Tripadvisor Group

Angela Opening Remarks:

Good morning, and welcome to Tripadvisor's second quarter 2026 financial results call. Joining me today are Matt Goldberg, President & CEO, and Mike Noonan, CFO.

Earlier this morning we filed and made available our earnings release. In that release you will find reconciliations of non GAAP financial measures to the most comparable GAAP financial measures discussed on this call.

Before we begin, I'd like to remind you that this call may contain estimates and other forward looking statements that represent management's views as of today, August 6, 2026. Tripadvisor disclaims any obligation to update these statements to reflect future events or circumstances. Please refer to our earnings release, as well as our filings with the SEC for information concerning factors that could cause actual results to differ materially from these forward looking statements.

With that, I'll turn the call over to Matt.

Matt Goldberg, CEO

Thanks Angela, and good morning everyone. In Q2, Group revenue and adjusted EBITDA were in-line with expectations, which we delivered against a fluctuating macro backdrop. Overall performance reflected the underlying strength of our experiences business and our continued focus on simplifying our legacy offerings.

During the quarter, we announced our proposed agreement to sell TheFork for $700 million. The transaction unlocks the value we've created in TheFork and is another step in focusing the company on Experiences. Net proceeds from the transaction will provide us additional flexibility for our capital allocation choices. We believe American Express will be a natural long-term home for TheFork and an important ongoing strategic partner for Tripadvisor. The transaction continues to progress — we signed the definitive agreement on August 2 and expect to close before year-end.

Beyond the sale of TheFork, our portfolio review continues, as we explore additional opportunities across the business to catalyze shareholder value. We're focused on enhancing the value of our assets and reshaping the company to deliver on our strategic priorities, specifically:

- Strengthening our leadership in Experiences; and
- Simplifying our Hotels & Other offerings to optimize for profitability

This work is predicated on allocating our resources to the largest opportunities for sustainable growth and profitability, where we have the competitive position to be a global market leader.

With that, let's turn to our operating performance, starting with our **Experiences Segment**. Across the large majority of our marketplace, bookings growth trended as expected. Performance on our largest owned and operated point of sale, Viator, grew 10% for the quarter, while sustained SEO headwinds in the Tripadvisor point of sale pressured overall segment growth. Bookings for the segment grew 5% overall in the quarter.

Our marketplace flywheel continues to support our Experiences strategy, and we're making progress against each stage:

- First: Generating higher-quality **demand**;
- Second: Converting that demand more effectively through our **storefronts**; and
- Third: Building stronger, more productive **supply**

Let's take each in turn.

First, **demand**. We've continued to broaden the ways we reach, acquire and re-engage customers.

As travelers increasingly discover experiences across social and other mid-funnel channels, we're finding attractive new opportunities to diversify beyond paid search. The results are giving us the confidence to scale those investments, with encouraging evidence that they can drive both incremental demand and attractive customer acquisition economics. At the same time, search remains a core channel in the experiences category given the high intent nature of its leads. We continue to test, learn, and optimize across this quickly changing landscape – leveraging our proprietary data and bidding expertise to maximize efficiency. This is driving healthy double-digit growth in our paid channels.

Outside of our marketing channels, we're also making good progress with rewards and incentives. What began as a series of targeted experiments is increasingly becoming a scalable lever for acquisition, conversion, and repeat engagement across the customer journey. While certain incentives may bring near-term pressure to take rate, the benefit to overall bookings uplift and return engagement drive favorable returns.

Second, our **storefronts**. As travelers reach us, our product work continues to simplify the path to booking, delivering compounding conversion gains.

Central to our product strategy is helping travelers make booking decisions more easily and with greater confidence. This quarter, continued improvements to personalization, how we surface and present reviews, and more specific availability details are making it easier for travelers to quickly find the right experience and complete a booking. Together, these investments continue to strengthen the booking experience, lift conversion, and support our overall items growth, reinforcing our confidence in our product roadmap and our ability to drive sustainable items growth over time.

Finally, our **supply**. Building the world's best experiences catalog isn't just about adding more products – it's about adding the right products. We're focused on actively expanding supply where we see the greatest opportunity to serve unmet traveler demand.

This strategy is paying off. We're seeing it in the performance of the supply we are onboarding in secondary and tertiary destinations. The inventory we target strategically is getting better traction, securing the all-important first booking significantly faster and earning more per product than average. These products are also driving new customer acquisition by attracting a majority of their bookings from first-time customers. This, in turn, supports our category expansion, with many new customers booking in categories where we have been less penetrated, such as ticketed attractions and events.

And a key enabler of that strategy is making it easier for operators to bring high-quality experiences onto the platform. Continued investments in supplier onboarding and connectivity are reducing listing friction, helping operators get experiences live faster with richer, higher-quality content. Our supply is one of our strongest advantages, and we'll continue building on our momentum.

The benefits of our supply and product work extend beyond our owned marketplaces. They also strengthen our value proposition to partners, enabling us to power more experiences storefronts across the travel industry and beyond. The attractiveness of our offerings support the healthy growth in our third party points of sale as we continue to add new distribution partnerships.

Now turning to Hotels & Other. This segment remains highly profitable, but is well understood to be challenged by structural changes in our primary SEO channel. Our stated objective remains the same: to simplify the business and drive alignment between revenue trends and costs. Year to date, we've reduced fixed costs by approximately 16% and we will continue to evaluate further opportunities to streamline the business. Strategically, the profitability in this segment allows us to reinvest across our highest priorities, and we will continue to be disciplined about shifting resources and investment to areas of proven growth, particularly in experiences.

Alongside the work we've discussed today, we're also preparing for the changes reshaping how people discover, plan and experience travel. Experimentation is central to that effort.

We've made it a core part of how we operate across the business, and we're seeing the results: our experimentation velocity is increasing, and contributing more incremental revenue year on year, which we expect to drive compounding impact over time.

At the same time, we're ensuring our marketplace is available wherever travelers increasingly discover and plan experiences. Most recently, Viator became the first travel experiences partner for Google Gemini, adding to our growing list of partnerships across the leading AI platforms. We're also seeing encouraging early signs that our longstanding strengths in SEO, together with our trusted, high-quality content, are translating well into AI-powered travel discovery. While AI-driven traffic remains small today, Tripadvisor and Viator are already among the most visible travel brands in Google's AI Overviews. As we continue working with the leading AI platforms we'll keep learning, adapting, and evolving to serve changing traveler behavior.

Finally, we are utilizing AI to help us build our products and operate more effectively. This includes scaling our early pilots to improve engineering productivity, automate supply acquisition and customer service workflows, and help optimize marketing performance. We're also using AI tools to power our fraud detection for reviews, moderate and curate our content, and enable our workforce through productivity tools. We're encouraged by the breadth and impact of practical applications we're seeing in many ways across the company.

Before I pass over to Mike, I'd like to leave you with this. While the operating environment remains uncertain, our conviction has never been clearer. We believe Experiences is the largest long-term growth opportunity in travel, and every decision we're making, from where we invest to how we operate, is focused on extending our leadership in that category. As Mike will cover in more detail, we're committed to investing behind this opportunity with a long-term lens on growth and margin expansion.

With that, I'll turn the call over to Mike.

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<u>Mike Noonan, CFO</u>

Thanks Matt and good morning. I'll start with a review of our financial performance, and then provide more information on July trends, and our outlook for Q3. As a reminder, all growth rates are relative to the comparable period in 2025, unless noted otherwise.

Before I cover performance, and as we noted in our release this morning, any reference to consolidated results includes only the Experiences and Hotels & Other segments, presented as continuing operations. TheFork, given the proposed sale announcement on June 15, is considered "held for sale," under accounting guidelines and is shown as discontinued operations in our P&L, statement of cash flows, and balance sheet. This morning's release, our Form 10Q, and our commentary on our Group revenue and adjusted EBITDA now include only our continuing operations—or Experiences and Hotels and Other–and also include a recast for quarterly and annual periods.

These continuing operations incorporate approximately $4 million in annual costs—roughly $1 million per quarter—that were previously allocated to TheFork. These expenses primarily pertain to corporate personnel and insurance. We anticipate recovering the majority of these costs in 2027 through a transition services agreement.

Now on to results for the quarter. Continuing operations revenue and adjusted EBITDA was $442 million, and $76 million, respectively, while revenue and adjusted EBITDA from TheFork, classified in discontinued operations, was $61 million and $11 million, respectively. Relative to our expectations, which included TheFork, revenue was in-line and adjusted EBITDA was above expectations.

Turning now to **Experiences.** We witnessed an uneven recovery in the quarter with improvement in bookings growth from April to May but then stepped back modestly in June. Domestic U.S. bookings improved throughout the quarter from April lows with Hawaii destination bookings bouncing back to levels we saw earlier in the year. However, US to Europe bookings softened through the quarter and remained at levels well below what we saw at the beginning of the year. We attribute this in part to persistent macro related factors, including the continued geopolitical uncertainty and extreme heat conditions in May and June.

The **number of experiences booked** grew 5% in Q2, in-line with expectations. Our largest owned and operated point of sale, Viator, delivered 10% growth for the quarter. In our Tripadvisor point of sale, persistent SEO headwinds continued to outweigh performance in other channels. We estimate the impact of the SEO pressure accounted for approximately 5 percentage points of growth headwind to the segment. This drag to growth continues to moderate as SEO becomes a smaller share of overall bookings mix.

Gross booking value or (GBV) grew 3% to approximately $1.4 billion. We estimate changes in currency were a tailwind to growth of approximately 1%. SEO pressure accounted for approximately 5 percentage points of headwind to GBV growth. Testing around discounting and a higher mix of lower priced items on our owned and operated points of sale drove lower average booking value, or ABV, year over year, resulting in a lower GBV growth rate relative to the bookings growth rate.

Experiences revenue grew 3%, or approximately 2% on a constant currency basis. Revenue growth was pressured relative to bookings and GBV growth by an increase in cancellation rates, primarily driven by adverse weather and travel conditions in both the US and Europe throughout May and June.

Adjusted EBITDA for the Experiences segment was $31 million, or 11% of revenue, down 290 basis points. Deleverage was driven by the free / paid channel mix shift across Viator and Tripadvisor points of sale. Lower personnel and other costs partially offset the increased marketing as a percent of revenue.

We remain confident in our ability to capture a larger share of the global experiences market. Our product, marketing, and supply infrastructure provide the foundation required to scale beyond our mature markets. These capabilities also power our high-growth B2B2C, or third party partner offerings, which reach travelers in non-core geographies and categories still migrating from offline to online booking adoption. Investments in our B2B2C offering, which include improved integration, enhanced account management, and greater co-marketing capabilities, are yielding significant benefits. We are seeing robust GBV growth from this channel comprising hundreds of merchant partners, thousands of travel agents, and other distribution partners.

While macro factors have impacted our top-line performance this year, we remain confident in the trajectory for durable growth and long-term margin expansion. Our flywheel investments are yielding measurable improvements in direct bookings and unit economics, particularly within our high-intent channels. And our B2B2C offering continues to scale with a favorable margin profile that directly supports overall segment profitability.

Turning now to our **Hotels & Other** segment. Q2 revenue was $163 million, a 21% decline, and in-line with expectations. Strong pricing growth in hotels was more than offset by sustained hotel shopper volume headwinds. Media and advertising revenue declined 12% to $31 million driven by onsite traffic-related headwinds, which offset growth in off-platform revenue.

Adjusted EBITDA in Hotels & Other was $46 million, or 28% of revenue, down approximately 100 basis points. Adjusted EBITDA was higher than our expectations primarily due to lower than anticipated personnel and other fixed costs. Adjusted EBITDA margin deleverage was driven by the ongoing shift in free / paid channel mix and higher technology costs, which more than offset lower personnel costs.

Turning briefly to TheFork, which as noted is no longer a reportable segment and classified as discontinued operations given the proposed sale announcement. Q2 revenue was $61 million, representing 13% growth, or 10% in constant currency. **Adjusted EBITDA** was $11 million, or approximately 19% of revenue.

Turning to **consolidated expenses** from continuing operations:

Cost of revenue in Q2 was 7% of revenue, lower by approximately 70 basis points. This was primarily driven by a benefit of approximately $2 million related to an indirect tax refund.

Marketing costs were 49% of revenue, an increase of approximately 500 basis points. This was driven by ongoing pressure from free / paid channel mix, including the aforementioned SEO headwinds impacting Tripadvisor Experiences and the H&O segment.

Personnel costs were 22% of revenue, lower by approximately 400 basis points primarily due to lower costs in Hotels & Other, and lower share-based compensation, or SBC, expense. Lower SBC expense was primarily due to forfeitures related to our cost savings program announced in Q4 2025 and lower annual grant values beginning in 2026. Absent SBC, personnel costs were approximately 19% of revenue, lower by approximately 200 basis points.

Technology costs in Q2 were 5% of revenue, a modest increase of approximately 40 basis points primarily driven by lower revenue; technology costs on an absolute dollar basis were largely flat.

G&A costs were approximately 3% of revenue, higher by 130 basis points, primarily due to difficult comparison of lower G&A expense in Q2 2025 resulting from a one-time true-up.

Now, turning to **cash and liquidity**. In Q2, operating cash flow was $141 million and free cash flow was $130 million.

Total cash and cash equivalents at June 30 were approximately $843 million, reflecting the paydown of our convertible notes on April 1, which reduced both cash and total debt by approximately $345 million. In addition, $52 million of cash is included in discontinued operations due to the pending sale of TheFork. Excluding deferred merchant payables of $484 million, our excess cash balance was approximately $359 million and our total debt was approximately $836 million.

Regarding share repurchases, our program remains active with $110 million remaining, but we did not repurchase shares in the public market due to our ongoing portfolio review, which included the sale of TheFork. We remain committed to our share repurchase program, and we will continue to evaluate opportunities for capital return while balancing our capital structure requirements, market conditions and other relevant factors.

As we plan for the closing of TheFork transaction, we anticipate approximately $680 million of net proceeds. The sale proceeds will provide us flexibility in our capital allocation choices, prioritizing debt reduction and/or share repurchases.

Turning now to July trends and our **outlook for Q3.**

July performance remained uneven, reflecting a mix of factors. Unusual weather in the US and Europe dampened bookings growth and increased cancellations throughout the month. We continued to see weakening overall demand in the US to Europe travel corridor, our largest corridor, and pressure in average bookings values, driven primarily from a higher mix of lower priced experiences. The year over year shift in geographic mix impacted take rate, pressuring revenue.

The combination of these factors will impact the Q3 Experiences performance. We expect growth in experiences booked to improve slightly from Q2 despite these headwinds, though GBV growth will face pressure from the aforementioned lower average booking values and currency movement. Higher cancellations, and take-rate dynamics will further pressure revenue growth relative to GBV growth. Our guidance assumes stability in recent trends.

Starting with our **Experiences segment**, for Q3:

- We expect a flat to modest improvement from Q2 in experiences booked, to approximately 5% to 7% growth.
- For revenue, we expect declines of 2% at the low end, and growth of 1% at the high end, which includes approximately 1 percentage point of currency headwind.
- We expect Experiences adjusted EBITDA margin of 14% to 17%, which reflects expected revenue pressure this quarter as well as continued free / paid mix shift, primarily on the Tripadvisor point of sale.

In our **Hotels & Other** segment, for Q3:

- We expect revenue declines of approximately 20% to 23%
- We expect adjusted EBITDA margin of approximately 22% to 25%

Segment expectations result in expectations for Q3 **continuing operations revenue** declines of 7% to 10%, and **adjusted EBITDA** margin of 17% to 20%.

Given the current operating environment, we have adopted a more prudent outlook for the second half of 2026. We expect modest improvement in revenue growth across both segments in Q4, assuming one-off travel disruptions do not recur. Further acceleration remains dependent on a more normalized macro backdrop. We also anticipate the typical seasonal step-down in adjusted EBITDA margin as we move from Q3 into Q4.

Despite the mixed environment, we remain focused on capturing the long-term opportunity in experiences, fueling durable growth through disciplined investment and margin expansion.

With that, I’d like to turn the call back to the operator for Q&A.

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