

expedia group™

Expedia Group Reports First Quarter 2024 Results

Posts strong first quarter revenue and profitability

Revenue grew 8% y/y with margin expansion

Accelerated level of share repurchases at \$786 million year-to-date

SEATTLE, WA – May 2, 2024 – Expedia Group, Inc. (NASDAQ: EXPE) announced financial results today for the first quarter ended March 31, 2024.

“Our first quarter results met our guidance with a revenue and earnings beat but with less robust gross bookings. We saw continued momentum in B2B, Brand Expedia and Advertising. However, Vrbo’s recovery following the recent re-platforming has been slower than anticipated, which has put pressure on gross bookings,” said Peter Kern, Vice Chairman and CEO, Expedia Group. “As we enter the second quarter, we are seeing some acceleration in the rest of our B2C business and expect it to continue throughout the year. But given the Vrbo drag and the rate of acceleration in B2C thus far, we are lowering our full year guidance to a range of mid to high single digit top line growth with margins relatively in line versus last year. Despite this slower than expected acceleration, the underpinning of the work we have done on the platform is in place and I have every confidence in the teams to continue to leverage these capabilities to drive even stronger growth.”

First Quarter Highlights

- Total gross bookings were \$30.2 billion, an increase of 3% compared to 2023.
- Lodging gross bookings were \$21.9 billion, an increase of 4% compared to 2023. Hotel bookings were up 12% compared to 2023.
- Revenue at \$2.9 billion grew 8% compared to 2023. B2B revenue was \$833 million, an increase of 25% compared to 2023.
- Net loss was \$135 million and adjusted net income was \$29 million. Adjusted EBITDA was \$255 million, an increase of 38% with 191 basis points of margin expansion compared to 2023.
- Repurchased approximately 5.7 million shares for approximately \$786 million year-to-date.

Financial Summary & Operating Metrics (In millions except per share amounts)

Metric	Expedia Group, Inc.		
	Q1 2024	Q1 2023	Δ Y/Y
Booked room nights	101.2	94.5	7%
Gross bookings	\$30,164	\$29,401	3%
Revenue	\$2,889	\$2,665	8%
Operating loss	\$(110)	\$(121)	(9)%
Net loss attributable to Expedia Group, Inc.	\$(135)	\$(145)	(7)%
Diluted earnings (loss) per share	\$(0.99)	\$(0.95)	4%
Adjusted EBITDA*	\$255	\$185	38%
Adjusted EBIT*	\$(59)	\$(110)	(46)%
Adjusted net income (loss)*	\$29	\$(30)	NM
Adjusted EPS*	\$0.21	\$(0.20)	NM
Net cash provided by operating activities	\$2,879	\$3,157	(9)%
Free cash flow*	\$2,702	\$2,924	(8)%

* A reconciliation of non-GAAP financial measures to the most comparable GAAP measures is provided at the end of this release.

Conference Call

Expedia Group, Inc. will webcast a conference call to discuss first quarter 2024 financial results and certain forward-looking information on Thursday, May 2, 2024 at 1:30 p.m. Pacific Time (PT). The webcast will be open to the public and available via ir.expediagroup.com. Expedia Group expects to maintain access to the webcast on the IR website for approximately twelve months subsequent to the initial broadcast.

About Expedia Group

Expedia Group, Inc. brands power travel for everyone, everywhere through our global platform. Driven by the core belief that travel is a force for good, we help people experience the world in new ways and build lasting connections. We provide industry-leading technology solutions to fuel partner growth and success, while facilitating memorable experiences for travelers. Our organization is made up of three pillars: Expedia Brands, housing all our consumer brands; Expedia Product & Technology, focused on the group's product and technical strategy and offerings; and Expedia for Business, consisting of business-to-business solutions and relationships throughout the travel ecosystem.

Expedia Group's three flagship consumer brands includes: Expedia®, Hotels.com®, and Vrbo®. One Key™ is our comprehensive loyalty program that unifies Expedia, Hotels.com and Vrbo into one simple, flexible travel rewards experience. To enroll in One Key, download Expedia, Hotels.com and Vrbo mobile apps for free on iOS and Android devices. One Key is currently available in the U.S. and will become available globally soon.

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Expedia Group, Inc.
Trended Metrics
(All figures in millions)

The metrics below are intended to supplement the financial statements in this release and in our filings with the SEC, and do not include adjustments for one-time items, acquisitions, foreign exchange or other adjustments. The definition or methodology of any of our supplemental metrics are subject to change, and such changes could be material. We may also discontinue certain supplemental metrics as our business evolves over time. In the event of any discrepancy between any supplemental metric and our historical financial statements, you should rely on the information included in the financial statements filed with or furnished to the SEC.

	2022				2023				2024	Full Year	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	2022	2023
Units sold											
Booked room nights	77.0	82.5	81.6	70.8	94.5	89.7	89.3	77.4	101.2	312.0	350.9
Booked air tickets	13.1	13.5	12.2	11.1	14.0	13.6	12.8	11.4	14.2	49.9	51.9
Gross bookings by business model											
Agency	\$11,346	\$12,773	\$10,904	\$9,469	\$13,425	\$12,370	\$10,927	\$9,439	\$13,301	\$44,492	\$46,161
Merchant	13,066	13,366	13,083	11,042	15,976	14,951	14,758	12,233	16,863	50,557	57,918
Total	\$24,412	\$26,139	\$23,987	\$20,511	\$29,401	\$27,321	\$25,685	\$21,672	\$30,164	\$95,049	\$104,079
Lodging gross bookings	\$17,756	\$17,867	\$17,099	\$14,117	\$21,055	\$19,167	\$18,513	\$15,253	\$21,903	\$66,839	\$73,987
Revenue by segment											
B2C	\$1,740	\$2,420	\$2,707	\$1,874	\$1,921	\$2,415	\$2,819	\$1,958	\$1,986	\$8,741	\$9,113
B2B	432	650	788	676	668	861	995	864	833	2,546	3,388
trivago (third-party revenue)	77	111	124	68	76	82	115	65	70	380	338
Total	\$2,249	\$3,181	\$3,619	\$2,618	\$2,665	\$3,358	\$3,929	\$2,887	\$2,889	\$11,667	\$12,839
Revenue by product											
Lodging	\$1,610	\$2,400	\$2,881	\$2,014	\$2,029	\$2,698	\$3,233	\$2,304	\$2,228	\$8,905	\$10,264
Air	74	95	100	93	113	111	100	86	115	362	410
Advertising and media - EG ⁽¹⁾	89	102	98	108	99	119	125	140	145	397	483
Advertising and media - trivago ⁽¹⁾	77	111	124	68	76	82	115	65	70	380	338
Other ⁽²⁾	399	473	416	335	348	348	356	292	331	1,623	1,344
Total	\$2,249	\$3,181	\$3,619	\$2,618	\$2,665	\$3,358	\$3,929	\$2,887	\$2,889	\$11,667	\$12,839
Revenue by geography											
U.S. points of sale	\$1,656	\$2,208	\$2,358	\$1,717	\$1,748	\$2,172	\$2,440	\$1,787	\$1,793	\$7,939	\$8,147
Non-U.S. points of sale	593	973	1,261	901	917	1,186	1,489	1,100	1,096	3,728	4,692
Total	\$2,249	\$3,181	\$3,619	\$2,618	\$2,665	\$3,358	\$3,929	\$2,887	\$2,889	\$11,667	\$12,839
Adjusted EBITDA by segment ⁽³⁾											
B2C	\$188	\$582	\$943	\$411	\$148	\$653	\$1,056	\$468	\$215	\$2,124	\$2,325
B2B	80	156	221	142	133	206	266	193	172	599	798
Other ⁽⁴⁾	(95)	(90)	(85)	(104)	(96)	(112)	(106)	(129)	(132)	(374)	(443)
Total	\$173	\$648	\$1,079	\$449	\$185	\$747	\$1,216	\$532	\$255	\$2,349	\$2,680
Net income (loss) attributable to Expedia Group common stockholders ⁽⁵⁾	\$(122)	\$(185)	\$482	\$177	\$(145)	\$385	\$425	\$132	\$(135)	\$352	\$797

(1) Our advertising and media business consists of Expedia Group ("EG") Media Solutions, which is responsible for generating advertising revenue on our global online travel brands, and third-party revenue for trivago, a leading hotel metasearch site.

(2) Other revenue primarily includes insurance, car rental, destination services and cruise revenue.

(3) See the section below titled "Tabular Reconciliations for Non-GAAP Measures — Adjusted EBITDA by segment" for additional details.

(4) Other is comprised of trivago, corporate and intercompany eliminations.

(5) Expedia Group does not calculate or report net income (loss) by segment.

Notes:

- All trivago revenue is classified as Non-U.S. point of sale.
- Some numbers may not add due to rounding. All percentages throughout this release are calculated on precise, unrounded numbers.

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

	Three months ended March 31,	
	2024	2023
Revenue	\$ 2,889	\$ 2,665
Costs and expenses:		
Cost of revenue (exclusive of depreciation and amortization shown separately below) ⁽¹⁾	358	414
Selling and marketing - direct	1,650	1,487
Selling and marketing - indirect ⁽¹⁾	186	187
Technology and content ⁽¹⁾	341	317
General and administrative ⁽¹⁾	186	184
Depreciation and amortization	210	192
Legal reserves, occupancy tax and other	20	5
Restructuring and related reorganization charges	48	—
Operating loss	(110)	(121)
Other income (expense):		
Interest income	51	43
Interest expense	(62)	(61)
Other, net	(34)	78
Total other income (expense), net	(45)	60
Loss before income taxes	(155)	(61)
Provision for income taxes	19	(79)
Net loss	(136)	(140)
Net (income) loss attributable to non-controlling interests	1	(5)
Net loss attributable to Expedia Group, Inc.	\$ (135)	\$ (145)
Loss per share attributable to Expedia Group, Inc. available to common stockholders:		
Basic	\$ (0.99)	\$ (0.95)
Diluted	(0.99)	(0.95)
Shares used in computing earnings (loss) per share (000's):		
Basic	135,501	152,477
Diluted	135,501	152,477

(1) Includes stock-based compensation as follows:

Cost of revenue	\$ 2	\$ 3
Selling and marketing	19	20
Technology and content	40	34
General and administrative	43	46

EXPEDIA GROUP, INC.
CONSOLIDATED BALANCE SHEETS

(In millions, except number of shares which are reflected in thousands and par value)

	March 31, 2024 (Unaudited)	December 31, 2023	March 31, 2023 (Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,686	\$ 4,225	\$ 5,904
Restricted cash and cash equivalents	1,936	1,436	2,483
Short-term investments	26	28	44
Accounts receivable, net of allowance of \$52, \$46 and \$45	3,750	2,786	2,523
Income taxes receivable	56	47	53
Prepaid expenses and other current assets	894	708	1,119
Total current assets	<u>12,348</u>	<u>9,230</u>	<u>12,126</u>
Property and equipment, net	2,353	2,359	2,260
Operating lease right-of-use assets	341	357	353
Long-term investments and other assets	1,245	1,238	1,198
Deferred income taxes	621	586	703
Intangible assets, net	1,006	1,023	1,196
Goodwill	6,847	6,849	7,150
TOTAL ASSETS	<u><u>\$ 24,761</u></u>	<u><u>\$ 21,642</u></u>	<u><u>\$ 24,986</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable, merchant	\$ 1,948	\$ 2,041	\$ 1,531
Accounts payable, other	1,207	1,077	1,010
Deferred merchant bookings	11,392	7,723	11,036
Deferred revenue	177	164	186
Income taxes payable	25	26	104
Accrued expenses and other current liabilities	816	752	745
Total current liabilities	<u>15,565</u>	<u>11,783</u>	<u>14,612</u>
Long-term debt	6,256	6,253	6,243
Deferred income taxes	31	33	35
Operating lease liabilities	301	314	305
Other long-term liabilities	472	473	501
Commitments and contingencies			
Stockholders' equity:			
Common stock: \$.0001 par value; Authorized shares: 1,600,000	—	—	—
Shares issued: 283,225, 282,149 and 279,097; Shares outstanding: 128,007, 131,522 and 144,084			
Class B common stock: \$.0001 par value; Authorized shares: 400,000	—	—	—
Shares issued: 12,800; Shares outstanding: 5,523			
Additional paid-in capital	15,550	15,398	14,938
Treasury stock - Common stock and Class B, at cost; Shares 162,495, 157,903 and 142,289	(13,671)	(13,023)	(11,341)
Retained earnings (deficit)	(767)	(632)	(1,554)
Accumulated other comprehensive income (loss)	(222)	(209)	(211)
Total Expedia Group, Inc. stockholders' equity	<u>890</u>	<u>1,534</u>	<u>1,832</u>
Non-redeemable non-controlling interests	1,246	1,252	1,458
Total stockholders' equity	<u>2,136</u>	<u>2,786</u>	<u>3,290</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 24,761</u></u>	<u><u>\$ 21,642</u></u>	<u><u>\$ 24,986</u></u>

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

	Three months ended March 31,	
	2024	2023
Operating activities:		
Net loss	\$ (136)	\$ (140)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation of property and equipment, including internal-use software and website development	195	177
Amortization of intangible assets	15	15
Amortization of stock-based compensation	104	103
Deferred income taxes	(38)	(57)
Foreign exchange (gain) loss on cash, restricted cash and short-term investments, net	30	(8)
Realized (gain) loss on foreign currency forwards, net	41	(12)
(Gain) loss on minority equity investments, net	9	(1)
Other, net	10	14
Changes in operating assets and liabilities:		
Accounts receivable	(974)	(456)
Prepaid expenses and other assets	(171)	(293)
Accounts payable, merchant	(93)	(178)
Accounts payable, other, accrued expenses and other liabilities	219	79
Tax payable/receivable, net	(1)	29
Deferred merchant bookings	3,669	3,885
Net cash provided by operating activities	2,879	3,157
Investing activities:		
Capital expenditures, including internal-use software and website development	(177)	(233)
Purchases of investments	(69)	—
Sales and maturities of investments	43	5
Other, net	(37)	33
Net cash used in investing activities	(240)	(195)
Financing activities:		
Purchases of treasury stock	(643)	(469)
Proceeds from exercise of equity awards and employee stock purchase plan	32	29
Other, net	(20)	3
Net cash used in financing activities	(631)	(437)
Effect of exchange rate changes on cash, cash equivalents and restricted cash and cash equivalents	(47)	11
Net increase in cash, cash equivalents and restricted cash and cash equivalents	1,961	2,536
Cash, cash equivalents and restricted cash and cash equivalents at beginning of period	5,661	5,851
Cash, cash equivalents and restricted cash and cash equivalents at end of period	\$ 7,622	\$ 8,387
Supplemental cash flow information		
Cash paid for interest	\$ 82	\$ 81
Income tax payments, net	26	34

Notes & Definitions:

Booked Room Nights: Represents booked hotel room nights and property nights for our B2C reportable segment and booked hotel room nights for our B2B reportable segment. Booked hotel room nights include both merchant and agency hotel room nights. Property nights are related to our alternative accommodation business.

Booked Air Tickets: Includes both merchant and agency air bookings.

Gross Bookings: Generally represent the total retail value of transactions booked, recorded at the time of booking reflecting the total price due for travel by travelers, including taxes, fees and other charges, adjusted for cancellations and refunds.

Lodging Metrics: Reported on a booked basis except for revenue, which is on a stayed basis. Lodging consists of both merchant and agency model hotel and alternative accommodations.

B2C: The B2C segment provides a full range of travel and advertising services to our worldwide customers through a variety of consumer brands including: Expedia, Hotels.com, Vrbo, Orbitz, Travelocity, Wotif Group, ebookers, Hotwire.com, and CarRentals.com.

B2B: The B2B segment fuels a wide range of travel and non-travel companies including airlines, offline travel agents, online retailers, corporate travel management and financial institutions, who leverage our leading travel technology and tap into our diverse supply to augment their offerings and market Expedia Group rates and availabilities to their travelers.

trivago: The trivago segment generates advertising revenue primarily from sending referrals to online travel companies and travel service providers from its localized hotel metasearch websites.

Corporate: Includes unallocated corporate expenses.

Non-GAAP Measures

Expedia Group reports Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBIT, Adjusted EBIT Margin, Leverage Ratio, Adjusted Net Income (Loss), Adjusted EPS, Free Cash Flow and Adjusted Expenses (non-GAAP cost of revenue, non-GAAP selling and marketing, non-GAAP technology and content and non-GAAP general and administrative), all of which are supplemental measures to GAAP and are defined by the SEC as non-GAAP financial measures. These measures are 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. These non-GAAP measures 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, Adjusted Net Income (Loss) and Adjusted EPS have certain limitations in that they do 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 measures presented by also providing the most directly comparable GAAP measures and descriptions of the reconciling items and adjustments to derive the non-GAAP measures. Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income (Loss) and Adjusted EPS also exclude certain items related to transactional tax matters, which may ultimately be settled in cash. We urge investors to review the detailed disclosure regarding these matters in the Management Discussion and Analysis and Legal Proceedings sections, as well as the notes to the financial statements, included in the Company's annual and quarterly reports filed with the Securities and Exchange Commission. The non-GAAP financial measures 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 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; and
 - (iii) upfront consideration paid to settle employee compensation plans of the acquiree;
- (6) certain other items, including restructuring;
- (7) items included in legal reserves, occupancy tax and other, which includes reserves for potential settlement of issues related to transactional taxes (e.g. hotel and excise taxes), related to court decisions and final settlements, and charges incurred, if any, for monies that may be required to be paid in advance of litigation in certain transactional tax proceedings;
- (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 non-cash 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.

Adjusted EBIT is defined as net income (loss) attributable to Expedia Group adjusted for:

- (1) net income (loss) attributable to non-controlling interests;
- (2) provision for income taxes;

- (3) total other expenses, net;
- (4) acquisition-related impacts, including
 - (i) gains (losses) recognized on changes in the value of contingent consideration arrangements; and
 - (ii) upfront consideration paid to settle employee compensation plans of the acquiree;
- (5) certain other items, including restructuring;
- (6) items included in legal reserves, occupancy tax and other, which includes reserves for potential settlement of issues related to transactional taxes (e.g. hotel and excise taxes), related to court decisions and final settlements, and charges incurred, if any, for monies that may be required to be paid in advance of litigation in certain transactional tax proceedings; and
- (7) that portion of gains (losses) on revenue hedging activities that are included in other, net that relate to revenue recognized in the period.

The above items are excluded from our Adjusted EBIT measure 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 EBIT is a useful measure for analysts and investors to evaluate our future ongoing performance as this measure allows a more comprehensive comparison of our performance 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 it allows investors to gain an understanding of the factors and trends affecting profitability, including the ongoing costs to operating our business, which we believe are inclusive of non-cash items such as stock-based compensation.

Trailing Twelve Month Financial Information

Expedia Group includes certain unaudited financial information for the trailing twelve months ("TTM") ended March 31, 2024, which is calculated as the three months ended March 31, 2024 plus the year ended December 31, 2023 less the three months ended March 31, 2023. This presentation is not in accordance with GAAP. However, we believe that this presentation provides useful information to investors regarding its recent financial performance, and it views this presentation of the four most recently completed fiscal quarters as a key measurement period for investors to assess its historical results.

Adjusted Net Income (Loss) generally captures all items on the statements of operations that occur in normal course operations and have been, or ultimately will be, settled in cash and is defined as net income (loss) attributable to Expedia Group plus the following items, net of tax^(a):

- (1) stock-based compensation expense, including compensation expense related to equity plans of certain subsidiaries and equity-method investments;
- (2) acquisition-related impacts, including:
 - (i) amortization of intangible assets, including as part of equity-method investments, and goodwill and intangible asset impairment;
 - (ii) gains (losses) recognized on changes in the value of contingent consideration arrangements;
 - (iii) upfront consideration paid to settle employee compensation plans of the acquiree; and
 - (iv) gains (losses) recognized on non-controlling investment basis adjustments when we acquire or lose controlling interests;
- (3) currency gains or losses on U.S. dollar denominated cash;
- (4) the changes in fair value of equity investments;
- (5) certain other items, including restructuring charges;
- (6) items included in legal reserves, occupancy tax and other, which includes reserves for potential settlement of issues related to transactional taxes (e.g., hotel occupancy and excise taxes), related court decisions and final settlements, and charges incurred, if any, for monies that may be required to be paid in advance of litigation in certain transactional tax proceedings, including as part of equity method investments;
- (7) discontinued operations;
- (8) the non-controlling interest impact of the aforementioned adjustment items; and
- (9) unrealized gains (losses) on revenue hedging activities that are included in other, net.

Adjusted Net Income (Loss) includes preferred share dividends. We believe Adjusted Net Income (Loss) is useful to investors because it represents Expedia Group's combined results, taking into account depreciation, which management believes is an ongoing cost of doing business, but excluding the impact of certain expenses and items not directly tied to the core operations of our businesses.

^(a) Effective January 1, 2023, we changed our methodology for the computation of the effective tax rate used in the calculation of adjusted net income to a long-term projected tax rate as we believe this tax rate provides better consistency across reporting periods and produces results that are reflective of Expedia Group's long-term effective tax rate. This projected effective tax rate is a total tax rate, and eliminates the effects of non-recurring and period specific income tax items which can vary in size and frequency. We apply this tax rate to pretax income, as adjusted commensurate with our Adjusted Net Income definition. Based on our current long-term projections, in 2023 and 2024, we are using a 21.5% effective tax rate to compute Adjusted Net Income.

Adjusted EPS is defined as Adjusted Net Income (Loss) divided by adjusted weighted average shares outstanding, which, when applicable, include dilution from our convertible debt instruments per the treasury stock method for Adjusted EPS. The treasury stock method assumes we would elect to settle the principal amount of the debt for cash and the conversion premium for shares. If the conversion prices for such instruments exceed our average stock price for the period, the instruments generally would have no impact to adjusted weighted average shares outstanding. This differs from the GAAP method for dilution from our convertible debt instruments, which include them on an if-converted method. We believe Adjusted EPS is useful to investors because it represents, on a per share basis, Expedia Group's consolidated results, taking into account depreciation, which we believe is an ongoing cost of doing business, as well as other items which are not allocated to the operating businesses such as interest expense, taxes, foreign exchange gains or losses, and minority interest, but excluding the effects of certain expenses not directly tied to the core operations of our businesses. Adjusted Net Income (Loss) and Adjusted EPS have similar limitations as Adjusted EBITDA. In addition, Adjusted Net Income (Loss) does not include all items that affect our net income (loss) and net income (loss) per share for the period. Therefore, we think it is important to evaluate these measures along with our consolidated statements of operations.

Free Cash Flow is defined as net cash flow provided by operating activities less capital expenditures. Management believes Free Cash Flow is useful to investors because it represents the operating cash flow that our operating businesses generate, less capital expenditures but before taking into account other cash movements that are not directly tied to the core operations of our businesses, such as financing activities, foreign exchange or certain investing activities. Free Cash Flow has certain limitations in that it does not represent the total increase or decrease in the cash balance for the period, nor does it represent the residual cash flow for discretionary expenditures. Therefore, it is important to evaluate Free Cash Flow along with the consolidated statements of cash flows.

Adjusted Expenses (cost of revenue, direct and indirect selling and marketing, technology and content and general and administrative expenses) exclude stock-based compensation related to expenses for stock options, restricted stock units and other equity compensation under applicable stock-based compensation accounting standards. Expedia Group excludes stock-based compensation from these measures primarily because they are non-cash expenses that we do not believe are necessarily reflective of our ongoing cash operating expenses and cash operating income. Moreover, because of varying available valuation methodologies, subjective assumptions and the variety of award types that companies can use when adopting applicable stock-based compensation accounting standards, management believes that providing non-GAAP financial measures that exclude stock-based compensation allows investors to make meaningful comparisons between our recurring core business operating results and those of other companies, as well as providing management with an important tool for financial operational decision making and for evaluating our own recurring core business operating results over different periods of time. There are certain limitations in using financial measures that do not take into account stock-based compensation, including the fact that stock-based compensation is a recurring expense and a valued part of employees' compensation. Therefore, it is important to evaluate both our GAAP and non-GAAP measures. See the Notes to the Consolidated Statements of Operations for stock-based compensation by line item.

Expedia Group, Inc. (excluding trivago) In order to provide increased transparency on the transaction-based component of the business, Expedia Group is reporting results both in total and excluding trivago.

Tabular Reconciliations for Non-GAAP Measures

Adjusted EBITDA (Adjusted Earnings Before Interest, Taxes, Depreciation & Amortization) by Segment⁽¹⁾

	Three months ended March 31, 2024				
	B2C	B2B	trivago	Corporate & Eliminations	Total
	(In millions)				
Operating income (loss)	\$ 95	\$ 142	\$ (10)	\$ (337)	\$ (110)
Realized gain (loss) on revenue hedges	(13)	(4)	—	—	(17)
Restructuring and related reorganization charges	—	—	—	48	48
Legal reserves, occupancy tax and other	—	—	—	20	20
Stock-based compensation	—	—	—	104	104
Amortization of intangible assets	—	—	—	15	15
Depreciation	133	34	1	27	195
Adjusted EBITDA ⁽¹⁾	<u>\$ 215</u>	<u>\$ 172</u>	<u>\$ (9)</u>	<u>\$ (123)</u>	<u>\$ 255</u>

	Three months ended March 31, 2023				
	B2C	B2B	trivago	Corporate & Eliminations	Total
	(In millions)				
Operating income	\$ 18	\$ 106	\$ 19	\$ (264)	\$ (121)
Realized gain (loss) on revenue hedges	4	2	—	—	6
Legal reserves, occupancy tax and other	—	—	—	5	5
Stock-based compensation	—	—	—	103	103
Amortization of intangible assets	—	—	—	15	15
Depreciation	126	25	1	25	177
Adjusted EBITDA ⁽¹⁾	<u>\$ 148</u>	<u>\$ 133</u>	<u>\$ 20</u>	<u>\$ (116)</u>	<u>\$ 185</u>

(1) Adjusted EBITDA for our B2C and B2B segments includes allocations of certain expenses, primarily cost of revenue and facilities, the total costs of our global travel supply organizations, the majority of platform and marketplace technology 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.

Adjusted EBIT (Adjusted Earnings Before Interest & Taxes) and Adjusted EBITDA (Adjusted Earnings Before Interest, Taxes, Depreciation & Amortization)

	Three months ended		Year Ended	TTM
	March 31,		December 31,	March 31,
	2024	2023	2023	2024
	(\$ in millions)			
Net income (loss) attributable to Expedia Group, Inc.	\$ (135)	\$ (145)	\$ 797	\$ 807
Net income (loss) attributable to non-controlling interests	(1)	5	(109)	(115)
Provision for income taxes	(19)	79	330	232
Total other (income) expense, net	45	(60)	15	120
Operating income (loss)	(110)	(121)	1,033	1,044
Gain (loss) on revenue hedges related to revenue recognized	(17)	6	(7)	(30)
Restructuring and related reorganization charges	48	—	—	48
Legal reserves, occupancy tax and other	20	5	8	23
Impairment of goodwill	—	—	297	297
Impairment of intangible assets	—	—	129	129
Adjusted EBIT	(59)	(110)	1,460	1,511
Stock-based compensation	104	103	413	414
Depreciation and amortization	210	192	807	825
Adjusted EBITDA	\$ 255	\$ 185	\$ 2,680	\$ 2,750
<i>Net income margin⁽¹⁾</i>	(4.7)%	(5.4)%	6.2 %	6.2 %
<i>Adjusted EBIT margin⁽¹⁾</i>	(2.1)%	(4.1)%	11.4 %	11.6 %
<i>Adjusted EBITDA margin⁽¹⁾</i>	8.8 %	6.9 %	20.9 %	21.1 %
Long-term debt				\$ 6,256
<i>Long-term debt to net income ratio</i>				7.7
Long-term debt				\$ 6,256
Unamortized discounts and debt issuance costs				38
Adjusted debt				\$ 6,294
<i>Leverage ratio⁽²⁾</i>				2.3

(1) Net income, Adjusted EBIT and Adjusted EBITDA margins represent net income (loss) attributable to Expedia Group, Inc., Adjusted EBIT or Adjusted EBITDA divided by revenue.

(2) Leverage ratio represents adjusted debt divided by TTM Adjusted EBITDA.

Adjusted Net Income (Loss) & Adjusted EPS

	Three months ended March 31,	
	2024	2023
	<small>(In millions, except share and per share data)</small>	
Net loss attributable to Expedia Group, Inc.	\$ (135)	\$ (145)
Less: Net (income) loss attributable to non-controlling interests	1	(5)
Less: Provision for income taxes	19	(79)
Loss before income taxes	(155)	(61)
Amortization of intangible assets	15	15
Stock-based compensation	104	103
Legal reserves, occupancy tax and other	20	5
Restructuring and related reorganization charges	48	—
Unrealized (gain) loss on revenue hedges	(1)	(2)
(Gain) loss on minority equity investments, net	9	(1)
TripAdvisor tax indemnification adjustment	—	(69)
Gain on sale of businesses	(3)	(20)
Adjusted income (loss) before income taxes	37	(30)
GAAP Provision for income taxes	19	(79)
Provision for income taxes for adjustments	(27)	85
Total Adjusted provision for income taxes	(8)	6
<i>Total Adjusted income tax rate</i>	<i>21.5 %</i>	<i>21.5 %</i>
Non-controlling interests	—	(6)
Adjusted net income (loss) attributable to Expedia Group, Inc.	\$ 29	\$ (30)
GAAP diluted loss per share	\$ (0.99)	\$ (0.95)
Amortization of intangible assets	0.11	0.10
Stock-based compensation	0.75	0.67
Legal reserves, occupancy tax and other	0.14	0.03
Restructuring and related reorganization charges	0.34	—
Unrealized (gain) loss on revenue hedges	(0.01)	(0.01)
(Gain) loss on minority equity investments, net	0.06	(0.01)
TripAdvisor tax indemnification adjustment	—	(0.45)
Gain on sale of businesses	(0.02)	(0.13)
Income tax effects and adjustments	(0.20)	0.56
Non-controlling interest	—	(0.01)
Adjustment to GAAP dilutive securities ⁽¹⁾	0.02	—
Adjusted earnings (loss) per share	\$ 0.21	\$ (0.20)
GAAP diluted weighted average shares outstanding (000's)	135,501	152,477
Adjustment to dilutive securities (000's) ⁽¹⁾	3,008	—
Adjusted weighted average shares outstanding (000's)	138,509	152,477
<i>Ex-trivago Adjusted Net Income (Loss) and Adjusted EPS</i>		
Adjusted net income (loss) attributable to Expedia Group, Inc.	\$ 29	\$ (30)
Less: Adjusted net income (loss) attributable to trivago	(7)	9
Adjusted net income (loss) excluding trivago	\$ 36	\$ (39)

Adjusted earnings (loss) per share	\$ 0.21	\$ (0.20)
Less: Adjusted earnings (loss) per share attributable to trivago	(0.05)	0.06
Adjusted earnings (loss) per share excluding trivago	<u>\$ 0.26</u>	<u>\$ (0.26)</u>

(1) In periods for which we have an Adjusted net loss (i.e. three months ended March 31, 2023), GAAP basic weighted average shares outstanding and GAAP basic loss per share is presented. In periods for which we have Adjusted net income (i.e. the three months ended March 31, 2024), the GAAP diluted average shares and diluted earnings (loss) per share is presented adjusted for our convertible debt instruments per the treasury stock method.

Free Cash Flow

	Three months ended March 31,	
	2024	2023
	(In millions)	
Net cash provided by operating activities	\$ 2,879	\$ 3,157
Less: Total capital expenditures	(177)	(233)
Free cash flow	<u>\$ 2,702</u>	<u>\$ 2,924</u>

Adjusted Expenses (Cost of revenue, direct and indirect selling and marketing, technology and content and general and administrative expenses)

	Three months ended March 31,	
	2024	2023
	(In millions)	
Cost of revenue	\$ 358	\$ 414
Less: stock-based compensation	2	3
Adjusted cost of revenue	\$ 356	\$ 411
Less: trivago cost of revenue ⁽¹⁾	4	5
Adjusted cost of revenue excluding trivago	<u>\$ 352</u>	<u>\$ 406</u>
Selling and marketing expense - direct	\$ 1,650	\$ 1,487
Less: trivago selling and marketing expense ⁽²⁾	\$ 53	\$ 28
Adjusted selling and marketing expense excluding trivago - direct	<u>\$ 1,597</u>	<u>\$ 1,459</u>
Selling and marketing expense - indirect	\$ 186	\$ 187
Less: stock-based compensation	19	20
Adjusted selling and marketing expense - indirect	\$ 167	\$ 167
Less: trivago selling and marketing expense - indirect ⁽¹⁾	3	3
Adjusted selling and marketing expense excluding trivago - indirect	<u>\$ 164</u>	<u>\$ 164</u>
Technology and content expense	\$ 341	\$ 317
Less: stock-based compensation	40	34
Adjusted technology and content expense	\$ 301	\$ 283
Less: trivago technology and content expense ⁽¹⁾	12	11
Adjusted technology and content expense excluding trivago	<u>\$ 289</u>	<u>\$ 272</u>
General and administrative expense	\$ 186	\$ 184
Less: stock-based compensation	43	46
Adjusted general and administrative expense	\$ 143	\$ 138
Less: trivago general and administrative expense ⁽¹⁾	8	8
Adjusted general and administrative expense excluding trivago	<u>\$ 135</u>	<u>\$ 130</u>
Total adjusted overhead expenses ⁽³⁾	\$ 611	\$ 588

Note: Some numbers may not add due to rounding.

(1) trivago amount presented without stock-based compensation as those are included with the consolidated totals above.

(2) Selling and marketing expense adjusted to add back B2C direct marketing spend on trivago eliminated in consolidation.

(3) Total adjusted overhead expenses is the sum of adjusted expenses for Selling and marketing - indirect, Technology and content, and General and administrative.

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This release may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. These forward-looking statements are based on assumptions that are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. The use of words such as “believe,” “estimate,” “expect” 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 and may include statements relating to future revenues, expenses, margins, profitability, net income (loss), earnings per share and other measures of results of operations and the prospects for future growth of Expedia Group, Inc.’s business. Actual results may differ materially from the results predicted and reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted include, among others, those described in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of our most recently filed periodic reports on Form 10-K and Form 10-Q, which are available on our investor relations website at ir.expediagroup.com and on the SEC website at www.sec.gov. All information provided in this release is as of May 2, 2024. Undue reliance should not be placed on forward-looking statements in this release, which are based on information available to us on the date hereof. We undertake no duty to update this information unless required by law.