

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 6, 2020

TRIPADVISOR, INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-35362
(Commission File Number)

80-0743202
(IRS Employer
Identification No.)

400 1st Avenue
Needham, MA 02494
(Address of Principal Executive Offices) (Zip Code)

(781) 800-5000
Registrant's Telephone Number, Including Area Code

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	TRIP	Nasdaq

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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.

Item 2.02. Results of Operations and Financial Condition.

On August 6, 2020, Tripadvisor, Inc. issued a press release announcing its preliminary financial results for the three and six months ended June 30, 2020. Tripadvisor, Inc. also posted a letter to shareholders from Stephen Kaufer, President and Chief Executive Officer, and Ernst Teunissen, Chief Financial Officer, on the “Investor Relations” section of its website at <http://ir.Tripadvisor.com/events-and-presentations>. The full text of this press release and letter are furnished as Exhibits 99.1 and 99.2 to this Current Report on Form 8-K.

Pursuant to General Instruction B.2. to Form 8-K, the information set forth in Items 2.02 and Exhibit 99.1 and 99.2 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall they be incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release of Tripadvisor, Inc. dated August 6, 2020.
99.2	Q2 2020 Shareholders Letter dated August 6, 2020.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TRIPADVISOR, INC.

Date: August 6, 2020

By: _____ /s/ ERNST TEUNISSEN
Ernst Teunissen
Chief Financial Officer

Tripadvisor Reports Second Quarter 2020 Financial Results

NEEDHAM, MA, August 6, 2020 — Tripadvisor, Inc. (NASDAQ: TRIP) today announced financial results for the second quarter ended June 30, 2020.

“Our second quarter results reflect the historic impact the COVID-19 pandemic is having on our business and on the travel industry. Significant year-over-year impacts persist and near-term visibility remains low. That said, we are encouraged that consumer travel demand trends have been gradually improving since the April nadir. Travel’s recovery path will likely be uneven by geography and by sector as businesses and borders reopen and consumer confidence in their own health and safety is restored. Accordingly, we are leveraging our platform’s core strengths to help customers, and redoubling strategic efforts to emerge in a strong position on the other side of this pandemic,” said Chief Executive Officer Steve Kaufer.

Chief Financial Officer Ernst Teunissen added, “In light of the unknowns, we have planned with conservatism. During Q2 we took swift, concerted action to preserve cash and maintain our solid financial position. We are operating prudently and are well prepared for a variety of recovery scenarios.”

Update on COVID-19 impacts, and Tripadvisor’s response

Consumer demand. Since late February, the COVID-19 pandemic has significantly impacted consumer demand for travel. In April, May, and June, monthly unique users on Tripadvisor sites were approximately 33%, 45%, and 60%, respectively, of last year’s comparable period.

Revenue. Q2 revenue of \$59 million was modestly better than we anticipated, and we observed an improving monthly trend in the back half of the quarter. April and May consolidated revenue was approximately 10% of last year’s comparable period and June revenue was approximately 20% of last year’s comparable period.

Expense Management. Last quarter, we outlined significant discretionary and workforce-related cost reduction measures and identified target savings levels in Q2 and Q3. We are tracking in line with those targets.

Additionally, in Q2, the Company incurred pre-tax restructuring and related reorganization costs of \$33 million, which was in line with previously communicated expectations.

Liquidity. As of June 30, 2020, Tripadvisor had \$698 million of cash and cash equivalents, a decrease of \$100 million from March 31, 2020 and had \$700 million of outstanding borrowings from our revolving credit facility. As previously announced, on May 5, 2020, we amended our revolving credit facility to, among other things, replace the leverage ratio covenant with a minimum liquidity covenant ending prior to the fiscal quarter ending September 30, 2021 (or such earlier date as elected by the Company), as well as downsize its capacity to \$1.0 billion from \$1.2 billion.

Subsequent to the end of the quarter, on July 9, 2020, we completed the sale of \$500 million aggregate principal amount of 7.000% senior notes due July 15, 2025 (the “Senior Notes”) in a private offering. The Indenture provides, among other things, that interest will be payable on the Senior Notes on January 15 and July 15 of each year, beginning on January 15, 2021, until their maturity date of July 15, 2025. The Senior Notes will be senior unsecured obligations of the Company and will be guaranteed by each of its domestic subsidiaries that guarantees the Company’s 2015 Credit Facility. In the third quarter of 2020, the Company used all the net proceeds from the Senior Notes, or \$490 million, net of approximately \$10 million in debt issuances costs, to repay a portion of our 2015 Credit Facility borrowings that existed as of June 30, 2020.

Cares Act Relief. Based on our preliminary evaluation of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), we qualify for certain employee retention payroll tax credits and the deferral of payroll and other tax payments in the future, as well as certain income tax related provisions. We expect to receive a cash refund of federal income taxes in the second or third quarter of 2021 when our 2020 tax return is filed due to a five-year carryback of net operating loss incurred in 2020.

Second Quarter 2020 Summary

(In millions, except percentages and per share amounts)	Three months ended June 30,		% Change
	2020	2019	
Total Revenue	\$ 59	\$ 422	(86)%
Hotels, Media & Platform	\$ 38	\$ 254	(85)%
Experiences & Dining	\$ 14	\$ 125	(89)%
Other	\$ 7	\$ 43	(84)%
GAAP Net Income (Loss)	\$ (153)	\$ 34	n.m.
Total Adjusted EBITDA (1)	\$ (74)	\$ 128	n.m.
Hotels, Media & Platform	\$ (33)	\$ 108	n.m.
Experiences & Dining	\$ (38)	\$ 7	n.m.
Other	\$ (3)	\$ 13	n.m.
Non-GAAP Net Income (Loss) (1)	\$ (102)	\$ 64	n.m.
Diluted Earnings (Loss) per Share:			
GAAP	\$ (1.14)	\$ 0.24	n.m.
Non-GAAP (1)	\$ (0.76)	\$ 0.45	n.m.
Cash flow from operating activities	\$ (78)	\$ 181	n.m.
Free cash flow (1)	\$ (93)	\$ 160	n.m.

n.m. = *not meaningful*

- (1) “Adjusted EBITDA”, “Non-GAAP Net Income (Loss)”, “Non-GAAP Diluted Earnings (Loss) per Share”, and “Free cash flow” are non-GAAP measures as defined by the U.S. Securities and Exchange Commission (the “SEC”). Please refer to “Non-GAAP Financial Measures” below for definitions and explanations of these non-GAAP financial measures, as well as tabular reconciliations to the most directly comparable GAAP financial measures.

Second Quarter 2020 Revenue by Source

(In millions, except percentages)	Three months ended June 30,		% Change
	2020	2019	
Hotels, Media & Platform			
Tripadvisor-branded hotels	\$ 31	\$ 211	(85)%
Tripadvisor-branded display and platform	7	43	(84)%
Experiences & Dining	14	125	(89)%
Other (1)	7	43	(84)%
Total Revenue	<u>\$ 59</u>	<u>\$ 422</u>	(86)%

- (1) Other consists of our Rentals, Flights & Car, Cruises, and Tripadvisor China business units.

Conference Call

Tripadvisor posted prepared remarks and supplemental financial information on the Investor Relations section of Tripadvisor's website at <http://ir.tripadvisor.com>. Tripadvisor will host a conference call tomorrow, August 7, 2020, at 8:30 a.m., Eastern Time, to discuss Tripadvisor's second quarter 2020 operating results, as well as other forward-looking information about Tripadvisor's business. Domestic callers may access the earnings conference call by dialing (877) 224-9081 (International callers, dial (224) 357-2223). Investors and other interested parties may also go to the Investor Relations section of Tripadvisor's website at <http://ir.tripadvisor.com> for a live webcast of the conference call. Please access the website at least 15 minutes prior to the call to register, download, and install any necessary audio software. A replay of the conference call will be available on Tripadvisor's website noted above or by phone (dial (855) 859-2056 and enter the passcode 5898743) until August 14, 2020 and the webcast will be accessible at <http://ir.tripadvisor.com/events-and-presentations> for at least twelve months following the conference call.

About Tripadvisor

Tripadvisor, the world's largest travel platform*, helps 463 million travelers each month** make every trip their best trip. Travelers across the globe use the Tripadvisor site and app to browse more than 867 million reviews and opinions of 8.7 million accommodations, restaurants, experiences, airlines and cruises. Whether planning or on a trip, travelers turn to Tripadvisor to compare low prices on hotels, flights and cruises, book popular tours and attractions, as well as reserve tables at great restaurants. Tripadvisor, the ultimate travel companion, is available in 49 markets and 28 languages.

The subsidiaries of Tripadvisor, Inc. (NASDAQ:TRIP), own and operate a portfolio of travel media brands and businesses, operating under various websites and apps, including the following websites: www.bokun.io, www.cruisecritic.com, www.flipkey.com, www.thefork.com (including www.lafourchette.com, www.eltenedor.com, www.bookatable.co.uk, and www.delinski.com), www.helloreco.com, www.holidaylettings.co.uk, www.housetrip.com, www.jetsetter.com, www.niumba.com, www.seatguru.com, www.singleplatform.com, www.vacationhomerentals.com, and www.viator.com.

* Source: Jumpshot for Tripadvisor Sites, worldwide, November 2019

** Source: Tripadvisor internal log files, average monthly unique visitors, Q3 2019

Tripadvisor, Inc.
SELECTED FINANCIAL INFORMATION
Condensed Consolidated Statements of Operations
(in millions, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenue	\$ 59	\$ 422	\$ 337	\$ 798
Costs and expenses:				
Cost of revenue (1)	10	27	29	48
Selling and marketing (1)	54	180	179	357
Technology and content (1)	51	74	120	148
General and administrative (1)	43	45	94	88
Depreciation and amortization	32	30	64	61
Restructuring and other related reorganization costs	33	—	42	—
Total costs and expenses	223	356	528	702
Operating income (loss)	(164)	66	(191)	96
Total other income (expense), net	(15)	2	(16)	5
Income (loss) before income taxes	(179)	68	(207)	101
(Provision) benefit for income taxes	26	(34)	38	(41)
Net income (loss)	<u>\$ (153)</u>	<u>\$ 34</u>	<u>\$ (169)</u>	<u>\$ 60</u>
Earnings (loss) per share attributable to common stockholders:				
Basic	\$ (1.14)	\$ 0.24	\$ (1.25)	\$ 0.43
Diluted	\$ (1.14)	\$ 0.24	\$ (1.25)	\$ 0.43
Weighted average common shares outstanding:				
Basic	134	139	135	139
Diluted	134	141	135	141

(1) Includes stock-based compensation expense as follows:

Cost of revenue	\$ —	\$ —	\$ 1	\$ —
Selling and marketing	\$ 4	\$ 6	\$ 7	\$ 11
Technology and content	\$ 9	\$ 14	\$ 20	\$ 27
General and administrative	\$ 12	\$ 12	\$ 23	\$ 22

Tripadvisor, Inc.
Condensed Consolidated Balance Sheets
(in millions, except number of shares and per share amounts)
(Unaudited)

	June 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 698	\$ 319
Accounts receivable and contract assets, net of allowance for credit losses of \$32 and \$25, respectively	74	183
Income taxes receivable	55	4
Prepaid expenses and other current assets	26	27
Total current assets	853	533
Property and equipment, net of accumulated depreciation of \$347 and \$319, respectively	259	270
Operating lease right-of-use assets	63	74
Intangible assets, net of accumulated amortization of \$184 and \$173, respectively	95	110
Goodwill	837	840
Deferred income taxes, net	6	7
Non-marketable investments	41	55
Other long-term assets, net of allowance for credit losses of \$5 and \$0, respectively	95	95
TOTAL ASSETS	\$ 2,249	\$ 1,984
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 13	\$ 11
Deferred merchant payables	57	159
Deferred revenue	38	62
Accrued expenses and other current liabilities	141	203
Total current liabilities	249	435
Long-term debt	700	—
Deferred income taxes, net	13	8
Other long-term liabilities	375	380
Total Liabilities	1,337	823
Stockholders' equity:		
Preferred stock, \$0.001 par value	—	—
Authorized shares: 100,000,000		
Shares issued and outstanding: 0 and 0		
Common stock, \$0.001 par value	—	—
Authorized shares: 1,600,000,000		
Shares issued: 140,412,251 and 138,698,307, respectively		
Shares outstanding: 121,567,637 and 124,581,773, respectively		
Class B common stock, \$0.001 par value	—	—
Authorized shares: 400,000,000		
Shares issued and outstanding: 12,799,999 and 12,799,999, respectively		
Additional paid-in capital	1,193	1,150
Retained earnings	509	681
Accumulated other comprehensive income (loss)	(68)	(63)
Treasury stock—common stock, at cost, 18,844,614 and 14,116,534 shares, respectively	(722)	(607)
Total Stockholders' Equity	912	1,161
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,249	\$ 1,984

Tripadvisor, Inc.
Condensed Consolidated Statements of Cash Flows
(in millions)
(Unaudited)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Operating activities:				
Net income (loss)	\$ (153)	\$ 34	\$ (169)	\$ 60
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	32	30	64	61
Stock-based compensation expense	25	32	51	60
Deferred income tax expense (benefit)	(3)	8	6	17
Provision for expected credit losses and other, net	20	3	24	6
Changes in operating assets and liabilities, net of effects from acquisitions and other investments:	1	74	(124)	159
Net cash provided by (used in) operating activities	(78)	181	(148)	363
Investing activities:				
Capital expenditures, including internal-use software and website development	(15)	(21)	(36)	(38)
Purchases of marketable securities	—	(30)	—	(69)
Maturities of marketable securities	—	5	—	20
Other investing activities, net	1	—	2	—
Net cash used in investing activities	(14)	(46)	(34)	(87)
Financing activities:				
Repurchase of common stock	—	—	(115)	—
Proceeds from 2015 credit facility	—	—	700	—
Payment of financing costs from 2015 credit facility	(4)	—	(4)	—
Proceeds from exercise of stock options	—	1	—	1
Payment of withholding taxes on net share settlements of equity awards	(3)	(4)	(17)	(26)
Payments of finance lease obligation	(1)	(1)	(3)	(3)
Net cash provided by (used in) financing activities	(8)	(4)	561	(28)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	(1)	—	(2)
Net increase (decrease) in cash, cash equivalents and restricted cash	(100)	130	379	246
Cash, cash equivalents and restricted cash at beginning of period	798	771	319	655
Cash, cash equivalents and restricted cash at end of period	<u>\$ 698</u>	<u>\$ 901</u>	<u>\$ 698</u>	<u>\$ 901</u>

Tripadvisor, Inc.
Segment Information
(in millions, except percentages)
(Unaudited)

	Three Months Ended		% Change
	June 30, 2020	June 30, 2019	
Revenue:			
Hotels, Media & Platform	\$ 38	\$ 254	(85)%
Experiences & Dining	14	125	(89)%
Other (1)	7	43	(84)%
Total revenue	<u>\$ 59</u>	<u>\$ 422</u>	(86)%
Adjusted EBITDA:			
Hotels, Media & Platform	\$ (33)	\$ 108	n.m.
Experiences & Dining	(38)	7	n.m.
Other (1)	(3)	13	n.m.
Total Adjusted EBITDA (2)	<u>\$ (74)</u>	<u>\$ 128</u>	n.m.
Adjusted EBITDA Margin:			
Hotels, Media & Platform	(87)%	43%	
Experiences & Dining	(271)%	6%	
Other (1)	(43)%	30%	
Total Adjusted EBITDA Margin (2)	(125)%	30%	
Net Income (Loss) (3)	\$ (153)	\$ 34	
Net Income (Loss) Margin	(259)%	8%	

	Six Months Ended		% Change
	June 30, 2020	June 30, 2019	
Revenue:			
Hotels, Media & Platform	\$ 207	\$ 508	(59)%
Experiences & Dining	97	206	(53)%
Other (1)	33	84	(61)%
Total revenue	<u>\$ 337</u>	<u>\$ 798</u>	(58)%
Adjusted EBITDA:			
Hotels, Media & Platform	\$ 20	\$ 212	(91)%
Experiences & Dining	(57)	(17)	235%
Other (1)	3	22	(86)%
Total Adjusted EBITDA (2)	<u>\$ (34)</u>	<u>\$ 217</u>	n.m.
Adjusted EBITDA Margin:			
Hotels, Media & Platform	10%	42%	
Experiences & Dining	(59)%	(8)%	
Other (1)	9%	26%	
Total Adjusted EBITDA Margin (2)	(10)%	27%	
Net Income (Loss) (3)	\$ (169)	\$ 60	
Net Income (Loss) Margin	(50)%	8%	

n.m. = not meaningful

- (1) Other consists of the combination of our Rentals, Flights & Car, Cruises, and Tripadvisor China business units.
- (2) Please refer to "Non-GAAP Financial Measures" below for definitions of these non-GAAP financial measures, as well as reconciliations to the most directly comparable GAAP measure.
- (3) This amount reflects our consolidated GAAP Net Income (Loss) for the periods presented. Tripadvisor does not calculate or report net income (loss) by segment.

Non-GAAP Financial Measures

To supplement our unaudited condensed consolidated financial statements, which are prepared and presented in accordance with GAAP in our press release and related conference call, we also report certain non-GAAP financial measures. A “non-GAAP financial measure” refers to a numerical measure of a company’s historical or future financial performance, financial position, or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in such company’s financial statements. We may use the following non-GAAP measures: Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP net income (loss), non-GAAP net income (loss) per diluted share, free cash flow, non-GAAP revenue before effects of foreign exchange, and Adjusted EBITDA before effects of foreign exchange, as well as other measures.

The presentation of these financial measures is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP and should not be considered measures of Tripadvisor’s liquidity. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. In particular, many of the adjustments to our GAAP financial measures reflect the exclusion of certain items, as defined in our non-GAAP definitions below, which are recurring and will be reflected in our financial results for the foreseeable future. In addition, these measures may be different from non-GAAP financial measures used by other companies, even where similarly titled, limiting their usefulness for comparison purposes and therefore should not be used to compare Tripadvisor’s performance to that of other companies. We endeavor to compensate for the limitation of the non-GAAP financial measures presented by also providing the most directly comparable GAAP measures and descriptions of the reconciling items and adjustments to derive the non-GAAP financial measures.

We believe these non-GAAP financial measures provide investors and analysts with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key measures used by management to operate and analyze our business over different periods of time.

We define our non-GAAP financial measures as below:

Tripadvisor defines “Adjusted EBITDA” as Net Income (Loss) plus: (1) provision (benefit) for income taxes; (2) other income (expense), net; (3) depreciation and amortization; (4) stock-based compensation and other stock-settled obligations; (5) goodwill, long-lived assets and intangible asset impairments; (6) legal reserves and settlements; (7) restructuring and other related reorganization costs; and (8) non-recurring expenses and income. These items are excluded from our Adjusted EBITDA measure because these items are noncash in nature, or because the amount is not driven by core operating results and renders comparisons with prior periods less meaningful. During the fourth quarter of 2019, the Company revised its Adjusted EBITDA definition to exclude restructuring and other related reorganization costs, as the Company believes these costs are not directly tied to the ongoing core operations of our business. The Company believes that excluding these amounts better enables management and investors to compare financial results between periods as these costs may vary independent of business performance. This revision to our Adjusted EBITDA definition did not have a material impact on our segment or non-GAAP financial results for any period prior to the three months and year ended December 31, 2019, and therefore no reclassifications have been made to conform the prior periods to the current period presentation. This revision had no effect on consolidated GAAP results in any period.

Tripadvisor defines “Adjusted EBITDA margin” as Adjusted EBITDA divided by revenue.

Adjusted EBITDA and Adjusted EBITDA margin are key operating performance measures used by our management and board of directors to understand and evaluate the financial performance of our business as a whole and our individual business segments, and on which internal budgets and forecasts are based and approved. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons and better enables management and investors to compare financial results between periods as these costs may vary independent of core business performance. Accordingly, we believe that Adjusted EBITDA and Adjusted EBITDA margin provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and Board of Directors and allows for another useful comparison of our performance with our historical results from prior periods.

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results reported in accordance with GAAP. Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including net income (loss) and our other GAAP results.

Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt, if any;
- Adjusted EBITDA does not consider the potentially dilutive impact of stock-based compensation or other stock-settled obligations;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect certain income and expenses not directly tied to the ongoing core operations of our business, such as legal reserves and settlements and restructuring and other related reorganization costs;
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and
- Other companies, including companies in our own industry, may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Tripadvisor defines “non-GAAP net income (loss)” as GAAP net income (loss) excluding, net of their related tax effects (which excludes the impact of significant one-time changes resulting from tax legislation or significant legislation that impacts tax, such as the CARES Act): (1) stock-based compensation expense and other stock-settled obligations; (2) amortization of intangible assets; (3) goodwill, intangible asset, and other long-lived asset impairments; (4) legal reserves and settlements; (5) restructuring and other related reorganization costs; and (6) certain gains, losses, and other non-recurring income or expenses that we do not believe are indicative of our ongoing operating results. We believe non-GAAP net income (loss) is an operating performance measure which provides investors and analysts with useful supplemental information about the financial performance of our business, as it incorporates our unaudited condensed consolidated statement of operations, taking into account depreciation, which management believes is an ongoing cost of doing business, but excluding the impact of certain expenses, infrequently occurring items and items not directly tied to the ongoing core operations of our businesses, and also enables comparison of financial results between periods where certain items may vary independent of business performance. During the fourth quarter of 2019, the Company revised its non-GAAP net income (loss) definition to exclude restructuring and other related reorganization costs, as the Company believes these costs are not directly tied to the ongoing core operations of our businesses. The Company believes this change better enables management and investors to compare financial results between periods as these costs may vary independent of business performance. This revision to our non-GAAP net income (loss) definition did not have a material impact on our segment or non-GAAP financial results for any period prior to the three months and year ended December 31, 2019, and therefore no reclassifications have been made to conform the prior periods to the current period presentation. This revision had no effect on consolidated GAAP results in any period.

Tripadvisor defines “non-GAAP net income (loss) per diluted share”, or non-GAAP diluted EPS, as non-GAAP net income (loss) divided by GAAP diluted shares. We believe non-GAAP diluted EPS is useful to investors because it represents, on a per share basis, our unaudited condensed consolidated statement of operations, taking into account depreciation, which we believe is an ongoing cost of doing business, as well as other items which are not allocated to the operating businesses such as interest expense, interest income, income taxes and foreign exchange gains or losses, but excluding the effects of certain expenses not directly tied to the ongoing core operations of our businesses. Tripadvisor calculates non-GAAP diluted EPS using GAAP diluted shares determined under the treasury stock method.

Non-GAAP net income (loss) and non-GAAP diluted EPS have some of the same limitations as Adjusted EBITDA. In addition, non-GAAP net income (loss) does not include all items that affect our net income (loss) and GAAP diluted EPS for the period. Therefore, we think it is important to evaluate these measures along with our unaudited condensed consolidated statements of operations.

Tripadvisor defines “free cash flow” as net cash provided by operating activities less capital expenditures, which are purchases of property and equipment, including capitalization of internal-use software development costs. We believe this financial measure can provide useful supplemental information to help investors better understand underlying trends in our business, as it represents the operating cash flow that our operating businesses generate, less capital expenditures but before taking into account other cash

movements that are not directly tied to the ongoing core operations of our businesses, such as financing activities, foreign exchange or certain investing activities. Free cash flow has certain limitations in that it does not represent the total increase or decrease in the cash balance for the period, nor does it represent the residual cash flow for discretionary expenditures. Therefore, it is important to evaluate free cash flow along with the unaudited condensed consolidated statements of cash flows.

Tripadvisor calculates our foreign exchange effect of revenue, or “non-GAAP revenue before effects of foreign exchange” on a constant currency basis by excluding the estimated effects of foreign currency exchange on revenue by translating actual revenue for the current year three months ended using the prior period foreign currency exchange rates. We believe this is a useful measure that facilitates management's internal comparison to our historical performance because it excludes the effects of foreign currency volatility that is not indicative of our ongoing core operating results.

Tripadvisor calculates our foreign exchange effect of Adjusted EBITDA, or “Adjusted EBITDA before effects of foreign exchange,” on a constant currency basis, by excluding the estimated effects of foreign currency exchange by translating all amounts included in Adjusted EBITDA for the current year three months ended using the prior period foreign currency exchange rates. We believe this is a useful measure that facilitates management's internal comparison to our historical performance because it excludes the effects of foreign currency volatility that is not indicative of our ongoing core operating results.

Pursuant to the requirements of Regulation G, we present reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measure below.

Tripadvisor, Inc.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in millions, except per share amounts and percentages)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA (Non-GAAP):				
GAAP Net Income (Loss)	\$ (153)	\$ 34	\$ (169)	\$ 60
Add: Provision (benefit) for income taxes	(26)	34	(38)	41
Add: Other (income) expense, net	15	(2)	16	(5)
Add: Depreciation and amortization	32	30	64	61
Add: Restructuring and other related reorganization costs	33	—	42	—
Add: Stock-based compensation expense	25	32	51	60
Adjusted EBITDA (Non-GAAP)	<u>\$ (74)</u>	<u>\$ 128</u>	<u>\$ (34)</u>	<u>\$ 217</u>
Revenue (GAAP)	\$ 59	\$ 422	\$ 337	\$ 798
Net Income (loss) margin (GAAP)	(259)%	8%	(50)%	8%
Adjusted EBITDA margin (Non-GAAP) (1)	(125)%	30%	(10)%	27%

Reconciliation from GAAP Net Income (Loss) and GAAP Net Income (Loss) per diluted share to Non-GAAP net income (loss) and Non-GAAP net income (loss) per diluted share:

GAAP Net Income (Loss)	\$ (153)	\$ 34
Add: Stock-based compensation expense	25	32
Add: Restructuring and other reorganization costs	33	—
Add: Amortization of intangible assets	6	7
Add: (Gain)/Loss on investment	(1)	—
Add: Loss on sale of business	5	—
Subtract: Income tax effect of Non-GAAP adjustments (2)	12	9
Subtract: Income tax impact related to CARES Act (3)	5	—
Non-GAAP net income (loss)	<u>\$ (102)</u>	<u>\$ 64</u>
GAAP diluted shares	134	141
GAAP Net Income (Loss) per diluted share	\$ (1.14)	\$ 0.24
Non-GAAP net income (loss) per diluted share (4)	\$ (0.76)	\$ 0.45

Reconciliation of GAAP cash flows from operating activities to Free Cash Flow (Non-GAAP):

Net cash provided by (used in) operating activities (GAAP)	\$ (78)	\$ 181
Subtract: Capital expenditures	15	21
Free cash flow (Non-GAAP)	<u>\$ (93)</u>	<u>\$ 160</u>

- (1) Tripadvisor defines "Adjusted EBITDA margin" as Adjusted EBITDA divided by revenue.
- (2) The non-GAAP adjustments described above are reported on a pre-tax basis. The income tax effect on non-GAAP adjustments was calculated based on the individual impact that these items had on our GAAP consolidated income tax expense for the periods presented.
- (3) Represents a tax benefit of \$5 million recorded in connection with the passage of the CARES Act, pertaining to the rate differential on net operating loss carrybacks recorded during the three months ended June 30, 2020.
- (4) Tripadvisor defines "non-GAAP net income per diluted share" as non-GAAP net income divided by GAAP diluted shares.

Safe Harbor Statement

Statements in this press release regarding management's future expectations, beliefs, intentions, goals, strategies, plans or prospects, including, without limitation, statements relating to Tripadvisor's future financial performance on both a GAAP and non-GAAP basis, and Tripadvisor's prospects as a comprehensive destination for hotels, experiences, and restaurants, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Forward-looking statements can be identified by terminology such as "anticipate," "believe," "could," "could increase the likelihood," "estimate," "expect," "intend," "is planned," "may," "should," "will," "will enable," "would be expected," "look forward," "may provide," "would" or similar terms, variations of such terms or the negative of those terms. Investors are cautioned that statements in this press release, which are not strictly historical statements, including, without limitation, statements by our executive officers with respect to growth objectives, strategic investments, and statements regarding management's plans, objectives and strategies, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors including those risks, uncertainties and factors detailed in Tripadvisor's filings with the SEC. As a result of such risks, uncertainties and factors, Tripadvisor's actual results may differ materially from any future results, performance or achievements discussed in or implied by the forward-looking statements contained herein. Tripadvisor is providing the information in this press release as of this date and assumes no obligations to update the information included in this press release or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Contacts

Investors
(781) 800.7848
ir@tripadvisor.com

Media
(781) 800.5061
uspr@tripadvisor.com



Tripadvisor

Q2 2020 Shareholder Letter

Dear Fellow Shareholders:

Our second quarter results reflect the historic impact the COVID-19 pandemic is having on Tripadvisor and the travel industry. In Q2, we posted revenue of \$59 million, a \$153 million net loss, and a \$74 million adjusted EBITDA loss, which was better than our previously disclosed expectations.

In late March and throughout April, we saw the sharpest, deepest drop in business activity in our 20-year history. Our partners (including online travel agents, hotels, activity suppliers, destination marketing organizations, and restaurants that comprise a majority of Tripadvisor's revenue) reduced their advertising budgets to align with impacted travel demand, reduced bookings, and increased cancellation rates. While significant year-over-year business impacts persist and near-term visibility remains low, we are encouraged that consumer travel demand trends and our business have picked up from the April nadir.

We are very proud of our Tripadvisor teams that came together to support our stakeholders across a number of important objectives, including:

- swiftly reducing our cost structure to preserve cash, and raising long-term debt capital to further bolster our solid financial position;
- enabling businesses to promote health and safety information to help consumers gain confidence in their travel decisions; and
- supporting partners with data, market insights, and a number of provisions to alleviate some of the acute financial impacts the pandemic is having on their businesses.

Travel's recovery path involves not only reopening businesses and borders, but also restoring consumer confidence in their own health and safety. In light of a myriad of unknowns, we have planned with conservatism. We have streamlined operations to increase efficiency and preserve liquidity, and we feel well prepared for a variety of recovery scenarios.

In all, we are executing on what we can control. We are operating prudently, leveraging our platform's core strengths to help customers, and redoubling strategic efforts to emerge in a strong position on the other side of this pandemic.

Q2 update and current state of the business

Monthly consumer traffic has started to recover. In April, May, and June, monthly unique users on Tripadvisor sites were approximately 33%, 45%, and 60%, respectively, of last year's comparable

period. We estimate July monthly unique users improved further, to approximately 67% of last year's comparable period.

Early observations are that consumers are in search of shorter, local getaways that enable them to be active outdoors; domestic travel has been recovering faster than international travel; and European markets have been recovering faster than the U.S. We also note that intra-Europe searches started to rise as that region's borders reopened.

Moreover, we have seen notable improvements in restaurant traffic, with European markets leading the way compared to other regions. For example, in July, restaurant traffic on Tripadvisor sites in France, Belgium, Germany, and Switzerland returned to year-over-year growth, and Italy recovered to parity with 2019. TheFork, our restaurant transaction-based business, has also seen rapid recovery, with relative strength in key European countries such as Italy, France, and Spain.

Consumers' uncertainty surrounding the pandemic and its impacts has actually strengthened Tripadvisor's consumer value proposition. Safety is top of mind and, in Q2, we launched "Travel Safe" tools, which enables hotel and restaurant partners to post important health and safety information to enable consumers to make more informed decisions.

Q2 revenue was materially challenged, but performance has improved recently. In an environment characterized by low bookings and high cancellations, partners have remained cautious around deploying advertising dollars. That said, we have seen some improvement since the April lows. April and May revenue was approximately 10% of last year's comparable periods and June revenue was approximately 20% of last year's comparable period. We estimate July revenue performance improved further to approximately 30% of last year's comparable period. COVID's impacts continue to vary market-by-market and week-to-week, so recovery from here will likely continue to be non-linear. We remain cautious, but recent improvements are encouraging nonetheless.

Restaurants and vacation rentals have shown the fastest relative recovery recently, followed by Hotels and then Experiences. Within our Hotels Media & Platform segment, we have seen Tripadvisor-branded Hotels revenue recovering faster than Tripadvisor-branded Display and Platform revenue. Across our platform, we are supporting partners with data and insights to help them adapt quickly and capitalize on pockets of opportunity. Cancellation rates witnessed early in the quarter have moderated, an important development for partners' deploying advertising dollars with increased confidence, and for recovery of our advertising-based revenue and transaction-based revenue streams.

Update on concerted actions taken to bolster our financial position

In the face of unprecedented uncertainty, during Q2 we took swift, concerted action to preserve cash and maintain our solid financial position.

First, we have driven significant savings through prudent expense management. Last quarter, we outlined significant discretionary and workforce-related cost reduction measures and identified target savings levels in Q2 and Q3. We are tracking in line with those targets.

Specifically, we estimate we generated approximately \$104 million of savings in Q2 compared to Q1. We note that these cost savings do not consider depreciation, amortization, restructuring and related reorganization costs, and stock-based compensation. Of these estimated savings, approximately \$51 million were from discretionary and workforce-related measures, and approximately \$53 million were from reduced variable costs, which moved lower commensurate with revenue (i.e., performance-based marketing and a portion of our cost of revenue).

Looking ahead, in Q3, we expect approximately \$10 million of additional discretionary and workforce-related expense savings, bringing the total quarterly run-rate impact to approximately \$61 million versus Q1. In Q4, we expect discretionary and workforce-related expenses to be roughly flat versus Q3. For the full-year, we estimate these actions will generate savings in discretionary and workforce-related expenses in excess of \$200 million this year compared to 2019 (again, not considering depreciation, amortization, restructuring and related reorganization costs, and stock-based compensation), and represent even bigger savings on a run-rate basis, positioning the P&L well as we enter 2021. Variable costs are expected to be lower as well, driven by lower expected revenue in 2020.

In Q3 and Q4, we expect variable costs to move in line with our revenue recovery.

Additionally, in Q2 we incurred pre-tax restructuring and related reorganization costs as a result of workforce reductions of \$33 million, which was in line with our expectation. We have incurred \$42 million of restructuring and related reorganization costs year to date, and we do not expect to incur any material restructuring costs moving forward.

We believe we have appropriately aligned our cost base with the current environment. We have flexibility to further reduce costs, if needed. However, measures we have already taken have positioned the business for increased flow-through as the travel industry recovers and revenue comes back.

Second, we further bolstered our liquidity position. At the end of Q2, we had \$698 million of cash and cash equivalents, a decrease of \$100 million from the end of March 2020. This cash balance included \$700 million from our revolver drawdown in March 2020.

The reduction in cash during Q2 versus Q1 was driven primarily by an increased operating loss on lower revenue and, to a lesser extent, net outflows of deferred merchant payables, as the outstanding payables on our consolidated balance sheets declined from \$159 million at December 31, 2019, to \$71 million at March 31, 2020, to \$57 million as of June 30, 2020, reflecting the lack of new bookings in the post-COVID-19 timeframe.

We expect lower CapEx levels in 2020 versus 2019 based on lower capitalized website development costs on lower headcount, and we expect the trajectory of operating and free cash flow recovery will center on revenue improvements.

In May, we amended our revolving credit facility to, among other things, replace the leverage ratio covenant with a minimum liquidity covenant for a period of time ending prior to the fiscal quarter ending September 30, 2021, as well as downsize its capacity to \$1.0 billion from \$1.2 billion.

In July, we completed the sale of \$500 million aggregate principal amount of 7.000% senior notes due July 15, 2025. We used the proceeds to reduce our outstanding borrowings under our revolving credit facility.

We expect to see peak cash outflows in Q2 and Q3 this year, given the confluence of net losses, including material restructuring costs, and deferred merchant payables outflows. We also believe our swift actions to streamline operations, conserve cash, and raise debt capital has the business appropriately capitalized and covenant-compliant even in the event of a prolonged COVID-19 driven downturn.

Executing on our key focus areas

We are pleased to have further secured our solid financial position. This enables us to redouble our focus on building direct, durable relationships, and more effectively converting Tripadvisor's travel influence into increased repeat, intentional, engaged usage and monetization. Here are our operational priorities for the balance of the year and into 2021:

- **Accelerating efforts along our One Tripadvisor vision.** We are bringing our consumer-focused strategy to life. In Q2, we launched a redesigned homepage and new tourism pages that celebrate our new brand identity and celebrate our unique position centered on people-powered planning. We are innovating faster, and are synthesizing historically disparate consumer signals to deliver a more personalized and contextually-relevant discovery, planning, and shopping experience for considered trips. Later this year, we aim to launch our redesigned mobile app, which we believe will give consumers a powerful, on-the-go travel companion and will enable us to reach, serve and delight a new generation of travelers and diners.
- **Diversifying long-term revenue through Experiences & Dining segment growth.** We remain focused on merchandising our high-quality inventory, enabling consumers to seamlessly discover, book, and have story-worthy experiences. In restaurants, we are focused on further integrating and expanding our SinglePlatform and Bookatable offerings, and we are adding contactless payment capabilities to TheFork's app.
- **Expanding our hotel customer-focused solutions.** We expect to launch a new offering during Q3 and we remain focused on building the product suite and deepening hotelier partner engagement on our platform.
- **Launching direct-to-consumer paid offerings.** We believe there is a potentially large opportunity to develop consumer subscription and other direct-to-consumer paid offerings. In Q2, we launched our first consumer-facing offerings: a personalized travel service that connects consumers with a curated community of expert Trip Designers, and a trip insurance product in partnership with Allianz. These are small but important steps in this new category. We see a bright future ahead, and are planning more ways to help travelers and monetize through additional direct-to-consumer offerings.

Outlook

As a reminder, we endeavor to be as accurate as possible with our forward-looking commentary; however, a number of factors outside of our control can limit our visibility into future financial performance and can cause our results to vary materially from our current expectations.

We are encouraged by recent trends, but we note that top line visibility remains extremely low.

For Q3, we expect:

- Year-over-year revenue performance to improve versus Q2, while remaining materially lower than Q3 2019; and
- A meaningfully reduced adjusted EBITDA loss compared to Q2.

Corporate Governance update

In July, Jane Sun, the chief executive officer of Trip.com Group, joined our Board of Directors. Trip.com is a leading online travel agency, and Trip.com Group is our partner running the Tripadvisor China joint venture we announced in Q4 2019.

Earlier this year, Greg O'Hara, Founder and Senior Managing Director of Certares, also joined our Board of Directors. In addition to Greg serving as a Vice Chairman of Liberty Tripadvisor Holdings, Greg serves as Executive Chairman of American Express Global Business Travel. Certares is a travel-focused private equity firm that has ownership interests in American Express Global Business Travel, the largest global corporate travel management company, and Internova Travel Group, one of the largest travel services companies in the world with a collection of leading brands including Travel Leaders Group, that deliver high-touch personal travel expertise to leisure and corporate clients.

We are excited to have Jane and Greg's deep travel expertise and valuable insights in the fold as we navigate the current travel landscape and position the business for future strategic growth opportunities.

Final thoughts

Travel's full recovery will take time, and it will likely be uneven along the way. We will continue operating with prudence as we execute our long-term strategy, and will continue to support our employees, consumers, and partners worldwide throughout the recovery period, and beyond.

Sincerely,

Steve Kaufer, Co-founder & CEO
Ernst Teunissen, CFO

Conference Call and Webcast

Tripadvisor, Inc. management will host a conference call to discuss results as well as other forward-looking information about Tripadvisor's business tomorrow morning at 8:30 a.m. Eastern Time.

Domestic callers may access the earnings conference call by dialing (877) 224-9081 (International callers, dial (224) 357-2223). Investors and other interested parties may also go to the Investor Relations section of Tripadvisor's website at <http://ir.tripadvisor.com> for a live webcast of the conference call.

* * *

Tripadvisor, Inc.'s second quarter 2020 earnings press release and supplemental financials are available on the Investor Relations section of the Tripadvisor, Inc.'s website at ir.tripadvisor.com. The earnings release is also included as Exhibit 99.1 to our Current Report on Form 8-K as furnished to the U.S. Securities Exchange Commission, or SEC, on August 6, 2020, which is available on the Investor Relations section of our website at ir.tripadvisor.com and the SEC's website at www.sec.gov.

Forward-Looking Statements

These prepared remarks contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The following words, when used, are intended to identify forward-looking statements: "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "might," "plan," "project," "target," "should," "will," and similar expressions which do not relate solely to historical matters. We caution investors that any forward-looking statements in these prepared remarks, or which management may make orally or in writing from time to time, are based on management's beliefs and on assumptions made by, and information currently available to, management. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements are more fully described in Part I. Item 1A. "Risk Factors" of our Annual Report on Form 10-K. Moreover, we operate in a rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We caution you that, while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update our forward-looking statements, whether as a result of new information, future events or otherwise.

Investors should also refer to our quarterly reports on Form 10-Q for future periods and current reports on Form 8-K as we file them with the SEC and to other materials we may furnish to the public from time to time through current reports on Form 8-K or otherwise, for a discussion of risks and uncertainties that may cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements.

Use of Non-GAAP Financial Measures

These prepared remarks may include references to non-GAAP measures, such as consolidated adjusted EBITDA (including forecasted adjusted EBITDA), free cash flow, and constant currency measurements, such as, non-GAAP revenue before effects of foreign exchange, and adjusted EBITDA before effects of foreign exchange, which are considered non-GAAP financial measures as they are not

prepared in conformity with accounting principles generally accepted in the United States (“GAAP”). These non-GAAP financial measures are not prepared under a comprehensive set of accounting rules and, therefore, should only be reviewed alongside results reported under GAAP.

We encourage investors to review our earnings press release as it contains important information about our financial results, including tabular reconciliations to the most directly comparable GAAP financial measure, definitions, limitations and other related information about these non-GAAP financial measures. We have not reconciled consolidated adjusted EBITDA guidance to projected consolidated GAAP net income (loss) because we do not provide guidance on GAAP net income (loss) or the reconciling items between adjusted EBITDA and GAAP net income (loss), as a result of the uncertainty regarding, and the potential variability of, certain of these items. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measure is not available without unreasonable effort.

The earnings press release in addition to other supplemental financial information is available on the Investor Relations section of our website at <http://ir.tripadvisor.com/>. The earnings press release is also included as Exhibit 99.1 to our Current Report on Form 8-K as furnished to the SEC on August 6, 2020, which is available on the Investor Relations section of our website at <http://ir.tripadvisor.com/> and the SEC’s website at www.sec.gov.

Key Business Metrics

We review a number of metrics, including unique visitors, hotel shoppers, and other metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. While these numbers are based on what we believe to be reasonable estimates for the applicable period of measurement, there are inherent challenges in measuring usage and user engagement across our large user base around the world. For example, a single user may have multiple member accounts or browse the internet on multiple browsers or devices, some users may restrict our ability to accurately identify them across visits, and we are not always able to capture user information on all of our platforms. As such, the calculations of our active users may not accurately reflect the actual number of people or organizations using our platform. Our metrics are also affected by applications that automatically contact our servers for regular updates with no discernible user action involved, and this activity can cause our system to count the users associated with such applications as active users on the day or days such contact occurs. As such, the calculation of some of the metrics presented may be affected as a result of this activity. We regularly review our process and may adjust how we calculate our internal metrics to improve their accuracy.