

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

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2022
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-35362

TRIPADVISOR, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

80-0743202
(I.R.S. Employer
Identification No.)

400 1st Avenue
Needham, MA 02494
(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code:
(781) 800-5000

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock	TRIP	Nasdaq

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

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

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
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.

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

Class	Outstanding Shares at April 28, 2022
Common Stock, \$0.001 par value per share	126,819,417 shares
Class B common stock, \$0.001 par value per share	12,799,999 shares

Tripadvisor, Inc.
Form 10-Q
For the Quarter Ended March 31, 2022

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PART I – FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

TRIPADVISOR, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)

	Three months ended March 31,	
	2022	2021
Revenue (Note 3)	\$ 262	\$ 123
Costs and expenses:		
Cost of revenue (exclusive of depreciation and amortization as shown separately below)	22	12
Selling and marketing (1)	141	73
Technology and content (1)	54	55
General and administrative (1)	40	38
Depreciation and amortization	25	29
Total costs and expenses	282	207
Operating income (loss)	(20)	(84)
Other income (expense):		
Interest expense	(12)	(11)
Interest income and other, net	(1)	(1)
Total other income (expense), net	(13)	(12)
Income (loss) before income taxes	(33)	(96)
(Provision) benefit for income taxes (Note 7)	(1)	16
Net income (loss)	\$ (34)	\$ (80)
Earnings (loss) per share attributable to common stockholders (Note 11):		
Basic	\$ (0.24)	\$ (0.59)
Diluted	\$ (0.24)	\$ (0.59)
Weighted average common shares outstanding (Note 11):		
Basic	139	136
Diluted	139	136
(1) Includes stock-based compensation expense as follows (Note 9):		
Selling and marketing	\$ 3	\$ 4
Technology and content	\$ 9	\$ 12
General and administrative	\$ 10	\$ 13

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TRIPADVISOR, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)

	Three months ended	
	March 31,	
	2022	2021
Net income (loss)	\$ (34)	\$ (80)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments, net of tax (1)	(4)	(12)
Total other comprehensive income (loss), net of tax	(4)	(12)
Comprehensive income (loss)	<u>\$ (38)</u>	<u>\$ (92)</u>

(1) Deferred income tax liabilities related to these amounts are not material.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TRIPADVISOR, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except number of shares and per share amounts)

	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 781	\$ 723
Accounts receivable and contract assets, net of allowance for credit losses of \$29 and \$28, respectively (Note 3)	180	142
Income taxes receivable (Note 7)	49	49
Prepaid expenses and other current assets	33	26
Total current assets	1,043	940
Property and equipment, net of accumulated depreciation of \$481 and \$460, respectively	209	215
Operating lease right-of-use assets	39	42
Intangible assets, net of accumulated amortization of \$204 and \$202, respectively	62	65
Goodwill	839	843
Non-marketable investments (Note 4)	36	36
Deferred income taxes, net	54	54
Other long-term assets, net of allowance for credit losses of \$10 and \$10, respectively	90	94
TOTAL ASSETS	\$ 2,372	\$ 2,289
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 12	\$ 27
Deferred merchant payables	197	113
Deferred revenue (Note 3)	59	36
Accrued expenses and other current liabilities (Note 5)	199	181
Total current liabilities	467	357
Long-term debt (Note 6)	834	833
Finance lease obligation, net of current portion	63	65
Operating lease liabilities, net of current portion	25	29
Deferred income taxes, net	1	1
Other long-term liabilities	215	215
Total Liabilities	1,605	1,500
Commitments and contingencies (Note 8)		
Stockholders' equity: (Note 10)		
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: 145,636,700 and 144,656,649, respectively		
Shares outstanding: 126,792,086 and 125,812,035, 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	1,342	1,326
Retained earnings	207	241
Accumulated other comprehensive income (loss)	(60)	(56)
Treasury stock-common stock, at cost, 18,844,614 and 18,844,614 shares, respectively	(722)	(722)
Total Stockholders' Equity	767	789
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,372	\$ 2,289

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TRIPADVISOR, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in millions, except number of shares)

Three months ended March 31, 2022										
	Common stock		Class B common stock		Addition paid-in capital	Retained earnings	Accumulate d other comprehens ive income (loss)	Treasury Stock		Total
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance as of December 31, 2021	144,656,649	\$ —	12,799,999	\$ —	\$ 1,326	\$ 241	\$ (56)	(18,844,614)	\$ (722)	\$ 789
Net income (loss)						(34)				(34)
Other comprehensive income (loss), net of tax							(4)			(4)
Issuance of common stock related to exercises of options and vesting of RSUs	980,051	—			—					—
Withholding taxes on net share settlements of equity awards					(8)					(8)
Stock-based compensation					24					24
Balance as of March 31, 2022	<u>145,636,700</u>	<u>\$ —</u>	<u>12,799,999</u>	<u>\$ —</u>	<u>\$ 1,342</u>	<u>\$ 207</u>	<u>\$ (60)</u>	<u>(18,844,614)</u>	<u>\$ (722)</u>	<u>\$ 767</u>

Three months ended March 31, 2021										
	Common stock		Class B common stock		Addition paid-in capital	Retained earnings	Accumulate d other comprehens ive income (loss)	Treasury Stock		Total
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance as of December 31, 2020	140,775,221	\$ —	12,799,999	\$ —	\$ 1,253	\$ 389	\$ (34)	(18,844,614)	\$ (722)	\$ 886
Net income (loss)						(80)				(80)
Other comprehensive income (loss), net of tax							(12)			(12)
Issuance of common stock related to exercises of options and vesting of RSUs	2,139,630	—			7					7
Purchase of capped calls, net of tax of \$9 million (Note 6)					(26)					(26)
Withholding taxes on net share settlements of equity awards					(23)					(23)
Stock-based compensation					33					33
Balance as of March 31, 2021	<u>142,914,851</u>	<u>\$ —</u>	<u>12,799,999</u>	<u>\$ —</u>	<u>\$ 1,244</u>	<u>\$ 309</u>	<u>\$ (46)</u>	<u>(18,844,614)</u>	<u>\$ (722)</u>	<u>\$ 785</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TRIPADVISOR, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Three months ended March 31,	
	2022	2021
Operating activities:		
Net income (loss)	\$ (34)	\$ (80)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	25	29
Stock-based compensation expense (Note 9)	22	29
Deferred income tax expense (benefit)	—	(22)
Provision for expected credit losses	1	2
Other, net	3	4
Changes in operating assets and liabilities, net:		
Accounts receivable and contract assets, prepaid expenses and other assets	(45)	(21)
Accounts payable, accrued expenses and other liabilities	3	(11)
Deferred merchant payables	86	36
Income tax receivables/payables, net	1	6
Deferred revenue	24	9
Net cash provided by (used in) operating activities	86	(19)
Investing activities:		
Capital expenditures, including capitalized website development	(14)	(10)
Net cash provided by (used in) investing activities	(14)	(10)
Financing activities:		
Proceeds from issuance of 2026 Senior Notes, net of financing costs (Note 6)	—	340
Purchase of capped calls in connection with 2026 Senior Notes (Note 6)	—	(35)
Proceeds from exercise of stock options	—	7
Payment of withholding taxes on net share settlements of equity awards	(8)	(23)
Payments of finance lease obligation and other financing activities, net	(2)	(2)
Net cash provided by (used in) financing activities	(10)	287
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(4)	(2)
Net increase (decrease) in cash, cash equivalents and restricted cash	58	256
Cash, cash equivalents and restricted cash at beginning of period	723	418
Cash, cash equivalents and restricted cash at end of period	\$ 781	\$ 674

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NOTE 1: BUSINESS DESCRIPTION AND BASIS OF PRESENTATION

We refer to Tripadvisor, Inc. and our wholly-owned subsidiaries as “Tripadvisor”, “the Company”, “us”, “we” and “our” in these notes to the unaudited condensed consolidated financial statements.

Description of Business

Tripadvisor operates the world’s largest travel guidance platform, connecting a global audience of prospective travelers with travel partners through rich content, price comparison tools, and online reservation and related services for destinations, accommodations, travel activities and experiences, and restaurants. Our mission is to help people around the world plan, book and experience the perfect trip.

In 2000, under our flagship brand Tripadvisor, we launched www.Tripadvisor.com in the U.S. Since then, we have built a portfolio of travel guidance brands and businesses, seamlessly connecting travelers to destinations, accommodations, travel activities and experiences, and restaurants in over 40 markets worldwide.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements present our results of operations, financial position and cash flows on a consolidated basis. The unaudited condensed consolidated financial statements include Tripadvisor, our wholly-owned subsidiaries, and entities we control, or in which we have a variable interest and are the primary beneficiary of expected cash profits or losses. All inter-company accounts and transactions have been eliminated in consolidation. One of our subsidiaries that operates in China has variable interests in affiliated entities in China in order to comply with Chinese laws and regulations, which restrict foreign investment in internet content provision businesses. Although we do not own the capital stock of these Chinese affiliates, we consolidate their results as we are the primary beneficiary of the cash losses or profits of these variable interest affiliates and have the power to direct the activity of these affiliates. Our variable interest entities’ financial results were not material for all periods presented. Investments in entities in which we do not have a controlling financial interest are accounted for under the equity method, the fair value option, as available-for-sale securities or at cost adjusted for observable price changes and impairments, as appropriate.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”) and include all normal and recurring adjustments that management of the Company considers necessary for a fair presentation of its financial position and operating results. We prepared the unaudited condensed consolidated financial statements following the requirements of the U.S. Securities and Exchange Commission (“SEC”) for interim reporting. As permitted under those rules, we condensed or omitted certain footnotes or other financial information that are normally required by GAAP for annual financial statements. Additionally, certain prior period amounts have been reclassified for comparability with the current period presentation, none of which were material to the presentation of the accompanying unaudited condensed consolidated financial statements. Our interim unaudited condensed consolidated financial statements are not necessarily indicative of results that may be expected for any other interim period or for the full year. These interim unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2021, previously filed with the SEC. The unaudited condensed consolidated balance sheet as of December 31, 2021 included herein was derived from the audited consolidated financial statements as of that date, but does not include all disclosures including notes required by GAAP.

As of March 31, 2022, Liberty Tripadvisor Holdings, Inc. (“LTRIP”) beneficially owned approximately 16.4 million shares of our common stock and 12.8 million shares of our Class B common stock, which constitute 13.0% of the outstanding shares of common stock and 100% of the outstanding shares of Class B common stock. Assuming the conversion of all of LTRIP’s shares of Class B common stock into common stock, LTRIP would beneficially own 21.0% of the outstanding common stock. Because each share of Class B common stock is entitled to ten votes per share and each share of common stock is entitled to one vote per share, LTRIP may be deemed to beneficially own equity securities representing nearly 57.0% of our voting power. We had no related party transactions with LTRIP during the three months ended March 31, 2022 and 2021, respectively.

Risks and Uncertainties

We continue to be subject to risks and uncertainties as a result of the COVID-19 pandemic. The timing of widespread vaccine distributions, efficacy against any future or existing variants (e.g., Delta and Omicron) of COVID-19, whether there will be resurgences of the virus and subsequent government restrictions, the extent and effectiveness of containment actions taken, and whether consumers’ demand for travel and hospitality services continue to be negatively impacted remain uncertain. We do not know the future path or potential rate of global or regional COVID-19 resurgences, including existing COVID-19 variants (e.g., Delta and Omicron) or future variants, if any, nor do we have visibility into when remaining or reinstated restrictions will be lifted, and where

additional restrictions may be implemented or reinstated in the future due to resurgence of the virus. Correspondingly, we still do not have forward-looking visibility into the long-term impacts related to consumer demand for travel, usage patterns on our platform, and travel behavior patterns when all travel bans and other government restrictions and mandates are fully lifted.

Therefore, the continuing extent of the impact of the COVID-19 pandemic on our business, results of operations, liquidity and financial condition remains uncertain, and is dependent on future developments that cannot be accurately predicted at this time. We continue to believe the travel, leisure, hospitality, and restaurant industries (collectively, the “travel industry”), and our financial results, will continue to be adversely and materially affected if any new variants emerge and lingering travel bans and other government restrictions and mandates continue to remain in place or be reinstated, all of which negatively impact consumer demand, sentiment and discretionary spending patterns.

Accounting Estimates

We use estimates and assumptions in the preparation of our unaudited condensed consolidated financial statements in accordance with GAAP. Our estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of our unaudited condensed consolidated financial statements. These estimates and assumptions also affect the reported amount of net income or loss during any period. Our actual financial results could differ significantly from these estimates. The significant estimates underlying our unaudited condensed consolidated financial statements is accounting for income taxes. The COVID-19 pandemic has created significant uncertainty in macroeconomic conditions, which may cause further business disruptions and continue to adversely and materially impact our results of operations. As a result, some of our estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, our estimates may change materially in future periods.

Seasonality

Consumers’ travel expenditures have historically followed a seasonal pattern. Correspondingly, travel partners’ advertising investments, and therefore our revenue and operating profits, have also historically followed a seasonal pattern. Our financial performance tends to be seasonally highest in the second and third quarters of a given year, which includes the seasonal peak in consumer demand, traveler hotel and rental stays, and travel activities and experiences taken, compared to the first and fourth quarters, which represent seasonal low points. During the first half of the year, experience and rentals bookings typically exceed the amount of completed experiences and rental stays, resulting in higher cash flow related to working capital, while during the second half of the year, particularly in the third quarter, this pattern reverses and cash flows from these transactions are typically negative.

Other factors may also impact typical seasonal fluctuations, which include further significant shifts in our business mix or adverse economic conditions that could result in future seasonal patterns that are different from historical trends. For example, although consumer travel demand generally remained materially lower than historic levels due to the impact of COVID-19 on our business, these trends improved during 2021, resulting in increased revenues, and working capital and operating cash flow more akin to typical historical seasonality trends, which has continued during the three months ended March 31, 2022. However, it is difficult to predict the seasonality for the upcoming quarters, given the sustained uncertainty related to the continued economic impact of the COVID-19 pandemic and/or potential resurgences, and the pace of continued recovery in our key markets.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to our accounting policies since December 31, 2021, as described under “Note 2: *Significant Accounting Policies*”, in the notes to consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2021.

NOTE 3: REVENUE RECOGNITION

We generate all of our revenue from contracts with customers. We recognize revenue when we satisfy a performance obligation by transferring control of the promised services to a customer in an amount that reflects the consideration that we expect to receive in exchange for those services. When we act as an agent in the transaction, we recognize revenue for only our commission on the arrangement. We determine revenue recognition through the following steps:

- (1) Identification of the contract, or contracts, with a customer
- (2) Identification of the performance obligations in the contract
- (3) Determination of the transaction price
- (4) Allocation of the transaction price to the performance obligations in the contract

(5) Recognition of revenue when, or as, we satisfy a performance obligation

At contract inception, we assess the services promised in our contracts with customers and identify a performance obligation for each promise to transfer to the customer a service (or a bundle of services) that is distinct. To identify the performance obligations, we consider all of the services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. We have provided qualitative information about our performance obligations for our principal revenue streams discussed below. There was no significant revenue recognized in the three months ended March 31, 2022 and 2021, respectively, related to performance obligations satisfied in prior periods. We have applied a practical expedient and do not disclose the value of unsatisfied performance obligations that have an original expected duration of less than one year, and we do not have any material unsatisfied performance obligations over one year. The value related to our remaining or partially satisfied performance obligations relates to subscription services that are satisfied over time or services that are recognized at a point in time, but not yet achieved. Our timing of services, invoicing and payments are discussed in more detail below and do not include a significant financing component. Our customer invoices are generally due 30 days from the time of invoicing.

The application of our revenue recognition policies and a description of our principal activities, organized by segment, from which we generate our revenue, are presented below.

Hotels, Media & Platform Segment

Tripadvisor-branded Hotels Revenue. Our largest source of Hotels, Media & Platform segment revenue is generated from click-based advertising on Tripadvisor-branded websites, or hotel auction revenue, which is primarily comprised of contextually-relevant booking links to our travel partners' websites. Our click-based travel partners are predominantly online travel agencies ("OTAs") and hotels. Click-based advertising is generally priced on a cost-per-click ("CPC") basis, with payments from travel partners determined by the number of travelers who click on a link multiplied by the CPC rate for each specific click. CPC rates are determined in a dynamic, competitive auction process, where our travel partner CPC bids for rates and availability to be listed on our platform are submitted. When a CPC bid is submitted, the travel partner agrees to pay us the bid amount each time a traveler clicks on the link to that travel partner's websites. Bids can be submitted periodically – as often as daily – on a property-by-property basis. We record click-based advertising revenue as the click occurs and traveler leads are sent to the travel partner websites as our performance obligation is fulfilled at that time. Click-based revenue is generally billed to our travel partners on a monthly basis consistent with the timing of the service. We also generate revenue from our cost-per-action ("CPA") model, which consists of contextually-relevant booking links to our travel partners' websites which are advertised on our platform. We earn a commission from our travel partners, based on a pre-determined contractual commission rate, for each traveler who clicks to and books a hotel reservation on the travel partners' website, which results in a traveler stay. CPA revenue is billable only upon the completion of each traveler's stay resulting from a hotel reservation. The travel partners provide the service to the travelers and we act as an agent under ASC 606 – Revenue from Contracts with Customers ("ASC 606"). Our performance obligation is complete at the time of the hotel reservation booking, and the commission earned is recognized upon booking, as we have no post-booking service obligations. We recognize this revenue net of an estimate of the impact of cancellations, using historical cancellation rates and current trends. Contract assets are recognized at the time of booking for commissions that are billable at the time of stay. CPA revenue is generally billed to our travel partners on a monthly basis consistent with the timing of the service.

In addition, we offer hotel business to business ("B2B") solutions, including subscription-based advertising to hotels, owners of B&Bs and other specialty lodging properties. Our performance obligation is generally to enable subscribers to advertise their businesses on our platform, as well as to manage and promote their website URL, email address, phone number, special offers and other information related to their business. Subscription-based advertising services are predominantly sold for a flat fee for a contracted period of time of one year or less and revenue is recognized on a straight-line basis over the period of the subscription service as efforts are expended evenly throughout the contract period. Subscription-based advertising services are generally billed at the inception of the service. When prepayments are received, we recognize deferred revenue initially on our unaudited condensed consolidated balance sheet for the amount of prepayment in excess of revenue recognized, until the performance obligation is satisfied. To a lesser extent, we offer travel partners the opportunity to advertise and promote their business through hotel sponsored placements on our platform. This service is generally priced on a CPC basis, with payments from travel partners determined by the number of travelers who click on the sponsored link multiplied by the CPC rate for each specific click. CPC rates for hotel sponsored placements that our travel partners pay are generally based on bids submitted as part of an auction by our travel partners. When a CPC bid is submitted, the travel partner agrees to pay us the bid amount each time a traveler clicks on a link to our travel partner's websites. Bids may be submitted periodically – as often as daily – on a property-by-property basis. We record this click-based advertising revenue as the click occurs and traveler leads are sent to the travel partner as our performance obligation is fulfilled at that time. Hotel sponsored placements revenue is generally billed to our travel partners on a monthly basis consistent with the timing of the service.

Tripadvisor-branded Display and Platform Revenue. We offer travel partners the ability to promote their brands through display-based advertising placements on our platform across all of our segments and business units. Our display-based advertising clients are predominantly direct suppliers of hotels, airlines and cruises, as well as destination marketing organizations. We also sell

display-based advertising to OTAs and other travel related businesses, as well as advertisers from non-travel categories. Display-based advertising is sold predominantly on a cost per thousand impressions, or CPM, basis. The performance obligation in our display-based advertising arrangements is to display a number of advertising impressions on our platform and we recognize revenue for impressions as they are delivered. Services are generally billed monthly. We have applied the practical expedient to measure progress toward completion, as we have the right to invoice the customer in an amount that directly corresponds with the value to the customer of our performance to date, which is measured based on impressions delivered.

Experiences & Dining Segment

We provide information and services that allow travelers to research and book tours, activities and attractions in popular travel destinations in our Viator online marketplace. We also power travel tours, activities and attractions booking capabilities to travelers on third-party distribution partner websites, including the Tripadvisor platform, and some of the world's top airlines, hotel chains, and online and offline travel agencies.

We work with local tour, activities, and attraction operators (the "operator") to provide travelers (the "customer") the ability to book tours, activities and attractions (the "experience") in destinations worldwide. We generate commissions for each booking transaction we facilitate through our online reservation system, in exchange for certain activities, including the use of the Company's booking platform, post-booking customer support (24/7) until the time of the experience and payment processing activities as merchant of record, which is the completion of the performance obligation. These activities are not distinct from each other and are not separate performance obligations. As a result, the Company's single performance obligation is to facilitate an experience, which is complete upon the time the experience occurs, and when revenue is recognized. We do not control the experience or have inventory risk before the operator provides the experience to our customer and therefore act as agent for substantially all of these transactions under ASC 606.

We collect payment from the customer prior to the experience occurring, which includes both our commission and the amount due to the operator. We record our commissions as deferred revenue on our unaudited condensed consolidated balance sheet when payment is received, including amounts which are refundable subject to cancellation, until the experience occurs when revenue is recognized. The amount due to the operator is recorded as deferred merchant payables on our unaudited condensed consolidated balance sheet until completion of the experience when payment is made to the operator.

To a much lesser extent, we earn commissions from third-party merchant partners (the "customer") who display and promote on their websites the operator experiences available on our platform to generate bookings. In these transactions, where we are not the merchant of record, and we generally invoice and receive commissions directly from the third-party merchant partners. Our performance obligation is to allow the third-party distribution partners to display and promote on their website experiences, offered by operators who utilize our platform, and we earn a commission when travelers book and complete an experience on the third-party merchant partner website. We do not control the service or have inventory risk, and therefore act as an agent for these transactions under ASC 606. We receive payment shortly after the booking in the majority of these transactions and make payments to the operators after the experience is complete. Our performance obligation is complete, and revenue is recognized at the time of the booking, as we have no post-booking obligations to the customer. We recognize this revenue net of an estimate of the impact of cancellations, which is not material, using historical cancellation rates and current trends. Contract assets are recognized for commissions that are contractually billable contingent upon completion of the experience.

We also provide information and services for consumers to research and book restaurant reservations in popular travel destinations through our dedicated online restaurant reservations offering, TheFork, and on our Tripadvisor-branded websites and mobile apps. We primarily generate transaction fees (or per seated diner fees) that are paid by our restaurant customers for diners seated primarily from bookings through TheFork's online reservation system. The transaction fee is recognized as revenue after the reservation is fulfilled, or as diners are seated by our restaurant customers. We invoice restaurants monthly for transaction fees. To a lesser extent, we also generate subscription fees for subscription-based advertising to restaurants, access to certain online reservation management services, marketing analytic tools, and menu syndication services provided by TheFork and Tripadvisor. As the performance obligation is to provide restaurants with access to these services over the subscription period, subscription fee revenue is recognized over the period of the subscription service on a straight-line basis as efforts are expended evenly throughout the contract period. Subscription fees are generally billable in advance of service. When prepayments are received, we recognize deferred revenue initially on our unaudited condensed consolidated balance sheet, for the amount of prepayment in excess of revenue recognized until the performance obligation is satisfied. In addition, we also offer restaurant partners the opportunity to advertise and promote their business through restaurant media advertising placements on our platform. This service is generally priced on a CPC basis, with payments from restaurant partners determined by the number of consumers who click on the sponsored link multiplied by the CPC rate for each specific click. CPC rates for media advertising placements that our restaurant partners pay are based on a pre-determined contractual rate. We record this click-based advertising revenue as the click occurs and diner leads are sent to the restaurant partner as our performance obligation is fulfilled at that time. Click-based revenue is generally billed to our restaurant partners on a monthly basis consistent with the timing of the service.

Other

We provide information and services that allow travelers to research and book vacation and short-term rental properties, including full homes, condominiums, villas, beach properties, cabins and cottages. Our Rentals offering primarily generates revenue by offering individual property owners and managers the ability to list their properties on our platform thereby connecting with travelers through a free-to-list, commission-based option. These properties are listed on www.flipkey.com, www.holidaylettings.co.uk, www.housetrip.com, www.niumba.com, and www.vacationhomerentals.com, and on our Tripadvisor-branded websites and mobile apps. We earn commissions associated with rental transactions through our free-to-list model from both the traveler, and the property owner or manager. We provide post-booking service to the travelers, property owners and managers until the time the rental commences, which is the time the performance obligation is completed. Revenue from transaction fees is recognized at the time that the rental commences. We act as an agent, under ASC 606, in the transactions as we do not control any properties before the property owner provides the accommodation to the traveler and do not have inventory risk. We generally collect payment from the traveler at the time of booking, representing the amount due to the property owner or manager, as well as our commission. That portion of the payment representing our commission is recorded as deferred revenue on our unaudited condensed consolidated balance sheet until revenue is recognized, and that portion of the payment representing the amount due to the property owner is recorded as deferred merchant payables on our unaudited condensed consolidated balance sheet until payment is made to the property owner after the completion of the rental.

In addition, Other also includes revenue generated from flights, cruises, and car offerings on Tripadvisor-branded websites and mobile apps and Tripadvisor's portfolio of travel media brands, which primarily includes click-based advertising and display-based advertising revenue. The performance obligations, timing of customer payments for these offerings, and methods of revenue recognition are generally consistent with click-based advertising and display-based advertising revenue, as described above.

We disaggregate revenue from contracts with customers into major products/revenue sources. We have determined that disaggregating revenue into these categories achieves the disclosure objective to depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. As noted in "Note 12: *Segment Information*," our business consists of two reportable segments – (1) Hotels, Media & Platform; and (2) Experiences & Dining. Other consists of a combination of business units and does not constitute a reportable segment.

A reconciliation of disaggregated revenue to segment revenue is also included below:

	Three months ended March 31,	
	2022	2021
Major products/revenue sources (1):	(in millions)	
Hotels, Media & Platform		
Tripadvisor-branded hotels	\$ 136	\$ 74
Tripadvisor-branded display and platform	24	14
Total Hotels, Media & Platform	160	88
Experiences & Dining	92	28
Other	10	7
Total Revenue	\$ 262	\$ 123

(1) Our revenue is recognized primarily at a point in time for all reported segments.

The following table provides information about the opening and closing balances of accounts receivable and contract assets, net of allowance for credit losses, from contracts with customers (in millions):

	March 31, 2022	December 31, 2021
Accounts receivable	132	105
Contract assets	48	37
Total	\$ 180	\$ 142

Accounts receivable are recognized when the right to consideration becomes unconditional. Contract assets are rights to consideration in exchange for services that we have transferred to a customer when that right is conditional on something other than the passage of time, such as commission payments that are contingent upon the completion of the service by the principal in the transaction. The difference between the opening and closing balances of our contract assets primarily results from the timing difference between when we satisfy our performance obligations and the time when the principal completes the service in the transaction. Our contract assets increased during the first quarter of 2022, as a result of the ongoing recovery of consumer travel demand, and increased utilization of our CPA model by travel partners.

Contract liabilities generally include payments received in advance of performance under the contract and are realized as revenue as the performance obligation to the customer is satisfied, which we present as deferred revenue on our consolidated balance sheet. As of January 1, 2022 and 2021, we had \$36 million and \$28 million, respectively, recorded as deferred revenue on our unaudited condensed consolidated balance sheets, of which \$18 million and \$11 million, respectively, was recognized in revenue and \$2 million was refunded due to cancellations by travelers during both the three months ended March 31, 2022 and 2021, respectively. The difference between the opening and closing balances of our deferred revenue primarily results from the timing differences between when we receive customer payments and the time in which we satisfy our performance obligations.

There were no significant changes in contract assets or deferred revenue during both the three months ended March 31, 2022 and 2021, respectively, related to business combinations, impairments, cumulative catch-ups or other material adjustments. However, to the extent the COVID-19 pandemic resurges, or new variants emerge, we may incur additional significant and unanticipated cancellations by consumers related to future travel, accommodations and tour bookings, which have been reserved by travelers and recorded as deferred revenue on our unaudited condensed consolidated balance sheet as of March 31, 2022.

NOTE 4: FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

For assets and liabilities required to be reported at fair value, GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels:

Level 1—Valuations are based on quoted market prices for identical assets and liabilities in active markets.

Level 2—Valuations are based on observable inputs other than quoted market prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3—Valuations are based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Cash, Cash Equivalents and Marketable Securities

As of March 31, 2022, we had \$781 million of cash and cash equivalents, which consisted of available on demand cash deposits and term deposits with maturities of 90 days or less at the date of purchase, respectively, in major global financial institutions. As of December 31, 2021, we had \$723 million of cash and cash equivalents, which consisted of available on demand cash deposits in major global financial institutions. We had no outstanding investments classified as either short-term or long-term marketable securities as of March 31, 2022 and December 31, 2021, respectively, and there were no purchases or sales of any marketable securities during and for the three months ended March 31, 2022 and 2021.

The following table shows our cash equivalents that are measured at fair value on a recurring basis and were categorized using the fair value hierarchy, as well as their classification on our unaudited condensed consolidated balance sheet as of March 31, 2022 (in millions):

	<u>Amortized Cost</u>	<u>Fair Value (1)</u>	<u>Cash Equivalents</u>
Level 2:			
Term deposits	\$ 160	\$ 160	\$ 160
Total	<u>\$ 160</u>	<u>\$ 160</u>	<u>\$ 160</u>

(1) Unrealized gains and losses related to our cash equivalents were not material.

We had no material financial assets or liabilities measured at fair value on a recurring basis as of December 31, 2021.

We generally classify cash equivalents and marketable securities, if any, within Level 1 and Level 2 as we value these financial instruments using quoted market prices (Level 1) or alternative pricing sources (Level 2). The valuation technique we use to measure the fair value of money market funds is derived from quoted prices in active markets for identical assets or liabilities. Fair values for Level 2 investments are considered “Level 2” valuations because they are obtained from independent pricing sources for identical or comparable instruments, rather than direct observations of quoted prices in active markets. Our procedures include controls to ensure that appropriate fair values are recorded, including comparing the fair values obtained from our independent pricing services against fair values obtained from another independent source.

Derivative Financial Instruments

We generally use forward contracts to reduce the effects of foreign currency exchange rate fluctuations on our cash flows primarily for the Euro versus the U.S. Dollar. For the three months ended March 31, 2022 and 2021, our forward contracts have not

been designated as hedges and generally had maturities of less than 90 days. Our outstanding or unsettled forward contracts are carried at fair value on our unaudited condensed consolidated balance sheets at March 31, 2022 and December 31, 2021. We measure the fair value of our outstanding or unsettled derivatives using Level 2 fair value inputs, as we use a pricing model that takes into account the contract terms as well as current foreign currency exchange rates in active markets. We recognize any gain or loss resulting from the change in fair value of our foreign currency forward contracts in other income (expense), net on our unaudited condensed consolidated statement of operations, which was not material during both the three months ended March 31, 2022 and 2021, respectively.

The following table shows the net notional principal amounts of our outstanding derivative instruments as of the periods presented:

	March 31, 2022	December 31, 2021
	(in millions)	
Foreign currency exchange-forward contracts (1)(2)	\$ 22	\$ 9

- (1) Derivative contracts address foreign currency exchange fluctuations for the Euro versus the U.S. dollar. These outstanding derivatives are not designated as hedging instruments and have an original maturity period of 90 days or less.
- (2) The fair value of our outstanding derivatives as of March 31, 2022 and December 31, 2021, respectively, was not material. The notional amount of a forward contract is the contracted amount of foreign currency to be exchanged and is not recorded on the unaudited condensed consolidated balance sheet.

Counterparties to our outstanding forward contracts consist of major global financial institutions. We monitor our positions and the credit ratings of the counterparties involved and, by policy limits, the amount of credit exposure to any one party. We do not use derivatives for trading or speculative purposes. We were not entered into any cash flow, fair value or net investment hedges as of March 31, 2022 or December 31, 2021.

Other Financial Assets and Liabilities

As of March 31, 2022 and December 31, 2021, financial instruments not measured at fair value on a recurring basis including accounts payable, accrued expenses and other current liabilities, and deferred merchant bookings, were carried at cost on our unaudited condensed consolidated balance sheets, which approximates their fair values because of the short-term nature of these items. Accounts receivable and contract assets, on our unaudited condensed consolidated balance sheets, as well as certain other financial assets, were measured at amortized cost and are carried at cost less an allowance for expected credit losses to present the net amount expected to be collected.

The following table shows the aggregate principal and fair value amount of our outstanding 2025 Senior Notes and 2026 Senior Notes as of the periods presented, which are classified as long-term debt on our unaudited condensed consolidated balance sheets and considered Level 2 fair value measurements. Refer to "Note 6: Debt" for additional information on our 2025 Senior Notes and 2026 Senior Notes.

	March 31, 2022	December 31, 2021
	(in millions)	
2025 Senior Notes		
Aggregate principal amount	\$ 500	\$ 500
Carrying value amount (1)	494	493
Fair value amount (2)	516	531
2026 Senior Notes		
Aggregate principal amount	\$ 345	\$ 345
Carrying value amount (3)	340	340
Fair value amount (2)	293	305

- (1) Net of \$6 million and \$7 million of unamortized debt issuance costs as of March 31, 2022 and December 31, 2021, respectively.
- (2) We estimate the fair value of our outstanding 2025 Senior Notes and 2026 Senior Notes based on recently reported market transactions and/or prices for identical or similar financial instruments obtained from a third-party pricing source.
- (3) Net of \$5 million in unamortized debt issuance costs as of both March 31, 2022 and December 31, 2021, respectively.

Risks and Concentrations

In addition to the risk we face from COVID-19, which is discussed in "Note 1: Business Description and Basis of Presentation", our business is subject to certain financial risks and concentrations, including concentration related to dependence on our relationships with our customers. For the year ended December 31, 2021, our two most significant travel partners, Expedia Group, Inc. (and its subsidiaries) and Booking Holdings, Inc. (and its subsidiaries), each of which accounted for 10% or more of our consolidated revenue and together accounted for approximately 34% of our consolidated revenue, with nearly all of this revenue concentrated in our Hotels, Media & Platform segment.

Financial instruments, which potentially subject us to concentration of credit risk, generally consist, at any point in time; of cash and cash equivalents, corporate debt securities, forward contracts, capped calls, and accounts receivable. We maintain some cash balances with financial institutions that are in excess of Federal Deposit Insurance Corporation insurance limits. Our cash is generally composed of available on demand bank deposits or term deposits with major global financial institutions primarily denominated in U.S. dollars, Euros, British pounds, and Australian dollars. We invest in highly-rated corporate debt securities, and our investment policy limits the amount of credit exposure to any one issuer, industry group and currency. Our credit risk related to corporate debt securities is also mitigated by the relatively short maturity period required by our investment policy. Forward contracts and capped calls are transacted with major international financial institutions with high credit standings. Forward contracts, which to date, have typically had maturities of less than 90 days, also mitigates risk. Our overall credit risk related to accounts receivable is mitigated by the relatively short collection period.

Assets Measured at Fair Value on a Non-recurring Basis

Non-Marketable Investments

Equity Securities Accounted for under the Equity Method

The Company owns a 40% equity investment in Chelsea Investment Holding Company PTE Ltd, which is majority owned by Ctrip Investment Holding Ltd, a majority-owned subsidiary of Trip.com Group Limited. The Company accounts for this minority investment under the equity method, given it has the ability to exercise significant influence, but not control, over the investee. The carrying value of this minority investment was \$34 million as of both March 31, 2022 and December 31, 2021, and is included in non-marketable investments on our unaudited condensed consolidated balance sheets. During the three months ended March 31, 2022, our share of the investee's net loss recorded in other income (expenses), net within the unaudited condensed consolidated statement of operations, was not material. During the three months ended March 31, 2021, we recognized \$1 million, representing our share of the investee's net loss in other income (expenses), net within the unaudited condensed consolidated statement of operations. The Company evaluates this investment for impairment when factors indicate that a decline in the value of its investment has occurred and the carrying amount of its investment may not be recoverable. An impairment loss, based on the excess of the carrying value over the estimated fair value of the investment based on Level 3 inputs, is recognized in earnings when an impairment is deemed to be other than temporary. During both the three months ended March 31, 2022 and 2021, we did not record any impairment loss on this equity investment.

The Company maintains various commercial agreements with Chelsea Investment Holding Company PTE Ltd. and/or its subsidiaries. Transactions under these agreements are considered related-party transactions, and were not material during both the three months ended March 31, 2022 and 2021.

Other Long-Term Assets

The Company holds collateralized notes (the "Notes Receivable") issued by a privately held company with a total principal amount of \$20 million. The Company has classified the Notes Receivable as held-to-maturity, as the Company has concluded it has the positive intent and ability to hold the Notes Receivable until maturity, with 50% due in 5 years and the remaining 50% due in 10 years from issuance date. As of both March 31, 2022 and December 31, 2021, the carrying value of the Notes Receivable was \$9 million, net of accumulated allowance for credit losses, and is classified in other long-term assets, net on our unaudited condensed consolidated balance sheets at amortized cost. On a quarterly basis, we perform a qualitative assessment considering impairment indicators to evaluate whether the Notes Receivable are impaired and monitor for changes to our allowance for credit losses.

NOTE 5: ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following for the periods presented:

	March 31, 2022	December 31, 2021
	(in millions)	
Accrued employee salary, bonus, and related benefits	\$ 41	\$ 58
Accrued marketing costs	65	27
Interest payable (1)	8	16
Current income taxes payable	2	3
Finance lease liabilities - current portion	6	6
Operating lease liabilities - current portion	19	20
Other	58	51
Total	<u>\$ 199</u>	<u>\$ 181</u>

(1) Amount relates primarily to unpaid interest accrued on our 2025 Senior Notes. Refer to “Note 6: Debt” for further information.

NOTE 6: DEBT

The Company’s outstanding debt consisted of the following for the periods presented:

March 31, 2022	Outstanding Principal Amount	Unamortized Debt Issuance Costs	Carrying Value
	(in millions)		
Long-Term Debt:			
2025 Senior Notes	\$ 500	\$ (6)	\$ 494
2026 Senior Notes	345	(5)	340
Total Long-Term Debt	\$ 845	\$ (11)	\$ 834
December 31, 2021	Outstanding Principal Amount	Unamortized Debt Issuance Costs	Carrying Value
	(in millions)		
Long-Term Debt:			
2025 Senior Notes	\$ 500	\$ (7)	\$ 493
2026 Senior Notes	345	(5)	340
Total Long-Term Debt	\$ 845	\$ (12)	\$ 833

Credit Facility

We are party to a credit agreement with a group of lenders initially entered into in June 2015 (as amended, the “Credit Agreement”), which, among other things, provides for a \$500 million unsecured revolving credit facility (the “Credit Facility”) with a maturity date of May 12, 2024. The Company may borrow from the Credit Facility in U.S. dollars and Euros. In addition, our Credit Facility includes \$15 million of borrowing capacity available for letters of credit and \$40 million for Swing Line borrowings on same-day notice. The Credit Facility, among other things, requires us to maintain a maximum leverage ratio and contains certain customary affirmative covenants and events of default, including a change of control.

As of March 31, 2022 and December 31, 2021, the Company had no outstanding borrowings under the Credit Facility and had issued \$3 million of undrawn standby letters of credit under the Credit Facility. For both the three months ended March 31, 2022 and 2021, we recorded total interest expense and commitment fees on our Credit Facility of \$1 million to interest expense on our unaudited condensed consolidated statements of operations.

We amended the Credit Facility during 2020 to, among other things; suspend the leverage ratio covenant for quarterly testing of compliance beginning in the second quarter of 2020, replacing it with a minimum liquidity covenant through June 30, 2021 (requiring the Company to maintain \$150 million of unrestricted cash, cash equivalents and short-term investments less deferred merchant payables plus available revolver capacity), until the earlier of (a) the first day after June 30, 2021 through maturity on which borrowings and other revolving credit utilizations under the revolving commitments exceed \$200 million, and (b) the election of the Company, at which time the leverage ratio covenant will be reinstated (the “Leverage Covenant Holiday”).

The Company remained in the Leverage Covenant Holiday as of March 31, 2022. Based on the Company’s existing leverage ratio, any outstanding or future borrowings under the Credit Facility generally bear interest, at the Company’s option, at a rate per annum equal to either (i) the Eurocurrency Borrowing rate, or the adjusted LIBO rate for the interest period in effect for such borrowing; plus an applicable margin ranging from 1.25% to 2.25% (“Eurocurrency Spread”) with a London Inter-Bank Offered Rate (“LIBOR”) floor of 1.00% per annum; or (ii) the Alternate Base Rate (“ABR”) Borrowing, which is the greatest of (a) the Prime Rate in effect on such day, (b) the New York Fed Bank Rate in effect on such day plus 1/2 of 1.00% per annum, and (c) the Adjusted LIBO Rate (or LIBO rate multiplied by the Statutory Reserve Rate) for an interest period of one month plus 1.00%; in addition to an applicable margin ranging from 0.25% to 1.00% (“ABR Spread”). In addition, based on the Company’s existing leverage ratio, we are required to pay a quarterly commitment fee, at an applicable rate ranging from 0.15% to 0.50%, which was 0.20% as of March 31, 2022, on the daily unused portion of the Credit Facility for each fiscal quarter during the Leverage Covenant Holiday and in connection with the issuance of letters of credit.

There is no specific repayment date prior to the maturity date for any borrowings under the Credit Agreement. We may voluntarily repay any outstanding borrowing under the Credit Facility at any time without premium or penalty, other than customary breakage costs with respect to Eurocurrency loans. Additionally, the Company believes that the likelihood of the lender exercising any subjective acceleration rights, which would permit the lenders to accelerate repayment of any outstanding borrowings, is remote. As such, we classify any borrowings under this facility as long-term debt. The Credit Agreement contains a number of covenants that,

among other things, restrict our ability to incur additional indebtedness, create liens, enter into sale and leaseback transactions, engage in mergers or consolidations, sell or transfer assets, pay dividends and distributions, make investments, loans or advances, prepay certain subordinated indebtedness, make certain acquisitions, engage in certain transactions with affiliates, amend material agreements governing certain subordinated indebtedness, and change our fiscal year. The Credit Agreement also limits the Company from repurchasing shares of its common stock and paying dividends, among other restrictions, during the Leverage Covenant Holiday. In addition, to secure the obligations under the Credit Agreement, the Company and certain subsidiaries have granted security interests and liens in and on substantially all of their assets as well as pledged shares of certain of the Company's subsidiaries. The Credit Agreement also contains certain customary affirmative covenants and events of default, including a change of control. If an event of default occurs, the lenders under the Credit Agreement will be entitled to take various actions, including the acceleration of all amounts due under the Credit Facility. As of March 31, 2022 and December 31, 2021, we were in compliance with our covenants.

2025 Senior Notes

On July 9, 2020, the Company completed the sale of \$500 million aggregate principal amount of 7.0% Senior Notes due 2025 (the "2025 Senior Notes"), pursuant to a purchase agreement, dated July 7, 2020, among the Company, the guarantors party thereto and the initial purchasers party thereto in a private offering to qualified institutional buyers. The 2025 Senior Notes were issued pursuant to an indenture, dated July 9, 2020 (the "2025 Indenture"), among the Company, the guarantors and the trustee. The 2025 Indenture provides, among other things, that interest is payable on the 2025 Senior Notes semiannually on January 15 and July 15 of each year, which began on January 15, 2021, and continue until their maturity date of July 15, 2025. The 2025 Senior Notes are senior unsecured obligations of the Company and are guaranteed by certain of the Company's domestic subsidiaries.

The Company has the option to redeem all or a portion of the 2025 Senior Notes at any time on or after July 15, 2022 at the redemption prices set forth in the 2025 Indenture, plus accrued and unpaid interest, if any. The Company may also redeem all or any portion of the 2025 Senior Notes at any time prior to July 15, 2022, at a price equal to 100% of the aggregate principal amount thereof plus a make-whole premium and accrued and unpaid interest, if any. In addition, before July 15, 2022, the Company may redeem up to 40% of the aggregate principal amount of the 2025 Senior Notes with the net proceeds of certain equity offerings at the redemption price set forth in the 2025 Indenture, provided that certain conditions are met. Subject to certain limitations, in the event of a Change of Control Triggering Event (as defined in the 2025 Indenture), the Company will be required to make an offer to purchase the 2025 Senior Notes at a price equal to 101% of the aggregate principal amount of the 2025 Senior Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase. These features have been evaluated as embedded derivatives under GAAP; however, the Company has concluded they do not meet the requirements to be accounted for separately.

As of March 31, 2022 and December 31, 2021, unpaid interest on our 2025 Senior Notes totaled approximately \$7 million and \$16 million, respectively, and is included in accrued expenses and other current liabilities on our unaudited condensed consolidated balance sheet, and \$9 million and \$8 million was recorded as interest expense on our unaudited condensed consolidated statements of operations for the three months ended March 31, 2022 and 2021, respectively.

The 2025 Indenture contains covenants that, among other things and subject to certain exceptions and qualifications, restrict the ability of the Company and the ability of certain of its subsidiaries to incur or guarantee additional indebtedness or issue disqualified stock or certain preferred stock; pay dividends and make other distributions or repurchase stock; make certain investments; create or incur liens; sell assets; create restrictions affecting the ability of restricted subsidiaries to make distributions, loans or advances or transfer assets to the Company or the restricted subsidiaries; enter into certain transactions with the Company's affiliates; designate restricted subsidiaries as unrestricted subsidiaries; and merge, consolidate or transfer or sell all or substantially all of the Company's assets.

2026 Senior Notes

On March 25, 2021, we entered into a purchase agreement for the sale of \$300 million aggregate principal amount of 0.25% Convertible 2026 Senior Notes due 2026 (the "2026 Senior Notes") in a private offering to qualified institutional buyers. The 2026 Senior Notes included of an over-allotment option that provided the initial purchasers of the 2026 Senior Notes with the option to purchase an additional \$45 million aggregate principal amount of the 2026 Senior Notes; such over-allotment option was fully exercised. In connection with the issuance of the 2026 Senior Notes, the Company entered into an Indenture, dated March 25, 2021 (the "2026 Indenture"), among the Company, the guarantors party thereto and the trustee. The terms of the 2026 Senior Notes are governed by the 2026 Indenture. The 2026 Senior Notes mature on April 1, 2026, unless earlier converted, redeemed or repurchased. The 2026 Senior Notes are senior unsecured obligations of the Company, although guaranteed by certain of the Company's domestic subsidiaries, with interest payable semiannually in arrears on April 1 and October 1 of each year, which began on October 1, 2021. As of March 31, 2022 and December 31 2021, unpaid interest on our 2026 Senior Notes was not material.

The 2026 Senior Notes will be redeemable, in whole or in part, at our option at any time, and from time to time, on or after April 1, 2024 and on or before the 30th scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount of the 2026 Senior Notes to be redeemed, plus accrued and unpaid interest, if any, but only if the last reported sale

price per share of our common stock exceeds 130% of the conversion price on (1) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date we send the related redemption notice; and (2) the trading day immediately before the date we send such notice. In addition, calling any such note for redemption will constitute a make-whole fundamental change with respect to that note, in which case the conversion rate applicable to the conversion of that note will be increased in certain circumstances if it is converted after it is called for redemption.

The 2026 Senior Notes are unconditionally guaranteed, on a joint and several basis, by the guarantors on a senior, unsecured basis. The 2026 Senior Notes are our general senior unsecured obligations and rank equally in right of payment with all of our existing and future senior indebtedness, and senior in right of payment to all of our future subordinated indebtedness. The 2026 Senior Notes will be effectively subordinated to any of our existing and future secured indebtedness, including borrowings under our Credit Facility, to the extent of the value of the assets securing such indebtedness.

Holders may convert their 2026 Senior Notes at any time prior to the close of business on the business day immediately preceding January 1, 2026, in multiples of \$1,000 principal amount, only under the following conditions and circumstances:

- during any calendar quarter commencing after the calendar quarter ending on June 30, 2021 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any five consecutive trading day period (the “measurement period”) in which the trading price per \$1,000 principal amount of 2026 Senior Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; or
- upon the occurrence of specified corporate events as described in the 2026 Indenture.

In addition, holders may convert their 2026 Senior Notes, in multiples of \$1,000 principal amount, at their option at any time beginning on or after January 1, 2026, and prior to the close of business on the second scheduled trading day immediately preceding the stated maturity date of the 2026 Senior Notes, without regard to the foregoing circumstances.

The initial conversion rate for the 2026 Senior Notes is 13.5483 shares of common stock per \$1,000 principal amount of 2026 Senior Notes, which is equivalent to an initial conversion price of approximately \$73.81 per share of common stock, or approximately 4.7 million shares of common stock, subject to adjustment upon the occurrence of certain specified events as set forth in the 2026 Indenture. Upon conversion, the Company may choose to pay or deliver, as the case may be, cash, shares of common stock or a combination of cash and shares of common stock.

The Company accounts for the 2026 Senior Notes as a liability measured at its amortized cost, and no other features of the 2026 Senior Notes are bifurcated and recognized as a derivative. The proceeds from the issuance of the 2026 Senior Notes were approximately \$340 million, net of debt issuance costs of \$5 million comprised primarily of the initial purchasers’ discount, and the Company used a portion of the proceeds from the 2026 Senior Notes to enter into capped call transactions, as discussed below. The Company intends to use the remainder of the proceeds from this offering for general corporate purposes, which may include repayment of debt, including the partial redemption and/or purchase of our 2025 Senior Notes prior to maturity. The debt issuance costs will be amortized over the remaining term of the 2026 Senior Notes, using the effective interest rate method, and recorded to interest expense on our unaudited condensed consolidated statements of operations. During the three months ended March 31, 2022 and 2021, our effective interest rate, including the debt issuance costs, was 0.52 % and 0.60%, respectively, and total interest expense on our 2026 Senior Notes was not material in any period.

The 2026 Senior Notes are unsecured and do not contain any financial covenants, restrictions on dividends, incurrence of senior debt or other indebtedness, or restrictions on the issuance or repurchase of securities by the Company.

Capped Call Transactions

In connection with the issuance of the 2026 Senior Notes, the Company entered into privately negotiated capped call transactions (the “Capped Calls”) with certain of the initial purchasers of the 2026 Senior Notes and/or their respective affiliates and/or other financial institutions (the “Option Counterparties”) at a cost of approximately \$35 million. The Capped Calls are separate transactions entered into by the Company with each of the Option Counterparties, and are not part of the terms of the 2026 Senior

Notes and therefore will not affect any noteholder's rights under the 2026 Senior Notes. Noteholders will not have any rights with respect to the Capped Calls.

The Capped Calls cover, subject to anti-dilution adjustments, substantially similar to those applicable to the conversion rate of the 2026 Senior Notes, the number of shares of common stock initially underlying the 2026 Senior Notes, or up to approximately 4.7 million shares of our common stock. The Capped Calls are expected generally to reduce potential dilution to the common stock upon any conversion of 2026 Senior Notes and/or offset any potential cash payments the Company is required to make in excess of the principal amount of such converted 2026 Senior Notes, as the case may be, with such reduction and/or offset subject to a cap. The strike price of the Capped Calls is \$73.81, while the cap price of the Capped Calls will initially be \$107.36 per share of our common stock, which represents a premium of 100% over the close price of our common stock of \$53.68 per share on March 22, 2021 and is subject to certain customary adjustments under the terms of the Capped Calls.

The Capped Calls are considered indexed to our own stock and are considered equity classified under GAAP, and included as a reduction to additional paid-in-capital within stockholders' equity on the unaudited condensed consolidated balance sheets as of March 31, 2022 and December 31, 2021, respectively. The Capped Calls are not accounted for as derivatives and their fair value is not remeasured each reporting period. In addition, we recorded a deferred tax asset of \$9 million associated with the Capped Calls on our unaudited condensed consolidated balance sheet during the three months ended March 31, 2021, as we made an income tax election allowable under Internal Revenue Service (the "IRS") regulations in order to recover the cost of the Capped Calls as interest expense for income tax purposes only over the term of the 2026 Senior Notes.

NOTE 7: INCOME TAXES

Each interim period is considered an integral part of the annual period; accordingly, we measure our income tax expense using an estimated annual effective tax rate. An enterprise is required, at the end of each interim reporting period, to make its best estimate of the annual effective tax rate for the full fiscal year and use that rate to provide for income taxes on a current year-to-date basis, as adjusted for discrete taxable events that occur during the interim period.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The CARES Act made tax law changes to provide financial relief to companies as a result of the business impacts of COVID-19. Key income tax provisions of the CARES Act include changes in net operating losses ("NOL") carryback and carryforward rules, increase of the net interest expense deduction limit, and immediate write-off of qualified improvement property. The CARES Act allowed the Company to carryback our U.S. federal NOLs incurred in 2020, generating an expected U.S. federal tax benefit of \$76 million, of which we expected \$48 million to be refunded. This refund is recorded in income taxes receivable on our unaudited condensed consolidated balance sheets as of March 31, 2022 and December 31, 2021. In April 2022, we received the entire \$48 million of this refund.

In addition, certain governments have passed legislation to help businesses during the COVID-19 pandemic through loans, wage subsidies, wage tax relief or other financial aid. Some of these governments have extended or are considering extending these programs. We have participated in several of these programs, including the CARES Act in the U.S., the United Kingdom's job retention scheme, as well as programs in other jurisdictions'. In addition, in certain countries, such as within the European Union, Singapore, Australia, and other jurisdictions, we are also participating in programs where government assistance is in the form of wage subsidies and reductions in wage-related employer taxes paid by us. During the three months ended March 31, 2022, government grants and other assistance benefits recognized were not material, while we recognized \$3 million in benefits during the three months ended March 31, 2021. These amounts are not income tax related and were recorded as a reduction of personnel and overhead costs in the unaudited condensed consolidated statements of operations.

We had an income tax provision of \$1 million and an income tax benefit of \$16 million for the three months ended March 31, 2022 and 2021, respectively. The change in our income taxes during the three months ended March 31, 2022, when compared to the same period in 2021, was primarily due to a decrease in pretax losses recognized as of March 31, 2022.

Our policy is to recognize accrued interest and penalties related to unrecognized tax benefits and income tax liabilities as part of our income tax expense. As of March 31, 2022, we had an accrued interest liability of \$40 million and no penalties have been accrued.

By virtue of consolidated income tax returns previously filed with Expedia, we are currently under an IRS audit for the 2009, 2010 and short-period 2011 tax years. We are separately under examination by the IRS for the short-period 2011, 2012 through 2016, and 2018 tax years, and have various ongoing audits for foreign and state income tax returns. These audits include questioning the timing and amount of income and deductions and the allocation of income among various tax jurisdictions. These examinations may lead to proposed or ordinary course adjustments to our taxes. We are no longer subject to tax examinations by tax authorities for years prior to 2009. As of March 31, 2022, no material assessments have resulted, except as noted below regarding our 2009, 2010, and

2011 IRS audit with Expedia, our 2012 through 2016 standalone IRS audit, and our 2012 through 2016 HM Revenue & Customs (“HMRC”) audit.

In January 2017 and April 2019, as part of the IRS audit of Expedia, we received Notices of Proposed Adjustment from the IRS for the 2009, 2010, and 2011 tax years. Subsequently, in September 2019, as part of our standalone audit, we received Notices of Proposed Adjustment from the IRS for the 2012 and 2013 tax years; and in August 2020, we received Notices of Proposed Adjustment from the IRS for the 2014, 2015, and 2016 tax years. These proposed adjustments are related to certain transfer pricing arrangements with our foreign subsidiaries, and would result in an increase to our worldwide income tax expense in an estimated range of \$100 million to \$110 million at the close of the audit if the IRS prevails, which includes \$20 million to \$30 million related to the 2009 through 2011 pre Spin-Off tax years. The estimated range takes into consideration competent authority relief and transition tax regulations, and is exclusive of deferred tax consequences and interest expense, which would be significant. We disagree with the proposed adjustments and we intend to defend our position through applicable administrative and, if necessary, judicial remedies. Our policy is to review and update tax reserves as facts and circumstances change. Based on our interpretation of the regulations and available case law, we believe the position we have taken with regard to transfer pricing with our foreign subsidiaries is sustainable. In addition to the risk of additional tax for 2009 through 2016 transactions, if the IRS were to seek transfer pricing adjustments of a similar nature for transactions in subsequent years, we would be subject to significant additional tax liabilities. We have requested competent authority assistance under the Mutual Agreement Procedure (“MAP”) for tax years 2009 through 2016. We expect the competent authorities to present a resolution for the 2009 through 2011 tax years in the near future. Upon receipt, we will assess the resolution provided by the competent authorities as well as its impact on our existing income tax reserves for all open subsequent years.

In January 2021, we received from HMRC an issue closure notice relating to adjustments for 2012 through 2016 tax years. These proposed adjustments are related to certain transfer pricing arrangements with our foreign subsidiaries and would result in an increase to our worldwide income tax expense in an estimated range of \$45 million to \$55 million, exclusive of interest expense, at the close of the audit if HMRC prevails. We disagree with the proposed adjustments and we intend to defend our position through applicable administrative and, if necessary, judicial remedies. Our policy is to review and update tax reserves as facts and circumstances change. Based on our interpretation of the regulations and available case law, we believe the position we have taken with regard to transfer pricing with our foreign subsidiaries is sustainable.

NOTE 8: COMMITMENTS AND CONTINGENCIES

As of March 31, 2022, there have been no material changes to our commitments and contingencies since December 31, 2021. Refer to “Note 13: *Commitments and Contingencies*,” in the notes to our consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2021.

Legal Proceedings

In the ordinary course of business, we are party to legal, regulatory and administrative matters, including threats thereof, arising out of, or in connection with our operations. These matters may involve claims involving intellectual property rights (including privacy, alleged infringement of third-party intellectual property rights), tax matters (including value-added, excise, transient occupancy and accommodation taxes), regulatory compliance (including competition and consumer protection matters), defamation and reputational claims, personal injury claims, labor and employment matters and commercial disputes. Periodically, we review the status of all significant outstanding matters to assess any potential financial exposure. We record the estimated loss in our consolidated statements of operations when (i) it is probable that an asset has been impaired or a liability has been incurred; and (ii) the amount of the loss can be reasonably estimated and is material. We provide disclosures in the notes to the consolidated financial statements for loss contingencies that do not meet both of these conditions if there is a reasonable possibility that a loss may have been incurred that would be material to the consolidated financial statements. We base accruals on the best information available at the time which can be highly subjective. Although occasional adverse decisions or settlements may occur, we do not believe that the final disposition of any of these matters will have a material adverse effect on our business. However, the final outcome of these matters could vary significantly from our estimates. Finally, there may be claims or actions pending or threatened against us of which we are currently not aware and the ultimate disposition of which could have a material adverse effect on us. All legal fees incurred by the Company related to any regulatory and legal matters are expensed in the period incurred.

Income and Non-Income Taxes

We are under audit by the IRS and various other domestic and foreign tax authorities with regards to income tax and non-income tax matters. We have reserved for potential adjustments that may result from examinations by, or any negotiated agreements with, these tax authorities. Although we believe our tax estimates are reasonable, the final determination of audits could be materially different from our historical tax provisions and accruals. The results of an audit could have a material effect on our financial position,

results of operations, or cash flows in the period for which that determination is made. Refer to “Note 7: *Income Taxes*” for further information on potential contingencies surrounding income taxes.

NOTE 9: STOCK BASED AWARDS AND OTHER EQUITY INSTRUMENTS

Stock-Based Compensation Expense

The following table presents the amount of stock-based compensation expense related to stock-based awards, primarily stock options and RSUs, on our unaudited condensed consolidated statements of operations during the periods presented:

	Three months ended March 31,	
	2022	2021
	(in millions)	
Selling and marketing	\$ 3	\$ 4
Technology and content	9	12
General and administrative	10	13
Total stock-based compensation	22	29
Income tax benefit from stock-based compensation	(4)	(5)
Total stock-based compensation, net of tax effect	<u>\$ 18</u>	<u>\$ 24</u>

We capitalized \$2 million and \$3 million of stock-based compensation expense as website development costs during the three months ended March 31, 2022 and 2021, respectively.

Stock-Based Award Activity and Valuation

2022 Stock Option Activity

A summary of our stock option activity, consisting primarily of service-based non-qualified stock options, is presented below:

	Options Outstanding (in thousands)	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions)
Options outstanding at December 31, 2021	5,671	\$ 47.03		
Granted	23	27.03		
Exercised (1)	(7)	24.50		
Cancelled or expired	(327)	54.01		
Options outstanding at March 31, 2022	<u>5,360</u>	\$ 46.55	4.8	\$ 1
Exercisable as of March 31, 2022	<u>3,976</u>	\$ 49.82	3.7	\$ 1
Vested and expected to vest after March 31, 2022 (2)	<u>5,360</u>	\$ 46.55	4.8	\$ 1

- (1) Inclusive of approximately 4,000 stock options which were not converted into shares due to net share settlement in order to cover the aggregate exercise price and the required amount of employee withholding taxes. Potential shares which had been convertible under stock options that were withheld under net share settlement remain in the authorized but unissued pool under the 2018 Stock and Annual Incentive Plan (the “2018 Plan”) and can be reissued by the Company. Total payments for the employees’ tax obligations to the taxing authorities due to net share settlements are reflected as a financing activity within the consolidated statements of cash flows.
- (2) The Company accounts for forfeitures as they occur, rather than estimate expected forfeitures as allowed under GAAP and therefore do not include a forfeiture rate in our vested and expected to vest calculation unless necessary for a performance condition award.

Aggregate intrinsic value represents the difference between the closing stock price of our common stock and the exercise price of outstanding, in-the-money options. Our closing stock price as reported on Nasdaq as of March 31, 2022 was \$27.12. The total intrinsic value of stock options exercised for the three months ended March 31, 2022 was not material, and for the three months ended March 31, 2021 was \$8 million.

The fair value of stock option grants has been estimated at the date of grant using the Black–Scholes option pricing model with the following weighted average assumptions for the periods presented:

	Three months ended March 31,	
	2022	2021
Risk free interest rate	1.53 %	0.65 %
Expected term (in years)	5.15	5.33
Expected volatility	50.32 %	49.69 %
Expected dividend yield	— %	— %
Weighted-average grant date fair value	\$ 12.26	\$ 20.35

Our stock options generally have a term of ten years from the date of grant and typically vest equally over a four-year requisite service period. We amortize the grant-date fair value of our stock option grants as stock-based compensation expense over the vesting term on a straight-line basis, with the amount of compensation expense recognized at any date at least equaling the portion of the grant-date fair value of the award that is vested at that date. The total fair value of stock options vested was \$6 million and \$8 million for the three months ended March 31, 2022 and 2021, respectively.

2022 RSU Activity

A summary of our activity with respect to restricted stock units (“RSUs”), consisting primarily of service-based vesting terms, is presented below:

	RSUs Outstanding (in thousands)	Weighted Average Grant- Date Fair Value Per Share	Aggregate Intrinsic Value (in millions)
Unvested RSUs outstanding as of December 31, 2021	5,786	\$ 36.82	
Granted	4,829	27.24	
Vested and released (1)	(1,272)	41.56	
Cancelled	(401)	36.61	
Unvested RSUs outstanding as of March 31, 2022 (2)	<u>8,942</u>	\$ 30.98	\$ 243

- (1) Inclusive of approximately 295,000 RSUs withheld due to net share settlement to satisfy required employee tax withholding requirements. Potential shares which had been convertible under RSUs that were withheld under net share settlement remain in the authorized but unissued pool under the 2018 Plan and can be reissued by the Company. Total payments for the employees’ tax obligations to the taxing authorities due to net share settlements are reflected as a financing activity within the consolidated statements of cash flows.
- (2) The Company accounts for forfeitures as they occur, rather than estimate expected forfeitures as allowed under GAAP and therefore do not include a forfeiture rate in our vested and expected to vest calculation unless necessary for a performance condition award.

We amortize the grant-date fair value of RSUs as stock-based compensation expense over the vesting term, which is typically over a four-year requisite service period on a straight-line basis, with the amount of compensation expense recognized at any date at least equaling the portion of the grant-date fair value of the award that is vested at that date.

A summary of our activity related to market-based RSUs (“MSUs”), is presented below:

	MSUs Outstanding (in thousands)	Weighted Average Grant- Date Fair Value Per Share	Aggregate Intrinsic Value (in millions)
Unvested MSUs outstanding as of December 31, 2021	120	\$ 28.15	
Cancelled	(35)	28.15	
Unvested MSUs outstanding as of March 31, 2022 (1)	<u>85</u>	\$ 28.15	\$ 2

- (1) MSUs provide for vesting based upon the Company’s total shareholder return, or TSR, performance over the period commencing January 1, 2020 through December 31, 2022 relative to the TSR performance of The Nasdaq Composite Total Return Index. Based upon actual attainment relative to the target performance metric, the grantee has the ability to receive up to 200% of the target number of MSUs originally granted, or to receive none at all.

Total current income tax benefits associated with the exercise or settlement of Tripadvisor stock-based awards held by our employees was \$2 million and \$9 million during the three months ended March 31, 2022 and 2021, respectively.

Unrecognized Stock-Based Compensation

A summary of our remaining unrecognized stock-based compensation expense and the weighted average remaining amortization period at March 31, 2022 related to our non-vested equity awards is presented below (in millions, except in years information):

	Stock Options		RSUs/MSUs
Unrecognized compensation expense	\$	13	\$ 233
Weighted average period remaining (in years)		2.3	3.2

NOTE 10: STOCKHOLDERS' EQUITY

On November 1, 2019, our Board of Directors authorized the repurchase of an additional \$100 million in shares of our common stock under our existing share repurchase program, which increased the amount available to the Company under this share repurchase program to \$250 million. This share repurchase program has no expiration date but may be suspended or terminated by our Board of Directors at any time. During the three months ended March 31, 2022 and 2021, respectively, the Company did not repurchase any shares of outstanding common stock under the share repurchase program. As of March 31, 2022 and December 31, 2021, we had \$75 million remaining available to repurchase shares of our common stock under this share repurchase program and 18,844,614 shares of the Company's common stock held in treasury with an aggregate cost of \$722 million.

Our Board of Directors authorized and directed management, working with the Executive Committee of our Board of Directors, to affect the share repurchase program discussed above in compliance with applicable legal requirements. While the Board of Directors has not suspended or terminated the share repurchase program, the terms of the Credit Agreement currently limit the Company from engaging in share repurchases during the Leverage Covenant Holiday and the terms of our 2025 Indenture also imposes certain limitations and restrictions on share repurchases. Refer to "Note 6: Debt" for further information about our Credit Facility and our 2025 Indenture.

NOTE 11: EARNINGS PER SHARE

Basic Earnings Per Share Attributable to Common Stockholders

We compute basic earnings per share, or Basic EPS, by dividing net income (loss) by the weighted average number of common shares outstanding during the period. We compute the weighted average number of common shares outstanding during the reporting period using the total of common stock and Class B common stock outstanding as of the last day of the previous year end reporting period plus the weighted average of any additional shares issued and outstanding less the weighted average of any common shares repurchased during the reporting period.

Diluted Earnings Per Share Attributable to Common Stockholders

Diluted earnings per share, or Diluted EPS, includes the potential dilution of common equivalent shares outstanding that could occur from stock-based awards and other stock-based commitments using the treasury stock method. We compute Diluted EPS by dividing net income (loss) by the sum of the weighted average number of common and common equivalent shares outstanding during the period. We computed the weighted average number of common and common equivalent shares outstanding during the period using the sum of (i) the number of shares of common stock and Class B common stock used in the Basic EPS calculation as indicated above, and (ii) if dilutive, the incremental weighted average common stock that we would issue upon the assumed exercise of outstanding common equivalent shares, primarily related to stock options and the vesting of restricted stock units using the treasury stock method, and (iii) if dilutive, performance-based and market-based awards based on the number of shares that would be issuable as of the end of the reporting period assuming the end of the reporting period was also the end of the contingency period.

Under the treasury stock method, the assumed proceeds calculation includes the actual proceeds to be received from the employee upon exercise of outstanding equity awards and the average unrecognized compensation cost during the period. The treasury stock method assumes that a company uses the proceeds from the exercise of an equity award to repurchase common stock at the average market price for the reporting period.

In periods of net income, shares of our common stock subject to the potential conversion of the 2026 Senior Notes outstanding during the period is also included in our weighted average number of shares outstanding used to calculate Diluted EPS using the if-converted method under GAAP, as share settlement is presumed. The Capped Calls are excluded from the calculation of Diluted EPS, as they would be antidilutive. However, upon conversion of the 2026 Senior Notes, unless the market price of our common stock exceeds the cap price, an exercise of the Capped Calls would generally offset any dilution from the 2026 Senior Notes from the

conversion price up to the cap price. As of March 31, 2022 and 2021, the market price of a share of our common stock did not exceed the \$107.36 cap price.

In periods of a net loss, common equivalent shares are excluded from the calculation of Diluted EPS as their inclusion would have an antidilutive effect. Accordingly, for periods in which we report a net loss, such as for the three months ended March 31, 2022 and 2021, respectively, Diluted EPS is the same as Basic EPS, since dilutive common equivalent shares are not assumed to have been issued if their effect is antidilutive.

Below is a reconciliation of the weighted average number of shares of common stock outstanding in calculating Diluted EPS (shares in thousands and dollars in millions, except per share amounts) for the periods presented:

	Three months ended March 31,	
	2022	2021
Numerator:		
Net income (loss)	\$ (34)	\$ (80)
Denominator:		
Weighted average shares used to compute Basic EPS	139,092	135,746
Weighted average effect of dilutive securities:		
Stock options	—	—
RSUs/MSUs	—	—
2026 Senior Notes (Note 6)	—	—
Weighted average shares used to compute Diluted EPS	<u>139,092</u>	<u>135,746</u>
Basic EPS	\$ (0.24)	\$ (0.59)
Diluted EPS	\$ (0.24)	\$ (0.59)

Potential common shares, consisting of outstanding stock options, RSUs, MSUs, and those issuable under the 2026 Senior Notes, totaling approximately 19.0 million shares and 17.8 million shares for the three months ended March 31, 2022 and 2021, respectively, have been excluded from the calculation of Diluted EPS because their effect would have been antidilutive. In addition, potential common shares from certain performance-based awards of approximately 0.1 million shares for the three months ended March 31, 2022 and 2021, respectively, for which all targets required to trigger vesting had not been achieved, were also excluded from the calculation of weighted average shares used to compute Diluted EPS.

The earnings per share amounts are the same for common stock and Class B common stock because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation. In addition, our non-vested RSUs and MSUs are entitled to dividend equivalents, which are payable to the holder subject to, and only upon vesting of, the underlying awards and are therefore forfeitable. Given such dividend equivalents are forfeitable, we do not consider them to be participating securities and, consequently, they are not subject to the two-class method of determining earnings per share.

NOTE 12: SEGMENT INFORMATION

We have two reportable segments: (1) Hotels, Media & Platform; and (2) Experiences & Dining. Our Hotels, Media & Platform reportable segment includes the following revenue sources: (1) Tripadvisor-branded hotels revenue – primarily consisting of hotel auction revenue, CPA revenue, subscription-based advertising revenue, and hotel sponsored placements revenue; and (2) Tripadvisor-branded display and platform revenue – consisting of display-based advertising revenue. Our Experiences & Dining reportable segment includes an aggregation of our Experiences and Dining operating segments. All remaining business units, including Rentals, Flights & Car, and Cruises have been combined into and reported as “Other”, which does not constitute a reportable segment, as none of these businesses meet the quantitative thresholds and/or other criteria to qualify as reportable segments. The nature of the services provided and revenue recognition policies are summarized by reported segment in “Note 3: Revenue Recognition.” Our operating segments are determined based on how our chief operating decision maker manages our business, regularly accesses information and evaluates performance for operating decision-making purposes, including allocation of resources.

All direct general and administrative costs are included in the applicable segments and business units; however, all corporate general and administrative costs are included in the Hotels, Media & Platform reportable segment. In addition, the Hotels, Media & Platform reportable segment includes all Tripadvisor-related brand advertising expenses (primarily television advertising), technical infrastructure, and other costs supporting the Tripadvisor platform.

Adjusted EBITDA is our segment profit measure and a key measure used by our management and Board of Directors to understand and evaluate the operating performance of our business and on which internal budgets and forecasts are based and approved. We define 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,

intangible asset, and long-lived asset impairments; (6) legal reserves and settlements; (7) restructuring and other related reorganization costs; and (8) non-recurring expenses and income.

The following tables present our segment information for the three months ended March 31, 2022 and 2021 and includes a reconciliation of Adjusted EBITDA to Net Income (Loss). We record depreciation and amortization, stock-based compensation and other stock-settled obligations, goodwill, intangible asset and other long-lived asset impairments, legal reserves and settlements, restructuring and other related reorganization costs, and other non-recurring expenses and income, net, which are excluded from segment operating performance, in corporate and unallocated. In addition, we do not report our assets, capital expenditures and related depreciation expense by segment as our CODM does not use this information to evaluate operating segments. Accordingly, we do not regularly provide such information by segment to our CODM. Intersegment revenue is not material and is included and eliminated in Other.

	Three months ended March 31, 2022				
	Hotels, Media & Platform (1)	Experiences & Dining	Other (in millions)	Corporate and Unallocated	Total
Revenue	\$ 160	\$ 92	\$ 10	\$ —	\$ 262
Adjusted EBITDA	46	(22)	3	—	27
Depreciation and amortization				(25)	(25)
Stock-based compensation				(22)	(22)
Operating income (loss)					(20)
Other income (expense), net					(13)
Income (loss) before income taxes					(33)
(Provision) benefit for income taxes					(1)
Net income (loss)					(34)

	Three months ended March 31, 2021				
	Hotels, Media & Platform (1)	Experiences & Dining	Other (in millions)	Corporate and Unallocated	Total
Revenue	\$ 88	\$ 28	\$ 7	\$ —	\$ 123
Adjusted EBITDA	(3)	(24)	1	—	(26)
Depreciation and amortization				(29)	(29)
Stock-based compensation				(29)	(29)
Operating income (loss)					(84)
Other income (expense), net					(12)
Income (loss) before income taxes					(96)
(Provision) benefit for income taxes					16
Net income (loss)					(80)

(1) Includes allocated corporate general and administrative costs of \$19 million and \$16 million for the three months ended March 31, 2022 and 2021, respectively, and Tripadvisor-branded advertising expenses of \$1 million for both the three months ended March 31, 2022 and 2021, respectively.

Customer Concentrations

Refer to “Note 4: Financial Instruments and Fair Value Measurements” under the section entitled “Risks and Concentrations” for information regarding our major customer concentrations.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The information included in this Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our unaudited condensed consolidated financial statements and the accompanying notes included in this Quarterly Report on Form 10-Q, and the consolidated financial statements and accompanying notes, as well as Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2021.

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect the views of our management regarding current expectations and projections about future events and are based on currently available information. Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, but not limited to, those discussed in our Annual Report on Form 10-K for the year ended December 31, 2021, Part I, Item 1A, “Risk Factors,” as well as those discussed elsewhere in

this report. Other unknown or unpredictable factors also could have a material adverse effect on our business, financial condition and results of operations. Accordingly, readers should not place undue reliance on these forward-looking statements. The use of words such as “anticipates,” “estimates,” “expects,” “intends,” “plans” and “believes,” among others, generally identify forward-looking statements; however, these words are not the exclusive means of identifying such statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. We are not under any obligation to, and do not intend to, publicly update or review any of these forward-looking statements, whether as a result of new information, future events or otherwise, even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized. Please carefully review and consider the various disclosures made in this report and in our other reports filed with the SEC that attempt to advise interested parties of the risks and factors that may affect our business, prospects and results of operations.

Overview

Tripadvisor operates the world’s largest travel guidance platform, connecting a global audience of prospective travelers with travel partners through rich content, price comparison tools, and online reservation and related services for destinations, accommodations, travel activities and experiences, and restaurants. Our mission is to help people around the world plan, book and experience the perfect trip.

In 2000, under our flagship brand Tripadvisor, we launched www.Tripadvisor.com in the U.S. Since then, we have built a portfolio of travel guidance brands and businesses, seamlessly connecting travelers to destinations, accommodations, travel activities and experiences, and restaurants in over 40 markets and over 20 languages worldwide.

Executive Financial Summary

Tripadvisor is the world’s largest travel guidance platform, as measured by unique users de-duplicated monthly, according to SimilarWeb. As a result, Tripadvisor represents an attractive platform for travel partners – including hotel chains, independent hoteliers, OTAs, destination marketing organizations, experience operators, restaurants, and other travel-related and non-travel related product and service providers – who seek to market and sell their products and services to a global audience. Tripadvisor’s platform and product offerings enable consumers to discover, research and price shop a variety of travel products, including hotels, flights, cruises, cars, vacation rentals, tours, travel activities and other experiences, and restaurants; and book a number of these travel experiences either directly on our platform, or on our travel partners’ websites or mobile apps.

Our Long-Term Growth Strategy

The global travel market (which excludes dining) is expected to reach \$1.4 trillion of bookings in 2024, according to Phocuswright, an independent travel, tourism and hospitality research firm. Given we have the world’s largest travel audience, we believe that Tripadvisor’s influence in the travel ecosystem is significant. Our long-term growth strategy aims to increase consumer engagement on our platform and drive profitable growth through:

- offering products that delight travelers by reducing friction throughout the travel planning and trip-taking journey;
- driving consumer loyalty to our platform through user experience and by offering products and services that increase engagement with our platform and result in membership growth, new and repeat bookings, mobile app engagement and repeat usage;
- driving traveler and diner engagement, bookings, and loyalty on our branded platforms by offering industry-leading choices for online bookable experiences and restaurants in top destinations worldwide;
- deepening travel partner engagement on our platform by expanding the number of products and services we offer; and
- leveraging our platform’s brand and scale and our unique attributes to expand and grow our offerings such as hotel and restaurant B2B solutions, direct-to-consumer products and services where consumers pay us on a per trip planned or an annual subscription basis and click-based and display-based media advertising.

We expect to enable our growth through investment in:

- organic investment in marketing and technology (e.g., machine learning) to further improve the experiences we can deliver to consumers and travel partners on our platform; and
- inorganically by opportunistically pursuing strategic acquisitions.

Business Trends

The online travel industry in which we operate is large and also highly dynamic and competitive. Our overall strategy is to deliver more value to consumers and travel partners in order to generate more monetization on our platform. While we operate with a long-term growth focus, our specific growth objectives and resource allocation strategies can differ in both duration and magnitude within our segments. We describe below these dynamics, as well as the current trends affecting our overall business and reportable segments, key drivers of our financial results, and uncertainties that may impact our ability to execute on our objectives and strategies.

COVID-19

The COVID-19 pandemic has caused a significant negative impact on the travel, leisure, hospitality, and restaurant industries (collectively, the “travel industry”), and consequently has adversely and materially affected our business, results of operations, liquidity and financial condition since early 2020, continuing, albeit, at a lessening degree and unevenly at times, throughout 2021 and through the three months ended March 31, 2022. Among other impacts, COVID-19 has negatively impacted global consumer travel demand and consumers’ ability to travel and take part in other travel, leisure, and dining activities at varying degrees during this time period, and at various times causing many of our travel partners to operate at significantly reduced and/or intermittent service levels during this timeframe.

Traffic trends on our platform, a leading indicator of consumer travel demand have improved substantially since the trough of significant declines seen in the second half of March 2020 and throughout April 2020. By means of showing a comparison to a pre-COVID-19 timeframe, average monthly unique users on Tripadvisor-branded websites during the first quarter of 2022 was approximately 71% of 2019’s comparable period, an increase from approximately 55% of 2019’s comparable period during the first quarter of 2021. This improvement was largely driven by vaccine progress, the easing of various government restrictions, albeit unevenly, and consumer travel demand’s continuous improving recovery.

Our consolidated revenue for the three months ended March 31, 2022 was \$262 million, or an increase of 113% when compared to the same period in 2021. In addition, by means of showing a comparison to a pre-COVID-19 timeframe, consolidated revenue for the first quarter of 2022 reached approximately 70% of 2019’s comparable period, an increase from approximately 33% of 2019’s comparable period during the first quarter of 2021. This increase in revenue was driven by strong performance in our Experiences and Dining segment, supported by steady recovery in our Tripadvisor-branded hotels and display and platform offerings due to vaccine progress, the easing of various government restrictions and consumer travel demand’s improving recovery.

The ultimate duration of the negative impact of COVID-19 on our results of operations, liquidity and financial condition remains uncertain and is dependent upon factors beyond our control, such as the continued transmission rate of COVID-19, including new variants and/or additional resurgences of existing variants, if any, the extent and effectiveness of containment actions that are taken, vaccine efficacy, and the ultimate long-term impact of these and other factors on consumer demand for travel and usage patterns on our platform. Although uncertainty remains, we generally saw continuous, albeit uneven, improvement in the travel market in 2021 and during the first quarter of 2022 and expect that the market will continue to improve as 2022 progresses, driven by continued vaccination programs, the gradual lifting of government restrictions, and what we believe to be continued significant pent-up consumer demand for travel industry related services.

Hotels, Media & Platform Segment

Our Hotels, Media & Platform segment is comprised of Tripadvisor-branded hotels revenue and Tripadvisor-branded Display and Platform Revenue.

Tripadvisor-branded hotels revenue primarily consists of hotel auction revenue and, to a lesser extent, hotel B2B revenue, which primarily includes subscription-based advertising services that we offer to travel partners and click-based revenue generated from hotel sponsored placement advertising that enables hotels to enhance their visibility on Tripadvisor hotel pages. Tripadvisor-branded Display and Platform Revenue primarily includes impression-based advertising revenue.

Our overall strategic objective in our Hotels, Media & Platform segment is to drive revenue and profits while delivering compelling services to consumers and driving a holistic user experience, increased customer engagement and monetization, as well as offering travel partners a diverse set of advertising opportunities on the Tripadvisor platform.

For consumers, we test and implement product enhancements that deliver a more engaging and comprehensive hotel shopping experience. This includes providing rich, immersive content – reviews, photos, videos and ratings, among other contributions, increasing the number of travel partners and properties as well as the available hotel supply on our platform. We believe providing consumers tools to discover, research, price shop and book a comprehensive selection of accommodations helps increase brand

awareness and brand loyalty and, over time, can result in deeper consumer engagement, more qualified leads delivered to travel partners and greater monetization on our platform.

We seek to monetize our influence through hotel-related product improvements, supply and marketing efforts and customer advertising opportunities. Historically, we have generated a significant amount of hotel shoppers from search engines, such as Google. A hotel shopper is a visitor to our platform that views either a listing of hotels in a city or a specific hotel page. Our key ongoing objective related to traffic acquisition is to attract or acquire hotel shoppers at or above our desired marketing return on investment targets. Over the long-term, we are focused on driving a greater percentage of our traffic from direct traffic sources rather than search engines, which comes with little to no traffic acquisition costs.

As noted in the “COVID-19” discussion above, easing of travel restrictions across the world, rising vaccination rates, and an increase in consumer travel demand drove improved financial results during the first quarter of 2022, as Hotel, Media & Platform revenue increased by 82% during the three months ended March 31, 2022, when compared to the same period in 2021, despite the significant impact from the Omicron variant in the month of January 2022, as travel demand and revenue rebounded significantly in the months of February and March of 2022. During the three months ended March 31, 2022, Hotels, Media & Platform revenue reached approximately 63% of 2019’s comparable period, an increase from approximately 35% of 2019’s comparable period during the first quarter of 2021. Tripadvisor-branded hotels revenue increased 84% during the three months ended March 31, 2022, when compared to the same period in 2021, primarily driven by growth in our hotel auction revenue. During the three months ended March 31, 2022, Tripadvisor-branded hotels revenue reached approximately 63% of 2019’s comparable period, an increase from approximately 34% of 2019’s comparable period during the first quarter of 2021. The Company saw strength of recovery in all markets during the first quarter of 2022. In particular, our U.S. hotel auction revenue during the first quarter of 2022 showed continued improvement when compared to the same period in 2019 on strong consumer travel demand, despite the impact of the Omicron variant early in the first quarter of 2022. However, our hotel auction revenue decreased sequentially during the fourth quarter of 2021 and the first quarter of 2022, when compared as a percentage to 2019’s comparable periods, due to the emergence of the Omicron variant. In addition, our U.S. hotel auction CPC rates regained 2019 levels in early May 2021 and have remained near or above 2019 levels through March 31, 2022, demonstrating strong travel partner engagement on our platform as consumer travel demand recovers in the U.S. Although slower to recover, hotel auction revenue in our largest European markets showed significant improvement during first quarter of 2022; however, as with the U.S., Europe and the rest of the world performance was also negatively impacted by the emergence of the Omicron variant. As a result of these overall positive trends noted above, we increased our performance marketing investment during the first quarter of 2022 in correlation with the increase in consumer travel demand and a more favorable hotel auction environment. Relative strength in CPC pricing allowed us to increase spend in marketing channels at a profitable ROAS (return on ad spend), while our free traffic, in particular SEO traffic, has been slower to recover.

While slower to recover than Tripadvisor-branded hotels revenue, our display and platform revenue increased by 71% during the three months ended March 31, 2022, when compared to the same period in 2021. In addition, and by means of also showing a comparison to a pre-COVID-19 timeframe, Tripadvisor-branded display and platform revenue for the three months ended March 31, 2022 was approximately 63% of 2019’s comparable period, an increase from approximately 37% of 2019’s comparable period during the three months ended March 31, 2021. This overall improvement during the first quarter of 2022 was primarily driven by an increase in marketing spend from our advertisers in correlation with increasing consumer travel demand, as discussed above.

Over the long-term, we believe that improving our offerings to deepen consumer engagement on our platform will enable us to more effectively monetize our influence. For example, in Tripadvisor-branded display and platform revenue, we enable travel partners to amplify their brand, generate brand impressions, and potentially drive qualified leads and bookings for their businesses. We continue to work on initiatives to better leverage our audience, content, data, travel influence and platform breadth to open up new media advertising opportunities through a more modern, high-powered advertising suite spanning native, video and programmatic solutions. Our platform is open to advertising from travel endemic and non-travel endemic partners, including industries such as entertainment, spirits, and finance. On the consumer side, we are focused on making Tripadvisor membership more valuable for consumers. As an example, during 2021, we launched Tripadvisor Plus, an annual subscription-based membership that offers financial incentives, benefits and perks to members who book hotels and experiences on our platform.

These efforts demonstrate our continued focus on increasing the quality of customer engagement on our platform, including driving membership growth, increasing personalization, and innovating our mobile app experience. We believe delivering – and improving upon – a great experience for users will encourage more users to use our services more frequently, increase member growth and member engagement, and drive loyalty to our brand and services. In turn, we believe this makes our platform more attractive for travel partners, and can result in increased monetization over time for us and our travel partners.

Experiences & Dining Segment

Our Experiences & Dining offerings contribute to the comprehensive user experience we deliver, which we believe helps to increase awareness of, loyalty to, and engagement with our products, drive more bookings to Experiences & Dining travel partners

and generate greater revenue and increased profitability on our platform. Given the significant market opportunities in these large categories, we expect to continue to invest aggressively in building these offerings to drive consumer engagement, bookings and revenue growth for the long-term. Since the first quarter of 2020, this segment has been negatively and materially impacted at varying levels by a significant reduction in consumer demand due to the COVID-19 pandemic, which has reduced consumer willingness to research, purchase, and consume travel activities. This negative impact has also been driven by a wide variety of government-instituted actions and restrictions around the globe aimed at limiting the spread of the virus, all of which have impacted consumer access to experience offerings and restaurants. For example, during the first quarter of 2021, restaurants in most of the European countries in which our Dining business operates were ordered to remain closed.

However, during most of 2021, our Experiences & Dining segment's financial results improved significantly and this trend continued in the first quarter of 2022, as revenue in this segment increased by 229% during the three months ended March 31, 2022, when compared to the same period in 2021, driven by both an increase in experiences and dining revenue, as a result of the growing travel demand recovery driven by vaccine progress and various government restrictions being lifted. By means of showing a comparison to a pre-COVID-19 timeframe, our Experiences & Dining segment revenue for the first quarter of 2022 was approximately 115% of 2019's comparable period, an increase from approximately 35% of 2019's comparable period during the first quarter of 2021.

During the three months ended March 31, 2022, our Experiences revenue grew over 350%, when compared to the same period in 2021, and was approximately 127% of 2019's comparable period revenue. As a result of strong consumer demand in our Viator business with the growing travel demand recovery during the first quarter of 2022, we significantly increased investments in performance marketing channels in order to capture additional market share while maintaining a positive return on investment measured over the projected lifetime of a customer. From a geographical perspective, we continued to see strong revenue growth in the U.S., as well as in Europe this quarter. In Dining, we have seen a notable recovery since mid-May 2021, as restaurants in most European countries in which TheFork operates began reopening for in-restaurant dining. However, late in the fourth quarter of 2021 and early into the first quarter of 2022, Omicron-related restrictions and related impact to consumer demand within Europe again began to impact Dining. Overall, Dining revenue during the first quarter of 2022, increased by approximately 125%, when compared to the same period in 2021, primarily driven by the re-opening of restaurants for in-restaurant dining which were ordered to remain closed in most European countries during the first quarter of 2021. By means of showing a comparison to a pre-COVID-19 timeframe, Dining revenue during the first quarter of 2022 nearly reached parity of 2019's comparable period, an increase from approximately 44% of 2019's comparable period during the first quarter of 2021.

We continue to explore new initiatives to delight and engage consumers. For example, we improved our site navigation, recommendations, sort orders, quality of our experience products, and offered new consumer payment options and customer support improvements, as new customer acquisition remains top priority during the growing travel recovery. In addition, we remain focused on enhancing and promoting our mobile app experience, further improving the traveler experience. For operators, we continued to scale a new advertising program, Viator Accelerate, which is aimed at helping operators increase their visibility on the platform through targeted advertising, ultimately with the goal of increasing bookings and reach.

Other

Other is a combination of our Rentals, Flights & Car, and Cruise offerings and is not considered a reportable segment. Similar to our other business units, financial results in Other also improved during the three months ended March 31, 2022, when compared to the same period in 2021, as a result of increased consumer demand due to the growing travel demand recovery. We continue to operate these businesses opportunistically as they complement our overall strategic objectives to deliver more value to consumers and travel partners.

Employees

As of March 31, 2022, the Company had 2,760 employees. Approximately 55%, 35%, and 10% of the Company's current employees are based in Europe, the U.S., and the rest of world, respectively. Our number of employees increased approximately 7% compared to March 31, 2021. Additionally, we use independent contractors to supplement our workforce. We believe we have good relationships with our employees and contractors, including relationships with employees represented by international works councils or other similar organizations.

Seasonality

Consumers' travel expenditures have historically followed a seasonal pattern. Correspondingly, travel partners' advertising investments, and therefore our revenue and operating profits, have also historically followed a seasonal pattern. Our financial performance tends to be seasonally highest in the second and third quarters of a given year, which includes the seasonal peak in consumer demand, traveler hotel and rental stays, and travel activities and experiences taken, compared to the first and fourth quarters,

which represent seasonal low points. During the first half of the year, experience and rentals bookings typically exceed the amount of completed experiences and rental stays, resulting in higher cash flow related to working capital, while during the second half of the year, particularly in the third quarter, this pattern reverses and cash flows from these transactions are typically negative.

Other factors may also impact typical seasonal fluctuations, which include further significant shifts in our business mix or adverse economic conditions that could result in future seasonal patterns that are different from historical trends. For example, although consumer travel demand generally remained materially lower than historic levels due to the impact of COVID-19 on our business, these trends improved during 2021, resulting in increased revenues, and working capital and operating cash flow more akin to typical historical seasonality trends, which has continued during the three months ended March 31, 2022. However, it is difficult to predict the seasonality for the upcoming quarters, given the sustained uncertainty related to the continued economic impact of the COVID-19 pandemic and/or potential resurgences, and the pace of continued recovery in our key markets.

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are those that we believe are important in the preparation of our consolidated financial statements because they require that management use judgment and estimates in applying those policies. We prepare our consolidated financial statements and accompanying notes in accordance with GAAP. Preparation of the consolidated financial statements and accompanying notes requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements as well as revenue and expenses during the periods reported. Management bases its estimates on historical experience, when applicable and other assumptions that it believes are reasonable under the circumstances. Actual results may differ from estimates under different assumptions or conditions.

There are certain critical estimates that we believe require significant judgment in the preparation of our consolidated financial statements. We consider an accounting estimate to be critical if:

- It requires us to make an assumption because information was not available at the time or it included matters that were highly uncertain at the time we were making the estimate; and/or
- Changes in the estimate or different estimates that we could have selected may have had a material impact on our financial condition or results of operations.

There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Significant Accounting Policies and New Accounting Pronouncements

There have been no material changes to our significant accounting policies since December 31, 2021, as compared to those described under “Note 2: *Significant Accounting Policies*”, in the notes to consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2021.

Statements of Operations
Selected Financial Data
(in millions, except percentages)

	Three months ended March 31,		% Change 2022 vs. 2021
	2022	2021	
Revenue	\$ 262	\$ 123	113 %
Costs and expenses:			
Cost of revenue	22	12	83 %
Selling and marketing	141	73	93 %
Technology and content	54	55	(2)%
General and administrative	40	38	5 %
Depreciation and amortization	25	29	(14)%
Total costs and expenses:	<u>282</u>	<u>207</u>	36 %
Operating income (loss)	(20)	(84)	(76)%
Other income (expense)			
Interest expense	(12)	(11)	9 %
Interest income and other, net	(1)	(1)	0 %
Total other income (expense), net	(13)	(12)	8 %
Income (loss) before income taxes	(33)	(96)	(66)%
(Provision) benefit for income taxes	(1)	16	n.m.
Net income (loss)	<u>\$ (34)</u>	<u>\$ (80)</u>	(58)%
Other Financial Data:			
Adjusted EBITDA (1)	\$ 27	\$ (26)	n.m.

n.m. = *not meaningful*

(1) See "Adjusted EBITDA" discussion below for more information.

Revenue and Segment Information

	Three months ended March 31,		% Change 2022 vs. 2021
	2022	2021	
Revenue by Segment:	(in millions)		
Hotels, Media & Platform	\$ 160	88	82 %
Experiences & Dining	92	28	229 %
Other	10	7	43 %
Total revenue	<u>\$ 262</u>	<u>\$ 123</u>	113 %
Adjusted EBITDA by Segment:			
Hotels, Media & Platform	\$ 46	\$ (3)	n.m.
Experiences & Dining	(22)	(24)	(8)%
Other	3	1	200 %
Total Adjusted EBITDA	<u>\$ 27</u>	<u>\$ (26)</u>	n.m.
Adjusted EBITDA Margin by Segment (1):			
Hotels, Media & Platform	29 %	(3)%	
Experiences & Dining	(24)%	(86)%	
Other	30 %	14 %	

n.m. = *not meaningful*

(1) "Adjusted EBITDA Margin by Segment" is defined as Adjusted EBITDA by segment divided by revenue by segment.

Hotels, Media & Platform Segment

Hotels, Media & Platform segment revenue increased by \$72 million, or 82%, during the three months ended March 31, 2022, when compared to the same period in 2021, primarily due to increased hotel auction revenue, particularly in the U.S. and Europe, and,

to a lesser extent, an increase in Tripadvisor-branded display and platform revenue, due to the impact of growing consumer travel demand and increasing travel industry recovery on our business, as discussed above.

Adjusted EBITDA in our Hotels, Media & Platform segment increased \$49 million during the three months ended March 31, 2022, when compared to the same period in 2021. This was primarily due to an increase in revenue as noted above, partially offset by an increase in direct selling and marketing expenses related to search engine marketing, or SEM, and other online paid traffic acquisition costs in response to increasing consumer travel demand as travel restrictions ease, vaccination rates increase, and the travel industry recovers.

The following is a detailed discussion of the revenue sources within our Hotels, Media & Platform segment:

	Three months ended March 31,		% Change 2022 vs. 2021
	2022	2021	
	(in millions)		
Hotels, Media & Platform:			
Tripadvisor-branded hotels	\$ 136	\$ 74	84 %
Tripadvisor-branded display and platform	24	14	71 %
Total Hotels, Media & Platform revenue	<u>\$ 160</u>	<u>\$ 88</u>	82 %

Tripadvisor-branded Hotels Revenue

For the three months ended March 31, 2022 and 2021, 85% and 84%, respectively, of our total Hotels, Media & Platform segment revenue was derived from Tripadvisor-branded hotels revenue. Tripadvisor-branded hotels revenue increased \$62 million, or 84%, during the three months ended March 31, 2022, when compared to the same period in 2021. This increase was primarily driven by our hotel auction revenue across all markets, particularly in the U.S. and our largest European markets, and, to a lesser extent, an increase in hotel auction revenue in the rest of the world, despite the impact of the Omicron variant early in the first quarter of 2022, due to rising consumer travel demand and travel industry recovery, given rising vaccination rates and easing of government travel and leisure restrictions. As consumer travel demand continued to increase during the first quarter of 2022, the Company saw continued improvement in hotel auction monetization, as CPC rates during the first quarter of 2022 were near or exceeded parity of 2019's comparable period, driven by continued strength in the U.S. and improving trends in Europe and the rest of the world, which enabled increased efficient marketing investment on performance channels, enhancing our 2022 hotel auction revenue growth. See "Business Trends" above for further discussion.

Tripadvisor-branded Display and Platform Revenue

For the three months ended March 31, 2022 and 2021, 15% and 16%, respectively, of Hotels, Media & Platform segment revenue was derived from our Tripadvisor-branded display and platform revenue, which consists of revenue from Tripadvisor-branded display-based advertising across our platform.

Tripadvisor-branded display-based advertising revenue increased by \$10 million, or 71%, during the three months ended March 31, 2022, when compared to the same period in 2021, primarily driven by an increase in marketing spend from our advertisers in correlation with increasing consumer travel demand, as discussed above.

Experiences & Dining Segment

Experiences & Dining segment revenue increased by \$64 million, or 229%, during the three months ended March 31, 2022, when compared to the same period in 2021, driven by both experiences and dining revenue, as a result of the growing consumer travel demand recovery, driven by vaccine progress and various government restrictions being lifted during the same time period, which is discussed further in "Business Trends" above.

Experiences & Dining segment Adjusted EBITDA loss of \$22 million for the three months ended March 31, 2022, decreased by \$2 million during the three months ended March 31, 2022 when compared to the same period in 2021, primarily due to an increase in revenue as noted above, largely offset by an increase in selling and marketing expenses related to SEM and other online paid traffic acquisition costs in response to increased consumer demand for experiences and restaurants as part of the growing consumer travel demand recovery and, to a lesser extent, an increase in personnel and overhead costs to help support business growth during the growing travel demand recovery and increased direct costs from credit card payments and other revenue-related transaction costs in direct correlation with the increase in revenue.

Other

Other revenue, which includes Rentals revenue, in addition to primarily click-based advertising and display-based advertising revenue from our Flights & Cars, and Cruises offerings on Tripadvisor websites and mobile apps, increased by \$3 million or 43% during the year ended March 31, 2022, when compared to the same period in 2021, primarily due to the impact of growing consumer travel demand and increasing travel industry recovery on our business, as discussed above.

Adjusted EBITDA in Other increased \$2 million or 200% during the year ended March 31, 2022, when compared to the same period in 2021, primarily due to an increase in revenue as noted above.

Consolidated Expenses

Cost of Revenue

Cost of revenue consists of expenses that are directly related or closely correlated to revenue generation, including direct costs, such as credit card and other booking transaction payment fees, data center costs, costs associated with prepaid tour tickets, ad serving fees, flight search fees, and other transaction costs. In addition, cost of revenue includes personnel and overhead expenses, including salaries, benefits, stock-based compensation and bonuses for certain customer support personnel who are directly involved in revenue generation.

	Three months ended March 31,		% Change 2022 vs. 2021
	2022	2021	
	(in millions)		
Direct costs	\$ 15	\$ 7	114 %
Personnel and overhead	7	5	40 %
Total cost of revenue	<u>\$ 22</u>	<u>\$ 12</u>	83 %
% of revenue	8.4 %	9.8 %	

Cost of revenue increased \$10 million during the three months ended March 31, 2022, when compared to the same period in 2021, primarily due to increased direct costs from credit card payment and other revenue-related transaction costs in our Experiences & Dining segment in direct correlation with the increase in revenue, as well as, and to a lesser extent, an increase in contingent staff costs to help support business growth across all segments during the growing travel demand recovery.

Selling and Marketing

Selling and marketing expenses consist of direct costs, including traffic generation costs from SEM and other online traffic acquisition costs, syndication costs and affiliate marketing commissions, social media costs, brand advertising (including television and other offline advertising), promotions and public relations. In addition, our selling and marketing expenses consist of indirect costs such as personnel and overhead expenses, including salaries, commissions, benefits, stock-based compensation, and bonuses for sales, sales support, customer support and marketing employees.

	Three months ended March 31,		% Change 2022 vs. 2021
	2022	2021	
	(in millions)		
Direct costs	\$ 94	\$ 29	224 %
Personnel and overhead	47	44	7 %
Total selling and marketing	<u>\$ 141</u>	<u>\$ 73</u>	93 %
% of revenue	53.8 %	59.3 %	

Direct selling and marketing costs increased \$65 million during the three months ended March 31, 2022, when compared to the same period in 2021, primarily due to an increase of approximately \$62 million in SEM and other online traffic acquisition spend, majority of which was in our Experiences & Dining segment, in response to increasing consumer travel demand as travel activity restrictions ease and the travel industry recovers.

Personnel and overhead costs increased \$3 million during the three months ended March 31, 2022, when compared to the same period in 2021, primarily due to an increase in contingent staff and additional headcount to help support business growth during the growing travel demand recovery.

Technology and Content

Technology and content expenses consist primarily of personnel and overhead expenses, including salaries and benefits, stock-based compensation expense, and bonuses for salaried employees and contractors engaged in the design, development, testing, content support, and maintenance of our platform. Other costs include licensing, maintenance expense, computer supplies, telecom costs, content translation and localization costs, and consulting costs.

	Three months ended March 31,		% Change 2022 vs. 2021
	2022	2021	
	(in millions)		
Personnel and overhead	\$ 48	\$ 50	(4%)
Other	6	5	20%
Total technology and content	<u>\$ 54</u>	<u>\$ 55</u>	(2%)
% of revenue	20.6%	44.7%	

Personnel and overhead costs decreased \$2 million during the three months ended March 31, 2022, when compared to the same period in 2021, primarily due to a decrease in stock-based compensation expense.

General and Administrative

General and administrative expenses consist primarily of personnel and related overhead costs, including personnel engaged in leadership, finance, legal, and human resources, as well as stock-based compensation expense for those same personnel. General and administrative costs also include professional service fees and other fees including audit, legal, tax and accounting, and other costs including bad debt expense, non-income taxes, such as sales, use and other non-income related taxes.

	Three months ended March 31,		% Change 2022 vs. 2021
	2022	2021	
	(in millions)		
Personnel and overhead	\$ 31	\$ 29	7%
Professional service fees and other	9	9	0%
Total general and administrative	<u>\$ 40</u>	<u>\$ 38</u>	5%
% of revenue	15.3%	30.9%	

General and administrative costs increased \$2 million during the three months ended March 31, 2022, when compared to the same period in 2021, primarily due to an increase in personnel and overhead costs of \$2 million driven by additional headcount to help support business growth during the growing travel demand recovery, partially offset by a decrease in stock-based compensation expense.

Depreciation and Amortization

Depreciation expense consists of depreciation on computer equipment, leasehold improvements, furniture, office equipment and other assets, and amortization of capitalized website development costs and right-of-use (“ROU”) assets related to our finance lease. Amortization consists of the amortization of definite-lived intangibles purchased in business acquisitions.

	Three months ended March 31,	
	2022	2021
	(in millions)	
Depreciation	\$ 22	\$ 23
Amortization of intangible assets	3	6
Total depreciation and amortization	<u>\$ 25</u>	<u>\$ 29</u>
% of revenue	9.5%	23.6%

Depreciation and amortization decreased \$4 million during the three months ended March 31, 2022, when compared to the same period in 2021, primarily due to the completion of amortization related to certain intangible assets from business acquisitions in previous years.

Interest Expense

Interest expense primarily consists of interest incurred, commitment fees, and debt issuance cost amortization related to our Credit Facility, 2025 Senior Notes, 2026 Senior Notes, as well as interest on finance leases.

	Three months ended March 31,	
	2022	2021
	(in millions)	
Interest expense	\$ (12)	\$ (11)

Interest expense increased \$1 million during the three months ended March 31, 2022, when compared to the same period in 2021, primarily related to the timing of the issuance of our 2026 Senior Notes on March 25, 2021. Refer to “Note 6: *Debt*” in the notes to our unaudited condensed consolidated financial statements in Item 1 in this Quarterly Report on Form 10-Q for further information.

(Provision) Benefit for Income Taxes

	Three months ended March 31,	
	2022	2021
	(in millions)	
(Provision) benefit for income taxes	\$ (1)	\$ 16
Effective tax rate	(3.0%)	16.7%

For the three months ended March 31, 2022, our negative effective tax rate was primarily the result of discrete items recorded in the period related to share-based payment arrangements.

We had an income tax provision of \$1 million and an income tax benefit of \$16 million for the three months ended March 31, 2022 and 2021, respectively. The change in our income taxes during the three months ended March 31, 2022, when compared to the same period in 2021, was primarily due to a decrease in pretax losses recognized during the three months ended March 31, 2022. Refer to “Note 7: *Income Taxes*” in the notes to our unaudited condensed consolidated financial statements in Item 1 in this Quarterly Report on Form 10-Q for further information.

Net income (loss)

	Three months ended March 31,	
	2022	2021
	(in millions)	
Net income (loss)	\$ (34)	\$ (80)
Net income (loss) margin	(13.0%)	(65.0%)

Net loss improved by \$46 million during the three months ended March 31, 2022, when compared to the same period in 2021, primarily due to an increase in revenue, as described in more detail above under “*Revenue and Segment Information*”, largely offset by an increase in selling and marketing expenses in response to increasing consumer travel demand as travel activity restrictions ease and the travel industry recovers and, to a lesser extent, an increase in personnel and overhead costs to help support business growth during the growing consumer travel demand recovery and increased direct costs from credit card payment and other revenue-related transaction costs in direct correlation with the increase in revenue during the three months ended March 31, 2022, all of which is described in more detail above under “*Consolidated Expenses*.”

Adjusted EBITDA

To provide investors with additional information regarding our financial results, we also disclose consolidated Adjusted EBITDA, which is a non-GAAP financial measure. 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.

Adjusted EBITDA is also our segment profit measure and a key measure used by our management and board of directors to understand and evaluate the financial performance of our business 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 ongoing core business performance. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of

directors. We define 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, intangible asset, and long-lived asset impairments; (6) legal reserves and settlements; (7) restructuring and other related reorganization costs; and (8) other non-recurring expenses and income.

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;
- 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, restructuring and other related reorganization costs;
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us;
- Adjusted EBITDA is unaudited and does not conform to SEC Regulation S-X, and as a result such information may be presented differently in our future filings with the SEC; and
- other companies, including companies in our own industry, may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

The following table presents a reconciliation of Adjusted EBITDA to Net Income (Loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, for the periods presented:

	Three months ended March 31,	
	2022	2021
	(in millions)	
Net income (loss)	\$ (34)	\$ (80)
Add: (Benefit) provision for income taxes	1	(16)
Add: Other expense (income), net	13	12
Add: Stock-based compensation	22	29
Add: Depreciation and amortization	25	29
Adjusted EBITDA	<u>\$ 27</u>	<u>\$ (26)</u>

Related Party Transactions

For information on our relationship with LTRIP, which may be deemed to beneficially own equity securities representing nearly 57.0% of our voting power as of March 31, 2022, refer to “Note 1: *Business Description and Basis of Presentation*” in the notes to our unaudited condensed consolidated financial statements in Item 1 in this Quarterly Report on Form 10-Q. We had no related party transactions with LTRIP during both the three months ended March 31, 2022 and 2021.

Stock-Based Compensation

Refer to “Note 9: *Stock Based Awards and Other Equity Instruments*” in the notes to our unaudited condensed consolidated financial statements in Item 1 in this Quarterly Report on Form 10-Q for further information on current year equity award activity, including the issuance of approximately 4.8 million service-based RSUs with a weighted average grant-date fair value of \$27.24 during the three months ended March 31, 2022.

Liquidity and Capital Resources

Our principal source of liquidity is cash flow generated from operations and our existing cash and cash equivalents balance. Our liquidity needs can also be met through drawdowns under our Credit Facility. As of March 31, 2022 and December 31, 2021, we had \$781 million and \$723 million, respectively, of cash and cash equivalents, and \$497 million of available borrowing capacity under our Credit Facility. As of March 31, 2022, approximately \$170 million of our cash and cash equivalents were held by our international subsidiaries outside of the U.S., of which nearly 50% was located in the U.K. As of March 31, 2022, the significant majority of our cash was denominated in U.S. dollars.

As of March 31, 2022, we had \$446 million of cumulative undistributed earnings in foreign subsidiaries that are no longer considered to be indefinitely reinvested. As of March 31, 2022, we maintained a deferred income tax liability on our unaudited condensed consolidated balance sheet, which was not material, for the U.S. federal and state income tax and foreign withholding tax liabilities on the cumulative undistributed foreign earnings that we no longer consider indefinitely reinvested.

As of March 31, 2022, we are party to our Credit Facility, which, among other things, provides for a \$500 million revolving credit facility with a maturity date of May 12, 2024. The Company may borrow from the Credit Facility in U.S. dollars and Euros. The Credit Facility requires us to maintain a maximum leverage ratio and contains certain customary affirmative covenants and events of default, including a change of control.

We amended the Credit Facility in May 2020 and December 2020 to, among other things, suspend the leverage ratio covenant for quarterly testing of compliance beginning in the second quarter of 2020, replacing it with a minimum liquidity covenant through June 30, 2021 (requiring the Company to maintain \$150 million of unrestricted cash, cash equivalent and short-term investments less deferred merchant payables plus available revolver capacity), until the earlier of (a) the first day after June 30, 2021 through maturity on which borrowings and other revolving credit utilizations under the revolving commitments exceed \$200 million, and (b) the election of the Company, at which time the leverage ratio covenant (the "Leverage Covenant Holiday") will be reinstated.

The Company remained in the Leverage Covenant Holiday as of March 31, 2022. Based on the Company's existing leverage ratio, any outstanding or future borrowings under the Credit Facility generally bear interest, at the Company's option, at a rate per annum equal to either (i) the Eurocurrency Borrowing rate, or the adjusted LIBO rate for the interest period in effect for such borrowing; plus an applicable margin ranging from 1.25% to 2.25% ("Eurocurrency Spread") with a London Inter-Bank Offered Rate ("LIBOR") floor of 1.00% per annum; or (ii) the Alternate Base Rate ("ABR") Borrowing, which is the greatest of (a) the Prime Rate in effect on such day, (b) the New York Fed Bank Rate in effect on such day plus 1/2 of 1.00% per annum, and (c) the Adjusted LIBO Rate (or LIBO rate multiplied by the Statutory Reserve Rate) for an interest period of one month plus 1.00%; in addition to an applicable margin ranging from 0.25% to 1.00% ("ABR Spread"). In addition, based on the Company's existing leverage ratio, we are required to pay a quarterly commitment fee, at an applicable rate ranging from 0.15% to 0.50%, which was 0.20% as of March 31, 2022, on the daily unused portion of the Credit Facility for each fiscal quarter during the Leverage Covenant Holiday and in connection with the issuance of letters of credit. The Credit Facility includes restrictions on the Company's ability to make certain payments and distributions, including share repurchases and dividends.

As of March 31, 2022 and December 31, 2021, respectively, we had no outstanding borrowings and were in compliance with our covenant requirements in effect under the Credit Facility. While there can be no assurance that we will be able to meet the leverage ratio covenant after the Leverage Covenant Holiday ceases, based on our current projections, we do not believe there is a material risk we will not remain in compliance throughout the next twelve months.

As of March 31, 2022, the Company had \$845 million in long-term debt, as a result of the issuance of our 2025 Senior Notes in July 2020 and 2026 Senior Notes in March 2021, as discussed below.

In July 2020, the Company completed the sale of \$500 million in 2025 Senior Notes. The 2025 Senior Notes provide, among other things, that interest, at an interest rate of 7.0% per annum, is payable on January 15 and July 15 of each year, which began on January 15, 2021, until their maturity on July 15, 2025. The 2025 Senior Notes are senior unsecured obligations of the Company and are guaranteed by certain of the Company's domestic subsidiaries.

In March 2021, the Company completed the sale of \$345 million of our 2026 Senior Notes. The 2026 Senior Notes provide, among other things, that interest, at an interest rate of 0.25% per annum, is payable on April 1 and October 1 of each year, which began on October 1, 2021, until their maturity on April 1, 2026. Concurrently, the Company used a portion of the proceeds from the 2026 Senior Notes to enter into privately negotiated capped call transactions with certain of the initial purchasers of the 2026 Senior Notes and/or their respective affiliates and/or other financial institutions at a cost of approximately \$35 million. The Company intends to use the remainder of the proceeds from this offering for general corporate purposes, which may include repayment of debt, including the partial redemption and/or purchase of the 2025 Senior Notes prior to maturity. The 2026 Senior Notes are senior unsecured obligations of the Company and are guaranteed by certain of the Company's domestic subsidiaries.

The 2025 Senior Notes and 2026 Senior Notes are not registered securities and there are currently no plans to register these notes as securities in the future. As a result, no separate financial statements are required for the guarantor subsidiaries of these notes. We may from time to time repurchase our outstanding 2025 Senior Notes or 2026 Senior Notes through tender offers, open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

For further information on our Credit Facility, 2025 Senior Notes, and 2026 Senior Notes, refer to “Note 6: *Debt*” in the notes to our unaudited condensed consolidated financial statements in Item 1 in this Quarterly Report on Form 10-Q.

As of March 31, 2022, we had \$75 million remaining available to repurchase shares of our common stock under our existing share repurchase program authorized by our Board of Directors. During the three months ended March 31, 2022 and 2021, respectively, the Company did not repurchase any shares of outstanding common stock under the share repurchase program. The terms of our Credit Agreement were amended to limit the Company from share repurchases during the Leverage Covenant Holiday and the terms of the 2025 Indenture related to the 2025 Senior Notes also impose certain limitations and restrictions on share repurchases.

Our business typically experiences seasonal fluctuations that affect the timing of our annual cash flows during the year related to working capital. In our Experiences and Rentals free-to-list models, we receive cash from travelers at the time of booking or prior to the occurrence of an experience or rental, and we record these amounts, net of commissions, on our consolidated balance sheet as deferred merchant payables. We pay the operator, or the experience supplier and/or property rental owners, after the travelers’ use. Therefore, we generally receive cash from the traveler prior to paying the operator and this operating cycle represents a source or use of cash to us. During the first half of the year experiences and rentals bookings typically exceed the amount of completed experiences and rental stays, resulting in higher cash flow related to working capital, while during the second half of the year, particularly in the third quarter, this pattern reverses and cash flows from these transactions are typically negative. Although consumer travel demand generally remained materially lower than historic levels due to the impact of COVID-19 on our business, these trends improved during 2021 from 2020, resulting in increased revenues, and working capital and operating cash flow more akin to typical historical seasonality trends, which continued during the three months ended March 31, 2022. However, the ultimate extent and longevity of the COVID-19 pandemic, including new or resurgences of existing variants (i.e. Delta and/or Omicron), and its impact on travel, regional and global markets, and overall economic activity in currently affected countries and/or globally remains unknown and impossible to predict with certainty, as such, the impacts on our business, including our operating cash flows, while generally improving, remain uncertain at this point in time. Other factors may also impact typical seasonal fluctuations, which include further significant shifts in our business mix or adverse economic conditions unrelated to COVID-19 that could result in future seasonal patterns that are different from historical trends. In addition, new or different payment options offered to our customers could impact the timing of cash flows. For example, our “Reserve Now, Pay Later” payment option, which allows our travelers the option to reserve certain experiences and defer payment until a date no later than two days before the experience date, which although used in a minority of bookings to date, may continue to increase, and affect the timing of our future cash flows and working capital.

As discussed in “Note 7: *Income Taxes*” in the notes to our unaudited condensed consolidated financial statements in Item 1 in this Quarterly Report on Form 10-Q, we have received Notices of Proposed Adjustments issued by the IRS for tax years 2009 through 2016, as of March 31, 2022. These proposed adjustments are related to certain transfer pricing arrangements with our foreign subsidiaries, and would result in an increase to our worldwide income tax expense in an estimated range of \$100 million to \$110 million, exclusive of interest expense, at the close of the audit if the IRS prevails. In addition, we received from HMRC in the U.K. an issue closure notice relating to adjustments for 2012 through 2016 tax years, as of March 31, 2022. These proposed adjustments are related to certain transfer pricing arrangements with our foreign subsidiaries and would result in an increase to our worldwide income tax expense in an estimated range of \$45 million to \$55 million, exclusive of interest expense, at the close of the audit if HMRC prevails. We disagree with the proposed adjustments and we intend to defend our positions through applicable administrative and, if necessary, judicial remedies. Although the ultimate timing for resolution of these matters is uncertain, any future payments would negatively impact our operating cash flows.

The CARES Act, enacted in March 2020, made tax law changes to provide financial relief to companies as a result of the impact to businesses related to COVID-19. Key income tax provisions of the CARES Act include changes in NOL carryback and carryforward rules, increase of the net interest expense deduction limit, and immediate write-off of qualified improvement property. The CARES Act allowed us to carryback our U.S. federal NOL incurred in 2020, generating an expected tax refund of \$48 million, which is reported in income taxes receivable on our unaudited condensed consolidated balance sheet as of March 31, 2022. In April 2022, we received the entire \$48 million of this refund.

We believe that our available cash and cash equivalents will be sufficient to fund our foreseeable working capital requirements, capital expenditures, existing business growth initiatives, debt and interest obligations, lease commitments, and other financial commitments through at least the next twelve months. Our future capital requirements may also include capital needs for acquisitions and/or other expenditures in support of our business strategy, which may potentially reduce our cash balance and/or require us to borrow under our Credit Facility or to seek other financing alternatives.

Our cash flows for the three months ended March 31, 2022 and 2021, as reflected in our unaudited condensed consolidated statements of cash flows, are summarized in the following table:

	Three months ended March 31,	
	2022	2021
	(in millions)	
Net cash provided by (used in):		
Operating activities	\$ 86	\$ (19)
Investing activities	(14)	(10)
Financing activities	(10)	287

During the three months ended March 31, 2022, our primary use of cash was financing activities (including payment of withholding taxes on net share settlements of our equity awards of \$8 million), and investing activities (including capital expenditures incurred during the three months ended March 31, 2022 of \$14 million). This use of cash was funded with cash and cash equivalents, and operating cash flow.

During the three months ended March 31, 2021, our primary use of cash was from operations, financing activities (including payment of withholding taxes on net share settlements of our equity awards of \$23 million and purchase of the Capped Calls of \$35 million), and investing activities (including capital expenditures incurred during the three months ended March 31, 2021 of \$10 million). This use of cash was funded primarily with cash and cash equivalents, and financing activities, which includes \$340 million of proceeds from the issuance of our 2026 Senior Notes, net of financing costs.

Net cash provided by operating activities for the three months ended March 31, 2022, increased by \$105 million when compared to the same period in 2021, primarily due to a decrease in net losses of \$46 million and an increase in working capital of \$50 million, primarily driven by an increase in deferred merchant payables and deferred revenue reflecting the cash received from travelers due to an increase in experiences bookings which exceeded our payments to traveler suppliers, partially offset by an increase in accounts receivable across the business, all largely reflective of the increasing consumer demand for travel activities during the first quarter of 2022, in addition to timing of vendor payments and collection of receivables, as well as, and to a lesser extent, an increase in non-cash items of \$9 million which was primarily due to an increase in deferred income tax benefits, partially offset by a decrease in stock-based compensation expense.

Net cash used in investing activities for the three months ended March 31, 2022 increased by \$4 million when compared to the same period in 2021, due to an increase in capital expenditures in the business.

Net cash provided by financing activities for the three months ended March 31, 2022 decreased by \$297 million when compared to the same period in 2021, primarily due to proceeds received from the issuance of our 2026 Senior Notes of \$340 million, net of financing costs, partially offset by payments of \$35 million for the Capped Calls in connection with our 2026 Senior Notes during three months ended March 31, 2021, both of which did not reoccur in 2022.

Contractual Obligations, Commercial Commitments and Off-Balance Sheet Arrangements

There have been no material changes outside the normal course of business to our contractual obligations and commercial commitments since December 31, 2021. As of March 31, 2022, other than our contractual obligations and commercial commitments, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated by the SEC. Refer to “*Liquidity and Capital Resources*” in Part II, Item 7. —Management’s Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2021 for a discussion of our contractual obligations and commercial commitments.

Contingencies

In the ordinary course of business, we are party to legal, regulatory and administrative matters, including threats thereof, arising out of or in connection with our operations. These matters may involve claims involving patent and other intellectual property rights (including privacy, alleged infringement of third-party intellectual property rights), tax matters (including value-added, excise, transient occupancy and accommodation taxes), regulatory compliance (including competition, consumer matters and data privacy), defamation and reputational claims. Periodically, we review the status of all significant outstanding matters to assess any potential financial exposure. When (i) it is probable that an asset has been impaired or a liability has been incurred; and (ii) the amount of the loss can be reasonably estimated and is material, we record the estimated loss in our consolidated statements of operations. We provide disclosures in the notes to the consolidated financial statements for loss contingencies that do not meet both of these conditions if there is a reasonable possibility that a loss may have been incurred that would be material to the consolidated financial

statements. We base accruals on the best information available at the time which can be highly subjective. Although occasional adverse decisions or settlements may occur, we do not believe that the final disposition of any of these matters will have a material adverse effect on our business. However, the final outcome of these matters could vary significantly from our estimates. Finally, there may be claims or actions pending or threatened against us of which we are currently not aware and the ultimate disposition of which could have a material adverse effect on us.

We are also under audit by the IRS and various other domestic and foreign tax authorities with regards to income tax and non-income tax matters. We have reserved for potential adjustments to our provision for income taxes that may result from examinations by, or any negotiated agreements with, these tax authorities. Although we believe our tax estimates are reasonable, the final determination of audits could be materially different from our historical income tax provisions and accruals. The results of an audit could have a material effect on our financial position, results of operations, or cash flows in the period for which that determination is made.

By virtue of consolidated income tax returns previously filed with Expedia, we are currently under an IRS audit for the 2009, 2010 and short-period 2011 tax years. We are separately under examination by the IRS for the short-period 2011, 2012 through 2016, and 2018 tax years, and have various ongoing audits for foreign and state income tax returns. These audits include questioning of the timing and the amount of income and deductions and the allocation of income among various tax jurisdictions. These examinations may lead to proposed or ordinary course adjustments to our taxes. We are no longer subject to tax examinations by tax authorities for years prior to 2009. As of March 31, 2022, no material assessments have resulted, except as noted below regarding our 2009, 2010, and 2011 IRS audit with Expedia and our 2012 through 2016 standalone IRS audit.

In January 2017 and April 2019, as part of the IRS audit of Expedia, we received Notices of Proposed Adjustment from the IRS for the 2009, 2010, and 2011 tax years. Subsequently, in September 2019, as part of Tripadvisor's standalone audit, we received Notices of Proposed Adjustment from the IRS for the 2012 and 2013 tax years, and in August 2020, we received Notices of Proposed Adjustments from the IRS for the 2014, 2015 and 2016 tax years. These proposed adjustments are related to certain transfer pricing arrangements with our foreign subsidiaries, and would result in an increase to our worldwide income tax expense in an estimated range of \$100 million to \$110 million at the close of the audit if the IRS prevails. The estimated range takes into consideration competent authority relief and transition tax regulations, and is exclusive of deferred tax consequences and interest expense, which would be significant. We disagree with the proposed adjustments and we intend to defend our position through applicable administrative and, if necessary, judicial remedies. Our policy is to review and update tax reserves as facts and circumstances change. Based on our interpretation of the regulations and available case law, we believe the position we have taken with regard to transfer pricing with our foreign subsidiaries is sustainable. In addition to the risk of additional tax for 2009 through 2016 transactions, if the IRS were to seek transfer pricing adjustments of a similar nature for transactions in subsequent years, we would be subject to significant additional tax liabilities. We have requested competent authority assistance under MAP for tax years 2009 through 2016. We expect the competent authorities to present a resolution for the 2009 through 2011 tax years in the near future. Upon receipt, we will assess the resolution provided by the competent authorities as well as its impact on our existing income tax reserves for all subsequent years which remain open.

In January 2021, we received an issue closure notice relating to adjustments for 2012 through 2016 tax years from HMRC. These proposed adjustments are related to certain transfer pricing arrangements with our foreign subsidiaries and would result in an increase to our worldwide income tax expense in an estimated range of \$45 million to \$55 million, exclusive of interest expense, at the close of the audit if HMRC prevails. We disagree with the proposed adjustments and we intend to defend our position through applicable administrative and, if necessary, judicial remedies. Our policy is to review and update tax reserves as facts and circumstances change. Based on our interpretation of the regulations and available case law, we believe the position we have taken with regard to transfer pricing with our foreign subsidiaries is sustainable.

Over the last several years, The Organization for Economic Cooperation and Development ("OECD") has been working on a Base Erosion and Profit Shifting Project to address the tax challenges arising from digitalization. The OECD/G20 Inclusive Framework has issued various guidelines, policy notes, and proposals that if adopted could result in an overhaul of the international taxation system under which our current tax obligations are determined. In October 2021, more than 130 countries tentatively signed on to a framework, expected to be implemented in 2023, which calls for a minimum tax rate on corporations of 15% and a reallocation of profits from the largest and most profitable businesses to countries where they make sales. The proposed framework, once enacted, envisages new international tax rules and the removal of all digital services taxes. As this framework is subject to further negotiation and implementation by each member country, the timing and ultimate impact of any such changes on our tax obligations is uncertain. As the OECD/G20 continues to drive toward a consensus framework, several countries which have previously enacted unilateral digital services tax initiatives, such as France, Italy, Spain, and the U.K., will continue to impose these revenue-based taxes until implementation of the consensus framework. During the three months ended March 31, 2022, we recorded \$1 million of digital service tax to general and administrative expense on our unaudited condensed consolidated statement of operations, while this amount was not material during the three months ended March 31, 2021.

Due to the one-time transition tax on the deemed repatriation of undistributed foreign subsidiary earnings and profits in 2017, as a result of the 2017 Tax Act, the majority of previously unremitted earnings have been subjected to U.S. federal income tax. To the extent future distributions from these subsidiaries will be taxable, a deferred income tax liability has been accrued on our unaudited condensed consolidated balance sheet, which was not material as of March 31, 2022. As of March 31, 2022, \$446 million of our cumulative undistributed foreign earnings were no longer considered to be indefinitely reinvested.

Refer to “Note 7: *Income Taxes*” in the notes to our unaudited condensed consolidated financial statements in Item 1 in this Quarterly Report on Form 10-Q for further information on potential tax contingencies, including current audits by the IRS and various other domestic and foreign tax authorities, and other income tax and non-income tax matters.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in our market risk profile during the three months ended March 31, 2022 since December 31, 2021. For a discussion of current market conditions and impacts on the Company’s financials resulting from the COVID-19 pandemic, refer to “Note 1: Business Description and Basis of Presentation” in the notes to our unaudited condensed consolidated financial statements in Item 1 in this Quarterly Report on Form 10-Q, and for further information, Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and to Part II, Item 1A, “Risk Factors”. For additional information about our market risk profile, refer to “Quantitative and Qualitative Disclosures About Market Risk” in Item 7A. in Part II of our Annual Report on Form 10-K for the year ended December 31, 2021.

Market risk refers to the risk of loss arising from adverse changes in stock prices, interest rates and foreign currency exchange rates. We are exposed to market risks primarily due to our international operations, our ongoing investment and financial activities, as well as changes in economic conditions in all significant markets in which we operate which has been heightened during the COVID-19 pandemic. The risk of loss can be assessed from the perspective of adverse changes in our future earnings, cash flows, fair values of our assets, and financial condition. Our exposure to market risk, at any point in time, may include risk, including to any borrowings under our Credit Facility, or outstanding debt related to our 2025 Senior Notes and 2026 Senior Notes, derivative instruments, capped calls, cash and cash equivalents, short-term and long-term marketable securities, if any, accounts receivable, intercompany receivables/payables, accounts payable, deferred merchant payables and other balances and transactions denominated in foreign currencies. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage and attempt to mitigate our exposure to such risks.

We expect that we will continue to increase our operations internationally as, or when, COVID-19 restrictions are fully lifted and international markets continue to reopen. Our exposure to potentially volatile movements in foreign currency exchange rates will increase as we increase our operations in these international markets. The economic impact to us of foreign currency exchange rate movements is linked to variability in real growth, inflation, interest rates, governmental actions, and other factors. These changes, if material, could cause us to adjust our foreign currency risk strategies. For example, Brexit (pursuant to which the United Kingdom ceased to be a member of the European Union) has caused volatility in currency exchange rates, including between the U.S. dollar and the British pound. Although, the U.K. and E.U. finalized the terms of the departure on December 24, 2020, certain decisions still need to be made on financial services, among others, and disputes may lead to tariffs being imposed on some goods in the future. Continued uncertainty regarding our international operations and U.K. and E.U. relations may result in future currency exchange rate volatility which may impact our business and results of operations. In addition, the geopolitical tensions resulting from Russia’s invasion of Ukraine, including increased cyberattacks, military conflicts and sanctions may result in additional financial volatility that may adversely affect our results of operations.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of March 31, 2022, our management, with the participation of our Chief Executive Officer and President and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Based upon that evaluation, our Chief Executive Officer and President and our Chief Financial Officer concluded that, as of March 31, 2022, our disclosure controls and procedures were effective in ensuring that material information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s, or the SEC’s, rules and forms, including ensuring that such material information is accumulated and communicated to our management, including our Chief Executive Officer and President and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting that occurred during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, we are party to legal, regulatory and administrative matters, including threats thereof, arising out of, or in connection with our operations. These matters may involve claims involving intellectual property rights (including privacy, alleged infringement of third-party intellectual property rights), tax matters (including value-added, excise, transient occupancy and accommodation taxes), regulatory compliance (including competition and consumer protection matters), defamation and reputational claims, personal injury claims, labor and employment matters and commercial disputes. Periodically, we review the status of all significant outstanding matters to assess any potential financial exposure. We record the estimated loss in our consolidated statements of operations when (i) it is probable that an asset has been impaired or a liability has been incurred; and (ii) the amount of the loss can be reasonably estimated and is material. We provide disclosures in the notes to the consolidated financial statements for loss contingencies that do not meet both of these conditions if there is a reasonable possibility that a loss may have been incurred that would be material to the consolidated financial statements. We base accruals on the best information available at the time which can be highly subjective. Although occasional adverse decisions or settlements may occur, we do not believe that the final disposition of any of these matters will have a material adverse effect on our business. However, the final outcome of these matters could vary significantly from our estimates. Finally, there may be claims or actions pending or threatened against us of which we are currently not aware and the ultimate disposition of which could have a material adverse effect on us.

Item 1A. Risk Factors

While we attempt to identify, manage and mitigate risks and uncertainties associated with our business to the extent practical under the circumstances, some level of risk and uncertainty will always be present. Refer to Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021 for a description of the risks and uncertainties which could materially and adversely affect our business, financial condition, cash flows and results of operations, and the trading price of our common stock. The risks and uncertainties described are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial may also impair our business, results of operations or financial condition. During the quarter ended March 31, 2022, there have been no material changes in our risk factors from those disclosed in Part 1, Item 1A., “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

During the quarter ended March 31, 2022, we did not issue or sell any shares of our common stock, Class B common stock or other equity securities pursuant to unregistered transactions in reliance upon an exemption from the registration requirements of the Securities Act of 1933, as amended.

Share Repurchases

During the quarter ended March 31, 2022, we did not repurchase any shares of our common stock under our existing share repurchase program. As of March 31, 2022, we had \$75 million remaining available to repurchase shares of our common stock under our previously authorized share repurchase program.

While the Board of Directors has not suspended or terminated the share repurchase program, the terms of our Credit Agreement limit the Company from engaging in share repurchases and the terms of our 2025 Indenture related to our 2025 Senior Notes impose certain limitations and restrictions on share repurchases. Refer to “Note 6: *Debt*” in the notes to the unaudited condensed consolidated financial statements in Item 1 in this Quarterly Report on Form 10-Q for further information about our Credit Agreement and our 2025 Indenture.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not Applicable.

Item 6. Exhibits

The exhibits listed below are filed as part of this Quarterly Report on Form 10-Q.

Exhibit No.	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	SEC File No.	Exhibit	Filing Date
10.1+	RSU Agreement (Time-Based) between Stephen Kaufer and Tripadvisor, Inc. dated as of December 31, 2021	X				
10.2+	Option Agreement (Domestic) between Stephen Kaufer and Tripadvisor, Inc. dated as of December 31, 2021	X				
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X				
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	X				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	X				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).	X				

+ Indicates a management contract or a compensatory plan, contract or arrangement.

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.

By _____ /s/ Ernst Teunissen
Ernst Teunissen
Chief Financial Officer

By _____ /s/ Geoffrey Gouvalaris
Geoffrey Gouvalaris
Chief Accounting Officer

May 4, 2022

TRIPADVISOR, INC. RSU AGREEMENT
(Time-Based)

THIS RSU AGREEMENT (this “Agreement”), dated as of December 31, 2021 (the “Grant Date”), between TripAdvisor, Inc., a Delaware corporation (the “Company”), and Stephen Kaufer (the “Eligible Individual”), describes the terms of an award (the “Award”) of restricted stock units (“RSUs”) to the Eligible Individual by the Company.

All capitalized terms used herein, to the extent not defined, shall have the meanings set forth in the Company’s 2018 Stock and Annual Incentive Plan (as amended from time to time, the “Plan”).

1. Award and Vesting of RSUs

(a) Subject to the terms and conditions of this Agreement, the Plan and the Grant Details (as defined below), the Company hereby grants to the Eligible Individual 106,382 RSUs. Reference is made to the “Grant Details” that can be found on the equity plan website of the current professional selected by the Company to administer the Plan (the “Plan Administrator”), currently located at www.netbenefits.fidelity.com (or any successor equity administration system selected by the Company to manage the Plan from time to time), which is hereby incorporated by reference into, and shall be read as part and parcel of, this Agreement.

(b) Subject to the terms and conditions of this Agreement, the Grant Details and the Plan, 26,594 of the RSUs shall vest and no longer be subject to any restriction on August 1, 2022 and the remaining 79,788 of the RSUs shall vest in equal quarterly installments over the following three years and the time during which restrictions apply shall be referred to as the “RSU Restriction Period”.

2. Termination of Employment

(a) In the event a Termination of Employment of the Eligible Individual occurs during the RSU Restriction Period for any reason other than for Cause, and except as provided in Section 2(b) or Section 2(c) below, the RSUs will continue to vest through the RSU Restriction Period in accordance with the terms provided for herein, and provided the Eligible Individual continues to comply with any and all restrictive covenants required by the Company, including but not limited to confidentiality, non-competition and non-solicitation provisions.

(b) In the event of the Eligible Individual’s death during the RSU Restriction Period, all outstanding RSUs shall become fully vested upon such date and settled in accordance with the terms provided for herein.

(c) In the event of a Termination of Employment by the Company for Cause or at a time when grounds for Cause exist or upon the Eligible Individual’s failure to comply with any and all restrictive covenants required by the Company, including but not limited to confidentiality, non-competition and non-solicitation provisions, all outstanding unvested RSUs shall be immediately forfeited and cancelled in their entirety upon the date of such occurrence.

(d) For purposes of this Agreement, employment with the Company shall include employment with the Company's Subsidiaries or Affiliates. The Committee shall have the exclusive discretion to determine whether there has been any Termination of Employment and/or whether there existed Cause.

3. Settlement of Units

As soon as practicable after any RSUs have vested and are no longer subject to the RSU Restriction Period and in no event no later than thirty (30) days following the date the RSUs have vested, such RSUs shall be settled. Subject to Section 7 (pertaining to the withholding of taxes), for each RSU settled pursuant to this Section 3, the Company shall issue one Share for each vested RSU and cause to be delivered to the Eligible Individual one or more unlegended, freely-transferable stock certificates in respect of such Shares issued upon settlement of the vested RSUs.

4. Non-Transferability of the RSUs

During the RSU Restriction Period and until such time as the RSUs are settled as provided herein or on the website of the Plan Administrator, the RSUs shall not be transferable by the Eligible Individual by means of sale, assignment, exchange, encumbrance, pledge, hedge or otherwise.

5. Rights as a Stockholder

Except as otherwise specifically provided in this Agreement, during the RSU Restriction Period the Eligible Individual shall not be entitled to any rights of a stockholder with respect to the RSUs. Notwithstanding the foregoing, if the Company declares and pays dividends on the Common Stock during the RSU Restriction Period, the Eligible Individual will be credited with additional amounts for each RSU equal to the dividend that would have been paid with respect to such RSU if it had been an actual share of Common Stock, which amount shall remain subject to restrictions (and as determined by the Committee may be reinvested in RSUs or may be held in kind as restricted property) and shall vest and be forfeited, as applicable, concurrently with the vesting and/or forfeiting of the RSUs upon which such dividend equivalent amounts were paid. Notwithstanding the foregoing, dividends and distributions other than regular cash dividends, if any, may result in an adjustment pursuant to Section 6 below, rather than under this Section 5.

6. Adjustment in the Event of Change in Stock; Change in Control

(a) In the event of (i) a stock dividend, stock split, reverse stock split, share combination or recapitalization or similar event affecting the capital structure of the Company (each, a "Share Change"), or (ii) a merger, consolidation, acquisition of property or shares, separation, spinoff, reorganization, stock rights offering, liquidation, Disaffiliation, payment of cash dividends other than an ordinary dividend or similar event affecting the Company or any of its Subsidiaries (each, a "Corporate Transaction"), the Committee or the Board may in its discretion make such substitutions or adjustments as it deems appropriate and equitable to the number of RSUs and the number and kind of shares of Common Stock underlying the RSUs.

(b) In the case of Corporate Transactions, such adjustments may include, without limitation (i) the cancellation of the RSUs in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such RSUs, as determined by the Committee or the Board in its sole discretion, (ii) the substitution of other property (including, without limitation, cash or other securities of the Company and securities of entities other than the Company) for the shares of Common Stock underlying the RSUs and (iii) in connection with any Disaffiliation, arranging for the assumption of the RSUs, or the replacement of the RSUs with new Awards based on other property or other securities (including, without limitation, other securities of the Company and securities of entities other than the Company), by the affected Subsidiary or Affiliate or by the entity that controls such Subsidiary or Affiliate following such Disaffiliation (as well as any corresponding adjustments to any RSUs that remain based upon securities of the Company).

(c) The determination of the Committee regarding any such adjustment will be final and conclusive and need not be the same for all Eligible Individuals.

(d) Notwithstanding the terms of the Plan, the terms of Section 13(b) shall not apply to the RSUs granted hereunder. In the event of a Termination of Employment of the Eligible Individual (x) by the Company other than for Cause, (y) due to Disability or (z) due to a resignation by the Eligible Individual for Good Reason within twelve months following a Change in Control that qualifies as a “change in control” within the meaning of Section 409A of the Code, all outstanding RSUs shall become fully vested upon such Termination of Employment and settled in accordance with the terms provided for herein.

7. **Taxes, Fees and Withholding**

(a) The Company agrees to pay any and all original issue taxes and stock transfer taxes that may be imposed on the issuance of shares received by an Eligible Individual in connection with the RSUs, together with any and all other fees and expenses necessarily incurred by the Company in connection therewith.

(b) Regardless of any action the Company, its Affiliate or Subsidiary takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), the Eligible Individual acknowledges that the ultimate liability for all Tax-Related Items legally due by the Eligible Individual is and remains the Eligible Individual’s responsibility and that the Company and/or its Affiliate or Subsidiary (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the grant and vesting of the RSUs, the receipt of cash or any dividends or dividend equivalents; and (ii) do not commit to structure the terms of the Award or any aspect of the RSUs to reduce or eliminate the Eligible Individual’s liability for Tax-Related Items.

(c) In the event that the Company, Subsidiary or Affiliate is required to withhold any Tax-Related Items as a result of the award or vesting of the RSUs, or the receipt of cash or any dividends or dividend equivalents, the Eligible Individual shall pay or make adequate

arrangements satisfactory to the Company, Subsidiary or Affiliate to satisfy all withholding and payment on account of obligations of the Company, Subsidiary and/or Affiliate. The obligations of the Company under this Agreement shall be conditioned on compliance by the Eligible Individual with this Section 7. In this regard, the Eligible Individual authorizes the Company and/or its Subsidiary or Affiliate to withhold all applicable Tax-Related Items legally payable by the Eligible Individual from his or her wages or other cash compensation paid to the Eligible Individual by the Company and/or its Subsidiary or Affiliate. The Company may, in its sole discretion and pursuant to such provisions as it may specify from time to time, withhold in Shares the amount of Shares necessary to satisfy the minimum withholding amount or arrange for the sale of such number of Shares as is necessary to pay any Tax-Related Items. In connection herewith, subject to Section 409A of the Code and applicable law, the Eligible Individual (i) authorizes, empowers and directs the Company and the Plan Administrator (or such brokerage firm as is contracted to manage the Company's employee equity award program, the "Broker") to sell, at the market share price and on the settlement date or as soon thereafter as is practicable, the number of Shares sufficient to pay the Tax-Related Items, and (ii) agrees to indemnify and hold harmless the Broker and the Company from and against all losses, liabilities, damages, claims and expenses, including reasonable attorneys' fees and court costs, arising out of carrying out such actions. Finally, the Eligible Individual will pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of the Eligible Individual's participation in the Plan or the Eligible Individual's Award that cannot be satisfied by the means previously described. The Company may refuse to deliver the Shares underlying the RSU if the Eligible Individual fails to comply with his or her obligations in connection with the Tax-Related Items as described in this Section.

(d) In particular, the Eligible Individual understands and acknowledges that all income to which the Eligible Individual is entitled under this Agreement is pre-tax and the Company or its Subsidiaries or Affiliates has the right to withhold and pay on behalf of the Eligible Individual any individual income tax in connection with such income in accordance with applicable law. In the event the Company or its Subsidiaries or Affiliates is not required under applicable law to serve as the withholding agent to withhold and pay on behalf of the Eligible Individual such individual income tax, the Eligible Individual shall have sole responsibility to make such payment, in which case the Eligible Individual shall provide, as requested by the Company or its Subsidiaries or Affiliates from time to time, relevant tax receipts to certify full and prompt payment. The Eligible Individual agrees to indemnify the Company and/or its Subsidiaries or Affiliates for any liability which may arise as a result of his or her failure to pay any and all taxes associated with any income derived pursuant to the Award.

8. Other Restrictions

(a) The Award shall be subject to the requirement that, if at any time the Committee shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body is required, then in any such event, the Award shall not be effective unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The Eligible Individual acknowledges that the Eligible Individual is subject to the Company's policies regarding compliance with securities laws, including but not limited to its Insider Trading Policy (as in effect from time to time and any successor policies), and, pursuant to these policies, if the Eligible Individual is on the Company's insider list, the Eligible Individual shall be required to obtain pre-clearance from the Company's General Counsel prior to purchasing or selling any of the Company's securities, including any shares issued upon vesting of the RSUs, and may be prohibited from selling such shares other than during an open trading window. The Eligible Individual further acknowledges that, in its discretion, the Company may prohibit the Eligible Individual from selling such shares even during an open trading window if the Company has concerns over the potential for insider trading.

9. Nature of Award

In accepting the Award, the Eligible Individual acknowledges that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement;
- (b) the Award is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if Awards have been made repeatedly in the past;
- (c) all decisions with respect to future Awards, if any, will be at the sole discretion of the Company;
- (d) the Eligible Individual's participation in the Plan will not create a right to further employment with the Company, its Subsidiary or Affiliate and shall not interfere with the ability of the Company to terminate the Eligible Individual's employment relationship at any time with or without Cause;
- (e) the Eligible Individual is voluntarily participating in the Plan;
- (f) the Award is an extraordinary item that does not constitute regular compensation of any kind for services of any kind rendered to the Company, Subsidiary, or Affiliate;
- (g) the Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, Subsidiary or Affiliate;
- (h) in the event that the Eligible Individual is not an employee of the Company, a Subsidiary or an Affiliate, the Award will not be interpreted to form an employment contract or relationship with the Company; and

(i) in consideration of the Award, no claim or entitlement to compensation or damages shall arise from termination of the Award or diminution in value of the Award resulting from Termination of Employment of the Eligible Individual by the Company, Subsidiary or Affiliate (for any reason whatsoever and whether or not in breach of local labor laws; provided, however, such termination is consistent with the terms of the Award and any Individual Agreement) and the Eligible Individual irrevocably releases the Company, Subsidiary or Affiliate from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, the Eligible Individual will be deemed irrevocably to have waived his or her entitlement to pursue such claim.

9.No Advice Regarding Grant.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Eligible Individual's participation in the Plan, or his or her acquisition or sale of the underlying Shares. The Eligible Individual is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Eligible Individual's participation in the Plan, receipt of the Award and/or disposition of the Award before taking any action related to the Plan or the Award.

11.Notices

Any notices, communications or changes to this Agreement shall be communicated (either directly by the Company or indirectly through any of its Subsidiaries, Affiliates or the Plan Administrator) to the Eligible Individual electronically via email (or otherwise in writing) promptly after such change becomes effective.

12.Effect of Agreement; Severability

Except as otherwise provided hereunder, this Agreement shall be binding upon and shall inure to the benefit of any successor or successors of the Company. The invalidity or enforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

13.Laws Applicable to Construction; Consent to Jurisdiction

(a) The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Delaware without reference to principles of conflict of laws, as applied to contracts executed in and performed wholly within the State of Delaware. In addition to the terms and conditions set forth in this Agreement, the RSUs are subject to the terms and conditions of the Plan, which are hereby incorporated by reference.

(b) Any and all disputes arising under or out of this Agreement, including without limitation any issues involving the enforcement or interpretation of any of the provisions of this Agreement, shall be resolved by the commencement of an appropriate action in the state or federal courts located within the State of Delaware, which shall be the exclusive jurisdiction for the resolution of any such disputes. The Eligible Individual hereby agrees and consents to the personal jurisdiction of said courts over the Eligible Individual for purposes of the resolution of any and all such disputes.

14. Conflicts and Interpretation

(a) Except as expressly provided otherwise herein, in the event of any (i) conflict between the Grant Details, this Agreement, any information posted on the system of the Plan Administrator and/or the books and records of the Company, or (ii) ambiguity in the Grant Details, this Agreement, any information posted on the system of the Plan Administrator and/or the books and records of the Company, the Plan shall control.

(b) The Committee shall have the power to interpret the Plan, this Agreement, the Grant Details, any information posted on the system of the Plan Administrator and/or the books and records of the Company, and to adopt such rules for the administration, interpretation and application of the Plan and the Award as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any RSUs have vested). All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon the Eligible Individual, the Company and all other interested parties. The Committee shall not be personally responsible for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement. The Committee shall, in their absolute discretion, determine when any conditions have been fulfilled.

15. Data Privacy

(a) The Eligible Individual understands that the Company, Subsidiary, Affiliate and/or Plan Administrator may hold certain personal information about Eligible Individual, including, but not limited to, the Eligible Individual's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Eligible Individual's favor, for the purpose of implementing, administering and managing the Plan ("Data"). The Eligible Individual hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her Data as described in this document by and among, as applicable, the Company and its Subsidiaries or Affiliates for the exclusive purpose of implementing, administering and managing the Eligible Individual's participation in the Plan.

(b) The Eligible Individual understands that Data will be transferred to the Plan Administrator, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Eligible Individual understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Eligible Individual's country. The Eligible Individual authorizes the Company, its Subsidiary or Affiliate, the Plan Administrator and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Eligible Individual's participation in the Plan.

(c) The Eligible Individual understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Eligible Individual's local human resources representative. The Eligible Individual understands, however, that refusing or withdrawing his or her consent may affect the Eligible Individual's ability to participate in the Plan. For more information on the consequences of the Eligible Individual's refusal to consent or withdrawal of consent, the Eligible Individual understands that he or she may contact his or her local human resources representative.

16. Amendment

(a) The Company may modify, amend or waive the terms of the Award, prospectively or retroactively, but no such modification, amendment or waiver shall impair the rights of the Eligible Individual without his or her consent, except as required by applicable law, NASDAQ or stock exchange rules, tax rules or accounting rules. The waiver by either party of compliance with any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

(b) This Award and payments made pursuant to this Agreement and the Plan are intended to comply with or be exempt from Section 409A of the Code, and, accordingly, to the maximum extent permitted, this Agreement and the Plan shall be interpreted to be in compliance therewith or exempt therefrom. If the Company makes a good faith determination that any compensation provided under this Agreement is likely to be subject to the additional tax imposed by Section 409A of the Code, the Company may, to the extent it deems necessary or advisable, modify this Agreement, without the Eligible Individual's consent, to reduce the risk that such additional tax will apply, in a manner designed to preserve the material economic benefits intended to be provided to the Eligible Individual under this Agreement (other than any diminution of such benefit that may be attributable to the time value of money resulting from a delay in the timing of payments hereunder for a period of approximately six months or such longer period as may be required). In no event whatsoever shall the Company or any of its Affiliates be liable for any additional tax, interest or penalty that may be imposed on the Eligible Individual by Section 409A of the Code or damages for failing to comply with Code Section 409A. Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment or benefit under this Agreement that constitutes "nonqualified deferred compensation" for purposes of Section 409A of the Code be subject to offset by any other amount unless otherwise permitted by Section 409A of the Code. For the avoidance of doubt, Section 16(k) of the Plan shall apply to the RSUs granted hereunder.

17. Choice of Language

The Eligible Individual has received this Agreement and any other related communications and consents to having received these documents solely in English. If, however, the Eligible Individual receives this or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version in any way, the English version will control.

18. Electronic Delivery

The Company may, in its sole discretion, decide to deliver any documents related to the Award and participation in the Plan or future Awards that may be awarded under the Plan by electronic means or to request the Eligible Individual's consent to participate in the Plan by electronic means. The Eligible Individual hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

By electronically accepting this Agreement and participating in the Plan, the Eligible Individual agrees to be bound by the terms and conditions of the Plan and this Agreement, including the Grant Details. If Eligible Individual has not electronically accepted this Agreement on the Plan Administrator's website within six months of the Grant Date, then this Award shall automatically be deemed accepted and Eligible Individual shall be bound by the terms and conditions in the Plan, this Agreement, including the Grant Details.

TRIPADVISOR, INC. OPTION AGREEMENT
(Domestic)

THIS OPTION AGREEMENT (this “Agreement”), dated as of December 31, 2021 (the “Grant Date”), between TripAdvisor, Inc., a Delaware corporation (the “Company”), and the employee, director or consultant of the Company or one of its Affiliates or Subsidiaries designated on the Grant Details (as defined below) (the “Eligible Individual”), describes the terms of an award of an Option to the Eligible Individual by the Company (the “Award”).

All capitalized terms used herein, to the extent not defined, shall have the meanings set forth in the Company’s 2018 Stock and Annual Incentive Plan or any subsequent plan adopted by the Company, (in either case, the “Plan”).

1. Award of Option

(a) Subject to the terms and conditions of this Agreement, the Plan and the Grant Details, the Company hereby grants the Option to the Eligible Individual. Reference is made to the “Grant Details” that can be found on the equity plan website of the current professional selected by the Company to administer the Plan (the “Plan Administrator”), currently located at www.netbenefits.fidelity.com (or any successor equity administration system selected by the Company to manage the Plan from time to time). The Grant Details, which set forth the number of Shares underlying the Option, the grant price which is the per Share exercise price of the Option, the Grant Date of the Option, and the vesting period of the Option (among other information), are hereby incorporated by reference into, and shall be read as part and parcel of, this Agreement.

(b) The Option shall be a Nonqualified Option. Unless earlier terminated pursuant to the terms of this Agreement or the Plan, the Option shall expire on the ten-year anniversary of the Grant Date.

2. Vesting

Subject to the terms and conditions of this Agreement, the Grant Details and the Plan, the Option shall vest and become exercisable on each of the vesting dates detailed in the Grant Details (such period between the date of issuance and each vesting date shall be referred to as the “Vesting Period”).

3. Manner of Exercise

(a) This Option is exercisable by delivery of an exercise notice which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised and such other representations and agreements as may be required by the Company or the Plan Administrator (the “Exercise Notice”). The Exercise Notice shall be in the form and delivered in the manner prescribed by the Plan Administrator.

(b) The Exercise Notice shall be accompanied by payment of the aggregate exercise price as to all Shares in respect of which the Option is being exercised. Payment of the aggregate

exercise price may be by any of the following, or a combination thereof: (i) cash, (ii) check, (iii) a “broker-assisted” or “same-day sale”; or (iv) another method authorized by the Company and/or the Plan Administrator.

(c) No Shares shall be issued pursuant to the exercise of the Option unless such issuance and exercise complies with all relevant provisions of law and the requirements of any stock exchange or quotation service upon which the Shares are then listed.

4. Termination of Employment

(a) In the event a Termination of Employment of the Eligible Individual occurs during the Vesting Period for any reason (other than for Cause), and except as provided in Section 4(b) of Section 4(c) below, the Options will continue to vest through the Vesting Period in accordance with the terms provided for herein, and provided the Eligible Individual continues to comply with any and all restrictive covenants required by the Company, including but not limited to confidentiality, non-competition and non-solicitation provisions.

(b) In the event of the Eligible Individual’s death during the Vesting Period, all outstanding Options shall become fully vested upon such date and settled in accordance with the terms provided for herein.

(c) In the event of a Termination of Employment by the Company for Cause or at a time when grounds for Cause exist or upon the Eligible Individual’s failure to comply with any and all restrictive covenants required by the Company, including but not limited to confidentiality, non-competition and non-solicitation provisions, all outstanding unvested Options shall be immediately forfeited and cancelled in their entirety upon the date of such occurrence.

(d) For purposes of this Agreement, employment with the Company shall include employment with the Company’s Subsidiaries or Affiliates. The Committee shall have the exclusive discretion to determine whether there has been any Termination of Employment and/or whether there existed Cause.

5. Non-Transferability of the Option

During the Vesting Period and until the Option is ultimately exercised as provided herein or on the website of the Plan Administrator, the Option shall not be transferable by the Eligible Individual by means of sale, assignment, exchange, encumbrance, pledge, hedge or otherwise.

6. Rights as a Stockholder

Except as otherwise specifically provided in this Agreement, until such time as the Option is exercised, the Eligible Individual shall not be entitled to any rights of a stockholder with respect to the Option. Notwithstanding the foregoing, if the Company declares and pays ordinary cash dividends on the Common Stock during the Vesting Period, the Eligible Individual will be entitled to such adjustments or dividend equivalents as the Company shall deem appropriate and equitable, including but not limited to adjustment to the aggregate number and kind of Shares or other securities subject to outstanding Awards and/or the exercise price of outstanding Options, which Options shall remain subject to restrictions and shall vest and be forfeited, as applicable,

concurrently with the vesting and/or forfeiting of the Options upon which such dividend equivalent amounts were paid. Notwithstanding the foregoing, dividends and distributions other than regular cash dividends, if any, may result in an adjustment pursuant to Section 7 below, rather than under this Section 6.

7. Adjustment in the Event of Change in Stock; Change in Control

(a) In the event of (i) a stock dividend, stock split, reverse stock split, share combination or recapitalization or similar event affecting the capital structure of the Company (each, a “Share Change”), or (ii) a merger, consolidation, acquisition of property or shares, separation, spinoff, reorganization, stock rights offering, liquidation, Disaffiliation, payment of dividends other than an ordinary dividends or similar event affecting the Company or any of its Subsidiaries (each, a “Corporate Transaction”), the Committee or the Board may in its discretion make such substitutions or adjustments as it deems appropriate and equitable to the number and kind of shares of Common Stock underlying the Option.

(b) In the case of Corporate Transactions, such adjustments may include, without limitation (i) the cancellation of the Option in exchange for payments of cash, dividend equivalents, property or a combination thereof having an aggregate value equal to the value of such Option, as determined by the Committee or the Board in its sole discretion, (ii) the substitution of other property (including, without limitation, cash or other securities of the Company and securities of entities other than the Company) for the shares of Common Stock underlying the Option and (iii) in connection with any Disaffiliation, arranging for the assumption of the Option, or the replacement of the Option with new Awards based on other property or other securities (including, without limitation, other securities of the Company and securities of entities other than the Company), by the affected Subsidiary or Affiliate or by the entity that controls such Subsidiary or Affiliate following such Disaffiliation (as well as any corresponding adjustments to any Option that remains based upon securities of the Company).

(c) The determination of the Committee regarding any such adjustment will be final and conclusive and need not be the same for all Participants.

(d) Notwithstanding the terms of the Plan, the terms of Section 15(b) shall not apply to the Options granted hereunder. In the event of a Termination of Employment of the Eligible Individual (x) by the Company other than for Cause, (y) due to Disability or (z) due to a resignation by the Eligible Individual for Good Reason within twelve months following a Change in Control that qualifies as a “change in control” within the meaning of Section 409A of the Code, all outstanding Options shall become fully vested upon such Termination of Employment and settled in accordance with the terms provided for herein.

8. Taxes, Fees and Withholding

(a) The Company agrees to pay any and all original issue taxes and stock transfer taxes that may be imposed on the issuance of shares received by an Eligible Individual in connection with the Option, together with any and all other fees and expenses necessarily incurred by the Company in connection therewith.

(b) Regardless of any action taken by the Company, its Affiliate or Subsidiary with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), the Eligible Individual acknowledges that the ultimate liability for all Tax-Related Items legally due by him or her is and remains the Eligible Individual’s responsibility and that the Company and/or its Affiliate or Subsidiary (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the exercise of the Option and issuance of the Shares in connection therewith, the receipt of cash or any dividends or dividend equivalents; and (2) do not commit to structure the terms of the Award or any aspect of the Option to reduce or eliminate the Eligible Individual’s liability for Tax-Related Items.

(c) In the event that the Company, Subsidiary or Affiliate is required to withhold any Tax-Related Items as a result of the Award, vesting or exercise of the Option, or the receipt of cash or any dividends or dividend equivalents, the Eligible Individual shall pay or make adequate arrangements satisfactory to the Company, Subsidiary or Affiliate to satisfy all withholding and payment on account of obligations of the Company, Subsidiary and/or Affiliate. The obligations of the Company under this Agreement shall be conditioned on compliance by the Eligible Individual with this Section 8. In this regard, the Eligible Individual authorizes the Company and/or its Subsidiary or Affiliate to withhold all applicable Tax-Related Items legally payable by the Eligible Individual from his or her wages or other cash compensation paid to the Eligible Individual by the Company and/or its Subsidiary or Affiliate. Alternatively, or in addition, if permissible under local law, the Company may withhold in Shares, provided that the Company only withholds the amount of Shares necessary to satisfy the minimum withholding amount. Finally, the Eligible Individual will pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of the Eligible Individual’s participation in the Plan or the Award that cannot be satisfied by the means previously described. The Company may refuse to deliver the Shares issuable upon exercise of the Award if the Eligible Individual fails to comply with his or her obligations in connection with the Tax-Related Items as described in this Section.

(d) In particular, the Eligible Individual understands and acknowledges that all income to which the Eligible Individual is entitled under this Agreement is pre-tax and the Company or its Subsidiaries or Affiliates has the right to withhold and pay on behalf of the Eligible Individual any individual income tax in connection with such income in accordance with applicable law. In the event the Company or its Subsidiaries or Affiliates is not required under applicable law to serve as the withholding agent to withhold and pay on behalf of the Eligible Individual such individual income tax, the Eligible Individual shall have sole responsibility to make such payment, in which case the Eligible Individual shall provide, as requested by the Company or its Subsidiaries or Affiliates from time to time, relevant tax receipts to certify full and prompt payment. The Eligible Individual agrees to indemnify the Company and/or its Subsidiaries or Affiliates for any liability

which may arise as a result of his or her failure to pay any and all taxes associated with any income derived pursuant to the Award.

9. Other Restrictions

(a) The Award shall be subject to the requirement that, if at any time the Committee shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body is required, then in any such event, the Award shall not be effective unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The Eligible Individual acknowledges that the Eligible Individual is subject to the Company's policies regarding compliance with securities laws, including but not limited to its Insider Trading Policy (as in effect from time to time and any successor policies), and, pursuant to these policies, if the Eligible Individual is on the Company's insider list, the Eligible Individual shall be required to obtain pre-clearance from the Company's General Counsel prior to purchasing or selling any of the Company's securities (including in connection with the "cashless" exercise of an Option), and may be prohibited from selling such shares other than during an open trading window. The Eligible Individual further acknowledges that, in its discretion, the Company may prohibit the Eligible Individual from selling such shares even during an open trading window if the Company has concerns over the potential for insider trading.

10. Nature of Award

In accepting the Award, the Eligible Individual acknowledges that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement;

(a) the Award is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if Awards have been granted repeatedly in the past;

(b) all decisions with respect to future awards, if any, will be at the sole discretion of the Company;

(c) the Eligible Individual's participation in the Plan will not create a right to further employment with the Company, its Subsidiary or Affiliate and shall not interfere with the ability of the Company to terminate the Eligible Individual's employment relationship at any time with or without Cause;

(d) the Eligible Individual is voluntarily participating in the Plan;

(e) the Award is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, Subsidiary, or Affiliate, and such Award is outside the scope of the Eligible Individual's employment contract, if any;

(f) the Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, Subsidiary or Affiliate;

(g) in the event that the Eligible Individual is not an employee of the Company, a Subsidiary or an Affiliate, the Award will not be interpreted to form an employment contract or relationship with the Company, a Subsidiary or Affiliate; and

(h) in consideration of the Award, no claim or entitlement to compensation or damages shall arise from termination of the Award or diminution in value of the Award resulting from Termination of the Eligible Individual's employment by the Company, Subsidiary or Affiliate (for any reason whatsoever and whether or not in breach of local labor laws) and the Eligible Individual irrevocably releases the Company, Subsidiary or Affiliate from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, the Eligible Individual will be deemed irrevocably to have waived his or her entitlement to pursue such claim.

11. No Advice Regarding Grant

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Eligible Individual's participation in the Plan, or his or her acquisition or sale of the underlying Shares. The Eligible Individual is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Eligible Individual's participation in the Plan, receipt of the Award and/or disposition of the Award before taking any action related to the Plan or the Award.

12. Notices

Any notices, communications or changes to this Agreement shall be communicated (either directly by the Company or indirectly through any of its Subsidiaries, Affiliates or the Plan Administrator) to the Eligible Individual electronically via email (or otherwise in writing) promptly after such change becomes effective.

13. Effect of Agreement; Severability

Except as otherwise provided hereunder, this Agreement shall be binding upon and shall inure to the benefit of any successor or successors of the Company. The invalidity or enforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

14. Laws Applicable to Construction; Consent to Jurisdiction

(a) The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Delaware without reference to principles of conflict of laws, as applied to contracts executed in and performed wholly within the State of Delaware. In addition

to the terms and conditions set forth in this Agreement, the Option is subject to the terms and conditions of the Plan, which are hereby incorporated by reference.

(b) Any and all disputes arising under, as a result of or out of this Agreement, including without limitation any issues involving the construction, enforcement or interpretation of any of the provisions of this Agreement, the Plan or the Plan Prospectus, shall be determined and resolved by the Committee or its authorized delegate. Such determination or resolution by the Committee or its authorized delegate will be final, binding and conclusive for all purposes.

15. Conflicts; Interpretation and Correction of Errors

(a) Except as expressly otherwise provided herein, in the event of any (i) conflict between the Grant Details, this Agreement, any information posted on the system of the Plan Administrator and/or the books and records of the Company, or (ii) ambiguity in the Grant Details, this Agreement, any information posted on the system of the Plan Administrator and/or the books and records of the Company, the Plan shall control.

(b) The Committee shall have the power to interpret the Plan, this Agreement, the Grant Details, any information posted on the system of the Plan Administrator and/or the books and records of the Company, and to adopt such rules for the administration, interpretation and application of the Plan and the Award as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Option has vested). All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon the Participant, the Company and all other interested parties. The Committee shall not be personally responsible for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement. The Committee shall, in their absolute discretion, determine when any conditions have been fulfilled.

(c) In the event that, due to administrative error, this Agreement does not accurately reflect an Award properly granted to the Eligible Individual pursuant to the Plan, the Company, acting through the executive compensation and benefits team, reserves the right to cancel any erroneous document and, if appropriate, to replace the cancelled document with a corrected document.

16. Data Privacy

(a) The Eligible Individual understands that the Company, Subsidiary, Affiliate and/or Plan Administrator may hold certain personal information about him or her, including, but not limited to, the Eligible Individual's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Eligible Individual's favor, for the purpose of implementing, administering and managing the Plan ("Data"). The Eligible Individual hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her Data as described in this document by and among, as applicable, the Company and its Subsidiaries or Affiliates for the exclusive purpose of implementing, administering and managing the Eligible Individual's participation in the Plan.

(a) The Eligible Individual understands that Data will be transferred to the Plan Administrator, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Eligible Individual understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Eligible Individual's country. The Eligible Individual authorizes the Company, its Subsidiary or Affiliate, the Plan Administrator and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Eligible Individual's participation in the Plan.

(b) The Eligible Individual understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Eligible Individual's local human resources representative. The Eligible Individual understands, however, that refusing or withdrawing his or her consent may affect the Eligible Individual's ability to participate in the Plan. For more information on the consequences of the Eligible Individual's refusal to consent or withdrawal of consent, the Eligible Individual understands that he or she may contact his or her local human resources representative.

17. Amendment

The Company may modify, amend or waive the terms of this Award, prospectively or retroactively, but no such modification, amendment or waiver shall impair the rights of the Eligible Individual without his or her consent, except as required by applicable law, NASDAQ or stock exchange rules, tax rules or accounting rules. The waiver by either party of compliance with any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement. (b) This Award and payments made pursuant to this Agreement and the Plan are intended to comply with or be exempt from Section 409A of the Code and, accordingly, to the maximum extent permitted, this Agreement and the Plan shall be interpreted to be in compliance therewith or exempt therefrom. If the Company makes a good faith determination that any compensation provided under this Agreement is likely to be subject to the additional tax imposed by Section 409A of the Code, the Company may, to the extent it deems necessary or advisable, modify this Agreement, without the Eligible Individual's consent, to reduce the risk that such additional tax will apply, in a manner designed to preserve the material economic benefits intended to be provided to the Eligible Individual under this Agreement (other than any diminution of such benefit that may be attributable to the time value of money resulting from a delay in the timing of payments hereunder for a period of approximately six months or such longer period as may be required). In no event whatsoever shall the Company or any of its Affiliates be liable for any additional tax, interest or penalty that may be imposed on the Eligible Individual by Section 409A of the Code or damages for failing to comply with Code Section 409A. Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment or benefit under this Agreement that constitutes "nonqualified deferred compensation" for purposes of Section 409A of the Code be subject to offset by any other amount unless otherwise permitted by Section 409A.

of the Code. For the avoidance of doubt, Section 16(k) of the Plan shall apply to the Options granted hereunder.

18. Choice of Language

The Eligible Individual has received this Agreement and any other related communications and consents to having received these documents solely in English. If, however, the Eligible Individual receives this or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version in any way, the English version will control.

19. Electronic Delivery

The Company may, in its sole discretion, decide to deliver any documents related to the Award and participation in the Plan or future Awards that may be awarded under the Plan by electronic means or to request the Eligible Individual's consent to participate in the Plan by electronic means. The Eligible Individual hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

By electronically accepting this Agreement and participating in the Plan, the Eligible Individual agrees to be bound by the terms and conditions of the Plan and this Agreement, including the Grant Details. If Eligible Individual has not electronically accepted this Agreement on the Plan Administrator's website within six months of the Grant Date, then this Award shall automatically be deemed accepted and Eligible Individual shall be bound by the terms and conditions in the Plan, this Agreement, including the Grant Details.

Certification

I, Stephen Kaufer, Chief Executive Officer of TripAdvisor, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2022 of TripAdvisor, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2022

/s/ STEPHEN KAUFER

Stephen Kaufer

President and Chief Executive Officer

Certification

I, Ernst Teunissen, Chief Financial Officer of TripAdvisor, Inc. certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2022 of TripAdvisor, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2022

/s/ ERNST TEUNISSEN

Ernst Teunissen

Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q of TripAdvisor, Inc. (the "Company") for the quarter ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen Kaufer, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- 1) the Report which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2022

/s/ STEPHEN KAUFER

Stephen Kaufer

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q of TripAdvisor, Inc. (the "Company") for the quarter ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ernst Teunissen, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- 1) the Report which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2022

/s/ ERNST TEUNISSEN

Ernst Teunissen

Chief Financial Officer
