

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 5, 2021

TRIPADVISOR, INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-35362
(Commission File Number)

80-0743202
(IRS Employer
Identification No.)

400 1st Avenue
Needham, MA 02494
(Address of Principal Executive Offices) (Zip Code)

(781) 800-5000
Registrant's Telephone Number, Including Area Code

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	TRIP	Nasdaq

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On August 5, 2021, Tripadvisor, Inc. issued a press release announcing its preliminary financial results for the three and six months ended June 30, 2021. Tripadvisor, Inc. also posted a letter to shareholders from Stephen Kaufer, President and Chief Executive Officer, and Ernst Teunissen, Chief Financial Officer, on the “Investor Relations” section of its website at <http://ir.tripadvisor.com/events-and-presentations>. The full text of this press release and letter are furnished as Exhibits 99.1 and 99.2 to this Current Report on Form 8-K.

Pursuant to General Instruction B.2. to Form 8-K, the information set forth in Items 2.02 and Exhibit 99.1 and 99.2 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall they be incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release of Tripadvisor, Inc. dated August 5, 2021.
99.2	Q2 2021 Letter to Shareholders.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TRIPADVISOR, INC.

Date: August 5, 2021

By: _____ /s/ ERNST TEUNISSEN
Ernst Teunissen
Chief Financial Officer



Tripadvisor Reports Second Quarter 2021 Financial Results

NEEDHAM, MA, August 5, 2021 — Tripadvisor, Inc. (NASDAQ: TRIP) today announced financial results for the second quarter ended June 30, 2021.

“We saw meaningful sequential improvement in Q2, as revenue increased 91% compared to Q1 2021 driven by continued U.S. strength and Europe, which improved materially later in the quarter”, said Chief Executive Officer Steve Kaufer. “We believe increased vaccination rates and reopenings across the globe are both undeniably positive steps towards travel’s eventual full recovery and we are pleased with our business’s demonstrated resilience. Further, the Tripadvisor growth story extends well beyond the recovery, and we are making progress building the future of travel. Specifically, we fully rolled out our new subscription service, Tripadvisor Plus, in our first market. This is an example of our commitment to leveraging our platform’s unique strengths to deepen consumer engagement on our platform and drive value for partners. We believe executing our strategy will lay the foundation for sustained, profitable growth in the years to come.”

Chief Financial Officer Ernst Teunissen added, “The broadening recovery, along with strong execution by our team, drove improved financial performance in the quarter that was better than our internal expectations. Revenue as a percentage of Q2 2019 levels improved, our net loss narrowed, and adjusted EBITDA returned to positive. Our results are a testament to our ongoing cost discipline as we navigate what remains an uneven landscape both in terms of geography and business line. That said, we are very encouraged with Q2 improvement and believe that the travel recovery is on an overall positive trajectory.”

Second Quarter 2021 Financial Results

(In millions, except percentages and per share amounts)	Three months ended June 30,		% Change
	2021	2020	
Total Revenue	\$ 235	\$ 59	298%
Hotels, Media & Platform	\$ 156	\$ 38	311%
Experiences & Dining	\$ 68	\$ 14	386%
Other	\$ 11	\$ 7	57%
GAAP Net Income (Loss)	\$ (40)	\$ (153)	(74)%
Total Adjusted EBITDA (1)	\$ 25	\$ (74)	n.m.
Hotels, Media & Platform	\$ 33	\$ (33)	n.m.
Experiences & Dining	\$ (12)	\$ (38)	(68)%
Other	\$ 4	\$ (3)	n.m.
Non-GAAP Net Income (Loss) (1)	\$ (10)	\$ (102)	(90)%
Diluted Earnings (Loss) per Share:			
GAAP	\$ (0.29)	\$ (1.14)	(75)%
Non-GAAP (1)	\$ (0.07)	\$ (0.76)	(91)%
Cash flow provided by (used in) operating activities	\$ 126	\$ (78)	n.m.
Free cash flow (1)	\$ 112	\$ (93)	n.m.

n.m. = not meaningful

(1) “Total Adjusted EBITDA”, “Non-GAAP Net Income (Loss)”, “Non-GAAP Diluted Earnings (Loss) per Share”, and “Free cash flow” are non-GAAP measures as defined by the U.S. Securities and Exchange Commission (the “SEC”). Please refer to “Non-GAAP Financial Measures” below for definitions and explanations of these non-GAAP financial measures, as well as tabular reconciliations to the most directly comparable GAAP financial measures.

Monthly unique users – April, May, and June 2021 monthly unique users on Tripadvisor-branded websites improved sequentially throughout the quarter and were approximately 59%, 71%, and 79%, respectively, of the comparable periods in 2019 (pre-COVID-19 timeframe). This improvement was largely driven by vaccine progress, easing government restrictions, and improving leisure travel recovery, particularly in the U.S. We note that U.S. monthly unique users on Tripadvisor-branded websites in June 2021 approached nearly 85% of June 2019 level. Monthly unique users in Europe in the month June 2021 exceeded 90% of June 2019 level, up from nearly 60% of April 2019 level, largely driven by users in our key markets of U.K., France, Italy, Germany and Spain.

Revenue – Q2 2021 total revenue of \$235 million increased 298% year-over-year and was approximately 56% of the comparable period in 2019 (pre-COVID-19 timeframe), which showed improvement versus Q1 2021.

Cost performance – Total operating expenses were \$270 million, up 21% year-over-year, increasing in all categories and primarily driven by the following:

- Cost of revenue was \$19 million, up 90% year-over-year, primarily due to increased direct costs from credit card payment and other revenue-related transaction costs in correlation with the increase in revenue.
- Selling and marketing costs were \$123 million, up 128% year-over-year, due to an increase in our SEM and other online traffic acquisition spend across all our segments and businesses in response to increasing consumer travel demand as travel and leisure activity restrictions were lifted and the travel sector recovered.
- Technology and content costs were \$54 million, up 6% year-over-year.
- General and administrative costs were \$46 million, up 7% year-over-year.

Profitability – Q2 2021 consolidated net loss of \$40 million was less than the net loss in Q1 2021 and Q2 2020, primarily driven by an increase in revenue and to a lesser extent restructuring costs incurred of \$33 million in the second quarter of 2020, which did not reoccur during the quarter. This was partially offset by an increase in selling and marketing expenses in response to increasing consumer travel demand as travel and leisure activity restrictions eased during the quarter. Q2 2021 adjusted EBITDA of \$25 million, was higher than Q1 2021 and Q2 2020, primarily driven by the factors noted above.

Cash & Liquidity – As of June 30, 2021, the Company had \$775 million of cash and cash equivalents, an increase of \$357 million from December 31, 2020.

Second Quarter 2021 Revenue by Source

(In millions, except percentages)	Three months ended June 30,		% Change
	2021	2020	
Hotels, Media & Platform			
Tripadvisor-branded hotels	\$ 131	\$ 31	323%
Tripadvisor-branded display and platform	25	7	257%
Experiences & Dining	68	14	386%
Other	11	7	57%
Total Revenue	<u>\$ 235</u>	<u>\$ 59</u>	298%

Conference Call

Tripadvisor posted prepared remarks and supplemental financial information on the Investor Relations section of Tripadvisor's website at <http://ir.tripadvisor.com>. Tripadvisor will host a conference call tomorrow, August 6, 2021, at 8:30 a.m., Eastern Time, to discuss the Company's second quarter 2021 operating results, as well as forward-looking information about Tripadvisor's business. Domestic callers may access the earnings conference call by dialing (877) 224-9081 (International callers, dial (224) 357-2223). Investors and other interested parties may also go to the Investor Relations section of Tripadvisor's website at <http://ir.tripadvisor.com> for a live webcast of the conference call. Please access the website at least 15 minutes prior to the call to register, download, and install any necessary audio software. A replay of the conference call will be available on Tripadvisor's website noted above or by phone (dial (855) 859-2056 and enter the passcode 6944807) until August 13, 2021 and the webcast will be accessible at <http://ir.tripadvisor.com/events-and-presentations> for at least twelve months following the conference call.

About Tripadvisor

Tripadvisor, the world's largest travel guidance platform*, helps hundreds of millions of people each month** become better travelers, from planning to booking to taking a trip. Travelers across the globe use the Tripadvisor site and app to discover where to stay, what to do and where to eat based on guidance from those who have been there before. With more than 934 million reviews and opinions of nearly 8 million businesses, travelers turn to Tripadvisor to find deals on accommodations, book experiences, reserve tables at delicious restaurants and discover great places nearby. As a travel guidance company available in 43 markets and 22 languages, Tripadvisor makes planning easy no matter the trip type.

The subsidiaries of Tripadvisor, Inc. (NASDAQ:TRIP), own and operate a portfolio of travel media brands and businesses, operating under various websites and apps, including the following websites: www.bokun.io, www.cruisecritic.com, www.flipkey.com, www.thefork.com, www.helloreco.com, www.holidaylettings.co.uk, www.housetrip.com, www.jetsetter.com, www.niumba.com, www.seatguru.com, www.singleplatform.com, www.vacationhomerentals.com, and www.viator.com.

* Source: SimilarWeb, unique users de-duplicated monthly, June 2021

** Source: Tripadvisor internal log files

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

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenue	\$ 235	\$ 59	\$ 358	\$ 337
Costs and expenses:				
Cost of revenue (1)	19	10	31	29
Selling and marketing (1)	123	54	196	179
Technology and content (1)	54	51	109	120
General and administrative (1)	46	43	84	94
Depreciation and amortization	28	32	57	64
Restructuring and other related reorganization costs	—	33	—	42
Total costs and expenses	270	223	477	528
Operating income (loss)	(35)	(164)	(119)	(191)
Other income (expense):				
Interest expense	(11)	(7)	(22)	(9)
Interest income	—	1	1	2
Other income (expense), net	—	(9)	(1)	(9)
Total other income (expense), net	(11)	(15)	(22)	(16)
Income (loss) before income taxes	(46)	(179)	(141)	(207)
(Provision) benefit for income taxes	6	26	21	38
Net income (loss)	\$ (40)	\$ (153)	\$ (120)	\$ (169)
Earnings (loss) per share attributable to common stockholders:				
Basic	\$ (0.29)	\$ (1.14)	\$ (0.88)	\$ (1.25)
Diluted	\$ (0.29)	\$ (1.14)	\$ (0.88)	\$ (1.25)
Weighted average common shares outstanding:				
Basic	137	134	136	135
Diluted	137	134	136	135
(1) Includes stock-based compensation expense as follows:				
Cost of revenue	\$ —	\$ —	\$ 1	\$ 1
Selling and marketing	\$ 4	\$ 4	\$ 8	\$ 7
Technology and content	\$ 13	\$ 9	\$ 24	\$ 20
General and administrative	\$ 15	\$ 12	\$ 28	\$ 23

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

	June 30, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 775	\$ 418
Accounts receivable and contract assets, net of allowance for credit losses of \$35 and \$33, respectively	159	83
Income taxes receivable	47	50
Prepaid expenses and other current assets	25	22
Total current assets	1,006	573
Property and equipment, net of accumulated depreciation of \$420 and \$386, respectively	225	240
Operating lease right-of-use assets	46	54
Intangible assets, net of accumulated amortization of \$214 and \$206, respectively	74	86
Goodwill	855	862
Non-marketable investments	38	40
Deferred income taxes, net	39	10
Other long-term assets, net of allowance for credit losses of \$5 and \$5, respectively	104	104
TOTAL ASSETS	\$ 2,387	\$ 1,969
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 15	\$ 18
Deferred merchant payables	173	36
Deferred revenue	49	28
Accrued expenses and other current liabilities	207	160
Total current liabilities	444	242
Long-term debt	832	491
Finance lease obligation, net of current portion	68	71
Operating lease liabilities, net of current portion	37	46
Deferred income taxes, net	2	10
Other long-term liabilities	225	223
Total Liabilities	1,608	1,083
Stockholders' equity:		
Preferred stock, \$0.001 par value	—	—
Authorized shares: 100,000,000		
Shares issued and outstanding: 0 and 0		
Common stock, \$0.001 par value	—	—
Authorized shares: 1,600,000,000		
Shares issued: 143,418,007 and 140,775,221, respectively		
Shares outstanding: 124,573,393 and 121,930,607, respectively		
Class B common stock, \$0.001 par value	—	—
Authorized shares: 400,000,000		
Shares issued and outstanding: 12,799,999 and 12,799,999, respectively		
Additional paid-in capital	1,275	1,253
Retained earnings	269	389
Accumulated other comprehensive income (loss)	(43)	(34)
Treasury stock-common stock, at cost, 18,844,614 and 18,844,614 shares, respectively	(722)	(722)
Total Stockholders' Equity	779	886
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,387	\$ 1,969

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Operating activities:				
Net income (loss)	\$ (40)	\$ (153)	\$ (120)	\$ (169)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	28	32	57	64
Stock-based compensation expense	32	25	61	51
Deferred income tax expense (benefit)	(6)	(3)	(29)	6
Provision for expected credit losses	1	10	3	15
Other, net	3	10	8	9
Changes in operating assets and liabilities, net of effects from acquisitions and other investments:	108	1	126	(124)
Net cash provided by (used in) operating activities	126	(78)	106	(148)
Investing activities:				
Capital expenditures, including internal-use software and website development	(14)	(15)	(25)	(36)
Other investing activities, net	(2)	1	(1)	2
Net cash provided by (used in) investing activities	(16)	(14)	(26)	(34)
Financing activities:				
Repurchase of common stock	—	—	—	(115)
Proceeds from issuance of 2026 Senior Notes, net of financing costs	—	—	340	—
Purchase of capped calls in connection with 2026 Senior Notes	—	—	(35)	—
Proceeds from 2015 credit facility	—	—	—	700
Payment of financing costs related to 2015 credit facility	—	(4)	—	(4)
Proceeds from exercise of stock options	1	—	8	—
Payment of withholding taxes on net share settlements of equity awards	(6)	(3)	(29)	(17)
Payments of finance lease obligation	(2)	(1)	(3)	(3)
Net cash provided by (used in) financing activities	(7)	(8)	281	561
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2)	—	(4)	—
Net increase (decrease) in cash, cash equivalents and restricted cash	101	(100)	357	379
Cash, cash equivalents and restricted cash at beginning of period	674	798	418	319
Cash, cash equivalents and restricted cash at end of period	<u>\$ 775</u>	<u>\$ 698</u>	<u>\$ 775</u>	<u>\$ 698</u>

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

	<u>Three Months Ended</u>		<u>% Change</u>
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	
Revenue:			
Hotels, Media & Platform	\$ 156	\$ 38	311%
Experiences & Dining	68	14	386%
Other	11	7	57%
Total revenue	<u>\$ 235</u>	<u>\$ 59</u>	298%
Adjusted EBITDA:			
Hotels, Media & Platform	\$ 33	\$ (33)	n.m.
Experiences & Dining	(12)	(38)	(68)%
Other	4	(3)	n.m.
Total Adjusted EBITDA (1)	<u>\$ 25</u>	<u>\$ (74)</u>	n.m.
Adjusted EBITDA Margin:			
Hotels, Media & Platform	21%	(87)%	
Experiences & Dining	(18)%	(271)%	
Other	36%	(43)%	
Total Adjusted EBITDA Margin (1)	11%	(125)%	
Net Income (Loss) (2)	\$ (40)	\$ (153)	
Net Income (Loss) Margin	(17)%	(259)%	

	<u>Six Months Ended</u>		<u>% Change</u>
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	
Revenue:			
Hotels, Media & Platform	\$ 245	\$ 207	18%
Experiences & Dining	95	97	(2)%
Other	18	33	(45)%
Total revenue	<u>\$ 358</u>	<u>\$ 337</u>	6%
Adjusted EBITDA:			
Hotels, Media & Platform	\$ 30	\$ 20	50%
Experiences & Dining	(35)	(57)	(39)%
Other	4	3	33%
Total Adjusted EBITDA (1)	<u>\$ (1)</u>	<u>\$ (34)</u>	(97)%
Adjusted EBITDA Margin:			
Hotels, Media & Platform	12%	10%	
Experiences & Dining	(37)%	(59)%	
Other	22%	9%	
Total Adjusted EBITDA Margin (1)	(0)%	(10)%	
Net Income (Loss) (2)	\$ (120)	\$ (169)	
Net Income (Loss) Margin	(34)%	(50)%	

n.m. = *not meaningful*

- (1) Please refer to "Non-GAAP Financial Measures" below for definitions of these non-GAAP financial measures, as well as reconciliations to the most directly comparable GAAP measure.
- (2) This amount reflects our consolidated GAAP Net Income (Loss) for the periods presented. Tripadvisor does not calculate or report net income (loss) by segment.

Non-GAAP Financial Measures

To supplement our unaudited condensed consolidated financial statements, which are prepared and presented in accordance with GAAP in our press release and related conference call, we also report certain non-GAAP financial measures. A “non-GAAP financial measure” refers to a numerical measure of a company’s historical or future financial performance, financial position, or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in such company’s financial statements. We may use the following non-GAAP measures: Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP net income (loss), non-GAAP net income (loss) per diluted share, free cash flow, non-GAAP revenue before effects of foreign exchange, and Adjusted EBITDA before effects of foreign exchange, as well as other measures.

The presentation of these financial measures is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP and should not be considered measures of Tripadvisor’s liquidity. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. In particular, many of the adjustments to our GAAP financial measures reflect the exclusion of certain items, as defined in our non-GAAP definitions below, which are recurring and will be reflected in our financial results for the foreseeable future. In addition, these measures may be different from non-GAAP financial measures used by other companies, even where similarly titled, limiting their usefulness for comparison purposes and therefore should not be used to compare Tripadvisor’s performance to that of other companies. We endeavor to compensate for the limitation of the non-GAAP financial measures presented by also providing the most directly comparable GAAP measures and descriptions of the reconciling items and adjustments to derive the non-GAAP financial measures.

We believe these non-GAAP financial measures provide investors and analysts with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key measures used by management to operate and analyze our business over different periods of time.

We define our non-GAAP financial measures as below:

Tripadvisor defines “Adjusted EBITDA” as Net Income (Loss) plus: (1) provision (benefit) for income taxes; (2) other income (expense), net; (3) depreciation and amortization; (4) stock-based compensation and other stock-settled obligations; (5) goodwill, long-lived assets and intangible asset impairments; (6) legal reserves and settlements; (7) restructuring and other related reorganization costs; and (8) non-recurring expenses and income. These items are excluded from our Adjusted EBITDA measure because these items are noncash in nature, or because the amount is not driven by core operating results and renders comparisons with prior periods less meaningful. The Company believes that excluding these amounts better enables management and investors to compare financial results between periods as these costs may vary independent of business performance.

Tripadvisor defines “Adjusted EBITDA margin” as Adjusted EBITDA divided by revenue.

Adjusted EBITDA and Adjusted EBITDA margin are key operating performance measures used by our management and board of directors to understand and evaluate the financial performance of our business as a whole and our individual business segments, and on which internal budgets and forecasts are based and approved. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons and better enables management and investors to compare financial results between periods as these costs may vary independent of core business performance. Accordingly, we believe that Adjusted EBITDA and Adjusted EBITDA margin provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and Board of Directors and allows for another useful comparison of our performance with our historical results from prior periods.

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results reported in accordance with GAAP. Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including net income (loss) and our other GAAP results.

Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt;

- Adjusted EBITDA does not consider the potentially dilutive impact of stock-based compensation or other stock-settled obligations;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect certain income and expenses not directly tied to the ongoing core operations of our business, such as legal reserves and settlements and restructuring and other related reorganization costs;
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and
- Other companies, including companies in our own industry, may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Tripadvisor defines “non-GAAP net income (loss)” as GAAP net income (loss) excluding, net of their related tax effects (which excludes the impact of significant one-time changes resulting from tax legislation or significant legislation that impacts tax, such as the CARES Act): (1) stock-based compensation expense and other stock-settled obligations; (2) amortization of intangible assets; (3) goodwill, intangible asset, and other long-lived asset impairments; (4) legal reserves and settlements; (5) restructuring and other related reorganization costs; and (6) certain gains, losses, and other non-recurring income or expenses that we do not believe are indicative of our ongoing operating results. We believe non-GAAP net income (loss) is an operating performance measure which provides investors and analysts with useful supplemental information about the financial performance of our business, as it incorporates our unaudited condensed consolidated statement of operations, taking into account depreciation, which management believes is an ongoing cost of doing business, but excluding the impact of certain expenses, infrequently occurring items and items not directly tied to the ongoing core operations of our businesses, and also enables comparison of financial results between periods where certain items may vary independent of business performance.

Tripadvisor defines “non-GAAP net income (loss) per diluted share”, or non-GAAP diluted EPS, as non-GAAP net income (loss) divided by GAAP diluted shares. We believe non-GAAP diluted EPS is useful to investors because it represents, on a per share basis, our unaudited condensed consolidated statement of operations, taking into account depreciation, which we believe is an ongoing cost of doing business, as well as other items which are not allocated to the operating businesses such as interest expense, interest income, income taxes and foreign exchange gains or losses, but excluding the effects of certain expenses not directly tied to the ongoing core operations of our businesses. Tripadvisor calculates non-GAAP diluted EPS using weighted average diluted shares determined under GAAP.

Non-GAAP net income (loss) and non-GAAP diluted EPS have some of the same limitations as Adjusted EBITDA. In addition, non-GAAP net income (loss) does not include all items that affect our GAAP net income (loss) and GAAP diluted EPS for the period. Therefore, we think it is important to evaluate these measures along with our unaudited condensed consolidated statements of operations.

Tripadvisor defines “free cash flow” as net cash provided by operating activities less capital expenditures, which are purchases of property and equipment, including capitalization of internal-use software development costs. We believe this financial measure can provide useful supplemental information to help investors better understand underlying trends in our business, as it represents the operating cash flow that our operating businesses generate, less capital expenditures but before taking into account other cash movements that are not directly tied to the ongoing core operations of our businesses, such as financing activities, foreign exchange or certain investing activities. Free cash flow has certain limitations in that it does not represent the total increase or decrease in the cash balance for the period, nor does it represent the residual cash flow for discretionary expenditures. Therefore, it is important to evaluate free cash flow along with the unaudited condensed consolidated statements of cash flows.

Tripadvisor calculates our foreign exchange effect of revenue, or “non-GAAP revenue before effects of foreign exchange” on a constant currency basis by excluding the estimated effects of foreign currency exchange on revenue by translating actual revenue for the current year three months ended using the prior period foreign currency exchange rates. We believe this is a useful measure that facilitates management's internal comparison to our historical performance because it excludes the effects of foreign currency volatility that is not indicative of our ongoing core operating results.

Tripadvisor calculates our foreign exchange effect of Adjusted EBITDA, or “Adjusted EBITDA before effects of foreign exchange,” on a constant currency basis, by excluding the estimated effects of foreign currency exchange by translating all amounts included in Adjusted EBITDA for the current year three months ended using the prior period foreign currency exchange rates. We believe this is a useful measure that facilitates management's internal comparison to our historical performance because it excludes the effects of foreign currency volatility that is not indicative of our ongoing core operating results.

Pursuant to the requirements of Regulation G, we present reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measure below.

Tripadvisor, Inc.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in millions, except per share amounts and percentages)
(Unaudited)

	Three Months Ended			Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2021	June 30, 2020
Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA (Non-GAAP):					
GAAP Net Income (Loss)	\$ (40)	\$ (153)	\$ 34	\$ (120)	\$ (169)
Add: Provision (benefit) for income taxes	(6)	(26)	34	(21)	(38)
Add: Other (income) expense, net	11	15	(2)	22	16
Add: Depreciation and amortization	28	32	30	57	64
Add: Restructuring and other related reorganization costs	—	33	—	—	42
Add: Stock-based compensation expense	32	25	32	61	51
Adjusted EBITDA (Non-GAAP)	<u>\$ 25</u>	<u>\$ (74)</u>	<u>\$ 128</u>	<u>\$ (1)</u>	<u>\$ (34)</u>
Revenue (GAAP)	\$ 235	\$ 59		\$ 358	\$ 337
Net Income (loss) margin (GAAP)	(17)%	(259)%		(34)%	(50)%
Adjusted EBITDA margin (Non-GAAP) (1)	11%	(125)%		(0)%	(10)%
Reconciliation from GAAP Net Income (Loss) and GAAP Net Income (Loss) per diluted share to Non-GAAP net income (loss) and Non-GAAP net income (loss) per diluted share:					
GAAP Net Income (Loss)	\$ (40)	\$ (153)			
Add: Stock-based compensation expense	32	25			
Add: Restructuring and other reorganization costs	—	33			
Add: Amortization of intangible assets	5	6			
Add: (Gain)/Loss on investment	(1)	(1)			
Add: Loss on sale of business	—	5			
Subtract: Income tax effect of Non-GAAP adjustments (2)	6	12			
Subtract: Income tax benefit related to CARES Act (3)	—	5			
Non-GAAP net income (loss)	<u>\$ (10)</u>	<u>\$ (102)</u>			
GAAP diluted shares	137	134			
GAAP Net Income (loss) per diluted share	\$ (0.29)	\$ (1.14)			
Non-GAAP net income (loss) per diluted share (4)	\$ (0.07)	\$ (0.76)			
Reconciliation of GAAP cash flows from operating activities to Free Cash Flow (Non-GAAP):					
Net cash provided by (used in) operating activities (GAAP)	\$ 126	\$ (78)			
Subtract: Capital expenditures	14	15			
Free cash flow (Non-GAAP)	<u>\$ 112</u>	<u>\$ (93)</u>			

(1) Tripadvisor defines "Adjusted EBITDA margin" as Adjusted EBITDA divided by revenue.

(2) The non-GAAP adjustments described above are reported on a pre-tax basis. The income tax effect on non-GAAP adjustments was calculated based on the individual impact that these items had on our GAAP consolidated income tax expense (benefit) for the periods presented.

(3) Represents an income tax benefit of \$5 million recorded in connection with the passage of the CARES Act, pertaining to the income tax rate differential in tax years applicable to U.S. loss carryforwards that became eligible for carryback, recorded during the three months ended June 30, 2020.

(4) Tripadvisor defines "non-GAAP net income (loss) per diluted share" as non-GAAP net income (loss) divided by GAAP diluted shares.

Safe Harbor Statement

Statements in this press release regarding management's future expectations, beliefs, intentions, goals, strategies, plans or prospects, including, without limitation, statements relating to Tripadvisor's future financial performance on both a GAAP and non-GAAP basis, and Tripadvisor's prospects as a comprehensive destination for hotels, experiences, and restaurants, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Forward-looking statements can be identified by terminology such as "anticipate," "believe," "could," "estimate," "expect," "intend," "is planned," "may," "should," "will," "look forward," "would" or similar terms, variations of such terms or the negative of those terms. Investors are cautioned that statements in this press release, which are not strictly historical statements, including, without limitation, statements by our executive officers with respect to growth objectives, strategic investments, and statements regarding management's plans, objectives and strategies, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors including those risks, uncertainties and factors detailed in Tripadvisor's filings with the SEC. As a result of such risks, uncertainties and factors, Tripadvisor's actual results may differ materially from any future results, performance or achievements discussed in or implied by the forward-looking statements contained herein. Tripadvisor is providing the information in this press release as of this date and assumes no obligations to update the information included in this press release or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Q2 2021

Letter to Shareholders

	Q2 2021	Q2 2020	Q2 2019
Revenue	\$235M	\$59M	\$422M
<ul style="list-style-type: none"> Q2 2021 performance demonstrates continued relative U.S. strength as well as a broadening recovery 	298% Y/Y (44)% Y/2Y		

Net Income / (Loss)	\$(40)M	\$(153)M	\$34M
<ul style="list-style-type: none"> Q2 2021 Net loss improved primarily due to revenue improvement 			

Adjusted EBITDA (1)	\$25M	\$(74)M	\$128M
<ul style="list-style-type: none"> Generated positive Adjusted EBITDA in Q2 2021 			

- (1) Consolidated Adjusted EBITDA is a non-GAAP profit measure and is defined as net income (loss) plus: (1) provision (benefit) for income taxes; (2) other income (expense), net; (3) depreciation and amortization; (4) stock-based compensation and other stock-settled obligations; (5) goodwill, intangible asset, and long-lived asset impairments; (6) legal reserves and settlements; (7) restructuring and other related reorganization costs; and (8) non-recurring expenses and income.



Letter to Shareholders

Have vaccine, will travel.

During Q2, vaccination rates increased and reopenings took hold, both undeniably positive steps towards travel's full recovery. These developments, combined with strong pent-up consumer travel demand and record personal savings levels, drove improved results across our key products and regions.

The emerging recovery, along with strong execution by our team, drove improved financial performance in the quarter. Revenue of \$235 million was 56% of Q2 2019 levels and increased 91% versus Q1 2021. We narrowed our net loss to \$40 million, and we swung to a positive adjusted EBITDA of \$25 million. These results exceeded our internal expectations, and demonstrate the resilience of our business.

We are pleased with our progress on a number of fronts:

- The U.S. market led the way and strengthened throughout the period. U.S. hotel metasearch auction revenue grew in June and nearly achieved 2019 levels in the second quarter.
- Recovery in our Experiences offering has occurred sooner than we expected. Q2 U.S. bookings and revenue improved significantly year-over-year and versus Q1 2021. Europe travel demand picked up recently, though it still lags that of the U.S.
- Europe travel demand recovery accelerated in May and June, signaling an early broadening of the global travel recovery. Europe hotel metasearch auction revenue improved materially in May and June as well, and dining revenue at TheFork accelerated throughout the quarter as countries, cities, and restaurants started to reopen.
- Our narrowed quarterly net loss and positive adjusted EBITDA are testaments to our ongoing cost discipline. We kept fixed headcount and discretionary expenses roughly flat both year-over-year and compared to Q1 2021. On the variable cost side, in Q2 we leaned into areas of strength and increased marketing in the Hotel auction and Experiences.
- Tripadvisor Plus became available to all U.S. consumers in June and entered into supply partnerships that enhance the consumer value proposition. We also rolled out a completely redesigned Tripadvisor app, another achievement along our consumer-focused vision to help more people become better travelers.

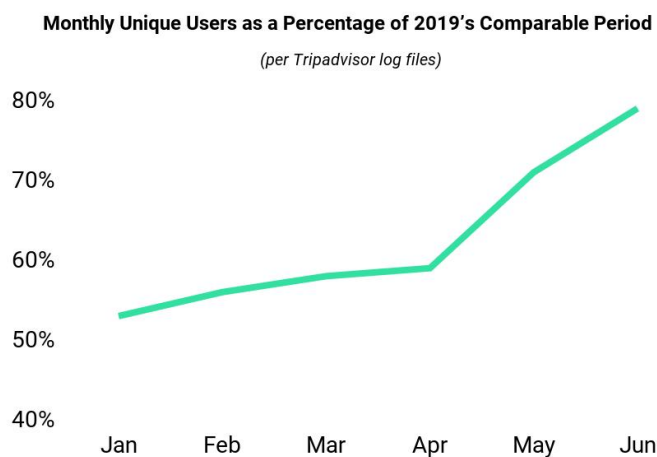
Some factors driving travel's recovery remain outside of our control, and we of course are mindful of the ongoing risks posed by the virus and its variants. However, July revenue as a percentage of 2019 level improved versus June, and while the travel landscape could see near-term unevenness, we believe the recovery remains on an overall positive trajectory. Our consumer surveys continue to suggest strong pent-up travel demand, and consumer activity on Tripadvisor indicates that consumers are getting back out to explore the world. We remain optimistic not only for a stronger second half of 2021, but also for improvement in 2022 as vaccination rates increase, countries reopen, and leisure travel's recovery further broadens.

Additionally, we are executing towards an exciting future that extends well beyond leisure travel's eventual rebound. For the hundreds of millions of travelers on Tripadvisor every month, especially our most engaged members, we are building and improving tools that help them research, plan, and book the trips that matter and help them be better travelers. Differentiating our Experiences and Dining offerings, and expanding our Tripadvisor Plus service to enable more members to unlock savings and premium travel experiences, remain top priorities. For travel partners, we are leveraging our unique position, rich first-party data, scalable technology, and innovative go-to-market strategies to help them capitalize on Tripadvisor's valuable global audience to drive impressions, leads, and bookings for their businesses.

In summary, more than a year into the pandemic, our business has proven resilient and we are making progress building toward the future of travel. By leveraging our platform's unique strengths, we are helping partners succeed, we are deepening member engagement on our platform, and we are laying the foundation for sustained, profitable growth in the years to come.



Monthly unique users improved, and improvement broadened, throughout Q2. Monthly unique users on Tripadvisor-branded websites in Q2 were approximately 70% of 2019's comparable period, up from approximately 55% in Q1. Monthly unique users also improved sequentially during the quarter, as April, May, and June were approximately 59%, 71%, and 79% of 2019's comparable periods, respectively. We see consumer traffic on our site as a leading indicator of consumer's desire to travel.



From a geographical perspective, the U.S. showed continued strength, and the recovery broadened to international markets throughout the quarter. U.S. monthly unique users averaged approximately 85% of 2019 levels in May and June, up from nearly 80% in April.

Europe monthly unique users exceeded 90% of 2019 levels in June, up from nearly 60% in April. We saw notable strength in our key European markets of France, Italy, Germany, and Spain, some of our largest countries beyond the U.S. and U.K. In these countries, monthly unique users approached 95% of 2019 levels in June, up from nearly 40% in April. In the U.K., unique users were approximately 70% of 2019 levels in June, up from nearly 45% in April.

Recovery in Rest of World lagged in April and May amidst significant travel restrictions; however, monthly unique users reached approximately 55% of 2019 levels in June.

In terms of travel planning by trip type, recovery has been limited to certain pockets. Specifically:

- Worldwide, searches for domestic travel represented nearly 80% of searches during the quarter, compared to approximately 50% in pre-pandemic times.
- Searches for trips outside of urban centers, particularly in outdoor adventure-based destinations, have remained popular. Searches for B&Bs, hotels on lakes, hotels with nearby hiking, and 'pets allowed' have been popular throughout the 2021 summer travel planning season.

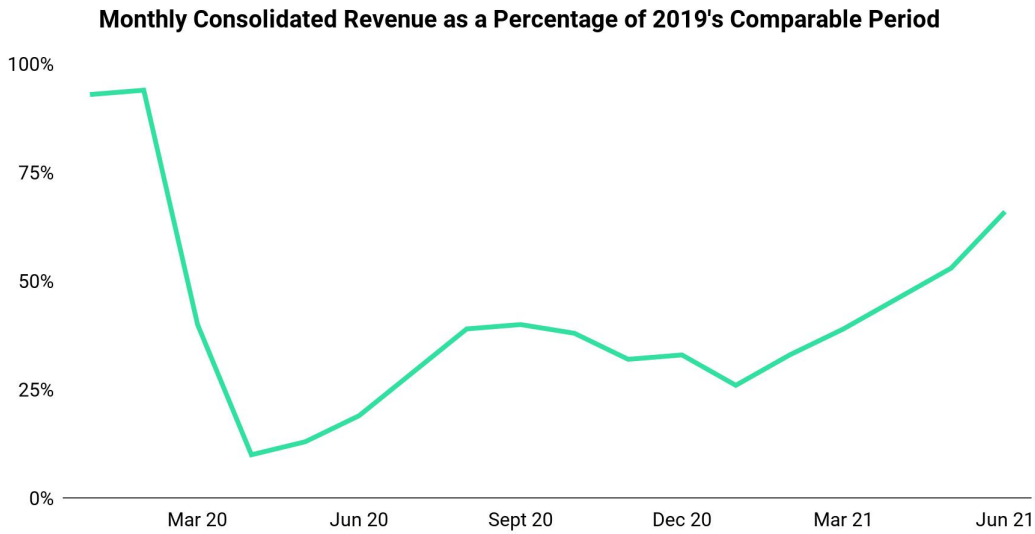
We see the concentrated recovery thus far, as well as rising consumer confidence and signs of pent up demand, as indications of a more powerful recovery to come:

- In the U.S., forty percent of travelers surveyed say they plan to spend more on their next trip compared to what they spent on travel prior to the pandemic. Globally, more than a third of vaccinated travelers surveyed plan to spend more on their next trip.
- Overall, consumers on Tripadvisor are researching and planning trips with longer lead times, and nearly a third of vaccinated respondents plan to take a longer trip than they would have done pre-pandemic.
- Recent Tripadvisor consumer surveys and site behavior indicate that urban destinations are starting to re-emerge as a trip of choice for travelers.

- International travel planning has also been picking up recently, accounting for a quarter of trip searches with stay dates in late 2021 and into 2022. Our Tripadvisor search data indicates that Europeans are the keenest to travel internationally, and the European Travel Commission Q2 report indicated that European travel demand is expected to pick up considerably in the second half of 2021.

Revenue recovery broadened as well. Q2 revenue was \$235 million and, at 56%, revenue as a percentage of 2019's comparable period was 23 percentage points better than it was in Q1 2021.

Consolidated revenue in April, May, and June was approximately 46%, 53%, and 66%, respectively, of 2019's comparable periods and exceeded all pandemic impacted months from last year.



Q2 updates across our diverse offerings:

- In Tripadvisor-branded hotels, our hotel auction had a strong improvement in Q2 versus Q1.
 - In Q2, U.S. hotel shoppers reached approximately 90% of 2019 levels (up from approximately 70% of 2019 levels in Q1) and Europe hotel shoppers were nearly 75% of 2019 levels (compared to approximately 45% in Q1).
 - U.S. Hotel auction CPCs regained 2019 levels in early May and have been at or above 2019 levels since, demonstrating strong partner engagement on our platform as travel demand recovers. Solid and improving auction monetization enabled increased efficient marketing investment on performance channels, which enhanced our Q2 hotel auction growth.
 - Q2 U.S. hotel auction revenue nearly reached parity with Q2 2019 levels and, in June, grew by more than 15% versus June 2019 levels based on continued strong CPC trends. Europe and Rest of World hotel auction revenue continued to lag the U.S. recovery, but both improved in Q2 versus Q1. Overall, our hotel auction revenue reached approximately 80% of 2019 levels in June compared to approximately 50% in April.
- The other component of Tripadvisor-branded hotels - Hotel B2B services - remained a steady performer in Q2 given its primarily subscription-based revenue. We are committed to driving insights and value on our platform and helping partners rebuild and thrive.

- In Tripadvisor-branded display and platform, revenue as a percentage of 2019 levels improved each month throughout the first half of the year and reached approximately 70% of 2019 levels in June. Since mid-2019, we have expanded the media ad products clients can buy from 10 to 40, and we have gained traction bringing our modernized media advertising solutions - including offering improved targeting and broader programmatic capabilities - to a broadened set of endemic and non-endemic travel advertisers.
- Moving to E&D, in our Experiences offering, U.S. trends improved as Q2 progressed. In June, bookings on our U.S. sites exceeded June 2019 levels, up from approximately 60% levels in April. Cancellations remain elevated compared to 2019 levels, but have moderated year-over-year. We have also seen bookings for the U.S. as a destination grow dramatically versus 2019 levels, with particular strength in experiences that involve water and outdoor-related activities.

Our transaction-based business, Viator, has been the primary driver of Experiences' rapid recent recovery. We leaned into Q2 recovery on performance marketing channels in order to capture additional market share. Bookings on our Viator point-of-sale exceeded 2019 levels in June and improved further in July.

We are pleased to see strong consumer demand on our platform as well as the resilience of our key markets so far this year. Helping consumers find and book travel experiences online remains a large and attractive long-term growth opportunity, and we believe our Tripadvisor and Viator assets position us to grow for years to come.

- In Dining, we have seen notable recovery since mid-May, as restaurants in most of the European countries started to reopen for in-restaurant dining. Overall, Dining revenue reached approximately 90% of 2019 levels in June. Also, consumers who booked for the first time on TheFork grew by more than 15% in June versus June 2019 levels. With vaccines now available throughout the region, and restaurants starting to fully reopen, we are optimistic that TheFork business will once again prove resilient in the summer months.

We note that revenue improvement as a percentage of 2019 levels in July versus June moderated versus the improvement we saw in May to June. We acknowledge the increased case counts and other challenges posed by the pandemic, which adds near-term uncertainty for the pace of the ongoing travel recovery. However, we currently expect Q3 financial performance will meaningfully exceed Q2 as a percentage of 2019. We expect this to be driven mostly by further improvement in Europe.

We are optimistic about further travel recovery into 2022 and believe the industry has entered a 'return to travel' period and an initial release of significant pent-up demand. This has already been demonstrated in terms of demand for domestic travel, and primarily in the U.S., and we expect international travel, as well as Europe and the rest of the world, to follow closely behind.

Building an exciting future beyond the recovery. The Tripadvisor growth story extends well beyond the recovery. We remain laser-focused on leveraging Tripadvisor's unique position with consumers and to serve members and deliver more value, creating durable long-term growth and profitability for our business. These objectives coalesce nicely within our new consumer subscription service, Tripadvisor Plus.

Plus progress. Launching a subscription service gives Tripadvisor the imperative to super-serve subscription members and deliver them increasing value over time. Subscribers continue to achieve attractive average savings of more than \$300, which is well in excess of the \$99 subscription fee. This year we have added car rental savings and benefits through our partnership with Hertz and flight discounts through Dollar Flight Club. We are exploring a number of potential partnership opportunities to broaden the offering and drive wider distribution.

In June, we rolled out Plus to 100% of U.S. consumers and have started to amplify Plus consumer messaging, both on and off the Tripadvisor platform. For example, on Tripadvisor, we have been adding improvements to the hotel shopping experience, including Plus-focused marketing on our website and in our email campaigns to members, and within our mobile experience, including on the new Tripadvisor native app. We are also testing merchandising Plus during check-out for an Experiences transaction.

Delivering hotel savings is an important part of the Plus value proposition. We made progress recently on a number of fronts:

- First, we entered into a partnership with one of the leading global OTAs, Trip.com Group.

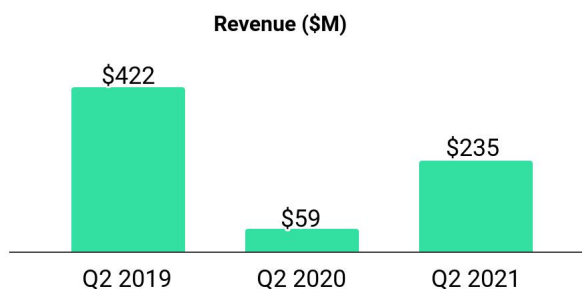


- Second, as we indicated last quarter, we have been extensively testing ways to merchandise Plus and increase the opportunities for consumers to see a Plus offer. We are making gains and, at present, we can offer Plus deals on more than 100,000 hotels.
- Third, we entered our first hotel-direct partnerships with four hotel chains - Barceló Hotels, Melia Hotels International, Millennium Hotels and Resorts, and Pestana Hotel Group. Once fully integrated, this adds direct connections with approximately 850 properties to Plus and enables Plus subscribers to access special room rates and guest perks, such as welcome gifts, dining, and spa credits, and late check-out.
- Fourth, we partnered with four hotel technology providers, which enables connectivity to independent hotels, the top 10 hotel groups, as well as hundreds of regional hotel chains of all sizes throughout Europe, China, and North America. This gives us the opportunity to potentially sign up an estimated additional 45,000 hotels.
- Fifth, we have developed a new way to communicate hotel discounts that we believe will help increase adoption, addressing initial concerns from large hotel chains during our early beta. Feedback from the major chains on these new designs has been quite positive. We have also been able to leverage our instant booking infrastructure, which was developed over the years and has been leveraged by thousands of brands and independents, in order to speed up the onboarding of Plus hotel supply. We also expect to leverage our Trip.com partnership, including their extensive supply, to facilitate this service.

We are just getting started and, while our 2021 expectations remain measured, we are very excited about the opportunity, our positioning, and what we are building. As we outlined earlier this year, hundreds of millions of consumers have chosen their preferred subscription services across categories like music, online shopping, and video content. However, there has been a notable void of an affordable, high-value subscription offering in travel. We believe the global market opportunity is tens of millions of subscribers, implying multi-billion dollars of recurring revenue. With our global audience of hundreds of millions of visitors per month, and our influence with travelers and travel partners, we believe we are uniquely positioned to capture a meaningful share of this long-term opportunity.

Q2 2021 Financial Update

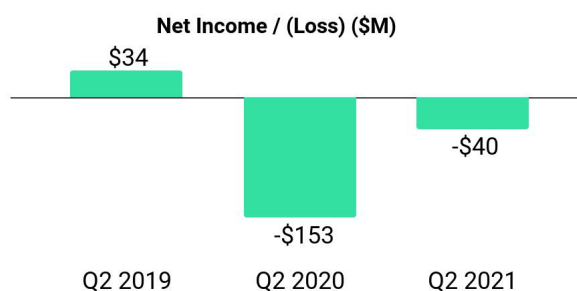
Q2 2021 revenue was \$235 million, representing a year-over-year increase of 298% and a 91% increase versus Q1 2021, which is well beyond typical seasonality for these periods. At approximately 56% of 2019's comparable period, Q2 2021 revenue performance improved by 23-percentage points versus Q1 2021, which performed at 33% of 2019's comparable period. Moreover, monthly revenue performance improved throughout the quarter, driven primarily by strengthening U.S. travel demand as well as improved travel demand in Europe in May and June.



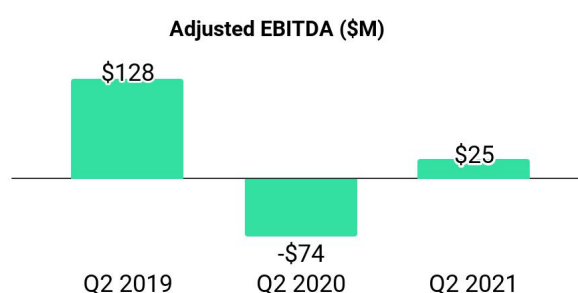
Q2 2021 operating expenses increased 21% year-over-year to \$270 million. The year-over-year and sequential quarterly expense increases were driven primarily by increased variable expenses (including performance-based marketing and the transaction-based cost of revenue), which reflected the recovering travel demand environment through the summer travel planning season, as well as increased marketing expenses on performance-based channels in order to lean into the recovery in the U.S. and boost our competitive position in Experiences in particular. We expect variable expenses will track generally in line with consumer travel demand trends moving forward, though we may seek additional opportunities to gain share during the recovery.

On the fixed cost side, during Q2 2021 we maintained rigorous cost controls in workforce-related and discretionary expense areas and these costs remained roughly flat versus both Q2 2020 and Q1 2021. Our ending headcount was 2,648, or 10% lower year-over-year, and 32% lower than at the end of 2019, and we continue to expect the majority of the 2020 fixed cost savings will persist in 2021. (Note that these estimated cost savings levels do not consider depreciation, amortization, restructuring and other related reorganization costs, or stock-based compensation.)

Q2 2021 consolidated net loss narrowed by \$113 million year-over-year driven primarily by revenue improvement, partially offset by increased variable marketing expenses.



Q2 2021 Adjusted EBITDA was \$25 million and improved by \$99 million year-over-year, driven primarily by revenue improvement against our stable fixed cost base, partially offset by increased variable marketing expenses. We believe we have positioned the business for operating leverage as travel demand and our revenue recovers further.



Moving to the balance sheet, we had \$775 million of cash and cash equivalents as of June 30, 2021, an increase of \$101 million since the end of Q1 2021, driven by positive operating cash inflow.

As for cash flow, we had a \$126 million operating cash inflow in Q2, driven primarily by an increase in working capital during the period, offset in part by our net loss. This inflow compares very favorably to the \$78 million operating cash outflow in Q2 2020, which was the first full quarter with impact from the pandemic, and was a quarter in which consumers canceled their experiences and rentals bookings at historically high rates. This is also reflected in deferred merchant payables, which increased \$116 million year-over-year (from a \$14 million outflow in Q2 2020 to a \$102 million inflow in Q2 2021), primarily driven by significant increases in experiences bookings on our platform.

Outlook

(As a reminder, we endeavor to be as accurate as possible with our forward-looking commentary; however, a number of factors outside of our control can limit our visibility into future financial performance and can cause our results to vary materially from our current expectations.)

Recovery year-to-date, including the notable progress since the beginning of Q2, is encouraging. We believe leisure travel's eventual full recovery will be defined by rising consumer confidence and traveler safety including a full return of travel activity in urban destinations as well as international travel. Achieving these milestones remains related to factors such as vaccine progress, reaching herd immunity, and/or easing government restrictions.

As such, while we remain mindful of the ongoing risks posed by the virus and its variants, and near-term results will likely remain materially impacted by travel market conditions and government restrictions, we continue to expect that leisure travel, and our business, could experience a more robust second-half rebound as vaccinations increase, countries reopen, and the leisure travel recovery broadens. This includes our expectation for Q3 revenue and adjusted EBITDA performance to meaningfully improve versus Q2, both in absolute dollar terms and as a percentage of 2019.

We also remain committed to operating a fundamentally leaner fixed cost structure and continue to expect the majority of the 2020 fixed cost savings will persist in 2021. We expect variable costs will continue to generally move in line with travel demand, and we may also seek additional opportunities to efficiently lean into the recovery and gain share in strategic areas.

Earnings Webcast

Tripadvisor management will host a conference call to discuss results as well as forward-looking information at 8:30 a.m. ET on August 6, 2021. The link to the live webcast, as well as the audio replay, will be made available on Tripadvisor's Investor Relations website at <http://ir.tripadvisor.com>.

A replay of the conference call will be available on the same website. A telephonic replay will be available for two weeks following the call at (855) 859-2056; passcode 6944807.

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Forward-Looking Statements

These prepared remarks contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The following words, when used, are intended to identify forward-looking statements: "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "might," "plan," "project," "target," "should," "will," and similar expressions which do not relate solely to historical matters. We caution investors that any forward-looking statements in these prepared remarks, or which management may make orally or in writing from time to time, are based on management's beliefs and on assumptions made by, and information currently available to, management. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements are more fully described in Part I. Item 1A. "Risk Factors" of our Annual Report on Form 10-K. Moreover, we operate in a rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We caution you that, while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update our forward-looking statements, whether as a result of new information, future events or otherwise.

Investors should also refer to our quarterly reports on Form 10-Q for future periods and current reports on Form 8-K as we file them with the SEC and to other materials we may furnish to the public from time to time through current reports on Form 8-K or otherwise, for a discussion of risks and uncertainties that may cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements.



Use of Non-GAAP Financial Measures

These prepared remarks may include references to non-GAAP measures, such as consolidated adjusted EBITDA (including forecasted adjusted EBITDA), free cash flow, and constant currency measurements, such as, non-GAAP revenue before effects of foreign exchange, and adjusted EBITDA before effects of foreign exchange, which are considered non-GAAP financial measures as they are not prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). These non-GAAP financial measures are not prepared under a comprehensive set of accounting rules and, therefore, should only be reviewed alongside results reported under GAAP.

We encourage investors to review our earnings press release as it contains important information about our financial results, including tabular reconciliations to the most directly comparable GAAP financial measure, definitions, limitations and other related information about these non-GAAP financial measures. We have not reconciled consolidated adjusted EBITDA guidance to projected consolidated GAAP net income (loss) because we do not provide guidance on GAAP net income (loss) or the reconciling items between adjusted EBITDA and GAAP net income (loss), as a result of the uncertainty regarding, and the potential variability of, certain of these items. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measure is not available without unreasonable effort.

The earnings press release in addition to other supplemental financial information is available on the Investor Relations section of our website at <http://ir.tripadvisor.com/>. The earnings press release is also included as Exhibit 99.1 to our Current Report on Form 8-K as furnished to the SEC on August 5, 2021, which is available on the Investor Relations section of our website at <http://ir.tripadvisor.com/> and the SEC's website at www.sec.gov.

Key Business Metrics

We review a number of metrics, including unique visitors, hotel shoppers, and other metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. While these numbers are based on what we believe to be reasonable estimates for the applicable period of measurement, there are inherent challenges in measuring usage and user engagement across our large user base around the world. For example, a single user may have multiple member accounts or browse the internet on multiple browsers or devices, some users may restrict our ability to accurately identify them across visits, and we are not always able to capture user information on all of our platforms. As such, the calculations of our active users may not accurately reflect the actual number of people or organizations using our platform. Our metrics are also affected by applications that automatically contact our servers for regular updates with no discernible user action involved, and this activity can cause our system to count the users associated with such applications as active users on the day or days such contact occurs. As such, the calculation of some of the metrics presented may be affected as a result of this activity. We regularly review our process and may adjust how we calculate our internal metrics to improve their accuracy.

