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, 2023

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: 001-37429

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

Delaware	**20-2705720**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1111 Expedia Group Way W.
Seattle, WA 98119
(Address of principal executive office) (Zip Code)
(206) 481-7200
(Registrant's telephone number, including area code)

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 ☒

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, $0.0001 par value	EXPE	The Nasdaq Global Select Market

The number of shares outstanding of each of the registrant's classes of common stock as of April 21, 2023 was:

Common stock, $0.0001 par value per share	142,601,118	shares
Class B common stock, $0.0001 par value per share	5,523,452	shares

Expedia Group, Inc.

Form 10-Q

For the Quarter Ended March 31, 2023

Contents

Table of Contents

Part I. Item 1. Consolidated Financial Statements

EXPEDIA GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except share and per share data)
(Unaudited)

	Three months ended March 31, 2023	Three months ended March 31, 2022
Revenue	$ 2,665	$ 2,249
Costs and expenses:		
Cost of revenue (exclusive of depreciation and amortization shown separately below) (1)	414	371
Selling and marketing (1)	1,674	1,339
Technology and content (1)	317	270
General and administrative (1)	184	186
Depreciation and amortization	192	197
Legal reserves, occupancy tax and other	5	21
Operating loss	(121)	(135)
Other income (expense):		
Interest income	43	3
Interest expense	(61)	(81)
Other, net	78	5
Total other income (expense), net	60	(73)
Loss before income taxes	(61)	(208)
Provision for income taxes	(79)	85
Net loss	(140)	(123)
Net (income) loss attributable to non-controlling interests	(5)	1
Net loss attributable to Expedia Group, Inc.	$ (145)	$ (122)
Earnings (loss) per share attributable to Expedia Group, Inc. available to common stockholders:		
Basic	$ (0.95)	$ (0.78)
Diluted	(0.95)	(0.78)
Shares used in computing earnings (loss) per share (000's):		
Basic	152,477	156,336
Diluted	152,477	156,366

	2023	2022
(1) Includes stock-based compensation as follows:		
Cost of revenue	$ 3	$ 3
Selling and marketing	20	15
Technology and content	34	27
General and administrative	46	45

See accompanying notes.

EXPEDIA GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)
(Unaudited)

	Three months ended March 31,	
	2023	2022
Net loss	$ (140)	$ (123)
Currency translation adjustments, net of tax[1]	28	(17)
Comprehensive loss	(112)	(140)
Less: Comprehensive income (loss) attributable to non-controlling interests	10	(6)
Comprehensive loss attributable to Expedia Group, Inc.	$ (122)	$ (134)

(1) Currency translation adjustments include tax benefit of $1 million for the three months ended March 31, 2023 and tax expense of $3 million for the three months ended March 31, 2022 associated with net investment hedges.

See accompanying notes.

EXPEDIA GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except number of shares, which are reflected in thousands, and par value)

	March 31, 2023	December 31, 2022
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,904	$ 4,096
Restricted cash and cash equivalents	2,483	1,755
Short-term investments	44	48
Accounts receivable, net of allowance of $45 and $40	2,523	2,078
Income taxes receivable	53	40
Prepaid expenses and other current assets	1,119	774
Total current assets	12,126	8,791
Property and equipment, net	2,260	2,210
Operating lease right-of-use assets	353	363
Long-term investments and other assets	1,198	1,184
Deferred income taxes	703	661
Intangible assets, net	1,196	1,209
Goodwill	7,150	7,143
TOTAL ASSETS	$ 24,986	$ 21,561
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable, merchant	$ 1,531	$ 1,709
Accounts payable, other	1,010	947
Deferred merchant bookings	11,036	7,151
Deferred revenue	186	163
Income taxes payable	104	21
Accrued expenses and other current liabilities	745	787
Total current liabilities	14,612	10,778
Long-term debt	6,243	6,240
Deferred income taxes	35	52
Operating lease liabilities	305	312
Other long-term liabilities	501	451
Commitments and contingencies		
Stockholders' equity:		
Common stock: $.0001 par value; Authorized shares: 1,600,000	—	—
Shares issued: 279,097 and 278,264; Shares outstanding: 144,084 and 147,757		
Class B common stock: $.0001 par value; Authorized shares: 400,000	—	—
Shares issued: 12,800 and 12,800; Shares outstanding: 5,523 and 5,523		
Additional paid-in capital	14,938	14,795
Treasury stock - Common stock and Class B, at cost; Shares 142,289 and 137,783	(11,341)	(10,869)
Retained earnings (deficit)	(1,554)	(1,409)
Accumulated other comprehensive income (loss)	(211)	(234)
Total Expedia Group, Inc. stockholders' equity	1,832	2,283
Non-redeemable non-controlling interests	1,458	1,445
Total stockholders' equity	3,290	3,728
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 24,986	$ 21,561

See accompanying notes.

EXPEDIA GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In millions, except share and per share data)
(Unaudited)

Three months ended March 31, 2022	Common stock		Class B common stock		Additional paid-in capital	Treasury stock - Common and Class B		Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Non-redeemable non-controlling interest	Total
	Shares	Amount	Shares	Amount		Shares	Amount				
Balance as of December 31, 2021	274,660,725	$ —	12,799,999	$ —	$ 14,229	131,812,764	$ (10,262)	$ (1,761)	$ (149)	$ 1,495	$ 3,552
Net loss								(122)		(1)	(123)
Other comprehensive loss, net of taxes									(12)	(5)	(17)
Proceeds from exercise of equity instruments and employee stock purchase plans	1,668,445	—			101						101
Treasury stock activity related to vesting of equity instruments						238,675	(47)				(47)
Other changes in ownership of non-controlling interests					4					—	4
Stock-based compensation expense					97						97
Balance as of March 31, 2022	276,329,170	$ —	12,799,999	$ —	$ 14,431	132,051,439	$ (10,309)	$ (1,883)	$ (161)	$ 1,489	$ 3,567

Three months ended March 31, 2023	Common stock		Class B common stock		Additional paid-in capital	Treasury stock - Common and Class B		Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Non-redeemable non-controlling interest	Total
	Shares	Amount	Shares	Amount		Shares	Amount				
Balance as of December 31, 2022	278,264,235	$ —	12,799,999	$ —	$ 14,795	137,783,429	$ (10,869)	$ (1,409)	$ (234)	$ 1,445	$ 3,728
Net income (loss)								(145)		5	(140)
Other comprehensive income, net of taxes									23	5	28
Proceeds from exercise of equity instruments and employee stock purchase plans	832,904	—			29						29
Treasury stock activity related to vesting of equity instruments						184,647	(21)				(21)
Common stock repurchases						4,321,273	(448)				(448)
Other changes in ownership of non-controlling interests					—					3	3
Stock-based compensation expense					114						114
Other					—		(3)				(3)
Balance as of March 31, 2023	279,097,139	$ —	12,799,999	$ —	$ 14,938	142,289,349	$ (11,341)	$ (1,554)	$ (211)	$ 1,458	$ 3,290

See accompanying notes.

EXPEDIA GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three months ended March 31,	
	2023	2022
Operating activities:		
Net loss	$ (140)	$ (123)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation of property and equipment, including internal-use software and website development	177	175
Amortization of intangible assets	15	22
Amortization of stock-based compensation	103	90
Deferred income taxes	(57)	(101)
Foreign exchange (gain) loss on cash, restricted cash and short-term investments, net	(8)	6
Realized (gain) loss on foreign currency forwards, net	(12)	32
Gain on minority equity investments, net	(1)	(21)
Other, net	14	2
Changes in operating assets and liabilities:		
Accounts receivable	(456)	(476)
Prepaid expenses and other assets	(293)	(356)
Accounts payable, merchant	(178)	(41)
Accounts payable, other, accrued expenses and other liabilities	79	280
Tax payable/receivable, net	29	(13)
Deferred merchant bookings	3,885	3,515
Net cash provided by operating activities	3,157	2,991
Investing activities:		
Capital expenditures, including internal-use software and website development	(233)	(156)
Sales and maturities of investments	5	200
Proceeds from initial exchange of cross-currency interest rate swaps	—	337
Payments for initial exchange of cross-currency interest rate swaps	—	(337)
Other, net	33	(31)
Net cash provided by (used in) investing activities	(195)	13
Financing activities:		
Payment of long-term debt	—	(724)
Purchases of treasury stock	(469)	(47)
Proceeds from exercise of equity awards and employee stock purchase plan	29	101
Other, net	3	7
Net cash used in financing activities	(437)	(663)
Effect of exchange rate changes on cash, cash equivalents and restricted cash and cash equivalents	11	(11)
Net increase in cash, cash equivalents and restricted cash and cash equivalents	2,536	2,330
Cash, cash equivalents and restricted cash and cash equivalents at beginning of period	5,851	5,805
Cash, cash equivalents and restricted cash and cash equivalents at end of period	$ 8,387	$ 8,135
Supplemental cash flow information		
Cash paid for interest	$ 81	$ 117
Income tax payments, net	34	26

See accompanying notes.

Notes to Consolidated Financial Statements

March 31, 2023

(Unaudited)

Note 1 – Basis of Presentation

Description of Business

Expedia Group, Inc. and its subsidiaries provide travel products and services to leisure and corporate travelers in the United States and abroad as well as various media and advertising offerings to travel and non-travel advertisers. These travel products and services are offered through a diversified portfolio of brands including: Brand Expedia®, Hotels.com®, Expedia® Partner Solutions, Vrbo®, trivago®, Orbitz®, Travelocity®, Hotwire®, Wotif®, ebookers®, CheapTickets®, Expedia Group™ Media Solutions, CarRentals.com™ and Expedia Cruises™. In addition, many of these brands have related international points of sale. We refer to Expedia Group, Inc. and its subsidiaries collectively as “Expedia Group,” the “Company,” “us,” “we” and “our” in these consolidated financial statements.

Basis of Presentation

These accompanying financial statements present our results of operations, financial position and cash flows on a consolidated basis. The unaudited consolidated financial statements include Expedia Group, Inc., 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. We record our investments in entities that we do not control, but over which we have the ability to exercise significant influence, using the equity method or at fair value. We have eliminated significant intercompany transactions and accounts.

We have prepared the accompanying unaudited consolidated financial statements in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial reporting. We have included all adjustments necessary for a fair presentation of the results of the interim period. These adjustments consist of normal recurring items. Our interim unaudited 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 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, 2022 (“2022 Form 10-K”), previously filed with the Securities and Exchange Commission (“SEC”). trivago is a separately listed company on the Nasdaq Global Select Market and, therefore is subject to its own reporting and filing requirements, which could result in possible differences that are not expected to be material to Expedia Group.

Accounting Estimates

We use estimates and assumptions in the preparation of our interim unaudited 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 interim unaudited 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 interim unaudited consolidated financial statements include revenue recognition; recoverability of current and long-lived assets, intangible assets and goodwill; income and transactional taxes, such as potential settlements related to occupancy and excise taxes; loss contingencies; deferred loyalty rewards; stock-based compensation; accounting for derivative instruments and provisions for credit losses, customer refunds and chargebacks.

Reclassifications

We have reclassified prior period financial statements to conform to the current period presentation.

Seasonality

We generally experience seasonal fluctuations in the demand for our travel services. For example, traditional leisure travel bookings are generally the highest in the first three quarters as travelers plan and book their spring, summer and winter holiday travel. The number of bookings typically decreases in the fourth quarter. Since revenue for most of our travel services, including merchant and agency hotel, is recognized as the travel takes place rather than when it is booked, revenue typically lags bookings by several weeks for our hotel business and can be several months or more for our alternative accommodations business. Historically, Vrbo has seen seasonally stronger bookings in the first quarter of the year, with the relevant stays occurring during the peak summer travel months. The seasonal revenue impact is exacerbated with respect to income by the nature of our variable cost of revenue and direct sales and marketing costs, which we typically realize in closer alignment to booking volumes, and the more stable nature of our fixed costs. As a result on a consolidated basis, revenue and income are typically the lowest in the first quarter and highest in the third quarter.

Note 2 – Summary of Significant Accounting Policies

Recent Adopted Accounting Policies

As of January 1, 2023, we adopted the new guidance related to recognizing and measuring contract assets and contract liabilities from contracts with customers acquired in a business combination. The new guidance requires acquiring entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination as compared to current GAAP where an acquirer generally recognizes such items at fair value on the acquisition date. The adoption of this new guidance had no impact on our consolidated financial statements.

Significant Accounting Policies

Below are the significant accounting policies with interim disclosure requirements. For a comprehensive description of our accounting policies, refer to our 2022 Form 10-K.

Revenue

Prepaid Merchant Bookings. We classify payments made to suppliers in advance of Vrbo performance obligations as prepaid merchant bookings included within prepaid and other current assets. Prepaid merchant bookings was $671 million as of March 31, 2023 and $480 million as of December 31, 2022.

Deferred Merchant Bookings. We classify cash payments received in advance of our performance obligations as deferred merchant bookings. At December 31, 2022, $6.2 billion of advance cash payments was reported within deferred merchant bookings, $3.4 billion of which was recognized resulting in $518 million of revenue during the three months ended March 31, 2023. At March 31, 2023, the related balance was $10.1 billion.

At December 31, 2022, $961 million of deferred loyalty rewards was reported within deferred merchant bookings, $213 million of which was recognized within revenue during the three months ended March 31, 2023. At March 31, 2023, the related balance was $959 million.

Deferred Revenue. At December 31, 2022, $163 million was recorded as deferred revenue, $63 million of which was recognized as revenue during the three months ended March 31, 2023. At March 31, 2023, the related balance was $186 million.

Practical Expedients and Exemptions. We have used the portfolio approach to account for our loyalty points as the rewards programs share similar characteristics within each program in relation to the value provided to the traveler and their breakage patterns. Using this portfolio approach is not expected to differ materially from applying the guidance to individual contracts. However, we will continue to assess and refine, if necessary, how a portfolio within each rewards program is defined.

We do not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed.

Cash, Restricted Cash, and Cash Equivalents

Our cash and cash equivalents include cash and liquid financial instruments, including money market funds and term deposit investments, with maturities of three months or less when purchased. Restricted cash includes cash and cash equivalents that is restricted through legal contracts, regulations or our intention to use the cash for a specific purpose. Our restricted cash primarily relates to certain traveler deposits and to a lesser extent collateral for office leases. The following table reconciles cash, cash equivalents and restricted cash reported in our consolidated balance sheets to the total amount presented in our consolidated statements of cash flows:

	March 31, 2023	December 31, 2022
	(in millions)	
Cash and cash equivalents	$ 5,904	$ 4,096
Restricted cash and cash equivalents	2,483	1,755
Total cash, cash equivalents and restricted cash and cash equivalents in the consolidated statements of cash flows	$ 8,387	$ 5,851

Accounts Receivable and Allowances

Accounts receivable are generally due within thirty days and are recorded net of an allowance for expected uncollectible amounts. We consider accounts outstanding longer than the contractual payment terms as past due. The risk characteristics we generally review when analyzing our accounts receivable pools primarily include the type of receivable (for example, credit card vs hotel collect), collection terms and historical or expected credit loss patterns. For each pool, we make estimates of expected credit losses for our allowance by considering a number of factors, including the length of time trade accounts receivable are past due, previous loss history continually updated for new collections data, the credit quality of our customers, current economic conditions, reasonable and supportable forecasts of future economic conditions and other factors that may affect our ability to collect from customers. The provision for estimated credit losses is recorded as cost of revenue in our consolidated statements of operations. During the three months ended March 31, 2023, we recorded approximately $12 million of incremental allowance for expected uncollectible accounts, offset by $7 million of write-offs.

Note 3 – Fair Value Measurements

Financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2023 are classified using the fair value hierarchy in the table below:

	Total	Level 1	Level 2
		(In millions)	
Assets			
Cash equivalents:			
Money market funds	$ 2	$ 2	$ —
Term deposits	135	—	135
Derivatives:			
Foreign currency forward contracts	23	—	23
Cross-currency interest rate swaps	16	—	16
Investments:			
Term deposits	44	—	44
Equity investments	565	59	506
Total assets	$ 785	$ 61	$ 724

Financial assets measured at fair value on a recurring basis as of December 31, 2022 are classified using the fair value hierarchy in the table below:

	Total	Level 1	Level 2
		(In millions)	
Assets			
Cash equivalents:			
Money market funds	$ 3	$ 3	$ —
Term deposits	188	—	188
Derivatives:			
Foreign currency forward contracts	15	—	15
Cross-currency interest rate swaps	21	—	21
Investments:			
Term deposits	48	—	48
Equity investments	564	49	515
Total assets	$ 839	$ 52	$ 787

We classify our cash equivalents and investments within Level 1 and Level 2 as we value our cash equivalents and investments using quoted market prices or alternative pricing sources and models utilizing market observable inputs. Valuation of the foreign currency forward contracts is based on foreign currency exchange rates in active markets, a Level 2 input. Valuation of the cross-currency interest rate swaps is based on foreign currency exchange rates and the current interest rate curve, Level 2 inputs.

We hold term deposit investments with financial institutions. Term deposits with original maturities of less than three months are classified as cash equivalents, those with remaining maturities of less than one year are classified within short-term investments and those with remaining maturities of greater than one year are classified within long-term investments and other assets.

As of March 31, 2023 and December 31, 2022, our cash and cash equivalents consisted primarily of term deposits and money market funds with maturities of three months or less and bank account balances.

We use foreign currency forward contracts to economically hedge certain merchant revenue exposures, foreign denominated liabilities related to certain of our loyalty programs and our other foreign currency-denominated operating liabilities. As of March 31, 2023, we were party to outstanding forward contracts hedging our liability exposures with a total net notional value of $4.7 billion. We had a net forward asset of $23 million ($38 million gross forward asset) as of March 31, 2023 and a net forward asset of $15 million ($29 million gross forward asset) as of December 31, 2022 recorded in prepaid expenses and other current assets. We recorded $20 million and $(34) million in net gains (losses) from foreign currency forward contracts during the three months ended March 31, 2023 and 2022.

On March 2, 2022, we entered into two fixed-to-fixed cross-currency interest rate swaps with an aggregate notional amount of €300 million and maturity dates of February 2026. The swaps were designated as net investment hedges of Euro assets with the objective to protect the U.S. dollar value of our net investments in the Euro foreign operations due to movements in foreign currency. The fair value of the cross-currency interest rate swaps was a $16 million asset as of March 31, 2023 and a $21 million asset as of December 31, 2022, recorded in long-term investments and other assets. The gain recognized in interest expense during the three months ended March 31, 2023 was $1 million. During the three months ended March 31, 2022, the gain recognized in interest expense was nominal.

Our equity investments include our marketable equity investment in Despegar, a publicly traded company, which is included in long-term investments and other assets in our consolidated balance sheets. During the three months ended March 31, 2023 and 2022, we recognized gains of approximately $10 million and $23 million within other, net in our consolidated statements of operations related to the fair value changes of this equity investment.

In addition, as of March 31, 2023, we have an equity investment related to our approximately 16% ownership interest in GBT JerseyCo Ltd (“GBT”) and a commensurate voting interest in the publicly traded company, Global Business Travel Group, Inc. (“GBTG”). Our shares in GBT are exchangeable on a 1:1 basis for GBTG shares, and as such, we valued our investment based on the GBTG’s share price at the end of the first quarter of 2023, which resulted in a loss of $9 million within other, net in our consolidated statements of operations during the three months ended March 31, 2023. For the three months ended March 31, 2022, we recorded a loss of approximately $2 million related to this investment.

Assets Measured at Fair Value on a Non-recurring Basis

Our non-financial assets, such as goodwill, intangible assets and property and equipment, as well as equity method investments for which we have not elected the fair value option, are adjusted to fair value when an impairment charge is recognized or the underlying investment is sold. Such fair value measurements are based predominately on Level 3 inputs. We measure our minority investments that do not have readily determinable fair values at cost less impairment, adjusted by observable price changes with changes recorded within other, net on our consolidated statements of operations.

Minority Investments without Readily Determinable Fair Values. As of both March 31, 2023 and December 31, 2022, the carrying values of our minority investments without readily determinable fair values totaled $330 million. During the three months ended March 31, 2023 and 2022, we had no material gains or losses recognized related to these minority investments. As of March 31, 2023, total cumulative adjustments made to the initial cost basis of these investments included $2 million in unrealized upward adjustments and $105 million in unrealized downward adjustments (including impairments).

Note 4 – Debt

The following table sets forth our outstanding debt:

	March 31, 2023	December 31, 2022
	(In millions)	
6.25% senior notes due 2025	$ 1,037	$ 1,036
5.0% senior notes due 2026	747	746
0% convertible senior notes due 2026	990	989
4.625% senior notes due 2027	745	745
3.8% senior notes due 2028	995	995
3.25% senior notes due 2030	1,237	1,237
2.95% senior notes due 2031	492	492
Long-term debt[(1)]	$ 6,243	$ 6,240

(1) Net of applicable discounts and debt issuance costs.

Long-term Debt

Additional information about our $1 billion aggregate principal amount of unsecured 0% convertible senior notes due 2026 (the "Convertible Notes") and our other outstanding senior notes (collectively the "Senior Notes"), see Note 7 – Debt of the Notes to Consolidated Financial Statements in our 2022 Form 10-K.

All of our outstanding Senior Notes are senior unsecured obligations issued by Expedia Group and guaranteed by certain domestic Expedia Group subsidiaries. The Senior Notes rank equally in right of payment with all of our existing and future unsecured and unsubordinated obligations of Expedia Group and the guarantor subsidiaries. In addition, the Senior Notes include covenants that limit our ability to (i) create certain liens, (ii) enter into sale/leaseback transactions and (iii) merge or consolidate with or into another entity or transfer substantially all of our assets. The Senior Notes are redeemable in whole or in part, at the option of the holders thereof, upon the occurrence of certain change of control triggering events at a purchase price in cash equal to 101% of the principal plus accrued and unpaid interest. Accrued interest related to the Senior Notes was $48 million and $73 million as of March 31, 2023 and December 31, 2022.

Estimated Fair Value. The total estimated fair value of our Senior Notes was approximately $5.0 billion and $4.9 billion as of March 31, 2023 and December 31, 2022. Additionally, the estimated fair value of the Convertible Notes was $895 million and $871 million as of March 31, 2023 and December 31, 2022. The fair value was determined based on quoted market prices in less active markets and is categorized according as Level 2 in the fair value hierarchy.

Credit Facility

As of March 31, 2023, Expedia Group maintained a $2.5 billion revolving credit facility that matures in April 2027. As of March 31, 2023 and December 31, 2022, we had no revolving credit facility borrowings outstanding. Loans under the revolving credit facility bear interest at a rate equal to an index rate plus a margin (a) in the case of term benchmark loans, ranging from 1.00% to 1.75% per annum, depending on Expedia Group's credit ratings, and (b) in the case of base rate loans, ranging from 0.00% to 0.75% per annum, depending on Expedia Group's credit ratings. A fee is payable quarterly in respect of undrawn commitments under the revolving credit facility at a rate ranging from 0.10% to 0.25% per annum, depending on Expedia Group's credit ratings. The terms of the revolving credit facility require Expedia Group to not exceed a specified maximum consolidated leverage ratio as of the end of each fiscal quarter.

The revolving credit facility has a $120 million letter of credit ("LOC") sublimit, and the amount of LOCs issued under the facility reduced the credit amount available. Outstanding stand-by LOCs issued under the facility were $41 million and $38 million as of March 31, 2023 and December 31, 2022, respectively.

Note 5 – Stockholders' Equity

Treasury Stock

As of March 31, 2023, the Company's treasury stock was comprised of approximately 135.0 million common stock and 7.3 million Class B shares. As of December 31, 2022, the Company's treasury stock was comprised of approximately 130.5 million shares of common stock and 7.3 million Class B shares.

Share Repurchases. In 2019, the Board of Directors and the Executive Committee, pursuant to a delegation of authority from the Board, authorized the repurchase of up to 20 million shares of our common stock. During the three months ended March 31, 2023, we repurchased, through open market transactions, 4.3 million shares under these authorizations for the total cost of $448 million, excluding transaction costs, representing an average repurchase price of $103.66 per share. As of March 31, 2023, 13.8 million shares remain authorized for repurchase with no fixed termination date for the repurchases. Subsequent to the end of the first quarter of 2023, we repurchased an additional 1.7 million shares for a total cost of $152 million, excluding transaction costs, representing an average purchase price of $93.04 per share.

Stock-based Awards

Stock-based compensation expense relates primarily to expense for restricted stock units ("RSUs"), performance stock units ("PSUs") and stock options. As of March 31, 2023, we had stock-based awards outstanding representing approximately 14 million shares of our common stock, consisting of approximately 11 million RSUs and PSUs and options to purchase approximately 4 million shares of our common stock with a weighted average exercise price of $139.62 and weighted average remaining life of 3.6 years.

Annual employee stock-based award grants typically occur during the first quarter of each year and generally vest over four years. During the three months ended March 31, 2023, we granted approximately 5 million RSUs and PSUs.

Accumulated Other Comprehensive Income (Loss)

The balance of AOCI as of March 31, 2023 and December 31, 2022 was comprised of foreign currency translation adjustments. These translation adjustments include foreign currency transaction gains as of March 31, 2023 of $12 million ($16 million before tax) and $16 million ($21 million before tax) as of December 31, 2022 associated with our cross-currency interest rate swaps as described in Note 3 – Fair Value Measurements. Additionally, translation adjustments include foreign currency transaction losses of $7 million ($10 million before tax) as of both March 31, 2023 and December 31, 2022 associated with previously settled Euro-denominated notes that were designated as net investment hedges.

Note 6 – Earnings (Loss) Per Share

Basic earnings per share is calculated using our weighted-average outstanding common shares. 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.

Diluted earnings per share is calculated using our weighted-average outstanding common shares including the dilutive effect of stock awards and common stock warrants as determined under the treasury stock method and of our Convertible Notes using the if-converted method. In periods when we recognize a net loss, we exclude the impact of outstanding stock awards and the potential share settlement impact related to our Convertible Notes from the diluted loss per share calculation as their inclusion would have an antidilutive effect. For the three months ended March 31, 2023, approximately 14 million of outstanding stock awards and approximately 4 million shares related to the potential share settlement impact related to our Convertible Notes have been excluded from the calculations of diluted earnings per share attributable to common stockholders because their effect would have been antidilutive. For the three months ended March 31, 2022, approximately 12 million of outstanding stock awards and approximately 4 million shares related to the potential share settlement impact related to our Convertible Notes were excluded.

Note 7 – Income Taxes

We determine our provision for income taxes for interim periods using an estimate of our annual effective tax rate. We record any changes affecting the estimated annual effective tax rate in the interim period in which the change occurs, including discrete items.

For the three months ended March 31, 2023, the effective tax rate was (128.5%) measured against a pre-tax loss, compared to a 40.9% effective tax rate measured against a pre-tax loss for the three months ended March 31, 2022. The change in the effective tax rate was primarily due to a lower quarter-to-date pre-tax loss and the discrete tax expense effect of the TripAdvisor audit assessment discussed below.

We are subject to taxation in the United States and foreign jurisdictions. Our income tax filings are regularly examined by federal, state and foreign tax authorities. During the fourth quarter of 2019, the Internal Revenue Service ("IRS") issued final adjustments related to transfer pricing with our foreign subsidiaries for our 2011 to 2013 tax years. The adjustments would increase our U.S. taxable income by $696 million, which would result in federal tax of approximately $244 million, subject to interest. We do not agree with the position of the IRS. We have formally filed a protest for our 2011 to 2013 tax years and the case is currently in Appeals. During the fourth quarter of 2022, the IRS issued similar proposed adjustments related to transfer pricing with our foreign subsidiaries for our 2014 to 2016 tax years. The adjustments would increase our U.S. taxable income by $1.232 billion, which would result in federal tax of approximately $431 million, subject to interest, including any offsetting correlative adjustments. We do not agree with the position of the IRS and intend to formally file a protest. We are also under examination by the IRS for our 2017 to 2020 tax years. We believe it is reasonably possible that the audit of the 2011 to 2013 tax years will conclude within the next 12 months.

On December 20, 2011, we completed a spin-off of TripAdvisor into a separate publicly-traded corporation. Pursuant to the tax sharing agreement between Expedia Group and TripAdvisor, TripAdvisor is responsible for its potential tax liabilities in connection with any consolidated income tax returns filed as a part of Expedia Group's consolidated income tax return prior to or in connection with the spin-off. TripAdvisor is required to indemnify Expedia Group for any such taxes, including interest, penalties, legal, and professional fees.

In February 2023, TripAdvisor agreed in principle with the IRS to an assessed amount of $123 million, inclusive of interest, for transfer pricing adjustments with its foreign subsidiaries for the 2009 through 2011 tax years. The assessment is a tax liability for tax years when TripAdvisor was part of Expedia Group's consolidated income tax return and is covered by the indemnification pursuant to the tax sharing agreement. As Expedia Group is the primary obligor for this assessment, we are required to remit the final assessed payment amount to the IRS. Taking into account amounts previously recorded as an estimate of TripAdvisor's tax liability, during the first quarter of 2023, we recorded $69 million of additional income tax expense and a corresponding tax indemnification adjustment in other, net in our consolidated statements of operations representing the estimate of the incremental assessed payment due to the IRS, including state tax effects. We anticipate we will receive from the IRS the final assessed amount due during this calendar year. At that time, we will compute and agree to the reimbursement required from TripAdvisor in settlement of the outstanding indemnification receivable for this matter. We continue to be subject to audit by the IRS for the 2011 to 2013 tax years for other audit matters including as discussed above.

Note 8 – Commitments and Contingencies

Legal Proceedings

In the ordinary course of business, we are a party to various lawsuits. Management does not expect these lawsuits to have a material impact on the liquidity, results of operations, or financial condition of Expedia Group. We also evaluate other potential contingent matters, including value-added tax, excise tax, sales tax, transient occupancy or accommodation tax and similar matters. We do not believe that the aggregate amount of liability that could be reasonably possible with respect to these matters would have a material adverse effect on our financial results; however, litigation is inherently uncertain and the actual losses incurred in the event that our legal proceedings were to result in unfavorable outcomes could have a material adverse effect on our business and financial performance.

Litigation Relating to Occupancy Taxes. One hundred three lawsuits have been filed by or against cities, counties and states involving hotel occupancy and other taxes. Eight lawsuits are currently active. These lawsuits are in various stages and we continue to defend against the claims made in them vigorously. With respect to the principal claims in these matters, we believe that the statutes or ordinances at issue do not apply to us or the services we provide and, therefore, that we do not owe the taxes that are claimed to be owed. We believe that the statutes or ordinances at issue generally impose occupancy and other taxes on entities that own, operate or control hotels (or similar businesses) or furnish or provide hotel rooms or similar accommodations. To date, forty-nine of these lawsuits have been dismissed. Some of these dismissals have been without prejudice and, generally, allow the governmental entity or entities to seek administrative remedies prior to pursuing further litigation. Thirty-four dismissals were based on a finding that we and the other defendants were not subject to the local tax ordinance or that the local government lacked standing to pursue its claims. As a result of this litigation and other attempts by certain jurisdictions to levy such taxes, we have established a reserve for the potential settlement of issues related to hotel occupancy and other taxes, consistent with applicable accounting principles and in light of all current facts and circumstances, in the amount of $45 million and $44 million as of March 31, 2023 and December 31, 2022, respectively. Our settlement reserve is based on our best estimate of probable losses and the ultimate resolution of these contingencies may be greater or less than the liabilities recorded. An estimate for a reasonably possible loss or range of loss in excess of the amount reserved cannot be made. Changes to the settlement reserve are included within legal reserves, occupancy tax and other in the consolidated statements of operations.

Pay-to-Play. Certain jurisdictions may assert that we are required to pay any assessed taxes prior to being allowed to contest or litigate the applicability of the ordinances. This prepayment of contested taxes is referred to as "pay-to-play." Payment of these amounts is not an admission that we believe we are subject to such taxes and, even when such payments are made, we continue to defend our position vigorously. If we prevail in the litigation, for which a pay-to-play payment was made, the jurisdiction collecting the payment will be required to repay such amounts and also may be required to pay interest.

We are in various stages of inquiry or audit with various tax authorities, some of which, including in the City of Los Angeles regarding hotel occupancy taxes, may impose a pay-to-play requirement to challenge an adverse inquiry or audit result in court.

Matters Relating to International VAT. We are in various stages of inquiry or audit in multiple European Union jurisdictions regarding the application of VAT to our European Union related transactions. While we believe we comply with applicable VAT laws, rules and regulations in the relevant jurisdictions, the tax authorities may determine that we owe additional taxes. In certain jurisdictions, including the United Kingdom, we may be required to "pay-to-play" any VAT assessment prior to contesting its validity. While we believe that we will be successful based on the merits of our positions with regard to audits in pay-to-play jurisdictions, it is nevertheless reasonably possible that we could be required to pay any assessed amounts in order to contest or litigate the applicability of any assessments and an estimate for a reasonably possible amount of any such payments cannot be made.

Note 9 – Segment Information

We have the following reportable segments: B2C (formerly referred to as Retail), B2B, and trivago. Our B2C segment provides a full range of travel and advertising services to our worldwide customers through a variety of consumer brands including: Expedia.com, Hotels.com, Vrbo, Orbitz, Travelocity, Wotif Group, ebookers, CheapTickets, Hotwire.com and CarRentals.com. Our B2B segment is comprised of Expedia Partner Solutions, which offers private label and co-branded products to make travel services available to travelers through third-party company branded websites. Our trivago segment generates advertising revenue primarily from sending referrals to online travel companies and travel service providers from its hotel metasearch websites.

We determined our operating segments based on how our chief operating decision makers manage our business, make operating decisions and evaluate operating performance. Our primary operating metric is Adjusted EBITDA. Adjusted EBITDA for our B2C and B2B segments includes allocations of certain expenses, primarily related to our global travel supply organization and the majority of costs from our product and technology platform, as well as facility costs and the realized foreign currency gains or losses related to the forward contracts hedging a component of our net merchant lodging revenue. We base the allocations primarily on transaction volumes and other usage metrics. We do not allocate certain shared expenses such as accounting, human resources, certain information technology and legal to our reportable segments. We include these expenses in Corporate and Eliminations. Our allocation methodology is periodically evaluated and may change.

Our segment disclosure includes intersegment revenues, which primarily consist of advertising and media services provided by our trivago segment to our B2C segment. These intersegment transactions are recorded by each segment at amounts that approximate fair value as if the transactions were between third parties, and therefore, impact segment performance. However, the revenue and corresponding expense are eliminated in consolidation. The elimination of such intersegment transactions is included within Corporate and Eliminations in the table below.

Corporate and Eliminations also includes unallocated corporate functions and expenses. In addition, we record amortization of intangible assets and any related impairment, as well as stock-based compensation expense, restructuring and related reorganization charges, legal reserves, occupancy tax and other, and other items excluded from segment operating performance in Corporate and Eliminations. Such amounts are detailed in our segment reconciliation below.

The following tables present our segment information for the three months ended March 31, 2023 and 2022. As a significant portion of our property and equipment is not allocated to our operating segments and depreciation is not included in our segment measure, we do not report the assets by segment as it would not be meaningful. We do not regularly provide such information to our chief operating decision makers.

Notes to Consolidated Financial Statements – (Continued)

	Three months ended March 31, 2023				
	B2C	B2B	trivago	Corporate & Eliminations	Total
	(In millions)				
Third-party revenue	$ 1,921	$ 668	$ 76	$ —	$ 2,665
Intersegment revenue	—	—	43	(43)	—
Revenue	$ 1,921	$ 668	$ 119	$ (43)	$ 2,665
Adjusted EBITDA	$ 148	$ 133	$ 20	$ (116)	$ 185
Depreciation	(126)	(25)	(1)	(25)	(177)
Amortization of intangible assets	—	—	—	(15)	(15)
Stock-based compensation	—	—	—	(103)	(103)
Legal reserves, occupancy tax and other	—	—	—	(5)	(5)
Realized (gain) loss on revenue hedges	(4)	(2)	—	—	(6)
Operating income (loss)	$ 18	$ 106	$ 19	$ (264)	(121)
Other income, net					60
Loss before income taxes					(61)
Provision for income taxes					(79)
Net loss					(140)
Net income attributable to non-controlling interests					(5)
Net loss attributable to Expedia Group, Inc.					$ (145)

	Three months ended March 31, 2022				
	B2C	B2B	trivago	Corporate & Eliminations	Total
	(In millions)				
Third-party revenue	$ 1,740	$ 432	$ 77	$ —	$ 2,249
Intersegment revenue	—	—	39	(39)	—
Revenue	$ 1,740	$ 432	$ 116	$ (39)	$ 2,249
Adjusted EBITDA	$ 188	$ 80	$ 25	$ (120)	$ 173
Depreciation	(128)	(20)	(2)	(25)	(175)
Amortization of intangible assets	—	—	—	(22)	(22)
Stock-based compensation	—	—	—	(90)	(90)
Legal reserves, occupancy tax and other	—	—	—	(21)	(21)
Operating income (loss)	$ 60	$ 60	$ 23	$ (278)	(135)
Other expense, net					(73)
Loss before income taxes					(208)
Provision for income taxes					85
Net loss					(123)
Net loss attributable to non-controlling interests					1
Net loss attributable to Expedia Group, Inc.					$ (122)

Revenue by Business Model and Service Type

The following table presents revenue by business model and service type:

	Three months ended March 31, 2023	Three months ended March 31, 2022
	(in millions)	
Business Model:		
Merchant	$ 1,794	$ 1,485
Agency	666	566
Advertising, media and other	205	198
Total revenue	$ 2,665	$ 2,249
Service Type:		
Lodging	$ 2,029	$ 1,610
Air	113	74
Advertising and media	175	166
Other[1]	348	399
Total revenue	$ 2,665	$ 2,249

(1) Other includes car rental, insurance, destination services and cruise revenue, among other revenue streams, none of which are individually material.

Our B2C and B2B segments generate revenue from the merchant, agency and advertising, media and other business models as well as all service types. trivago segment revenue is generated through advertising and media.

Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

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, 2022, 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," "believes," "could," "estimates," "expects," "goal," "intends," "likely," "may," "plans," "potential," "predicts," "projected," "seeks," "should" and "will," or the negative of these terms or other similar expressions, 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.

The information included in this management's discussion and analysis of financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes included in this Quarterly Report, and the audited consolidated financial statements and notes and 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, 2022.

Overview

Expedia Group's mission is to power global travel for everyone, everywhere. We believe travel is a force for good. Travel is an essential human experience that strengthens connections, broadens horizons and bridges divides. We help reduce the barriers to travel, making it easier, more enjoyable, more attainable and more accessible. We bring the world within reach for customers and partners around the globe. We leverage our supply portfolio, platform and technology capabilities across an extensive portfolio of consumer brands, and provide solutions to our business partners, to empower travelers to efficiently research, plan, book and experience travel. We make available, on a stand-alone and package basis, travel services provided by numerous lodging properties, airlines, car rental companies, activities and experiences providers, cruise lines, alternative accommodations property owners and managers, and other travel product and service companies. We also offer travel and non-travel advertisers access to a potential source of incremental traffic and transactions through our various media and advertising offerings on our websites.

All percentages within this section are calculated on actual, unrounded numbers.

Trends

The COVID-19 pandemic, and measures to contain the virus, including government travel restrictions and quarantine orders, had an unprecedented impact on the global travel industry and materially and negatively impacted our business, financial results and financial condition. With the evolution of milder COVID-19 variants, availability of multiple vaccine booster doses and increasing familiarity with the virus, most COVID-19 related travel restrictions have been lifted, and countries around the world reopened their borders for foreign travel.

However, we note that the recovery has been uneven, with different regions experiencing different rates of recovery. Despite positive developments, the full duration and total impact of COVID-19 remains uncertain, and therefore it is difficult to predict any future impact on the travel industry and, in particular, our business.

More recently, inflation and other macroeconomic pressures in the U.S. and the global economy, such as rising interest rates, appreciation of the dollar, energy price volatility and inflationary pressures, have contributed to an increasingly complex macroeconomic environment. Our future operational results may be subject to volatility, particularly in the short-term, due to the impact of the aforementioned trends. Broad, sustained negative economic impacts could put strain on our suppliers, business and service partners, which increases the risk of credit losses and service level or other disruptions.

Additionally, further health-related events, political instability, geopolitical conflicts, acts of terrorism, significant fluctuations in currency values, sustained levels of increased inflation, sovereign debt issues, and natural disasters, are examples of other events that could have a negative impact on the travel industry in the future.

Despite these factors, we have witnessed a healthy recovery of travel demand, which remains strong and is attributable to factors including pent-up demand from the COVID-19 pandemic, and consumers prioritizing spend on travel and experiences over other discretionary spending.

Online Travel

Increased usage and familiarity with the internet have continued to drive rapid growth in online penetration of travel expenditures. Online penetration is higher in the U.S. and Western European markets with online penetration rates in some emerging markets, such as Latin America and Eastern European regions, lagging behind those regions. Emerging markets continue to present an attractive growth opportunity for our business, while also attracting many competitors to online travel. The industry is expected to remain highly competitive for the foreseeable future. In addition to the growth of online travel agencies, we have seen continued interest in the online travel industry from search engine companies such as Google, evidenced by continued product enhancements, and prioritizing its own AdWords and metasearch products such as Google Hotel Ads and Google Flights, in search results. Competitive entrants such as “metasearch” companies, including Kayak.com (owned by Booking Holdings), trivago (in which Expedia Group owns a majority interest) as well as TripAdvisor, introduced differentiated features, pricing and content compared with the legacy online travel agency companies, as well as various forms of direct or assisted booking tools. Further, airlines and lodging companies are aggressively pursuing direct online distribution of their products and services. In addition, the increasing popularity of the “sharing economy,” accelerated by online penetration, has had a direct impact on the travel and lodging industry. Businesses such as Airbnb, Vrbo and Booking.com have emerged as the leaders, bringing incremental alternative accommodation and vacation rental inventory to the market. Other competitors have arisen, including vacation rental property managers such as Vacasa, who operate their own booking sites in addition to listing on Airbnb, Vrbo, and Booking.com, and are expected to continue to grow as a percentage of the global accommodations market. Additionally, traditional consumer ecommerce players have expanded their local offerings by adding hotel offers to their websites. Most recently, ride sharing app Uber has added transportation and experience offerings to its app via partnerships with other travel providers.

The online travel industry also saw the development of alternative business models and variations in the timing of payment by travelers and to suppliers, which in some cases place pressure on historical business models. In particular, the agency hotel model saw rapid adoption in Europe. Expedia Group facilitates both merchant (Expedia Collect) and agency (Hotel Collect) hotel offerings with our hotel supply partners through both agency-only contracts as well as our hybrid Expedia Traveler Preference (“ETP”) program, which offers travelers the choice of whether to pay Expedia Group at the time of booking or pay the hotel at the time of stay.

In 2022, we began evolving our strategy from being largely transactionally focused, where we were primarily focused on acquiring customers through performance channels, to building a direct relationship with our customers by allocating more marketing spend towards our loyalty programs, paid app downloads, and brand awareness. While we maintain a large portfolio of consumer brands, we put the majority of our marketing efforts towards our three core consumer brands: Expedia, Hotels.com and Vrbo.

Lodging

Lodging includes both hotel and alternative accommodations. As a percentage of our total worldwide revenue in the first quarter of 2023, lodging accounted for 76%. Room nights booked grew 23% in the first three months of 2023, as compared to growth of 26% in 2022 and 71% in 2021. Average Daily Rates (“ADRs”) booked for Expedia Group declined 3% in first three months of 2023 and increased 3% in 2022 and 28% in 2021. Over the last couple of years, our lodging business saw a significant increase in ADRs compared to pre-pandemic levels, which were driven by broader industry trends, a mix shift to Vrbo and high ADR geographies.

As of March 31, 2023, our global lodging marketplace had approximately 3 million lodging properties available, including over 2 million online bookable alternative accommodations listings through Vrbo and approximately 900,000 hotels and alternative accommodations through our other brands.

Hotel. We generate the majority of our revenue through the facilitation of hotel reservations (stand-alone and package bookings). Our relationships and overall economics with hotel supply partners have been broadly stable in recent years. As we continue to expand the breadth and depth of our global hotel offering, in some cases we have reduced our economics in various geographies based on local market conditions. These impacts are due to specific initiatives intended to drive greater global size and scale through faster overall room night growth. Additionally, increased promotional activities such as growing loyalty programs, discounting, and couponing have contributed to declines in revenue per room night and profitability in certain cases.

Since our hotel supplier agreements are generally negotiated on a percentage basis, any increase or decrease in ADRs has an impact on the revenue we earn per room night. In the future, we could see macroeconomic factors influence hotel ADR trends, including as the rising living costs due to inflation and higher interest rates. Other factors that could lead to moderating ADRs include growth in hotel supply and the increase in alternative accommodation inventory. Further, while the global lodging industry remains very fragmented, there has been consolidation in the hotel space among chains as well as ownership groups. In the meantime, certain hotel chains have been focusing on driving direct bookings on their own websites and mobile applications by advertising lower rates than those available on third-party websites as well as incentives such as loyalty programs, increased or exclusive product availability and complimentary benefits.

Alternative Accommodations. With our acquisition of Vrbo (previously HomeAway) and all of its brands in December 2015, we expanded into the fast-growing alternative accommodations market. Vrbo is a leader in this market, specializing in unique whole home inventory, primarily in North American leisure markets, and represents an attractive growth opportunity for Expedia Group.

Vrbo has transitioned from a listings-based classified advertising model to an online transactional model that optimizes for both travelers and homeowner and property manager partners, with a goal of increasing monetization and driving growth through investments in marketing as well as in product and technology. Vrbo offers hosts subscription-based listing or pay-per-booking service models. It also generates revenue from a traveler service fee for bookings.

Air

Similar to the rest of travel, the airlines experienced a surge in pent-up demand, however they have been operating at reduced capacity due to staffing shortages, supply chain disruptions, and elevated fuel costs. Our air bookings improved in the first quarter of 2023 relative to 2022.

In the future, we could encounter pressure on air remuneration as air carriers combine, certain supply agreements renew, and as we continue to add airlines to ensure local coverage in new markets.

Air ticket volumes increased 6% in the first three months of 2023, and increased 8% in 2022 and 43% in 2021. As a percentage of our total worldwide revenue in the first quarter of 2023, air accounted for 4%.

Advertising & Media

Our advertising and media business is principally driven by revenue generated by trivago, a leading hotel metasearch website, and Expedia Group Media Solutions, which is responsible for generating advertising revenue on our global online travel brands. In the first quarter of 2023, we generated $175 million of advertising and media revenue, a 6% increase from the same period in 2022, representing 7% of our total worldwide revenue.

Since the onset of COVID-19, online travel agencies, including ourselves, have reduced marketing spend on trivago. In response, trivago has reduced its own marketing spend and lowered operating costs to preserve profitability. We expect trivago to continue to experience revenue pressure going forward.

Business Strategy

As we endeavor to power global travel for everyone, everywhere our focus is to: leverage our brand, supply and platform technology strength, to provide greater services and value to our travelers, suppliers and business partners, and build longer-lasting direct relationships with our customers.

Leverage Brand and Supply Strength to Power the Travel Ecosystem. We believe the strength of our core brand portfolio and consistent enhancements to product and service offerings, combined with our global scale and broad-based supply, drive increasing value to customers and customer demand. With our significant global audience of travelers, and our deep and broad selection of travel products, we are also able to provide value to supply partners seeking to grow their business through sophisticated technology, a better understanding of travel retailing and reaching consumers in markets beyond their reach. Our deep product and supply footprint allows us to tailor offerings to target different types of consumers and travel needs, employ geographic segmentation in markets around the world, and leverage brand differentiation, among other benefits. We also market to consumers through a variety of channels, including internet search, metasearch and social and digital media.

In 2021, we announced plans to unify and expand our existing loyalty programs into one global rewards platform called “One Key” spanning all our main brands, which we expect to launch in 2023. We also market to consumers through a variety of channels, including internet search, metasearch and social and digital media.

Leverage Our Platform to Deliver More Rapid Product Innovation Resulting in Better Traveler Experiences. During 2020, Expedia Group unified its technology, product, data engineering and data science teams to build services and capabilities that can be leveraged across our business units to provide value-add services to our travel suppliers and serve our end customers. The unified team structure enables us to deliver more scalable services and operate more efficiently. All of our transaction-based businesses also now benefit from our shared platform infrastructure, including customer servicing and support, data centers, search capabilities, payment processing and fraud operations.

As we continue to evolve our shared platform infrastructure, our focus is on developing technical capabilities that support various travel products while using simpler, standard architecture and common applications and frameworks. We believe this strategy will enable us to: simultaneously build pieces of technology that work in tandem; ship products faster; create more innovative solutions; and achieve greater scale. Ultimately, we believe this will result in faster product innovation and therefore better traveler experiences. In addition, over time, as we execute on our streamlined application development framework, we believe we can unlock additional platform service opportunities beyond the scope of our internal brands and business travel partners.

Seasonality

We generally experience seasonal fluctuations in the demand for our travel services. For example, traditional leisure travel bookings are generally the highest in the first three quarters as travelers plan and book their spring, summer and winter holiday travel. The number of bookings typically decreases in the fourth quarter. Since revenue for most of our travel services, including merchant and agency hotel, is recognized as the travel takes place rather than when it is booked, revenue typically lags bookings by several weeks for our hotel business and can be several months or more for our alternative accommodations business. Historically, Vrbo has seen seasonally stronger bookings in the first quarter of the year, with the relevant stays occurring during the peak summer travel months. The seasonal revenue impact is exacerbated with respect to income by the nature of our variable cost of revenue and direct sales and marketing costs, which we typically realize in closer alignment to booking volumes, and the more stable nature of our fixed costs. As a result on a consolidated basis, revenue and income are typically the lowest in the first quarter and highest in the third quarter.

The growth in our B2B segment, international operations, advertising business or a change in our product mix, among others, may also influence the typical trend of seasonality in the future.

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 we use judgment and estimates in applying those policies. We prepare our consolidated financial statements and accompanying notes in accordance with generally accepted accounting principles in the United States (“GAAP”). Preparation of the consolidated financial statements and accompanying notes requires that we 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. We base our estimates on historical experience, where applicable, and other assumptions that we believe are reasonable under the circumstances. Actual results may differ from our 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
- 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.

For additional information about our other critical accounting policies and estimates, see the disclosure included in our Annual Report on Form 10-K for the year ended December 31, 2022 as well as updates in the current fiscal year provided in Note 2 – Summary of Significant Accounting Policies in the notes to the consolidated financial statements.

Occupancy and Other Taxes

Legal Proceedings. We are currently involved in eight lawsuits brought by or against states, cities and counties over issues involving the payment of hotel occupancy and other taxes. We continue to defend these lawsuits vigorously. With respect to the principal claims in these matters, we believe that the statutes and/or ordinances at issue do not apply to us or the services we provide, namely the facilitation of travel planning and reservations, and, therefore, that we do not owe the taxes that are claimed to be owed. We believe that the statutes and ordinances at issue generally impose occupancy and other taxes on entities that own, operate or control hotels (or similar businesses) or furnish or provide hotel rooms or similar accommodations.

For additional information and other recent developments on these and other legal proceedings, see Part II, Item 1, Legal Proceedings.

We have established a reserve for the potential settlement of issues related to hotel occupancy and other tax litigation, consistent with applicable accounting principles and in light of all current facts and circumstances, in the amount of $45 million and $44 million as of March 31, 2023 and December 31, 2022, respectively.

Certain jurisdictions, including without limitation the states of New York, New Jersey, North Carolina, Minnesota, Oregon, Rhode Island, Maryland, Pennsylvania, Hawaii, Iowa, Massachusetts, Arizona, Wisconsin, Idaho, Arkansas, Indiana, Maine, Nebraska, Vermont, Mississippi, Virginia, the city of New York, and the District of Columbia, have enacted legislation seeking to tax online travel company services as part of sales or other taxes for hotel and/or other accommodations and/or car rental. In addition, in certain jurisdictions, we have entered into voluntary collection agreements pursuant to which we have agreed to voluntarily collect and remit taxes to state and/or local taxing jurisdictions. We are currently remitting taxes to a number of jurisdictions, including without limitation the states of New York, New Jersey, South Carolina, North Carolina, Minnesota, Georgia, Wyoming, West Virginia, Oregon, Rhode Island, Montana, Maryland, Kentucky, Maine, Pennsylvania, Hawaii, Iowa, Massachusetts, Arizona, Wisconsin, Idaho, Arkansas, Indiana, Nebraska, Vermont, Colorado, Mississippi, Virginia, the city of New York and the District of Columbia, as well as certain other jurisdictions.

Pay-to-Play

Certain jurisdictions may assert that we are required to pay any assessed taxes prior to being allowed to contest or litigate the applicability of the ordinances. This prepayment of contested taxes is referred to as "pay-to-play." Payment of these amounts is not an admission that we believe we are subject to such taxes and, even when such payments are made, we continue to defend our position vigorously. If we prevail in the litigation, for which a pay-to-play payment was made, the jurisdiction collecting the payment will be required to repay such amounts and also may be required to pay interest. However, any significant pay-to-play payment or litigation loss could negatively impact our liquidity.

Other Jurisdictions. We are also in various stages of inquiry or audit with various tax authorities, some of which, including the City of Los Angeles regarding hotel occupancy taxes, may impose a pay-to-play requirement to challenge an adverse inquiry or audit result in court.

Segments

We have the following reportable segments: B2C (formerly referred to as Retail), B2B, and trivago. Our B2C segment provides a full range of travel and advertising services to our worldwide customers through a variety of consumer brands including: Expedia.com, Hotels.com, Vrbo, Orbitz, Travelocity, Wotif Group, ebookers, CheapTickets, Hotwire.com and CarRentals.com. Our B2B segment is comprised of Expedia Partner Solutions, which offers private label and co-branded products to make travel services available to travelers through third-party company branded websites. Our trivago segment generates advertising revenue primarily from sending referrals to online travel companies and travel service providers from its hotel metasearch websites.

Operating Metrics

Our operating results are affected by certain metrics, such as gross bookings and revenue margin, which we believe are necessary for understanding and evaluating us. Gross bookings generally represent the total retail value of transactions booked for agency and merchant transactions, recorded at the time of booking reflecting the total price due for travel by travelers, including taxes, fees and other charges, and are reduced for cancellations and refunds. Revenue margin is defined as revenue as a percentage of gross bookings.

Gross Bookings and Revenue Margin

	Three months ended March 31,		
	2023	2022	% Change
	($ in millions)		
Gross bookings	$ 29,401	$ 24,412	20 %
Revenue margin (1)	9.1 %	9.2 %	

(1) trivago, which is comprised of a hotel metasearch business that differs from our transaction-based websites, does not have associated gross bookings or revenue margin. However, third-party revenue from trivago is included in revenue used to calculate total revenue margin.

During the three months ended March 31, 2023, gross bookings increased 20% compared to the same period in 2022, as gross bookings for lodging and air improved due to increasing travel demand. Booked room nights for our lodging business increased 23% year over year.

Revenue margin decreased during the three months ended March 31, 2023 compared to the same period in 2022 driven mostly by a strong recovery in our lower-margin air business.

Results of Operations

Revenue

	Three months ended March 31,		
	2023	2022	% Change
	($ in millions)		
Revenue by Segment			
B2C	$ 1,921	$ 1,740	10 %
B2B	668	432	55 %
trivago (Third-party revenue)	76	77	(2)%
Total revenue	$ 2,665	$ 2,249	18 %

Revenue increased 18% for the three months ended March 31, 2023, compared to the same period in 2022, with increases in our B2B and B2C segments resulting from increased lodging revenue.

	Three months ended March 31,		
	2023	2022	% Change
	($ in millions)		
Revenue by Service Type			
Lodging	$ 2,029	$ 1,610	26 %
Air	113	74	53 %
Advertising and media(1)	175	166	6 %
Other	348	399	(13)%
Total revenue	$ 2,665	$ 2,249	18 %

(1) Includes third-party revenue from trivago as well as our transaction-based websites.

Lodging revenue increased 26% for the three months ended March 31, 2023, compared to the same period in 2022, primarily driven by an increase in room nights stayed, partially offset by a slight decline in stayed ADRs.

Air revenue increased 53% for the three months ended March 31, 2023 primarily driven by a 43% increase in revenue per air ticket and a 6% growth in booked air tickets.

Advertising and media revenue increased 6% for the three months ended March 31, 2023, compared to the same period in 2022, due to an increase at Expedia Group Media Solutions. All other revenue, which includes car rental, insurance and destination services, decreased 13% for the three months ended March 31, 2023, compared to the same period in 2022, from a decrease in travel insurance and car rental revenue.

In addition to the above segment and product revenue discussion, our revenue by business model is as follows:

	Three months ended March 31, 2023	Three months ended March 31, 2022	% Change
	($ in millions)		
Revenue by Business Model			
Merchant	$ 1,794	$ 1,485	21 %
Agency	666	566	18 %
Advertising, media and other	205	198	3 %
Total revenue	$ 2,665	$ 2,249	18 %

Merchant revenue increased for the three months ended March 31, 2023, compared to the same period in 2022, primarily due to an increase in merchant hotel revenue driven by an increase in room nights stayed as well as an increase in Vrbo merchant alternative accommodations revenue, partially offset by lower merchant travel insurance and car revenue.

Agency revenue increased for the three months ended March 31, 2023, compared to the same period in 2022, primarily due to an increase in agency hotel and air revenue, partially offset by agency car and travel insurance revenue.

Advertising, media and other increased for the three months ended March 31, 2023, compared to the same period in 2022, primarily due to an increase in advertising revenue.

Cost of Revenue

	Three months ended March 31, 2023	Three months ended March 31, 2022	% Change
	($ in millions)		
Direct costs	$ 330	$ 299	10 %
Personnel and overhead	84	72	17 %
Total cost of revenue	$ 414	$ 371	12 %
% of revenue	15.5 %	16.5 %	

Cost of revenue primarily consists of direct costs to support our customer operations, including our customer support and telesales as well as fees to air ticket fulfillment vendors; credit card processing, including merchant fees, fraud and chargebacks; and other costs, primarily including data center and cloud costs to support our websites, supplier operations, destination supply, certain transactional level taxes as well as related personnel and overhead costs, including stock-based compensation.

Cost of revenue increased $43 million during the three months ended March 31, 2023, compared to the same period in 2022, primarily due to higher cloud costs and merchant fees as well as higher customer service personnel costs as a result of increased transaction volumes. As a percentage of revenue, cost of revenue decreased on leverage driven by ongoing efficiencies primarily across our customer support operations.

Selling and Marketing

	Three months ended March 31, 2023	Three months ended March 31, 2022	% Change
	($ in millions)		
Direct costs	$ 1,487	$ 1,176	26 %
Indirect costs	187	163	14 %
Total selling and marketing	$ 1,674	$ 1,339	25 %
% of revenue	62.8 %	59.6 %	

Selling and marketing expense primarily relates to direct costs, including traffic generation costs from search engines and internet portals, television, radio and print spending, private label and affiliate program commissions, public relations and other costs. The remainder of the expense relates to indirect costs, including personnel and related overhead in our various brands and global supply organization as well as stock-based compensation costs.

Selling and marketing expenses increased $335 million during the three months ended March 31, 2023, compared to the same period in 2022, primarily driven by increased spend in B2C marketing channels as well as an increase in B2B partner commissions. Indirect costs increased compared to the prior year period due to higher headcount.

Technology and Content

	Three months ended March 31, 2023	Three months ended March 31, 2022	% Change
	($ in millions)		
Personnel and overhead	$ 234	$ 202	16 %
Other	83	68	20 %
Total technology and content	$ 317	$ 270	17 %
% of revenue	11.9 %	12.0 %	

Technology and content expense includes product development and content expense, as well as information technology costs to support our infrastructure, back-office applications and overall monitoring and security of our networks, and is principally comprised of personnel and overhead, including stock-based compensation, as well as other costs including cloud expense and licensing and maintenance expense.

Technology and content expense increased $47 million during the three months ended March 31, 2023, compared to the same period in 2022, primarily due to higher personnel costs due to increased headcount and $7 million higher stock-based compensation. In addition, licensing and maintenance costs increased by $11 million period over period.

General and Administrative

	Three months ended March 31, 2023	Three months ended March 31, 2022	% Change
	($ in millions)		
Personnel and overhead	$ 152	$ 143	7 %
Professional fees and other	32	43	(26)%
Total general and administrative	$ 184	$ 186	(1)%
% of revenue	6.9 %	8.3 %	

General and administrative expense consists primarily of personnel-related costs, including our executive leadership, finance, legal and human resource functions and related stock-based compensation as well as fees for external professional services.

General and administrative expense during the three months ended March 31, 2023 decreased slightly compared to the same period in 2022 as lower professional fees were partially offset by a headcount increase.

Depreciation and Amortization

	Three months ended March 31, 2023	Three months ended March 31, 2022	% Change
	($ in millions)		
Depreciation	$ 177	$ 175	1 %
Amortization of intangible assets	15	22	(32)%
Total depreciation and amortization	$ 192	$ 197	(3)%

Depreciation increased $2 million during the three months ended March 31, 2023, compared to the same period in 2022. Amortization of intangible assets decreased $7 million during the three months ended March 31, 2023, compared to the same period in 2022 primarily due to the completion of amortization in the fourth quarter of 2022 related to certain intangible assets.

Legal Reserves, Occupancy Tax and Other

	Three months ended March 31,		
	2023	2022	% Change
	($ in millions)		
Legal reserves, occupancy tax and other	$ 5	$ 21	(77)%
% of revenue	0.2 %	1.0 %	

Legal reserves, occupancy tax and other primarily consists of increases in our reserves for court decisions and the potential and final settlement of issues related to hotel occupancy and other taxes, expenses recognized related to monies paid in advance of occupancy and other tax proceedings (“pay-to-play”) as well as certain other legal reserves.

Legal reserves, occupancy tax and other for the three months ended March 31, 2023 primarily included changes to our reserve related to other taxes. Legal reserves, occupancy tax and other for the three months ended March 31, 2022 primarily related to certain other legal reserves for trivago, which were partially offset by immaterial charges to our reserve related to hotel occupancy and other taxes.

Operating Loss

	Three months ended March 31,		
	2023	2022	% Change
	($ in millions)		
Operating loss	$ (121)	$ (135)	(11)%
% of revenue	(4.5)%	(6.0)%	

During the three months ended March 31, 2023, we had an operating loss of $121 million, compared to an operating loss of $135 million for the same period in 2022. The lower loss in the current year period was primarily due to growth in revenue in excess of operating costs.

Adjusted EBITDA by Segment

	Three months ended March 31,		
	2023	2022	% Change
	($ in millions)		
B2C	$ 148	$ 188	(21)%
B2B	133	80	65 %
trivago	20	25	(20)%
Unallocated overhead costs (Corporate)	(116)	(120)	(4)%
Total Adjusted EBITDA (1)	$ 185	$ 173	7 %

(1) Adjusted EBITDA is a non-GAAP measure. See “Definition and Reconciliation of Adjusted EBITDA” below for more information.

Adjusted EBITDA is our primary segment operating metric. See Note 9 – Segment Information in the notes to the consolidated financial statements for additional information on intersegment transactions, unallocated overhead costs and for a reconciliation of Adjusted EBITDA by segment to net income (loss) attributable to Expedia Group, Inc. for the periods presented above.

Our B2C segment Adjusted EBITDA decreased during the three months ended March 31, 2023, compared to the same period in 2022, primarily as a result of an increase in marketing spend as mix shifted towards channels targeting long-term value travelers, partially offset by higher revenue. Our B2B segment experienced an improvement in Adjusted EBITDA during the three months ended March 31, 2023, compared to the same period in 2022, primarily as a result of revenue growth. Our trivago segment Adjusted EBITDA decreased during the three months ended March 31, 2023, compared to the same period in 2022, as a result of increases in marketing spend.

Interest Income and Expense

	Three months ended March 31, 2023	2022	% Change
	($ in millions)		
Interest income	$ 43	$ 3	N/A
Interest expense	(61)	(81)	(24)%

Interest income increased for the three months ended March 31, 2023, compared to the same period in 2022, as a result of higher rates of return. Interest expense decreased for the three months ended March 31, 2023, compared to the same period in 2022, as a result of lower average senior notes outstanding in the current year period.

Other, Net

Other, net is comprised of the following:

	Three months ended March 31, 2023	2022
	($ in millions)	
Foreign exchange rate losses, net	$ (13)	$ (17)
Gain on minority equity investments, net	1	21
TripAdvisor tax indemnification adjustment	69	—
Gain on sale of businesses, net	20	2
Other	1	(1)
Total other, net	$ 78	$ 5

During the three months ended March 31, 2023, we recognized a $69 million gain, which together with amounts recorded in a prior period, represented the estimate of an indemnification reimbursement due to Expedia Group from TripAdvisor. See “Provision for Income Taxes” below for more information and discussion of a corresponding charge to income tax expense in the current period.

During the three months ended March 31, 2023, we recognized a $20 million gain related to the sale of a business in a prior year.

Provision for Income Taxes

	Three months ended March 31, 2023	2022	% Change
	($ in millions)		
Provision for income taxes	$ 79	$ (85)	N/A
Effective tax rate	(128.5)%	40.9 %	

We determine our provision for income taxes for interim periods using an estimate of our annual effective tax rate. We record any changes affecting the estimated annual tax rate in the interim period in which the change occurs, including discrete items.

For the three months ended March 31, 2023, the effective tax rate was (128.5%) measured against a pre-tax loss, compared to a 40.9% effective tax rate measured against a pre-tax loss for the three months ended March 31, 2022. The change in the effective tax rate was primarily due to a lower quarter-to-date pre-tax loss and the discrete tax expense effect of the TripAdvisor audit assessment discussed below.

We are subject to taxation in the United States and foreign jurisdictions. Our income tax filings are regularly examined by federal, state and foreign tax authorities. During the fourth quarter of 2019, the Internal Revenue Service (“IRS”) issued final adjustments related to transfer pricing with our foreign subsidiaries for our 2011 to 2013 tax years. The adjustments would increase our U.S. taxable income by $696 million, which would result in federal tax of approximately $244 million, subject to interest. We do not agree with the position of the IRS. We have formally filed a protest for our 2011 to 2013 tax years and the case is currently in Appeals. During the fourth quarter of 2022, the IRS issued similar proposed adjustments related to transfer pricing with our foreign subsidiaries for our 2014 to 2016 tax years. The adjustments would increase our U.S. taxable income by $1.232 billion, which would result in federal tax of approximately $431 million, subject to interest, including any offsetting correlative adjustments. We do not agree with the position of the IRS and intend to formally file a protest. We are also under examination by the IRS for our 2017 to 2020 tax years. We believe it is reasonably possible that the audit of the 2011 to 2013 tax years will conclude within the next 12 months.

On December 20, 2011, we completed a spin-off of TripAdvisor into a separate publicly-traded corporation. Pursuant to the tax sharing agreement between Expedia Group and TripAdvisor, TripAdvisor is responsible for its potential tax liabilities in connection with any consolidated income tax returns filed as a part of Expedia Group's consolidated income tax return prior to or in connection with the spin-off. TripAdvisor is required to indemnify Expedia Group for any such taxes, including interest, penalties, legal, and professional fees.

In February 2023, TripAdvisor agreed in principle with the IRS to an assessed amount of $123 million, inclusive of interest, for transfer pricing adjustments with its foreign subsidiaries for the 2009 through 2011 tax years. The assessment is a tax liability for tax years when TripAdvisor was part of Expedia Group's consolidated income tax return and is covered by the indemnification pursuant to the tax sharing agreement. As Expedia Group is the primary obligor for this assessment, we are required to remit the final assessed payment amount to the IRS. Taking into account amounts previously recorded as an estimate of TripAdvisor's tax liability, during the first quarter of 2023, we recorded $69 million of additional income tax expense and a corresponding tax indemnification adjustment in other, net in our consolidated statements of operations representing the estimate of the incremental assessed payment due to the IRS, including state tax effects. We anticipate we will receive from the IRS the final assessed amount due during this calendar year. At that time, we will compute and agree to the reimbursement required from TripAdvisor in settlement of the outstanding indemnification receivable for this matter. We continue to be subject to audit by the IRS for the 2011 to 2013 tax years for other audit matters including as discussed above.

Definition and Reconciliation of Adjusted EBITDA

We report Adjusted EBITDA as a supplemental measure to U.S. generally accepted accounting principles ("GAAP"). Adjusted EBITDA is among the primary metrics by which management evaluates the performance of the business and on which internal budgets are based. Management believes that investors should have access to the same set of tools that management uses to analyze our results. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP. Adjusted EBITDA has certain limitations in that it does not take into account the impact of certain expenses to our consolidated statements of operations. We endeavor to compensate for the limitation of the non-GAAP measure presented by also providing the most directly comparable GAAP measure and a description of the reconciling items and adjustments to derive the non-GAAP measure. Adjusted EBITDA also excludes certain items related to transactional tax matters, which may ultimately be settled in cash, and we urge investors to review the detailed disclosure regarding these matters included above, in the Legal Proceedings section, as well as the notes to the financial statements. The non-GAAP financial measure used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies.

Adjusted EBITDA is defined as net income (loss) attributable to Expedia Group, Inc. adjusted for (1) net income (loss) attributable to non-controlling interests; (2) provision for income taxes; (3) total other expenses, net; (4) stock-based compensation expense, including compensation expense related to certain subsidiary equity plans; (5) acquisition-related impacts, including (i) amortization of intangible assets and goodwill and intangible asset impairment, (ii) gains (losses) recognized on changes in the value of contingent consideration arrangements, if any, and (iii) upfront consideration paid to settle employee compensation plans of the acquiree, if any; (6) certain other items, including restructuring; (7) items included in legal reserves, occupancy tax and other; (8) that portion of gains (losses) on revenue hedging activities that are included in other, net that relate to revenue recognized in the period; and (9) depreciation.

The above items are excluded from our Adjusted EBITDA measure because these items are noncash in nature, or because the amount and timing of these items is unpredictable, not driven by core operating results and renders comparisons with prior periods and competitors less meaningful. We believe Adjusted EBITDA is a useful measure for analysts and investors to evaluate our future on-going performance as this measure allows a more meaningful comparison of our performance and projected cash earnings with our historical results from prior periods and to the results of our competitors. Moreover, our management uses this measure internally to evaluate the performance of our business as a whole and our individual business segments. In addition, we believe that by excluding certain items, such as stock-based compensation and acquisition-related impacts, Adjusted EBITDA corresponds more closely to the cash operating income generated from our business and allows investors to gain an understanding of the factors and trends affecting the ongoing cash earnings capabilities of our business, from which capital investments are made and debt is serviced.

The reconciliation of net income (loss) attributable to Expedia Group, Inc. to Adjusted EBITDA is as follows:

	Three months ended March 31,	
	2023	2022
	(In millions)	
Net loss attributable to Expedia Group, Inc.	$ (145)	$ (122)
Net income (loss) attributable to non-controlling interests	5	(1)
Provision for income taxes	79	(85)
Total other (income) expense, net	(60)	73
Operating loss	(121)	(135)
Gain (loss) on revenue hedges related to revenue recognized	6	—
Legal reserves, occupancy tax and other	5	21
Stock-based compensation	103	90
Depreciation and amortization	192	197
Adjusted EBITDA	$ 185	$ 173

Financial Position, Liquidity and Capital Resources

Our principal sources of liquidity are typically cash flows generated from operations, cash available under our credit facility as well as our cash and cash equivalents and short-term investment balances, which were $5.9 billion and $4.1 billion at March 31, 2023 and December 31, 2022. As of March 31, 2023, the total cash and cash equivalents and short-term investments held outside the United States was $790 million ($465 million in wholly-owned foreign subsidiaries and $325 million in majority-owned subsidiaries). Our revolving credit facility with aggregate commitments of $2.5 billion was essentially untapped at March 31, 2023.

Our credit ratings are periodically reviewed by rating agencies. As of March 31, 2023, Moody's rating was Baa3 with an outlook of "positive," S&P's rating was BBB with an outlook of "stable" and Fitch's rating was BBB- with an outlook of "stable." In April 2023, Fitch's outlook changed from "stable" to "positive," which "reflects Fitch's expectation that Expedia's gross EBITDA leverage will approach 2x this year." Changes in our operating results, cash flows, financial position, capital structure, financial policy or capital allocations to share repurchase, dividends, investments and acquisitions could impact the ratings assigned by the various rating agencies. Should our credit ratings be adjusted downward, we may incur higher costs to borrow and/or limited access to capital markets and interest rates on our 6.25% senior notes, 4.625% senior notes as well as our 2.95% senior notes will increase, which could have a material impact on our financial condition and results of operations.

As of March 31, 2023, we were in compliance with the covenants and conditions in our revolving credit facility and outstanding debt as detailed in Note 4 – Debt in the notes to the consolidated financial statements.

Under the merchant model, we receive cash from travelers at the time of booking and we record these amounts on our consolidated balance sheets as deferred merchant bookings. We pay our airline suppliers related to these merchant model bookings generally within a few weeks after completing the transaction. For most other merchant bookings, which is primarily our merchant lodging business, we generally pay after the travelers' use and, in some cases, subsequent billing from the hotel suppliers. Therefore, generally we receive cash from the traveler prior to paying our supplier, and this operating cycle represents a working capital source of cash to us. Typically, the seasonal fluctuations in our merchant hotel bookings have affected the timing of our annual cash flows. Generally, during the first half of the year, hotel bookings have traditionally exceeded stays, resulting in much higher cash flow related to working capital. During the second half of the year, this pattern typically reverses and cash flows are typically negative. Impacts of COVID-19 disrupted our typical working capital trends in prior years but in recent periods have seen booking and travel trends nearly normalize resulting in working capital benefits and positive cash flow in the current period akin to typical historical trends.

For 2023, we expect total capital expenditures for the full year to increase relative to our 2022 spending levels as we look to continue to improve our technology platforms, infrastructure, operational capabilities, and in the development of service offerings and expansion of our operations.

Our cash flows are as follows:

	Three months ended March 31, 2023	Three months ended March 31, 2022	$ Change
	(In millions)		
Cash provided by (used in):			
Operating activities	$ 3,157	$ 2,991	$ 166
Investing activities	(195)	13	(208)
Financing activities	(437)	(663)	226
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash and cash equivalents	11	(11)	22

For the three months ended March 31, 2023, net cash provided by operating activities increased by $166 million primarily due to increased benefits from working capital changes driven primarily from a change in deferred merchant bookings as well as lower interest expense paid and higher interest income received in the current year.

For the three months ended March 31, 2023, we had net cash used in investing activities of $195 million compared to cash provided by investing activities of $13 million in the prior year period. The change was primarily due to higher net sales and maturities of investments in the prior year as well as higher capital expenditures in the current year.

For the three months ended March 31, 2023, net cash used in financing activities primarily included $469 million of cash paid to acquire shares, including the repurchased shares under the authorizations discussed below and for treasury stock activity related to the vesting of equity instruments, partially offset by $29 million of proceeds from the exercise of options and employee stock purchase plans. For the three months ended March 31, 2022, net cash used in financing activities primarily included payments of $724 million related to the extinguishment of our 2.5% senior notes as well as $47 million of cash paid for treasury stock activity related to the vesting of equity instruments. These uses of cash were largely offset by $101 million of proceeds from the exercise of options and employee stock purchase plans.

During the three months ended March 31, 2023, we repurchased, through open market transactions, 4.3 million shares under a 2019 share authorization for a total cost of $448 million, excluding transaction costs. As of March 31, 2023, there were approximately 13.8 million shares remaining under the authorization. There is no fixed termination date for the repurchases.

Foreign exchange rate changes resulted in an increase of our cash and restricted cash balances denominated in foreign currency during the three months ended March 31, 2023 of $11 million reflecting a net appreciation in foreign currencies relative to the U.S. dollar during the current period compared to $11 million decrease in the prior year period reflecting a net depreciation in foreign currencies relative to the U.S. dollar.

Other than discussed above, there have been no material changes outside the normal course of business to our contractual obligations and commercial commitments since December 31, 2022.

In our opinion, our liquidity position provides sufficient capital resources to meet our foreseeable cash needs. There can be no assurance, however, that the cost or availability of future borrowings, including refinancings, if any, will be available on terms acceptable to us.

Summarized Financial Information for Guarantors and the Issuer of Guaranteed Securities

Summarized financial information of Expedia Group, Inc. (the “Parent”) and our subsidiaries that are guarantors of our debt facility and instruments (the “Guarantor Subsidiaries”) is shown below on a combined basis as the “Obligor Group.” The debt facility and instruments are guaranteed by certain of our wholly-owned domestic subsidiaries and rank equally in right of payment with all of our existing and future unsecured and unsubordinated obligations. The guarantees are full, unconditional, joint and several with the exception of certain customary automatic subsidiary release provisions. In this summarized financial information of the Obligor Group, all intercompany balances and transactions between the Parent and Guarantor Subsidiaries have been eliminated and all information excludes subsidiaries that are not issuers or guarantors of our debt facility and instruments, including earnings from and investments in these entities.

	March 31, 2023	December 31, 2022
	(In millions)	
Combined Balance Sheets Information:		
Current Assets	$ 9,867	$ 6,720
Non-Current Assets	10,082	10,458
Current Liabilities [(1)]	14,203	10,407
Non-Current Liabilities	6,825	6,777
	Three Months Ended March 31, 2023	**Year Ended December 31, 2022**
Combined Statements of Operations Information:		
Revenue	$ 2,139	$ 9,431
Operating income (loss) [(2)]	(197)	747
Net income (loss)	(227)	150
Net income (loss) attributable to Obligors	(233)	146

(1) Current liabilities include intercompany payables with non-guarantors of $958 million as of March 31, 2023 and $466 million as of December 31, 2022.

(2) Operating income (loss) includes net intercompany income with non-guarantors of $3 million for the three months ended March 31, 2023 and $35 million for the year ended December 31, 2022.

Part I. Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Management

There have been no material changes in our market risk during the three months ended March 31, 2023. For additional information, see Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in Part II of our Annual Report on Form 10-K for the year ended December 31, 2022.

Part I. Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures.

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), our management, including our Chairman and Senior Executive, Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act). Based upon that evaluation, our Chairman and Senior Executive, Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

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, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Item 1. Legal Proceedings

In the ordinary course of business, Expedia Group and its subsidiaries are parties to legal proceedings and claims involving property, tax, personal injury, contract, alleged infringement of third-party intellectual property rights and other claims. A discussion of certain legal proceedings can be found in the section titled "Legal Proceedings," of our Annual Report on Form 10-K for the year ended December 31, 2022. The following are developments regarding, as applicable, such legal proceedings and/or new legal proceedings:

Litigation Relating to Occupancy and Other Taxes

Pine Bluff, Arkansas Litigation. On February 24, 2023, the trial court issued final judgment against the defendant online travel companies. The defendants filed a notice of appeal to the Arkansas Supreme Court on March 23, 2023. That appeal remains pending.

State of Mississippi Litigation. The Mississippi Supreme Court heard argument on defendants' appeal of the trial court's final judgment on April 11, 2023 and the parties await a ruling.

Clark County, Nevada Litigation. On March 31, 2023, the court granted defendants' motion for summary judgment as to all claims.

City of Charleston, South Carolina Litigation. The court heard argument on HomeAway.com, Inc.'s motion to dismiss on February 14, 2023. On April 4, 2023, the court denied the motion.

Part II. Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2022, which could materially affect our business, financial condition or future results. These are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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

In December 2019, the Board of Directors and the Executive Committee, pursuant to a delegation of authority from the Board, authorized a repurchase of up to 20 million shares of our common stock. A summary of the repurchase activity for the first quarter of 2023 is as follows:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under Plans or Programs
	(In thousands, expect per share data)			
January 1-31, 2023	—	$ —	—	18,094
February 1-28, 2023	1,455	$ 109.91	1,455	16,639
March 1-31, 2023	2,866	$ 100.48	2,866	13,773
Total	4,321		4,321	

Part II. 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	First Amendment, dated as of April 12, 2023, to the Credit Agreement dated as of April 14, 2022, among Expedia Group, Inc. and certain of its Subsidiaries, as Borrowers, the Lenders thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent	X				
22	List of Guarantor Subsidiaries of Expedia Group, Inc.	X				
31.1	Certification of the Chairman and Senior Executive pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.3	Certification of the Chief Financial Officer pursuant Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1	Certification of the Chairman and Senior Executive pursuant Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.2	Certification of the Chief Executive Officer pursuant Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.3	Certification of the Chief Financial Officer pursuant Section 906 of the Sarbanes-Oxley Act of 2002	X				
101	The following financial statements from the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, formatted in XBRL: (i) Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income (Loss), (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Changes in Stockholders’ Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements.	X				

Signature

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.

May 4, 2023	Expedia Group, Inc.	
	By:	/s/ Julie Whalen
		Julie Whalen Chief Financial Officer

FIRST AMENDMENT dated as of April 12, 2023 (this "Amendment"), to the CREDIT AGREEMENT dated as of April 14, 2022 (the "Credit Agreement"), among EXPEDIA GROUP, INC., a Delaware corporation (the "Company"), the BORROWING SUBSIDIARIES from time to time party thereto, the LENDERS from time to time party thereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

WHEREAS, the Lenders have agreed to extend credit to the Borrowers under the Credit Agreement on the terms and subject to the conditions set forth therein;

WHEREAS, the Company has requested that the Lenders agree to effect certain amendments to the Credit Agreement as set forth herein; and

WHEREAS, the parties hereto, which include Lenders constituting the Required Lenders as of the First Amendment Effective Date (as defined below), are willing to amend the Credit Agreement on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. Capitalized terms used but not otherwise defined herein (including in the preamble and the recitals hereto) have the meanings assigned to them in the Credit Agreement (as amended hereby).

SECTION 2. Amendment of Credit Agreement. Effective as of the First Amendment Effective Date, the Credit Agreement (excluding any of the Exhibits or Schedules thereto) is hereby amended by deleting the language indicated by strikethrough text (indicated textually in the same manner as the following example: ~~stricken text~~) and by inserting the language indicated in double underlined text (indicated textually in the same manner as the following example: double-underlined text), all as set forth in the pages of the Credit Agreement attached as Exhibit A hereto and made a part hereof.

SECTION 3. Representations and Warranties. The Company and each Borrowing Subsidiary represents and warrants to the Lenders that:

(a) This Amendment has been duly executed and delivered by the Company and each Borrowing Subsidiary and (assuming due execution by the parties hereto other than the Company and the Borrowing Subsidiaries) constitutes a legal, valid and binding obligation of the Company and each Borrowing Subsidiary, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) Before and after giving effect to this Amendment, the representations and warranties set forth in Article III of the Credit Agreement are true and correct in all material respects (in all respects in the case of representations and warranties qualified by materiality in the text thereof) on and as of the First Amendment Effective Date with the same effect as if made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case they were so true and correct as of such earlier date.

(c) As of the First Amendment Effective Date, before and after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

SECTION 4. Effectiveness. This Amendment shall become effective as of the first date (the "First Amendment Effective Date") on which the Administrative Agent shall have signed a counterpart of this Amendment and shall have received from the Company, each Borrowing Subsidiary and Lenders constituting at least the Required Lenders a counterpart of this Amendment executed by such Person (which, subject to Section 9.06(b) of the Credit Agreement, may include any Electronic Signatures transmitted by fax, emailed pdf or any other electronic means that reproduces an image of an actual executed signature page of this Amendment). The Administrative Agent shall notify the Company, the Lenders and the Issuing Banks of the First Amendment Effective Date, and such notice shall be conclusive and binding.

SECTION 5. Effect of this Amendment. (a) Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Administrative Agent, the Issuing Banks or the Lenders under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle any Loan Party to any other consent to, or any other waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances.

(b) On and after the First Amendment Effective Date, each reference in the Credit Agreement to "this Agreement", "herein", "hereunder", "hereto", "hereof" and words of similar import shall, unless the context otherwise requires, refer to the Credit Agreement as amended hereby, and each reference to the Credit Agreement in any other Loan Document shall be deemed to be a reference to the Credit Agreement as amended hereby. This Amendment shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents.

SECTION 6. **Applicable Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.**

SECTION 7. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which, when taken together, shall constitute a single instrument.

SECTION 8. Incorporation by Reference. The provisions of Sections 9.06(b), 9.07, 9.09(b), 9.09(c), 9.09(d), 9.10 and 9.11 of the Credit Agreement are hereby incorporated by reference as if set forth in full herein, mutatis mutandis.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the date first above written.

EXPEDIA GROUP, INC.
by: /s/ Michael S. Marron

Name: Michael S. Marron
Title: Senior Vice President, Legal and Assistant Secretary

EXPEDIA, INC.
by: /s/ Michael S. Marron

Name: Michael S. Marron
Title: Senior Vice President, Legal and Assistant Secretary

TRAVELSCAPE, LLC
by: /s/ Michael S. Marron

Name: Michael S. Marron
Title: Senior Vice President, Legal and Assistant Secretary

HOTWIRE, INC.
by: /s/ Michael S. Marron

Name: Michael S. Marron
Title: Senior Vice President, Legal and Assistant Secretary

JPMORGAN CHASE BANK, N.A., individually and as Administrative Agent,

by: /s/ John Kowalczuk

Name: John Kowalczuk
Title: Executive Director

Name of Institution: Bank of America, N.A.

by: /s/ Spencer Hunter

Name: Spencer Hunter
Title: Vice President

Name of Institution: BNP Paribas

by: /s/ Gregory Paul

Name: Gregory Paul
Title: Managing Director

by: /s/ My-Linh Yoshiike

Name: My-Linh Yoshiike
Title: Vice-President

Name of Institution: CITIBANK, N.A.

by: /s/ Michael Vondriska

Name: Michael Vondriska
Title: Vice President

Name of Institution: GOLDMAN SACHS BANK USA

by: /s/ Keshia Leday

Name: Keshia Leday
Title: Authorized Signatory

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK

by: /s/ Andrew Sidford

Name: Andrew Sidford
Title: Managing Director

by: /s/ Gordon Yip

Name: Gordon Yip
Title: Director

HSBC Bank USA, National Association, as a Lender

by: /s/ Mary Beth Dam

Name: Mary Beth Dam
Title: Region Head, 22710

Name of Institution: MUFG Bank, Ltd.

by: /s/ Kenan de Roziere

Name: Kenan de Roziere
Title: Vice President

ROYAL BANK OF CANADA, as a Lender

by: /s/ Staci Sunshine Gola

Name: Staci Sunshine Gola
Title: Authorized Signatory

Name of Institution: The Bank of Nova Scotia

by: /s/ Todd Kennedy

Name: Todd Kennedy
Title: Managing Director

U.S. Bank National Association

by: /s/ Steven L Sawyer

Name: Steven L Sawyer
Title: Senior Vice President

Name of Institution: STANDARD CHARTERED BANK

by: /s/ Kristopher Tracy

Name: Kristopher Tracy
Title: Director, Financing Solutions

Exhibit A

Amendments to Credit Agreement

[See attached.]

~~EXECUTION VERSION~~EXHIBIT A

ADDED TEXT SHOWN UNDERSCORED
DELETED TEXT SHOWN ~~STRIKETHROUGH~~

CREDIT AGREEMENT

dated as of April 14, 2022,

among

EXPEDIA GROUP, INC.,

the BORROWING SUBSIDIARIES from time to time party hereto,

the LENDERS from time to time party hereto

and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

____

JPMORGAN CHASE BANK, N.A.,
BOFA SECURITIES, INC.,
BNP PARIBAS SECURITIES CORP.,
CITIBANK, N.A.,
and
GOLDMAN SACHS BANK USA,
as Joint Lead Arrangers and Joint Bookrunners

BANK OF AMERICA, N.A.
and
BNP PARIBAS,
as Co-Syndication Agents

CITIBANK, N.A.
and
GOLDMAN SACHS BANK USA,
as Co-Documentation Agents

[CS&M Ref. No. 6701-507]

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS

ARTICLE II

THE CREDITS

ARTICLE III

REPRESENTATIONS AND WARRANTIES

than any such obligations (i) owing to the Administrative Agent or an Affiliate thereof, (ii) owing to another Lender or an Affiliate thereof (and identified in writing by the Company to the Administrative Agent on or prior to the Effective Date) or (iii) referred to in clause (d) above, obligations in respect of such Cash Management Services have been designated as "Designated Cash Management Obligations" by written notice from the Company to the Administrative Agent in form and detail reasonably satisfactory to the Administrative Agent. In the case of clause (d) above, the Company may give written notice to the Administrative Agent to the effect that the obligations that would otherwise constitute Designated Cash Management Obligations pursuant to such clause (d) cease to be Designated Cash Management Obligations, whereupon such obligations shall cease to be Designated Cash Management Obligations for all purposes of the Loan Documents and the provisions of such clause (d) shall cease to be in effect.

"Designated Subsidiary" means each Subsidiary that is (a) a Borrowing Subsidiary, (b) a Material Subsidiary or (c) an obligor (including pursuant to a Guarantee) under any Material Indebtedness of the Company or any other Domestic Subsidiary (other than any Specified Foreign Subsidiary or any CFC Holdco), in each case other than (i) except with respect to clause (c) above, any Specified Foreign Subsidiary or any CFC Holdco, (ii) except with respect to clause (c) above, (A) any other Foreign Subsidiary or (B) any subsidiary of a Foreign Subsidiary, other than any such subsidiary that is a Domestic Subsidiary if, prior to becoming a subsidiary of such Foreign Subsidiary, such Domestic Subsidiary was a direct subsidiary of the Company or any other Domestic Subsidiary (which other Domestic Subsidiary was not itself a subsidiary of a Foreign Subsidiary), (iii) the New Headquarters SPV and the New Headquarters Parent SPV, (iv) except with respect to clause (c) above to the extent such Subsidiary Guarantees any Material Indebtedness of the Company or any Wholly Owned Subsidiary that is a Domestic Subsidiary, any Subsidiary if, and for so long as, such Subsidiary is not a Wholly Owned Subsidiary, (v) any Securitization Subsidiary ~~and~~**,** (vi) any Excluded Subsidiary **and (vii) except with respect to clause (c) above, any Legal Restriction Subsidiary**.

"Designated Swap Obligations" means the due and punctual payment and performance of all obligations of the Company and the Subsidiaries under each Swap Agreement that (a) is with a counterparty that is, or was on the Effective Date, the Administrative Agent, an Arranger or an Affiliate of any of the foregoing, whether or not such counterparty shall have been the Administrative Agent, an Arranger or an Affiliate of any of the foregoing at the time such Swap Agreement was entered into, (b) is in effect on the Effective Date with a counterparty that is a Lender or an Affiliate of a Lender as of the Effective Date, (c) is entered into after the Effective Date with a counterparty that is a Lender or an Affiliate of a Lender at the time such Swap Agreement is entered into or (d) is identified in writing by the Company to the Administrative Agent on or prior to the Effective Date, including, in each case, obligations with respect to payments for early termination, fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including obligations accruing, at the rate specified therein, or incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding); provided that, other than any such obligations (i) owing to the Administrative Agent or an Affiliate thereof, (ii) owing to another Lender or an Affiliate thereof (and identified in writing by the Company to the Administrative Agent on or prior to the Effective Date) or (iii) referred to in clause (d) above, obligations in respect of such Swap Agreements have been duplication) to give effect to any reallocation under Section 2.20 of the LC Exposure of Defaulting Lenders in effect at such time.

"LC Participation Calculation Date" means, with respect to any LC Disbursement made by any Issuing Bank or any refund of a reimbursement payment made by any Issuing Bank to any Borrower, in each case in a currency other than US Dollars, (a) the date on which such Issuing Bank shall advise the Administrative Agent that it purchased with US Dollars the currency used to make such LC Disbursement or refund or (b) if such Issuing Bank shall not advise the Administrative Agent that it made such a purchase, the date on which such LC Disbursement or refund is made.

"**Legal Restriction Subsidiary" means any Subsidiary (i) that is prohibited or restricted by applicable law from Guaranteeing the Obligations (or any other Indebtedness of the Company or any of its Subsidiaries which such Subsidiary would be required to Guarantee as a result of Guaranteeing the Obligations), (ii) which would require governmental (including regulatory) consent, approval, license or authorization to provide such a Guarantee unless, such consent, approval, license or authorization has been received or (iii) which would be an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, including as a result of providing such a Guarantee**.

"Lender Parent" means, with respect to any Lender, any Person in respect of which such Lender is a subsidiary.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to Section 2.09(d) or 9.02(d) or an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement, and, as of the Effective Date, the Existing Letters of Credit, other than any such letter of credit that shall have ceased to be a "Letter of Credit" outstanding hereunder pursuant to Section 9.05.

"Leverage Ratio" means, on any date, the ratio of (a) Consolidated Funded Debt as of such date to (b) Consolidated EBITDA for the Test Period then most recently ended.

"Liabilities" means any losses, claims, damages or liabilities of any kind.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, assignment by way of security, charge or security interest in, on or of such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

"Loan" means any loan made by the Lenders to any Borrower pursuant to this Agreement.

SECTION 3.08. Investment Company Status. Neither the Company nor any other Loan Party is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940**, as amended**.

SECTION 3.09. Taxes. Each of the Company and the Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Company or such Subsidiary, as applicable, has set aside on its books reserves with respect thereto in accordance with GAAP or (b) to the extent that the failure to do so would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect. As of the Effective Date, the excess of the present value of all accumulated benefit obligations under each Plan (based on assumptions used for purposes of Accounting Standards Codification Topic 715), if any, over the fair market value of the assets of such Plan, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11. Disclosure. As of the Effective Date, none of the reports, financial statements, certificates or other written factual information (other than information of a general economic or industry specific nature) furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder, in each case, on or prior to the Effective Date, when taken as a whole, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading as of the date furnished; provided that, with respect to projected financial information and other forward-looking information, the Company represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.12. Subsidiaries. Schedule 3.12 sets forth, as of the Effective Date, the name and jurisdiction of organization of, and the percentage of each class of Equity Interests owned by the Company or any Subsidiary in, each Subsidiary and identifies, as of the Effective Date, each Designated Subsidiary and each Material Subsidiary.

SECTION 3.13. Use of Proceeds; Margin Regulations. The proceeds of the Loans have been and will be used solely for the general corporate purposes of the Company and the Subsidiaries, including working capital, capital expenditures and acquisitions. No part of the proceeds of any Loan or any Letter of Credit have been or will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board of Governors, including Regulations T, U and X.

SECTION 3.14. Borrowing Subsidiaries. Each Borrowing Subsidiary that is a Foreign Subsidiary is subject to civil and commercial law with respect to its Obligations, and the execution and delivery by such Borrowing Subsidiary of the applicable Borrowing Subsidiary

Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

[Signature Pages ~~Follow~~**Intentionally Removed**]

Exhibit 22

As of May 4, 2023, the following subsidiaries of Expedia Group, Inc. (the "Parent") are Subsidiary Guarantors with respect to our outstanding debt securities:

Guarantor	**Jurisdiction of Formation**
BedandBreakfast.com, Inc.	United States – CO
CarRentals.com, Inc.	United States – NV
Cruise, LLC	United States - WA
EAN.com, LP	United States - DE
Expedia Group Commerce, Inc.	United States – DE
Expedia, Inc.	United States - WA
Expedia LX Partner Business, Inc.	United States – DE
Higher Power Nutrition Common Holdings, LLC	United States - DE
HomeAway Software, Inc.	United States - DE
HomeAway.com, Inc.	United States - DE
Hotels.com GP, LLC	United States - TX
Hotels.com, L.P.	United States - TX
Hotwire, Inc.	United States - DE
HRN 99 Holdings, LLC	United States - NY
Interactive Affiliate Network, LLC	United States - DE
LEMS I LLC	United States - DE
LEXE Marginco, LLC	United States - DE
LEXEB, LLC	United States - DE
Liberty Protein, Inc.	United States - DE
O Holdings Inc.	United States – DE
Orbitz, Inc.	United States - DE
Orbitz, LLC	United States - DE
Orbitz Worldwide, Inc.	United States - DE
Orbitz Worldwide, LLC	United States - DE
Travelscape, LLC	United States - NV
Trip Network, Inc.	United States - DE
VRBO Holdings, Inc.	United States - DE
WWTE, Inc.	United States – NV

Exhibit 31.1

Certification

I, Barry Diller, Chairman and Senior Executive of Expedia Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Expedia Group, 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 officers 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 we 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 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 officers 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, 2023

/s/ BARRY DILLER
Barry Diller
Chairman and Senior Executive

Exhibit 31.2

Certification

I, Peter M. Kern, Vice Chairman and Chief Executive Officer of Expedia Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Expedia Group, 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 officers 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 we 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 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 officers 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, 2023

/s/ PETER M. KERN

Peter M. Kern

Vice Chairman and Chief Executive Officer

Exhibit 31.3

Certification

I, Julie Whalen, Chief Financial Officer of Expedia Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Expedia Group, 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 officers 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 we 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 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 officers 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, 2023

/s/ JULIE WHALEN

Julie Whalen
Chief Financial Officer

Exhibit 32.1

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

I, Barry Diller, Chairman and Senior Executive of Expedia Group, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2023 (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 (15 U.S.C. 78m or 78o(d)); 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, 2023

/s/ BARRY DILLER
Barry Diller
Chairman and Senior Executive

Exhibit 32.2

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

I, Peter M. Kern, Vice Chairman and Chief Executive Officer of Expedia Group, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2023 (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 (15 U.S.C. 78m or 78o(d)); 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, 2023

/s/ PETER M. KERN

Peter M. Kern

Vice Chairman and Chief Executive Officer

Exhibit 32.3

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

I, Julie Whalen, Chief Financial Officer of Expedia Group, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2023 (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 (15 U.S.C. 78m or 78o(d)); 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, 2023

/s/ JULIE WHALEN
Julie Whalen
Chief Financial Officer