Tripadvisor Group

Angela Opening Remarks:

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

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

Before we begin, I'd like to remind you that this call may contain estimates and other forward looking statements that represent management's views as of today, November 5, 2026. Tripadvisor disclaims any obligation to update these statements to reflect future events or circumstances. Please refer to our earnings release, as well as our filings with the SEC for information concerning factors that could cause actual results to differ materially from these forward looking statements.

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

Matt Goldberg, CEO

Thanks Angela, and good morning everyone. Earlier this morning, we issued our earnings release, which I hope you've had a chance to review. Mike will cover our quarterly performance in more detail in his section.

Before we get to earnings, I'd like to address this morning's announcement regarding our leadership transition plan. I will remain as CEO through mid-February and I'm committed to working with the Board and our leadership team to ensure a smooth and seamless transition. The Board is working with an executive search firm to identify candidates to lead the company through its next chapter. As part of that announcement, we also shared that Mike has decided to pursue another opportunity outside the company and will depart at the end of the year. We're fortunate to have a deep bench of talent and Kristen Dalton, our current head of strategy & operations, and former VP of FP&A for the company, will step in as interim Chief Financial Officer, beginning January 1, 2027.

Tripadvisor Group today is a different business than the one recovering from the pandemic when Mike and I joined in 2022. Experiences is now at the core of the company, and we are positioned for an increasingly AI-driven travel ecosystem. The Experiences segment has scaled to nearly $5 billion in gross booking value and now contributes the majority of revenue for the Group. We've simplified our capital structure and closed the sale of TheFork this week, strengthening our balance sheet and providing financial flexibility.

I am impressed by the hard work, commitment, and extraordinary talent of our teams across the organization. I'm particularly proud of our people for their resilience as they've navigated changes across the travel industry that have created known headwinds in our legacy business lines. Clearly there is more work to do. But we have valuable assets, a strong financial foundation, and a group of people that I believe represents some of the very best talent in our industry.

Now to earnings. I'd like to focus on where Tripadvisor Group is today and how the company continues to shape its position to succeed in an experiences category that continues to grow and evolve. 2026 has been a year of strategic transition, progress, and significant learnings. We've completed the sale of TheFork, which gives us enhanced capital flexibility; we've taken actions to further simplify our Hotels & Other business and aligned our operating model around our highest-priority growth driver, Experiences.

We continue with our portfolio review, which includes evaluating strategic alternatives aligned with our stated priorities—simplifying our legacy business lines and focusing resources on our growth opportunities. We are taking decisive actions to prioritize resources, sharpen our investment, and improve operational focus in order to move faster, at scale.

- **First,** in Hotels & Other, we are aggressively aligning costs with our revenue profile, protecting cash flow while preserving our valuable brand, reach, community, content, and data.
- **Second,** we intend to allocate capital in a disciplined manner to maximize shareholder value.
- **Third,** we are focusing our execution and investment around Viator, designed to re-accelerate growth in Experiences.

Starting with Hotels & Other, we are taking important actions to further simplify our legacy offerings, and shift to a leaner, more nimble operating model, allowing us to increase the investment in Experiences, drive faster execution, and accelerate growth.

Yesterday, we announced a comprehensive global restructuring, which impacts H&O segment roles, and shifts roles in product, engineering and data analytics to the Experiences segment. The net impact for the Group as a whole is approximately $40 million of gross annualized savings. Although this was a difficult decision given the number of people impacted in H&O, we believe it is the right approach to transform the Group.

The action in Hotels & Other is designed to run the segment at a smaller scale, and allows us to retain our focus on the most important and valuable aspects of our brand—content, community, and trust. By paring back fixed costs across highly variable, and non-core revenue lines, we are also moving to stabilize segment cash flow.

Tripadvisor still offers a unique and scaled platform in travel. Despite top of funnel headwinds, the site remains one of the most accessed research, discovery, and validation sites in travel, with its unique content and data assets. These characteristics have been key to the planning experience, with tools such as our on-site AI-chat option, designed to help travelers plan, explore and make in-destination decisions. It also remains a reliable source of leads for our OTA and industry partners. The community and platform continue to provide

tangible value to travelers, who in turn build value through contributions to our user-generated content, or UGC.

We see this value evidenced in unique contributor trends. Year to date, unique contributors are stable-to-marginally down year over year, versus secular-driven double-digit declines in traffic. And new contributors have remained a consistent portion of total contributors, providing refreshed UGC. Importantly, our contributors are driving positive growth in the number of reviews and photos in our top categories, hotels and experiences. Additionally, the more engaged a contributor, the more they visit, book, and come to us directly—and not surprisingly, contributors have higher than average monetization profiles. This community fuels the rich content and data that our hotel and OTA partners, and LLMs, find so valuable, whether as a source of highly qualified leads, or as a source of content through licensing or AEO citations.

In short at Tripadvisor, leaner teams will focus on more impactful, personalized guidance by deploying the valuable assets we have developed over many years – authentic contributions, content, and our trusted relationship with travelers. As we incorporate these assets into our native AI experience, LLM integrations and partnerships, we can better connect travelers to partners in our most monetized and profitable offerings.

Second, this week we officially closed the sale of TheFork, generating approximately $685 million in net available proceeds. We expect to prioritize the reduction of long-term debt to preserve balance sheet strength, reduce interest expense, and maintain strong liquidity. We believe our healthy balance sheet provides flexibility as the Company completes its portfolio review and finalizes 2027 planning.

Finally, we remain focused on accelerating our growth in Experiences, the most compelling area of travel, where we believe we are well-placed given our strong market position in the US, global supply base and expansive B2B2C partner roster. We believe the increased interest in the category over the last few years is a reflection of the attractiveness of the opportunity.

That said, performance has clearly been mixed throughout 2026. Macro factors have played a role, including weakness in the North America-Europe corridor, historically our largest. We've faced ongoing SEO headwinds in our Tripadvisor point-of-sale. Our execution has not been where it needed to be upon combining our Experiences operations. And, while we

believe the strength of our brand and offering positions us attractively, the marketplace remains competitive.

A year ago, we made the decision to bring Experiences teams across Tripadvisor and Viator together because, while we recognized the distinct roles each brand plays in travel, we believed it would create product and marketing efficiencies. This has not proven out as we expected, which is evident in our last twelve month performance across our points of sale: while Viator and B2B2C experiences booked grew in the low teens, the Tripadvisor channel declined by high single digits.

Despite increased marketing investment on Tripadvisor, returns have been slower to materialize as we navigate known SEO headwinds, which in turn has affected our ability to scale spend in Viator, particularly in newer channels, where early returns have been positive. Similarly, product and engineering efforts spread across both platforms have slowed conversion gains in Viator, our primary experiences OTA.

The takeaway is clear: competing investment priorities are delivering uneven returns. Moving forward, we are focusing our primary investment behind the single, higher-return Viator OTA flywheel, aimed at driving sustainable LTV to CAC improvements in areas such as conversion, repeat bookings, and app adoption. Tripadvisor will continue to serve as an efficient top-of-funnel discovery engine and partner lead source. This more focused approach maximizes ROI across performance marketing and product development, while positioning us to unlock accelerated growth and long-term margin expansion for our Experiences segment.

Ensuring the compounding effect of a single flywheel is especially important as we expand from our more mature markets and categories, and into growth geos and new categories. It also enhances the strategic value proposition for third-party and B2B2C partners with access to a large, quality supply base.

Focusing clearly on a single flywheel also positions us well in an evolving discovery and booking environment. Our marketplace model is resilient to disintermediation by upper-funnel LLMs given the complexity of a fragmented supply base of small operators, complex transaction management, and customer service requirements for both sides of the marketplace. This, combined with our reviews, quality rankings, and availability signals surface better recommendations within these channels. Viator is already working across all

major AI platforms today, including Anthropic, OpenAI, Gemini, and most recently with Meta Muse. It's early, and volumes are low, but signs are positive. Bookings through MCP partner integrations convert at better than average rates and higher booking values. And, in AI discovery, our brands lead in share of citations for experiences prompts, and the resulting AI traffic converts well above the site average.

I want to conclude by stepping back and putting Tripadvisor Group today in context. Our assets are well positioned to meet traveler needs in an evolving AI-first landscape. We help travelers decide what is worth doing and turn those decisions into bookings. Tripadvisor brings trusted, constantly refreshed traveler insights; Viator brings a global marketplace of bookable experiences. Both continue to provide tangible value to travelers and partners alike. As consumers increasingly turn to AI assistants and agents, those platforms need reliable travel information, live availability, and the ability to complete a reservation. Tripadvisor Group brings all three, positioned to serve travelers wherever their journey begins. Our existing AI partnerships and strong early referral conversion rates support the opportunity to become an essential source of travel intelligence and bookable experiences in an increasingly agentic world.

We exit 2026 with a simpler, more focused business better-placed to succeed in an evolving environment. Our teams are laser focused on our execution, investing behind our growth engine to maximize the Viator marketplace flywheel, and moving to a streamlined and agile model for Tripadvisor, all of which sets a strong foundation for the future.

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

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Mike Noonan, CFO

Thanks Matt and good morning. I'll start with a review of our financial results, then provide more detail on the impact of our cost reduction actions as well as some color on recent trends and outlook for Q4. As a reminder, all growth rates are relative to the comparable period in 2025, unless noted otherwise.

Now, turning to quarterly results, consolidated revenue was $436 million, or a decline of 11%. Adjusted EBITDA was $71 million or 16% of revenue.

Starting with **Experiences**. Demand shifts and marketing spend adjustments impacted booking performance, particularly in August, when bookings growth decelerated relative to July and fell short of expectations. As a result, **Experiences booked** in the quarter grew 2%, with performance varying significantly by point of sale: bookings on our Viator platform grew 4%, the Tripadvisor platform declined in the low-teens, and third-party points of sale grew in the mid-teens. Persistent SEO headwinds created an approximate 3% growth headwind to segment bookings for the quarter.

On the demand side, booking trends in the US to Europe corridor weakened further from last quarter. Given this corridor's share of total mix, the softness meaningfully impacted overall segment growth. Meanwhile, In our other primary corridor, U.S. domestic, low double-digit bookings growth in July decelerated as we moved through the quarter. Overall, demand continued to be impacted by macro headwinds and weather disruptions. For example, bookings with a shorter booking window slowed to a greater extent during these disruptions, while the related rise in cancellation rates weighed on revenue.

We also saw uneven performance in our SEM channel through the quarter. In August we witnessed a decline in available clicks, which impacted growth for this channel. This also coincided with a planned shift in spend to newer, less scaled paid channels in efforts to drive long-term channel diversification. Although we believe this created some in-quarter growth headwinds for the Viator point-of-sale, we believe this is the right long-term investment to drive durable growth with better unit economics over time.

Gross booking value (GBV) was flat year-over-year. Changes in currency were a headwind to growth of approximately 1%. Excluding currency impacts and volume, GBV trends reflected modest pressure on average bookings value (ABV), driven by a lower mix of US to Europe

bookings - which typically carry higher ABVs - as well as lower average values and slower growth in our higher-priced bookings tiers. SEO headwinds created an estimated 3% headwind to segment GBV growth.

Experiences revenue declined 3%, which includes a currency headwind of approximately 1%. Revenue growth was further pressured relative to GBV growth primarily due to increased cancellation rates and to a lesser extent lower take rates. Higher cancellation rates were driven primarily by the travel disruptions previously noted. Year-over-year take rate pressure was primarily due to testing in discounting, and to a lesser degree, to the lower US to Europe mix, given its typically higher take rate.

Adjusted EBITDA for the Experiences segment was $38 million, or 13% of revenue, down 440 basis points. Leverage in personnel costs partially offset increased marketing as a percent of revenue.

Year to date, higher marketing spend as a percentage of GBV has been driven primarily by SEO headwinds and marketing channel mix shift on the Tripadvisor point of sale. Marketing spend on the Viator point of sale remained largely flat as a percentage of GBV despite incremental investments in new channels. As a percentage of segment revenue, marketing deleverage reflected these GBV trends, compounded by higher cancellation rates. Moving forward, concentrating on the Viator point-of-sale flywheel—combining integrated marketing campaigns with product and supply enhancements—is expected to drive higher growth and expanding margins.

Turning to the **Hotels & Other** segment, revenue declined 23% to $152 million. Hotels revenue fell 23% to $110 million, primarily driven by lower volume and, to a lesser extent, lower pricing, although overall pricing levels remain historically strong. Media & Advertising revenue decreased 23% to $28 million as ongoing uncertainties in the Middle East weighed on partner ad spend.

Adjusted EBITDA in Hotels & Other was $33 million, or 22% of revenue, down approximately 650 basis points. Deleverage was driven by lower revenue which offset the benefit of lower fixed costs year over year.

As Matt noted, going forward we will be moving toward further simplifying this segment, and accelerating investment in Experiences. He covered our strategic rationale but, I'd like to cover specifics of the anticipated near-term financial impact.

The restructuring is expected to result in annualized gross savings of over $55 million to the H&O segment by reducing global employee and contractor roles by 425, or approximately 60% of our H&O-dedicated roles. Of that, approximately 150 roles, or approximately $15 million in associated costs, will move to the Experiences segment to increase resourcing there. The result of this action is expected to result in Group gross annualized savings of approximately $40 million. This action does not include savings associated with any third-party vendor costs, which we will pursue in the fourth quarter.

Given timing of notifications for impacted employees, we expect very little cost benefit this year. We estimate a restructuring charge of approximately $15 to $20 million in Q4.

Now, turning to **consolidated expenses,** which, on a GAAP basis, included a goodwill impairment charge of approximately $369 million. We assess the carrying value of our goodwill annually, and given the financial performance over the last year, we concluded that the fair value of the H&O segment was lower than its carrying value. As such, we have reduced our goodwill on the balance sheet to reflect this assessment.

Cost of revenue in Q3 was 9% of revenue, higher by approximately 110 basis points. This was primarily driven by a higher mix of Experiences and some modestly higher costs in H&O.

Marketing costs were 49% of revenue, an increase of approximately 550 basis points. This was driven by ongoing free to paid channel mix, primarily impacting H&O and the Tripadvisor point-of-sale in experiences, as a result of persistent SEO headwinds.

Personnel costs were 22% of revenue, down approximately 370 basis points. This reduction was driven primarily by lower expenses in Hotels & Other, alongside decreased share-based compensation expense resulting from Q4 2025 cost saving program forfeitures and lower annual grant values starting in 2026. Excluding SBC, personnel costs represented approximately 18% of revenue, a decrease of roughly 200 basis points.

Technology costs in Q3 were 5% of revenue, an increase of approximately 70 basis points primarily driven by higher licensing fees associated with AI token spend as we position our teams for faster execution and productivity gains.

G&A costs were approximately 4% of revenue, higher by 90 basis points related to an increase in legal reserve expense.

Now, turning to **cash and liquidity**. In Q3, operating cash flow was negative $122 million and free cash flow was negative $131 million, reflecting normal seasonal working capital swings as well as timing of certain accruals.

Total cash and cash equivalents at September 30 were approximately $707 million. Excluding deferred merchant payables of $397 million, our available cash balance was approximately $310 million and our total debt was approximately $834 million.

On November 1st, we closed the sale of TheFork and received approximately $685 million in net cash proceeds. Our post-close cash balance is approximately $1.4 billion, with available cash just over $1 billion.

The closing of TheFork provides us flexibility in our capital allocation choices, and at this time, we are prioritizing a strong balance sheet. As such, we currently expect to use a portion of the proceeds to reduce debt. Reducing debt while preserving strong liquidity puts the company on strong footing while leaving other capital allocation options available. With respect to share repurchases, we remain unable to be active in the open market while our portfolio review process continues.

Turning now to recent trends and our **outlook for Q4.** As we consider the remainder of the year, several factors shape our outlook. October bookings growth weakened modestly from our exit rate in the third quarter, driven by continued softness across long-haul corridors and the impact of our marketing diversification efforts. Additionally, late in the month, protests in Europe began to weigh on demand from both inbound and intra-European travelers.

Consequently, sequentially we expect Group revenue to decline to the low-teens, reflecting a modest acceleration in Experiences declines, which includes a slight currency headwind, and flat performance in H&O compared to Q3. For Experiences, we expect bookings to remain

roughly flat year-over-year, which assumes Q3 trends continue. For Group adjusted EBITDA, we assume margins to step down sequentially to the low-to-mid single digits, driven by approximately break-even adjusted EBITDA in Experiences as we continue investing in paid channel diversification.

Our focus on sharpening execution and deploying targeted investments is expected to position the Experiences segment for an improved growth profile in 2027. While it is too early to provide specific guidance for 2027, our teams are actively establishing strategic priorities for the year. In Experiences, given the vast global opportunity and our strong position as a leading platform, we will prioritize investments aimed at driving durable top-line growth over margin expansion. The added resources from our restructuring put the teams in a good position to start the year in full stride. In Hotels & Other, we are prioritizing a smaller, leaner operational footprint and a more durable margin profile, recognizing the secular trends that have driven top-line declines, which we expect to abate over time as we work through SEO headwinds. Overall, 2027 is designed to establish a solid operational baseline to support profitable long-term growth.

Before I pass the call back to the operator to begin Q&A, I'd like to take this opportunity to say that it's been a privilege working with my colleagues across the Company. I would like to especially thank my dedicated finance team who have provided tremendous support over these past four years. I wish the Company all the best and look forward to following the company's continued progress.

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

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Matt - close

Thanks for joining us this morning. My focus over the coming months will be to deliver on our priorities, support our teams, and ensure that our next CEO inherits a business with operating momentum, motivated talent, and a strong balance sheet. I want to thank Mike for his leadership, partnership, and significant contributions to the company. I also want to thank our Board and our remarkable employees for everything they do every day. I'm confident the best chapters for Tripadvisor Group lie ahead.