

**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): November 5, 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 November 5, 2020, Tripadvisor, Inc. issued a press release announcing its preliminary financial results for the three and nine months ended September 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	<a href="#">Press Release of Tripadvisor, Inc. dated November 5, 2020.</a>
99.2	<a href="#">Q3 2020 Shareholders Letter.</a>
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: November 5, 2020

By: \_\_\_\_\_ /s/ ERNST TEUNISSEN  
**Ernst Teunissen**  
**Chief Financial Officer**



### Tripadvisor Reports Third Quarter 2020 Financial Results

NEEDHAM, MA, November 5, 2020 — Tripadvisor, Inc. (NASDAQ: TRIP) today announced financial results for the third quarter ended September 30, 2020.

“Our third quarter results improved versus the second quarter in the midst of what has been an unprecedented period for our industry, and the world,” said Chief Executive Officer Steve Kaufer. “We outlined our expectation for an uneven recovery and, since the start of Q4, we have been seeing exactly that, particularly in Europe, where the virus has resurged. However, each month that passes brings the world closer to important medical developments that will meaningfully restore consumer confidence in travel and allow for a broad-based rebound. In the meantime, we remain focused on factors inside our control: execute on initiatives that deepen customer relationships, deliver more value to partners, roll out new and innovative product offerings to both industry partners and consumers, and position the business well for many years to come.”

Chief Financial Officer Ernst Teunissen added, “Our Q3 results were better than our internal projections when we last reported in August and it is a testament to our business model, flexible cost structure and proactive cost reduction efforts that we were able to produce positive EBITDA even at such sharply reduced revenue levels. Travel’s early recovery progress has been encouraging, but we have planned with conservatism. We strengthened our liquidity position in early Q3, and we remain adequately prepared for a variety of scenarios. We will continue minimizing operating expenses by prudently balancing cost controls with targeted investments in our long-term strategic initiatives.”

#### Third Quarter 2020 Financial Results

(In millions, except percentages and per share amounts)	Three months ended September 30,		% Change
	2020	2019	
Total Revenue	\$ 151	\$ 428	(65)%
Hotels, Media & Platform	\$ 80	\$ 238	(66)%
Experiences & Dining	\$ 53	\$ 141	(62)%
Other	\$ 18	\$ 49	(63)%
GAAP Net Income (Loss)	\$ (48)	\$ 50	n.m.
Total Adjusted EBITDA (1)	\$ 15	\$ 129	(88)%
Hotels, Media & Platform	\$ 4	\$ 93	(96)%
Experiences & Dining	\$ 1	\$ 15	(93)%
Other	\$ 10	\$ 21	(52)%
Non-GAAP Net Income (Loss) (1)	\$ (23)	\$ 81	n.m.
Diluted Earnings (Loss) per Share:			
GAAP	\$ (0.36)	\$ 0.36	n.m.
Non-GAAP (1)	\$ (0.17)	\$ 0.58	n.m.
Cash flow from operating activities	\$ (31)	\$ 1	n.m.
Free cash flow (1)	\$ (42)	\$ (22)	91%

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.

### ***Consumer demand and revenue environment***

Since April, consumer demand for travel – as measured by travelers on the Tripadvisor platform - has been recovering. During Q3 2020, in July, August and September, monthly unique users on Tripadvisor sites were approximately 67%, 73%, and 74%, respectively, of last year’s comparable period.

Q3 2020 revenue of \$151 million was 35% of last year’s comparable period and showed improvement versus 14% of Q2 2020. Monthly performance during Q3 2020 also improved. Specifically, July consolidated revenue was approximately 30% of last year’s comparable period and August and September revenue were approximately 40% of last year’s comparable period.

### ***Cost performance and profitability***

In Q3 2020, we had a full quarter’s contribution from significant discretionary and workforce-related cost reduction measures we enacted in the first half of the year. These cost savings, in addition to continued modest revenue recovery and, to a lesser extent, seasonality of revenue, materially narrowed the net loss versus Q2 2020 and drove positive adjusted EBITDA performance in Q3 2020. We also note that we remain on track with annualized savings targets outlined in our last quarterly update.

### ***Cash & Liquidity***

As of September 30, 2020, Tripadvisor had \$446 million of cash and cash equivalents, an increase of \$127 million from December 31, 2019, with nearly \$1 billion in available borrowing capacity under our 2015 Credit Facility.

In addition, during July 2020, we completed the sale of \$500 million aggregate principal amount of 7.000% per annum Senior Notes due July 15, 2025 in a private offering. The Senior Notes are senior unsecured obligations of Tripadvisor and are guaranteed on a senior unsecured basis by certain domestic subsidiaries. In the third quarter of 2020, we used all the 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 evaluation of the 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.

### ***Third Quarter 2020 Revenue by Source***

(In millions, except percentages)	Three months ended September 30,		% Change
	2020	2019	
Hotels, Media & Platform			
Tripadvisor-branded hotels	\$ 67	\$ 197	(66)%
Tripadvisor-branded display and platform	13	41	(68)%
Experiences & Dining	53	141	(62)%
Other (1)	18	49	(63)%
Total Revenue	<u>\$ 151</u>	<u>\$ 428</u>	(65)%

(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, November 6, 2020, at 8:30 a.m., Eastern Time, to discuss Tripadvisor's third 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 1697416) until November 13, 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 hundreds of millions of travelers each month\*\* make every trip their best trip. Travelers across the globe use the Tripadvisor site and app to browse more than 878 million reviews and opinions of 8.8 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](http://www.bokun.io), [www.cruisecritic.com](http://www.cruisecritic.com), [www.flipkey.com](http://www.flipkey.com), [www.thefork.com](http://www.thefork.com) (including [www.lafourchette.com](http://www.lafourchette.com), [www.eltenedor.com](http://www.eltenedor.com), [www.bookatable.co.uk](http://www.bookatable.co.uk), and [www.delinski.com](http://www.delinski.com)), [www.helloreco.com](http://www.helloreco.com), [www.holidaylettings.co.uk](http://www.holidaylettings.co.uk), [www.housetrip.com](http://www.housetrip.com), [www.jetsetter.com](http://www.jetsetter.com), [www.niumba.com](http://www.niumba.com), [www.seatguru.com](http://www.seatguru.com), [www.singleplatform.com](http://www.singleplatform.com), [www.vacationhomerentals.com](http://www.vacationhomerentals.com), and [www.viator.com](http://www.viator.com).

\* Source: SimilarWeb, September 2020

\*\* Source: Tripadvisor internal log files

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

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenue	\$ 151	\$ 428	\$ 488	\$ 1,225
Costs and expenses:				
Cost of revenue (1)	13	25	42	73
Selling and marketing (1)	70	176	249	534
Technology and content (1)	46	76	166	224
General and administrative (1)	35	51	129	138
Depreciation and amortization	30	32	94	92
Impairment of goodwill	3	—	3	—
Restructuring and other related reorganization costs	—	—	42	—
Total costs and expenses:	197	360	725	1,061
Operating income (loss)	(46)	68	(237)	164
Other income (expense):				
Interest expense	(13)	(2)	(22)	(5)
Interest income	1	5	3	14
Other income (expense), net	—	2	(9)	—
Total other income (expense), net	(12)	5	(28)	9
Income (loss) before income taxes	(58)	73	(265)	173
(Provision) benefit for income taxes	10	(23)	48	(63)
Net income (loss)	\$ (48)	\$ 50	\$ (217)	\$ 110
Earnings (loss) per share attributable to common stockholders:				
Basic	\$ (0.36)	\$ 0.36	\$ (1.61)	\$ 0.79
Diluted	\$ (0.36)	\$ 0.36	\$ (1.61)	\$ 0.78
Weighted average common shares outstanding:				
Basic	134	139	135	139
Diluted	134	140	135	141

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

Cost of revenue	\$ —	\$ —	\$ 1	\$ 1
Selling and marketing	\$ 4	\$ 5	\$ 12	\$ 17
Technology and content	\$ 12	\$ 13	\$ 32	\$ 40
General and administrative	\$ 12	\$ 11	\$ 35	\$ 33

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

	September 30, 2020	December 31, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 446	\$ 319
Accounts receivable and contract assets, net of allowance for credit losses of \$33 and \$25, respectively	91	183
Income taxes receivable	50	4
Prepaid expenses and other current assets	26	27
<b>Total current assets</b>	<b>613</b>	<b>533</b>
Property and equipment, net of accumulated depreciation of \$365 and \$319, respectively	250	270
Operating lease right-of-use assets	60	74
Intangible assets, net of accumulated amortization of \$194 and \$173, respectively	91	110
Goodwill	843	840
Deferred income taxes, net	5	7
Non-marketable investments	40	55
Other long-term assets, net of allowance for credit losses of \$5 and \$0, respectively	94	95
<b>TOTAL ASSETS</b>	<b>\$ 1,996</b>	<b>\$ 1,984</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 14	\$ 11
Deferred merchant payables	38	159
Deferred revenue	31	62
Accrued expenses and other current liabilities	148	203
<b>Total current liabilities</b>	<b>231</b>	<b>435</b>
Long-term debt	490	—
Deferred income taxes, net	10	8
Other long-term liabilities	357	380
<b>Total Liabilities</b>	<b>1,088</b>	<b>823</b>
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: 140,515,819 and 138,698,307, respectively		
Shares outstanding: 121,671,205 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	1,224	1,150
Retained earnings	461	681
Accumulated other comprehensive income (loss)	(55)	(63)
Treasury stock-common stock, at cost, 18,844,614 and 14,116,534 shares, respectively	(722)	(607)
<b>Total Stockholders' Equity</b>	<b>908</b>	<b>1,161</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,996</b>	<b>\$ 1,984</b>



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

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
<b>Operating activities:</b>				
Net income (loss)	\$ (48)	\$ 50	\$ (217)	\$ 110
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	30	32	94	92
Stock-based compensation expense	28	29	80	91
Deferred income tax expense (benefit)	(1)	(5)	5	12
Provision for expected credit losses	1	3	19	8
Impairment of goodwill	3	—	3	—
Other, net	4	(1)	10	—
Changes in operating assets and liabilities, net of effects from acquisitions and other investments:	(48)	(107)	(174)	51
<b>Net cash provided by (used in) operating activities</b>	<b>(31)</b>	<b>1</b>	<b>(180)</b>	<b>364</b>
<b>Investing activities:</b>				
Capital expenditures, including internal-use software and website development	(11)	(23)	(46)	(60)
Purchases of marketable securities	—	(49)	—	(118)
Maturities of marketable securities	—	20	—	40
Other investing activities, net	(2)	(2)	—	(2)
<b>Net cash used in investing activities</b>	<b>(13)</b>	<b>(54)</b>	<b>(46)</b>	<b>(140)</b>
<b>Financing activities:</b>				
Repurchase of common stock	—	—	(115)	—
Proceeds from 2015 credit facility	—	—	700	—
Payment of financing costs from amendment of 2015 credit facility	—	—	(4)	—
Payments to 2015 credit facility	(700)	—	(700)	—
Proceeds from issuance of Senior Notes	500	—	500	—
Payment of financing costs from issuance of Senior Notes	(10)	—	(10)	—
Proceeds from exercise of stock options	—	—	—	2
Payment of withholding taxes on net share settlements of equity awards	(1)	(1)	(18)	(28)
Payments of finance lease obligation	(1)	(1)	(4)	(4)
<b>Net cash provided by (used in) financing activities</b>	<b>(212)</b>	<b>(2)</b>	<b>349</b>	<b>(30)</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	4	(8)	4	(11)
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>(252)</b>	<b>(63)</b>	<b>127</b>	<b>183</b>
Cash, cash equivalents and restricted cash at beginning of period	698	901	319	655
Cash, cash equivalents and restricted cash at end of period	<u>\$ 446</u>	<u>\$ 838</u>	<u>\$ 446</u>	<u>\$ 838</u>

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

	<u>Three Months Ended</u>		<u>% Change</u>
	<u>September 30, 2020</u>	<u>September 30, 2019</u>	
<b>Revenue:</b>			
Hotels, Media & Platform	\$ 80	\$ 238	(66)%
Experiences & Dining	53	141	(62)%
Other (1)	18	49	(63)%
Total revenue	<u>\$ 151</u>	<u>\$ 428</u>	(65)%
<b>Adjusted EBITDA:</b>			
Hotels, Media & Platform	\$ 4	\$ 93	(96)%
Experiences & Dining	1	15	(93)%
Other (1)	10	21	(52)%
Total Adjusted EBITDA (2)	<u>\$ 15</u>	<u>\$ 129</u>	(88)%
<b>Adjusted EBITDA Margin:</b>			
Hotels, Media & Platform	5%	39%	
Experiences & Dining	2%	11%	
Other (1)	56%	43%	
Total Adjusted EBITDA Margin (2)	10%	30%	
Net Income (Loss) (3)	\$ (48)	\$ 50	
Net Income (Loss) Margin	(32)%	12%	
<b>Nine Months Ended</b>			
	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>% Change</u>
<b>Revenue:</b>			
Hotels, Media & Platform	\$ 287	\$ 746	(62)%
Experiences & Dining	150	346	(57)%
Other (1)	51	133	(62)%
Total revenue	<u>\$ 488</u>	<u>\$ 1,225</u>	(60)%
<b>Adjusted EBITDA:</b>			
Hotels, Media & Platform	\$ 25	\$ 306	(92)%
Experiences & Dining	(56)	(1)	5500%
Other (1)	13	42	(69)%
Total Adjusted EBITDA (2)	<u>\$ (18)</u>	<u>\$ 347</u>	n.m.
<b>Adjusted EBITDA Margin:</b>			
Hotels, Media & Platform	9%	41%	
Experiences & Dining	(37)%	0%	
Other (1)	25%	32%	
Total Adjusted EBITDA Margin (2)	(4)%	28%	
Net Income (Loss) (3)	\$ (217)	\$ 110	
Net Income (Loss) Margin	(44)%	9%	

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		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
<b>Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA (Non-GAAP):</b>				
<b>GAAP Net Income (Loss)</b>	\$ (48)	\$ 50	\$ (217)	\$ 110
Add: Provision (benefit) for income taxes	(10)	23	(48)	63
Add: Other (income) expense, net	12	(5)	28	(9)
Add: Depreciation and amortization	30	32	94	92
Add: Impairment of goodwill	3	—	3	—
Add: Restructuring and other related reorganization costs	—	—	42	—
Add: Stock-based compensation expense	28	29	80	91
<b>Adjusted EBITDA (Non-GAAP)</b>	<u>\$ 15</u>	<u>\$ 129</u>	<u>\$ (18)</u>	<u>\$ 347</u>
<b>Revenue (GAAP)</b>	\$ 151	\$ 428	\$ 488	\$ 1,225
<b>Net Income (loss) margin (GAAP)</b>	(32)%	12%	(44)%	9%
Adjusted EBITDA margin (Non-GAAP) (1)	10%	30%	(4)%	28%
<b>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:</b>				
<b>GAAP Net Income (Loss)</b>	\$ (48)	\$ 50		
Add: Stock-based compensation expense	28	29		
Add: Impairment of goodwill	3	—		
Add: Amortization of intangible assets	6	9		
Add: (Gain)/Loss on investment	(1)	—		
Subtract: Income tax effect of Non-GAAP adjustments (2)	8	7		
Subtract: Income tax impact related to CARES Act (3)	3	—		
<b>Non-GAAP net income (loss)</b>	<u>\$ (23)</u>	<u>\$ 81</u>		
<b>GAAP diluted shares</b>	134	140		
<b>GAAP Net Income (loss) per diluted share</b>	\$ (0.36)	\$ 0.36		
Non-GAAP net income (loss) per diluted share (4)	\$ (0.17)	\$ 0.58		
<b>Reconciliation of GAAP cash flows from operating activities to Free Cash Flow (Non-GAAP):</b>				
<b>Net cash provided by (used in) operating activities (GAAP)</b>	\$ (31)	\$ 1		
Subtract: Capital expenditures	11	23		
<b>Free cash flow (Non-GAAP)</b>	<u>\$ (42)</u>	<u>\$ (22)</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 \$3 million recorded in connection with the passage of the CARES Act, pertaining to the tax rate differential in tax years applicable to U.S. loss carryforwards that became eligible for carryback, recorded during the three months ended September 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," "estimate," "expect," "intend," "is planned," "may," "should," "will," "look forward," "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.

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# Tripadvisor

## Q3 2020 Shareholder Letter

Dear Fellow Shareholders:

Our third quarter results improved versus the second quarter in the midst of what has been an unprecedented period for our industry, and the world. Total revenue recovered to down 65% year-over-year (versus down 86% in the second quarter) and our continued cost discipline drove a narrowed net loss and generated positive adjusted EBITDA. We posted Q3 revenue of \$151 million, a net loss of \$48 million, and adjusted EBITDA of \$15 million, all of which were better than our internal projections when we last reported in August. It is a testament to our business model, flexible cost structure and proactive cost reduction efforts that we were able to produce positive adjusted EBITDA even at such sharply reduced revenue levels.

After quickly adapting our business to its new reality in the first half of the year, throughout the third quarter, we successfully minimized operating expenses by prudently balancing cost controls with targeted investments in important long-term strategic initiatives.

We were pleased to see consumer demand trends improve each month throughout the quarter. This is evidence that - amidst significant ongoing uncertainty in this pandemic era - one thing remains very clear: **consumers want to travel**. In recent months, the travel industry's recovery progress has slowed, particularly in Europe where governments and businesses have struggled to balance the priorities of containing the virus while safely reopening the economy. We expected and planned for this uneven recovery path. We strengthened our liquidity position in early Q3 and remain adequately prepared for a variety of scenarios, and we believe recent trends will prove to be a temporary pause in the leisure travel's recovery.

Each month that passes brings the world closer to important medical developments that will meaningfully restore consumer confidence in travel and allow for a broad-based rebound. In the meantime, we remain focused on factors inside our control: executing on initiatives that deepen customer relationships, deliver more value to partners, roll out new and innovative product offerings to both industry partners and consumers, and position the business well for many years to come.

### Q3 2020 business update

**Monthly consumer traffic improved versus Q2.** We are pleased to see that consumer interest in travel - as measured by monthly unique users on the Tripadvisor platform - has improved notably since the April nadir. July, August and September monthly unique users were approximately 67%, 73%, and 74%, of last year's comparable periods, respectively. This compares very favorably to the 33% level we saw in April.

Digging deeper, exiting the summer months we continued to see strong consumer interest in near-term travel for shorter-duration, outdoor-focused getaways that are closer to home. We also note an uptick in consumer interest in trips more than 180 days out, indicating that consumers have already started



thinking about and planning their 2021 holidays. Domestic travel planning has continued to recover faster than international travel and has represented the majority of research across all markets. Fortunately, our broad geographic reach and diverse offerings can support consumers no matter how travel preferences change. Traffic to Tripadvisor's restaurant pages further improved in Q3, as many restaurants added outdoor dining capabilities and consumers sought Tripadvisor's content to help them get out of the house and safely socialize. Tripadvisor's rich content continues to play an influential role in helping consumers discover and compare destinations as well as find and book enjoyable and safe things to do when they arrive, regardless of whether they arrived via plane, train, or car.

Moreover, we believe travel during this pandemic era strengthens Tripadvisor's consumer value proposition. A recent Tripadvisor consumer sentiment survey showed that travelers are prioritizing cleanliness and reviews as the two most important factors in selecting an accommodation. In Q3, our [Travel Safe](#) initiative grew to include more than 120,000 hospitality businesses, enabling them to efficiently communicate pertinent health and safety information to prospectively travelers. We have found that businesses that are participating in Travel Safe are seeing better user engagement and recovering faster than businesses that are not participating.

**Q3 revenue performance improved versus Q2.** Q3 revenue of \$151 million was 35% of last year's comparable period, compared to a 14% level in Q2. Sequential monthly performance improved as well. July revenue was approximately 30% of last year's comparable period and August and September revenue were approximately 40% of last year's comparable periods and compares favorably to the approximately 10% level observed in April and May. Similar to Q2, in Q3, Restaurants and Rentals showed the fastest relative improvement, followed by Hotels and Experiences. Our transaction-based restaurant business, TheFork, again demonstrated relative strength and, notably, largely rebounded to 2019 revenue levels in the month of September.

**Recent data pointing to uneven recovery.** On our August call, we outlined our expectation for an uneven recovery and, since the start of Q4, we have been seeing exactly that. Revenue performance, which improved sequentially each month from May through August started to flatten out in September. Since then, the recovery has taken a step back driven by shutdowns in Europe. Restaurants have been ordered to close for at least a month in a number of our key markets, and this has impacted - and we expect will continue to impact - The Fork's revenue performance. We have also seen a step back in year-over-year performance of our hotel-related revenue in Europe, although North America performance has been relatively more stable.

We estimate that October revenue year-over-year performance was slightly lower than September, and early November has started lower than October. We currently expect Q4 revenue performance as a percentage of 2019 will be modestly lower than it was in Q3, but still greatly exceed Q2. We remain confident that leisure travel will fully recover, but this recent resurgence highlights that the path will likely remain nonlinear in the near-term until more progress is made on the medical front.

**Cost measures are delivering significant cost savings.** We have maintained vigilant cost controls and have been achieving the estimated savings targets that we outlined on our Q1 call in May. Specifically, we estimate our cost reductions generated \$101 million of savings in Q3 compared to Q1. We note that these cost savings do not consider depreciation, amortization, restructuring and other related reorganization costs, or stock-based compensation.

Of these estimated Q3 savings, approximately \$67 million were from discretionary and workforce-related measures - costs that are more fixed in nature - and approximately \$34 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). This compares to \$51 million and \$53 million of savings generated in Q2 for discretionary and work-force related measures and reduced variable costs, respectively.

For the year, we remain solidly on track to generate discretionary and workforce-related expense-related savings in excess of \$200 million in 2020 versus 2019 before considering depreciation, amortization, restructuring and other related reorganization costs, and stock-based compensation. We note that, because these measures were enacted mostly in Q2, the estimated run-rate savings we are generating is even greater.

While we retain the flexibility to further reduce costs if needed, we believe we have found a new fixed operating cost equilibrium for now. As such, we believe the vast majority of these savings generated this year will persist moving forward, and we expect to prudently increase investments in this area as travel recovers.

Turning to variable costs, in Q3 we maintained our disciplined approach to traffic acquisition and, relative to Q2, we were able to profitably acquire more traffic that converted to bookings for our partners. As a result, variable costs were approximately \$20 million higher in Q3 than in Q2. In light of the ongoing disruption the pandemic is having, we expect variable costs will remain much lower in Q4 2020 compared to 2019.

Looking ahead, we expect variable costs will continue to fluctuate generally in line with revenue trends and we retain our ability to ramp investments quickly in response to broader consumer demand improvements. Our larger strategic objective, however, is to build direct relationships with more consumers on our platform.

In short, we are operating with discipline and have positioned our business for increased flow-through as leisure travel recovers and revenue comes back.

***We further bolstered our liquidity position in Q3.*** As reported last quarter, in July, we issued \$500 million senior notes and used the proceeds to reduce a large portion of our outstanding borrowings under our revolving credit facility. This bolstered available liquidity to \$1.4 billion at the end of Q3, made up of our cash balance and \$1 billion of available capacity under our credit facility.

At the end of Q3, we had \$446 million of cash and cash equivalents, a decrease of \$252 million from the end of June 2020. This was driven primarily by a \$210 million net repayment on our credit facility. Operating loss and net outflows of deferred merchant payables also played in, though cancellation rates moderating throughout the quarter was a positive development.

Q3 cash flow from operations was negative \$31 million and capital expenditures were \$11 million. Capital expenditures in Q4 are expected to be in line with Q3 and lower in 2020 than 2019 based on lower capitalized website development costs on lower headcount. Free cash flow in the quarter was negative \$42 million.

We believe we are now past the point of peak cash outflows, as the confluence of revenue impacts driving net losses, restructuring costs, and deferred merchant payables outflows in the middle of the year have ended. We remain confident that our swift, concerted actions have the business sufficiently capitalized for a variety of recovery scenarios.

### **Executing on our key focus areas**

We are executing on long-term strategic objectives aimed at building direct, durable consumer relationships, driving engagement and more effectively converting our influence into monetization:

- First, in October we were pleased to launch two new hospitality B2B solutions. [Spotlight](#) is aimed at helping hospitality businesses 1) rebuild traveler confidence, 2) attract new customers, and 3) forecast demand and make informed, data-driven rate-setting decisions to increase profitability. [Reputation Pro](#) enables Tripadvisor-branded, omnichannel outreach to accelerate review collection. These launches follow the launch of popular free tools such as Travel Safe and Contactless Menus in Q2, as well as the global rollout of Menu Connect for Restaurants earlier this quarter, and signal our ongoing commitment to support partners and deliver them more value as travel and dining starts to come back.
- Second, within the next few months we intend to start rolling out a new subscription-based, direct-to-consumer offering that enables us to serve travelers in a whole new way and help them get more value out of their travel experiences. Subscribers will be able to access valuable deals and perks across tens of thousands of top-ranked hotels as well as exclusive savings on our nearly 400,000 bookable experiences and, like other gold standard consumer subscription services, we plan to add more benefits to deliver more value to consumers over time. We are cautious with our expectations in launching any new product in travel right now and the initial launch will be limited in product and geographical scope by design. However, we believe the consumer value proposition will resonate globally and we are excited about the potential for a subscription offering to enhance our long-term relationships with travelers.

We expect to carry this momentum forward into 2021, further diversifying long-term revenue potential along our One Tripadvisor vision for consumers, as well as driving towards our large revenue opportunities within B2B, display, experiences and restaurants.

### **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.*

Given that the rate of recovery for travel and dining has slowed entering Q4 and, in some geographies, taking a step back, as well as the typical seasonality inherent to travel and our business, we expect Q4 revenue and adjusted EBITDA will be lower than Q3. As we enter 2021, we expect the travel industry's recovery will remain uneven. However, we are encouraged by the signs of pent up travel demand and remain confident that leisure travel will eventually fully return. We also believe our streamlined cost structure can enable us to regain prior profitability ahead of regaining prior revenue levels.

## Closing thoughts

Overall, Q3 results were better than we anticipated amidst what remains a historically difficult operating environment. We executed well on the factors within our control - serving customers and building our business for the long-term. Travel's path back has indeed begun. It may take time, but we will continue to support our employees, consumers, and partners worldwide, maintain cost discipline, and position our business to emerge stronger 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 third 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](http://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 November 5, 2020, which is available on the Investor Relations section of our website at [ir.tripadvisor.com](http://ir.tripadvisor.com) and the SEC's website at [www.sec.gov](http://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 November 5, 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](http://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.