **China** is looking to accelerate coal mine restarts in a bid to stop rising prices, per Bloomberg
- **South Korean** COVID infections hit a record, per Bloomberg, and officials are considering new mandates
- **German** officials think the current inflation surge will be temporary, per Reuters, after hitting a 13-year high in July
- The new head of the **FTC** said regulators should block more M&A deals, per Bloomberg, rather than seek remedies and compromises

Movers

Gainers: ZIP 13%, CODX 11.5%, RKT 6.5%, DIS 5.5%, PAGS 4%

Losers: WISH -20%, SOFI -12%, LFMD -10.5%, FIGS -9%, TTCF -8%, BODY -7%, XL -6.5%

Insider Buying

ADGI, SCOR, TVTY, CI, ET, FISV, WEBR, FEYE, ATVI, HFC, FIS

Notable IPO Calendar

FinWise Bancorp (FINW) raising \$58M at \$183M market cap

Southern States Bancorp (SSBK) raising \$40M at \$174M market cap

Stock-Specific News

Consumer/ Business Services

- **Adidas** is selling their Reebok brand to Authentic Brands, says Bloomberg, for €2.1B. Adidas plans to share the majority of proceeds with shareholders
- **Publicis** has won a massive new account doing ad buying and planning for Walmart US, per Reuters
- **PPC** has received an offer from JBS to buy the remaining stake in the company for \$26.50/share
- **PM** has gained board support for their \$1B+ bid for Vectura, says FT
- **DISCA** is planning to take legal action in Poland over the country's new media law, per Bloomberg
- **GME** CEO is featured in a WSJ profile this morning. There's nothing new or incremental in the piece but it does read slightly negative as Cohen took the reins quickly without a clear vision for achieving his long-term promises to shareholders
- **RSI** has named a new CEO
- **ZooPlus**, a leading online pet supplies retailer in Europe, has received a takeover offer from Hellman & Friedman, per Reuters. The company saw sales surge from rising online demand for pet supplies during the pandemic

Financials

- **Willis Towers (WLTW)** has confirmed plans to divest Willis Re to **Arthur Gallagher (AJG)** for up to \$4B in cash (\$3.25B in upfront and \$750M in payouts up to 2025)
- **CS** is adding two new risk experts to their board, per Reuters, as they look to manage fallout from the Archegos and Greensill scandals

Healthcare

- **BIIB's** Aduhelm won't be covered by the VA, says WSJ. Agency cites Aduhelm's risk of serious side effects and a lack of evidence that it improves cognitive function
- **PFE, MRNA** - The FDA has authorized a third shot of COVID vaccine for immunocompromised individuals
- **RIGL** says the FDA has informed them that data from Phase 2 fostamatinib trial is insufficient for EUA
- **Ipsen** is withdrawing their NDA for palovarotene in the US after recent discussions with the FDA
- **BSX** wins \$265M defense logistics agency contract
- **LH** has acquired Ovia Health

Sympathy Movers

WPP could see some weakness as one of their subsidiary firms lost the Walmart deal

Chart Watch

PM continues to set up well under recent highs with the 8- and 21-EMA supportive this week and a move above \$101.50 on watch

Chart Watch

LH small flag forming above the rising 8-EMA and under \$304.75

Industrials

- **KSU** board has rejected the higher bid from **CP**, per Bloomberg, and will wait for a shareholder vote on the **CNI** proposal
- **BA** launch of Starliner could be delayed by several months, says WSJ, in another setback for the company's space business
- UK's **Babcock** is looking to sell their consultancy unit Frazer-Nash for \$404.5M in cash, says Reuters, as they look to short up the balance sheet and cut debt
- **Volkswagen** July deliveries down 18.7% Y/Y; 1H deliveries up 19.2%

Energy & Materials

- **CATL** is raising \$9B to expand lithium-ion battery production, per Reuters. The Chinese battery giant is looking to fund six new projects

Tech/Telecom

- **AAPL** employees are raising concerns over the company's decision to scan US customer phones for child abuse content, per Reuters. Staff expressed concerns that the feature could be exploited by repressive governments
- **FB** may be forced to sell **Giphy**, says Guardian. The UK's competition watchdog has initiated a probe into the \$400M deal
- **Notebook companies** see mixed shipment prospects for 2022, per Digitimes, as concerns rise for ODMs and other suppliers

Analyst Notes

Upgrades

- **UPST** raised to Overweight at Barclays, analyst believes that improvements in conversion rate, top-of-funnel acquisition, and margins are more sustainable than he'd previously thought given the company's continued impressive performance. He also sees upside potential from the auto vertical and a credit environment normalization
- **XEC** raised to Buy at Goldman, sees capacity for Cimarex to accelerate Permian oil growth investment, should a call on unconventional barrels emerge, that is not captured in the current valuation

Chart Watch

XEC has based nicely and \$67.50 a base breakout trigger, holding stronger than peers and a name with 1000 Jan. \$50 and 1250 Jan. \$85 calls bought in OI

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- **ATVI** raised to Buy at Citi
- **ACVA** raised to Buy at BAML
- **TIG** raised to Overweight at JPM

Downgrades

- **ROOT** cut to Equal Weight at Wells Fargo, the analyst has an incrementally more cautious view on the personal lines market, and argues that Root pulling back on advertising should have a negative impact on growth and thinks the trend in general getting worse before it gets better
- **WISH** cut to Underweight at JPM; Cut to Underperform at BAML; JPM thinks the new product strategy could take many quarters to materialize and he sees considerable execution risk
- **RXT** cut to Neutral at Barclays
- **RTL** cut to Underweight at Barclays
- **CRCT** cut to Underweight at MSCO
- **MS** cut to Neutral at Seaport

Initiations

- **KOF** started Buy at Goldman with 22% upside on reopening, on-the-go consumption and returning traffic to convenience stores
- **ABEV, CCU** started Sell at Goldman
- **BILI** started Buy at Deutsche Bank
- **HZYN** started Outperform at Wedbush

Other Notes

- **ADI** target raised to \$200 from \$175 at OpCo, expects a beat and raise quarter; views Analog as an emerging growth story led by 5G RAN content and share gains complemented by expanding auto content
- **WMT** target raised to \$170 at Stephens, the analyst likes Walmart as he feels they benefited less than peers from Covid, they have been proactive in investing in the business to remain competitive, and they have the scale to temper cost inflation
- **DASH** target to \$230 from \$195 at Needham
- **SNOW** target to \$320 from \$300 at Mizuho
- **FTNT** target to \$345 from \$305 at BTIG

Hawk Database

ATVI size buys in January \$90 calls yesterday also on 8/6 5000 of the January \$72.5 puts sold to buy the \$82.5/\$100 call spreads

Trade Ideas

Tesla (TSLA) shares consolidating in a bull flag above the rising 8-EMA and prior range breakout from 8/2. A move above \$727 has room to \$800 and filling the low-volume gap from March. The weekly has a very constructive look as well and eyeing a continuation of the longer-term trend higher. MACD crossed bullish recently on the weekly and RSI is breaking out of a base ahead of price.



Technical Scans

Inside Days: TTD, ONEM, FIVN, ADSK, NVDA, PANW, ZM, DXCM, EW, SPOT, TDOC, LITE, LSPD, BLL, ROKU, PINS, LOGI, CMCSA, RACE, BL, IIVI, AMCR, YUM

Bull Reversal Days: FNV, BGNE, IAC, UHS, NTNX, AVGO, NBIX, BMBL, ORCL, ZS, COUR, SHOP, TGTX, HCA, AMZN, NCNO, IQV, GDDY, TENB

Small-Cap Options Flow / Insider Buying

Scorpio Tanker (STNG) seeing bullish flows pick up recently with 2,000 January 2023 \$15 calls bought on 8/12 and 8/11 for \$4.60, both from the CEO, 1000 December \$13 calls bought on 8/11, and over 8000 January 2022 \$14 calls bought last week. Shares surged higher in early 2021 but have pulled back since and now re-testing the 61.8% Fibonacci of the rally up to \$25. STNG is back at VPOC for the year and the prior breakout at \$13.50 and a bounce back higher has room to \$18.75 in the near-term. The \$850M company trades 8.5X earnings, 0.45X book and 6.5X FCF with a 2.55% yield. STNG has been under pressure recently over balance sheet concerns and rising COVID cases which have deferred a recovery in demand for refined products globally. They continue to be positive on the longer-term outlook as economic growth in the 2H of 2021 and early 2022 will drive oil demand while a general rebound in gasoline has already started in July. STNG continues to have the most diversified fleet of the tanker names and delays to new builds will keep rates steadier for longer for the company. They also see significant growth opportunities from LNG and a broader shift towards refined products. Analysts have an average target for shares of \$23 with a Street High \$35. DNB Markets upgrading to Buy on 8/6 and expects Scorpio's leverage to become more attractive ahead of and business upswing. Deutsche Bank cutting to Sell last week citing concerns over their liquidity as the company is not generating enough cash flow to meet debt repayments. HCW with a \$28 PT and out positive in late July as product tanker fundamentals are starting to improve which should continue to support higher asset values. Hedge fund ownership rose 39.5%. Portolan Capital and Point72 buyers of stock. Short interest is 5.5%.

Open Interest Checks

Ticker	Contract	Prior OI	New OI	OI Change
MU	17 SEP 21 70 CALL	1,743	9,503	445.21%
TMUS	19 NOV 21 150 CALL	1,013	2,882	184.50%
HUM	21 JAN 22 440 PUT	634	1,640	158.68%
DAL	17 SEP 21 40 CALL	10,228	23,426	129.04%
GM	15 OCT 21 57.5 CALL	8,135	18,524	127.71%
V	15 OCT 21 235 CALL	2,307	5,030	118.03%
MRNA	15 OCT 21 350 PUT	715	1,531	114.13%
BMJ	17 DEC 21 67.5 CALL	1,162	2,432	109.29%
WDC	15 OCT 21 60 PUT	1,986	3,856	94.16%
STNG	20 JAN 23 15 CALL	1,521	2,945	93.62%
V	17 SEP 21 230 CALL	2,348	4,024	71.38%
LUV	17 DEC 21 55 CALL	2,213	3,759	69.86%
SYK	17 SEP 21 260 CALL	1,001	1,666	66.43%
CMCSA	20 JAN 23 55 PUT	2,827	4,695	66.08%
QCOM	15 OCT 21 150 CALL	4,065	6,709	65.04%
ZNGA	17 SEP 21 8 CALL	35,440	58,403	64.79%
HLT	21 JAN 22 135 CALL	2,904	4,657	60.37%
VST	15 OCT 21 19 CALL	12,518	20,017	59.91%
OXY	21 JAN 22 25 PUT	5,171	8,181	58.21%
TGT	21 JAN 22 270 CALL	1,717	2,716	58.18%
OXY	17 SEP 21 27 CALL	2,615	4,111	57.21%
ABUS	17 DEC 21 5 CALL	3,922	6,086	55.18%
SPY	17 DEC 21 439 CALL	1,318	2,030	54.02%
BABA	16 DEC 22 190 PUT	1,722	2,623	52.32%
YY	19 NOV 21 40 PUT	1,393	2,104	51.04%
ZIM	21 JAN 22 45 CALL	3,155	4,396	39.33%
AZN	17 DEC 21 60 CALL	13,236	18,250	37.88%
LVS	20 JAN 23 40 PUT	4,195	5,687	35.57%
AMGN	21 JAN 22 230 PUT	1,439	1,908	32.59%
APLS	15 OCT 21 65 CALL	3,189	4,189	31.36%
FCX	15 OCT 21 37 CALL	2,344	3,066	30.80%
ROKU	17 SEP 21 350 PUT	3,225	4,146	28.56%
AAPL	(Weeklys) 27 AUG 21 15	13,871	17,141	23.57%
WDAY	17 MAR 23 220 PUT	6,572	7,868	19.72%
WDAY	20 JAN 23 210 PUT	8,288	9,575	15.53%
ABNB	20 JAN 23 140 PUT	3,799	4,015	5.69%
OGN	21 JAN 22 30 CALL	1,914	1,946	1.67%
RCL	18 MAR 22 75 PUT	2,886	2,599	-9.94%
RCL	20 JAN 23 65 CALL	2,321	2,084	-10.21%
BE	18 FEB 22 23 CALL	1,501	1,223	-18.52%
UPWK	21 JAN 22 60 CALL	2,557	1,954	-23.58%
TSLA	18 MAR 22 1200 CALL	3,752	2,733	-27.16%
NVAX	21 JAN 22 440 CALL	1,783	1,007	-43.52%

Extras

Aon (AON) late buyers of 1300 September \$280 calls for \$4.30 to \$4.50

Li Auto (LI) late day opening sale 2000 December \$29 puts \$3.95

Best Buy (BBY) buyer 1000 Aug. 27th (W) \$116/\$106 put spreads for earnings 8-24

EOG Resources (EOG) with 3000 January \$95 calls sold to open \$1.11

Coinbase (COIN) late day opening sale 500 September 2022 \$220 puts for \$38.90, nearly \$2M

Advanced Micro (AMD) with 14,500 October \$105 puts bought as the \$115 puts bought into the parabolic highs adjusted

Citi (C) buyer 2000 January 2023 \$77.50 puts for \$12.85

Brinker (EAT) spread for earnings 8-18 sold 2000 August \$60 calls and bought the \$55/\$45 put spreads

Oscar (OSCR) with 3000 August \$15 puts bought up to \$1.40 into earnings as IV surged

TJX (TJX) buyer 5000 Aug. \$71.5 calls \$1.33 as the \$70 calls adjusted, earnings 8-18

American Air (AAL) IV soared into the close as 24,500 September \$21 puts bought \$1.52+

ASML (ASML) with 650 January \$740 puts sold to open for \$48

What They're Saying

CyberArk (CYBR) earnings call on its new focus areas and portfolio strength... "One of the most important of the market focus areas was expanding our sales motion to include our Identity Security vision. In January, we organized our sales team across the Identity Security pillars of PAM and our 2 speedboats, Access and DevSecOps. As evidenced by the acceleration in our business, the increased focus and specialized resources are working. Productivity levels have increased in all regions, and our cross-sell activity has improved considerably. At the heart of our business is our robust PAM portfolio. And in Q2, PAM, and particularly Privilege Cloud, was the biggest driver of growth. The majority of our customers land with PAM. We added more than 185 new logos across verticals, geographies and customer size. In fact, Fortune 500 and Global 2000 companies in manufacturing, professional services and critical infrastructure landed with Privilege Cloud in the second quarter, a clear demonstration that large enterprise customers are increasingly protecting the keys to the kingdom, leveraging the cloud, our cloud."

Cricut (CRCT) earnings call on the opportunity and penetration... "The products we've launched and the lives we impact create a tremendous opportunity for us to continue scaling our user base. We estimate our serviceable addressable market in the U.S. and Canada is roughly 85 million individuals. Including our SAM internationally, we believe our opportunity is roughly 130 million individuals when adding just Australia, France, Germany and the U.K. markets. With a user base of nearly 5.4 million, we have penetrated just over 4% of our SAM. As we continue to expand our offerings, drive continued user engagement and fuel our viral marketing engine, we believe there is an even greater opportunity for creatives everywhere to join the Cricut platform."

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Zip Recruiter (ZIP) earnings call on job seekers returning to the market and monetization trends... “And then to add on to that, in terms of how we see that equilibrium returning over the coming quarters, we really believe that we have seen the early stages of job seekers coming back to the marketplace and some encouraging trends. On the monetization side of things, what we see is despite the very unique nature of the quarter, what we see is the underlying trends are the same, where when we look at cohorts over time, we see continued improvements in monetization as employers get to know us better, they are more and more willing to pay us more, and we deliver more and more comfortable with the amount of value we deliver to them. So over time, that is going to be reliably going up and to the right as those cohorts sort of take their natural journey.”

Globant (GLOB) earnings call discussing some hot new trends and how it is addressing those markets... “We also see how certain key areas continue to be disruptive and garner more attention from companies. An example of these are blockchain technologies, which are enabling the decentralization of finance while also penetrating in more industries. Particularly even in the past few months, the tokenization of assets has become an increasing trend. Blockchain is already disrupting the concepts of work, business and commerce worldwide. And it's just getting started. Similarly, artificial intelligence adoption continues to expand, and the AI market is expected to grow by \$76 billion by 2025. We're confident that these trends, together with the growth of our market, will allow us to grow fast. We have been seeing continued adoption of the technology throughout many industries and sectors. The rise of NFTs, cryptocurrency adoption and use of private and semiprivate blockchains has created a surge in demand. We are revamping this offering through our new practices, smart contracts, digital organization, decentralized platforms and decentralized finance. We will continue to design and build the centralized and resilient solutions that boost strategic business value, enabling efficiency, immutability and transparency.”

Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
AQN	Algonquin Power	\$0.15	\$0.13	\$527.50	\$463.21	53.50%	
CRCT	Cricut	\$0.22	\$0.21	\$334.49	\$317.42	42.10%	
DASH	DoorDash	-\$0.30	-\$0.19	\$1,236.00	\$1,098.25	83.10%	
FIGS	FIGS, Inc.	\$0.08	-\$0.20	\$101.12	\$88.86	57.60%	FY Above
FLO	Flowers Foods	\$0.32	\$0.28	\$1,017.30	\$1,006.51	-0.80%	FY Above
GLOB	Globant	\$0.88	\$0.84	\$305.30	\$285.81	67.10%	FY Above
LZ	LegalZoom.com	\$0.03	\$0.02	\$150.43	\$140.38	35.50%	FY In Line
MAX	MediaAlpha	-\$0.01	\$0.12	\$157.40	\$160.88	27.30%	
PAGS	PagSeguro Digital	\$1.04	\$1.10	\$2,369.60	\$2,277.50	74.60%	
RKT	Rocket Companies	\$0.46	\$0.48	\$2,669.00	\$2,862.93	-47.00%	
RSI	Rush Street Interactive	-\$0.04	-\$0.11	\$122.80	\$111.92	88.90%	FY Above
SEER	Seer	-\$0.27	-\$0.28	\$1.33	\$0.79	87.90%	
SOFI	SoFi Technologies	-\$0.48	-\$0.06	\$237.20	\$218.60	74.00%	

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SXI	Standex International	\$1.40	\$1.31	\$176.44	\$174.28	26.60%	
VIAB	Viavi	\$0.22	\$0.19	\$310.90	\$300.81	16.40%	
DIS	Walt Disney	\$0.80	\$0.55	\$17,022.00	\$16,760.78	44.50%	FY In Line
WPM	Wheaton Precious Metals	\$0.36	\$0.37	\$330.39	\$328.21	33.20%	
WISH	Wish	-\$0.18	-\$0.10	\$656.00	\$722.92	-6.40%	
ZIP	ZipRecruiter	-\$0.55	-\$0.20	\$182.96	\$160.18	108.70%	FY Above
ABNB	AirBnb	-\$0.11	-\$0.48	\$1,340.0	\$1,230.0		

Earnings Before the Open

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Y/Y Change	Notes
DSEY	Diversey Holdings	\$0.16	\$0.12	\$650.10	\$668.14	3.90%	
ERJ	Embraer SA	\$0.24	-\$0.28	\$11,305.00	\$987.10	2004.40%	FY In Line
HNST	Honest Company	-\$0.23	-\$0.19	\$74.60	\$78.74	3.00%	

FIGS – Beat on EPS and Revs – "We are extremely pleased to have delivered strong financial performance in our first quarter as a public company following a successful IPO. We are so proud to have completed our public offering in the only way we could have imagined - by ringing the bell with as many Awesome Humans as we could fit on the podium right alongside us," said Co-Chief Executive Officers Heather Hasson and Trina Spear. "Healthcare professionals deserve to be celebrated, empowered, and served, and that's what we aim to do every day. The way we executed and grew our business in Q2 was another step in that direction. We generated over \$100 million in net revenues, we grew to 1.6 million active customers, and we continued to drive growth in a sustainable way. Thank you to the entire FIGS team, and most importantly, to all the healthcare professionals who serve and inspire all of us on a daily basis. We will continue to make investments that expand your access to the best products, the most seamless direct-to-consumer experience, and to share your stories with the world."

DIS – Beat on EPS and Revs – "We ended the third quarter in a strong position, and are pleased with the Company's trajectory as we grow our businesses amidst the ongoing challenges of the pandemic. We continue to introduce exciting new experiences at our parks and resorts worldwide, along with new guest-centric services, and our direct-to-consumer business is performing very well, with a total of nearly 174 million subscriptions across Disney+, ESPN+ and Hulu at the end of the quarter, and a host of new content coming to the platforms," said Bob Chapek, CEO of The Walt Disney Company

ABNB – Beat on EPS and Revs - As vaccinations rise and restrictions ease, more people are traveling. We saw strong demand for bookings in Q2, achieving the highest gross nights booked of any quarter in our history. Guests from countries with high vaccination rates, including the U.S. and parts of Europe, are driving the travel recovery. Even as pre-pandemic types of travel rebound, we believe many new booking trends are here to stay, including stays outside of top destinations and long-term stays. While we expect Nights and Experiences Booked in Q3 2021 to significantly outperform Q3 2020, we expect Nights and Experiences Booked to come down from Q2 and remain below Q3 2019 levels. In the second half of 2021, we expect ADR to gradually moderate based on the anticipated shift in regional composition and return to urban destinations. Despite this moderation in ADR, we expect GBV in Q3 2021 to be well above 2019 levels, but below what we saw in Q2 due to the impact of booking timing differences and cancellations. The stronger than expected recovery in Nights and Experiences Booked through Q2, and the elevated ADR year-to-

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date have created a strong GBV backlog for peak travel season revenue. As a result, we expect Q3 2021 to be our strongest quarterly revenue on record, finishing well above Q3 2019 levels. Our Q3 revenue as a percentage of GBV will increase substantially from Q2 due to the high concentration of check-ins expected in Q3. We expect our Adjusted EBITDA margins to be higher in the second half of 2021 than in the first half, both due to seasonality and timing of certain investments made in the first half of 2021.

Disclosures

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