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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

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

For the quarterly period ended September 30, 2022

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-36603

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**46-3337365**  
(I.R.S. Employer  
Identification No.)

**12300 Liberty Boulevard, Englewood, Colorado 80112**

(Address, including zip code, of Registrant's principal executive offices)

Registrant's telephone number, including area code: **(720) 875-5200**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Series A common stock	LTRPA	The Nasdaq Stock Market LLC
Series B common stock	LTRPB	The Nasdaq Stock Market LLC

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

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

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

Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer  Smaller Reporting Company  Emerging Growth Company

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

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

The number of outstanding shares of Liberty TripAdvisor Holdings, Inc. common stock as of October 31, 2022 was:

	<b>Series A</b>	<b>Series B</b>
Liberty TripAdvisor Holdings, Inc. common stock	72,487,203	3,370,368

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**LIBERTY TRIPADVISOR HOLDINGS, INC.****Condensed Consolidated Balance Sheets****(unaudited)**

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
	<u>amounts in millions</u>	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 1,101	760
Accounts receivable and contract assets, net of allowance for credit losses of \$28 million and \$28 million, respectively	205	142
Income taxes receivable	1	48
Other current assets	39	26
Total current assets	<u>1,346</u>	<u>976</u>
Property and equipment, net	106	118
Intangible assets not subject to amortization (note 6):		
Goodwill	2,181	2,220
Trademarks	720	730
	<u>2,901</u>	<u>2,950</u>
Intangible assets subject to amortization, net	113	133
Other assets, at cost, net of accumulated amortization	181	199
Total assets	<u>\$ 4,647</u>	<u>4,376</u>

(continued)

See accompanying notes to condensed consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**  
**Condensed Consolidated Balance Sheets (Continued)**  
**(unaudited)**

	September 30, 2022	December 31, 2021
	amounts in millions	
<i>Liabilities and Equity</i>		
Current liabilities:		
Deferred merchant and other payables	\$ 307	140
Deferred revenue	51	36
Accrued liabilities and other current liabilities	218	180
Total current liabilities	576	356
Long-term debt, including \$240 million and \$268 million measured at fair value as of September 30, 2022 and December 31, 2021, respectively (note 7)	1,126	1,143
Deferred income tax liabilities	144	144
Financial instrument liabilities (note 5)	53	85
Series A Preferred Stock liability (note 8)	225	212
Other liabilities	341	309
Total liabilities	2,465	2,249
Equity:		
Series A common stock, \$.01 par value. Authorized 200,000,000 shares; issued and outstanding 72,487,203 shares at September 30, 2022 and 72,447,462 at December 31, 2021	1	1
Series B common stock, \$.01 par value. Authorized shares 7,500,000; issued and outstanding 3,370,368 shares at September 30, 2022 and 3,216,047 at December 31, 2021	—	—
Series C common stock, \$.01 par value. Authorized 200,000,000 shares; no shares issued.	—	—
Additional paid-in capital	283	288
Accumulated other comprehensive earnings (loss), net of taxes	(3)	(21)
Retained earnings (deficit)	(459)	(469)
Total stockholders' equity	(178)	(201)
Noncontrolling interests in equity of subsidiaries	2,360	2,328
Total equity	2,182	2,127
Commitments and contingencies (note 10)		
Total liabilities and equity	\$ 4,647	4,376

See accompanying notes to condensed consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**  
**Condensed Consolidated Statements of Operations**  
**(unaudited)**

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	amounts in millions, except per share amounts			
Total revenue, net	\$ 459	303	1,138	661
Operating costs and expenses:				
Operating expense, including stock-based compensation (note 3)	87	75	247	215
Selling, general and administrative, including stock-based compensation (note 3)	283	188	714	476
Depreciation and amortization	23	36	73	112
	<u>393</u>	<u>299</u>	<u>1,034</u>	<u>803</u>
Operating income (loss)	66	4	104	(142)
Other income (expense):				
Interest expense	(16)	(16)	(49)	(43)
Realized and unrealized gains (losses) on financial instruments, net	(24)	82	35	189
Other, net	1	(1)	(2)	(2)
	<u>(39)</u>	<u>65</u>	<u>(16)</u>	<u>144</u>
Earnings (loss) before income taxes	27	69	88	2
Income tax (expense) benefit	(38)	(1)	(61)	22
Net earnings (loss)	(11)	68	27	24
Less net earnings (loss) attributable to noncontrolling interests	19	(4)	17	(111)
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	<u>\$ (30)</u>	<u>72</u>	<u>10</u>	<u>135</u>
Net earnings (loss) available to common shareholders (note 4)	<u>\$ (30)</u>	<u>72</u>	<u>10</u>	<u>(235)</u>
Basic net earnings (loss) attributable to Series A and Series B Liberty TripAdvisor Holdings, Inc. shareholders per common share (note 4):	\$ (0.39)	0.95	0.13	(3.13)
Diluted net earnings (loss) attributable to Series A and Series B Liberty TripAdvisor Holdings, Inc. shareholders per common share (note 4):	\$ (0.39)	0.94	0.13	(3.13)

See accompanying notes to condensed consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.****Condensed Consolidated Statements of Comprehensive Earnings (Loss)****(unaudited)**

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	amounts in millions			
Net earnings (loss)	\$ (11)	68	27	24
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	(26)	(11)	(59)	(20)
Credit risk on fair value debt instruments gains (losses)	(11)	—	30	8
Reclassification adjustment for net losses included in net income	—	2	—	2
Other comprehensive earnings (loss)	(37)	(9)	(29)	(10)
Comprehensive earnings (loss)	(48)	59	(2)	14
Less comprehensive earnings (loss) attributable to the noncontrolling interests	(2)	(12)	(30)	(126)
Comprehensive earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ (46)	71	28	140

See accompanying notes to condensed consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**  
**Condensed Consolidated Statements of Cash Flows**  
**(unaudited)**

	Nine months ended September 30,	
	2022	2021
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	\$ 27	24
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities		
Depreciation and amortization	73	112
Stock-based compensation	68	93
Realized and unrealized (gains) losses on financial instruments, net	(35)	(189)
Deferred income tax expense (benefit)	8	(29)
Other charges (credits), net	28	15
Changes in operating assets and liabilities		
Current and other assets	(13)	(96)
Payables and other liabilities	277	105
Net cash provided (used) by operating activities	433	35
Cash flows from investing activities:		
Capital expended for property and equipment, including capitalized website development	(41)	(40)
Other investing activities, net	4	(1)
Net cash provided (used) by investing activities	(37)	(41)
Cash flows from financing activities:		
Borrowings of debt	9	675
Repurchase of Series A Preferred Stock	—	(281)
Payment of withholding taxes on net share settlements of equity awards	(18)	(39)
Subsidiary purchase of capped calls	—	(35)
Other financing activities, net	(9)	(8)
Net cash provided (used) by financing activities	(18)	312
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash	(37)	(7)
Net increase (decrease) in cash, cash equivalents and restricted cash	341	299
Cash, cash equivalents and restricted cash at beginning of period	760	423
Cash, cash equivalents and restricted cash at end of period	\$ 1,101	722

See accompanying notes to condensed consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

**Condensed Consolidated Statements of Equity**

(unaudited)

	Stockholders' equity							Noncontrolling interest in equity of subsidiaries	Total equity
	Common Stock			Additional paid-in capital	Accumulated other comprehensive earnings (loss) amounts in millions	Retained earnings (deficit)			
	Series A	Series B	Series C						
Balance at January 1, 2022	\$ 1	—	—	288	(21)	(469)	2,328	2,127	
Net earnings (loss)	—	—	—	—	—	10	17	27	
Other comprehensive earnings (loss)	—	—	—	—	18	—	(47)	(29)	
Stock-based compensation	—	—	—	18	—	—	57	75	
Withholding taxes on net share settlements of stock-based compensation	—	—	—	(18)	—	—	—	(18)	
Shares issued by subsidiary	—	—	—	(5)	—	—	5	—	
Balance at September 30, 2022	\$ 1	—	—	283	(3)	(459)	2,360	2,182	

	Stockholders' equity							Noncontrolling interest in equity of subsidiaries	Total equity
	Common Stock			Additional paid-in capital	Accumulated other comprehensive earnings (loss) amounts in millions	Retained earnings (deficit)			
	Series A	Series B	Series C						
Balance at June 30, 2022	\$ 1	—	—	288	13	(429)	2,341	2,214	
Net earnings (loss)	—	—	—	—	—	(30)	19	(11)	
Other comprehensive earnings (loss)	—	—	—	—	(16)	—	(21)	(37)	
Stock-based compensation	—	—	—	6	—	—	19	25	
Withholding taxes on net share settlements of stock-based compensation	—	—	—	(9)	—	—	—	(9)	
Shares issued by subsidiary	—	—	—	(2)	—	—	2	—	
Balance at September 30, 2022	\$ 1	—	—	283	(3)	(459)	2,360	2,182	

See accompanying notes to condensed consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

**Condensed Consolidated Statements of Equity**

**(unaudited)**

	Stockholders' equity							Noncontrolling interest in equity of subsidiaries	Total equity
	Common Stock			Additional paid-in capital	Accumulated other comprehensive earnings (loss) amounts in millions	Retained earnings (deficit)			
	Series A	Series B	Series C						
Balance at January 1, 2021	\$ 1	—	—	257	(23)	(278)	2,350	2,307	
Net earnings (loss)	—	—	—	—	—	135	(111)	24	
Other comprehensive earnings (loss)	—	—	—	—	5	—	(15)	(10)	
Stock-based compensation	—	—	—	25	—	—	78	103	
Withholding taxes on net share settlements of stock-based compensation	—	—	—	(39)	—	—	—	(39)	
Shares issued by subsidiary	—	—	—	(9)	—	—	17	8	
Preferred stock adjustment (note 8)	—	—	—	—	—	(370)	—	(370)	
Subsidiary purchase of capped calls, net of tax (note 7)	—	—	—	(6)	—	—	(20)	(26)	
Preferred stock repurchased with subsidiary shares (note 8)	—	—	—	58	—	—	34	92	
Balance at September 30, 2021	<u>\$ 1</u>	<u>—</u>	<u>—</u>	<u>286</u>	<u>(18)</u>	<u>(513)</u>	<u>2,333</u>	<u>2,089</u>	

	Stockholders' equity							Noncontrolling interest in equity of subsidiaries	Total equity
	Common Stock			Additional paid-in capital	Accumulated other comprehensive earnings (loss) amounts in millions	Retained earnings (deficit)			
	Series A	Series B	Series C						
Balance at June 30, 2021	\$ 1	—	—	290	(17)	(585)	2,318	2,007	
Net earnings (loss)	—	—	—	—	—	72	(4)	68	
Other comprehensive earnings (loss)	—	—	—	—	(1)	—	(8)	(9)	
Stock-based compensation	—	—	—	8	—	—	25	33	
Withholding taxes on net share settlements of stock-based compensation	—	—	—	(10)	—	—	—	(10)	
Shares issued by subsidiary	—	—	—	(2)	—	—	2	—	
Balance at September 30, 2021	<u>\$ 1</u>	<u>—</u>	<u>—</u>	<u>286</u>	<u>(18)</u>	<u>(513)</u>	<u>2,333</u>	<u>2,089</u>	

See accompanying notes to condensed consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(unaudited)**

**(1) Basis of Presentation**

The accompanying condensed consolidated financial statements include the accounts of Liberty TripAdvisor Holdings, Inc. and its controlled subsidiaries (collectively, "TripCo," "Consolidated TripCo," the "Company," "we," "us," or "our," unless the context otherwise requires). TripCo does not have any operations outside of its controlling interest in its subsidiary TripAdvisor, Inc. ("Tripadvisor").

The accompanying (a) condensed consolidated balance sheet as of December 31, 2021, which has been derived from audited financial statements, and (b) the interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for such periods have been included. Additionally, certain prior period amounts have been reclassified for comparability with the current period presentation. The results of operations for any interim period are not necessarily indicative of results for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2021 as presented in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The Company considers (i) recognition and recoverability of goodwill, intangible and long-lived assets and (ii) accounting for income taxes to be its most significant estimates.

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China, and on March 11, 2020 was declared a global pandemic. Tripadvisor and the Company continue to be subject to risks and uncertainties related to the COVID-19 pandemic.

Continued widespread vaccine distributions, efficacy against existing variants and future variants, if any, of COVID-19, whether there will be resurgences of the virus and subsequent government restrictions, the extent and effectiveness of containment actions taken, and whether consumers' demand for travel and hospitality services continue to be or become negatively impacted remains uncertain. Tripadvisor does not know the future path or potential rate of global or regional COVID-19 resurgences, including existing COVID-19 variants and future variants, if any, nor does it have visibility into when any remaining or reinstated restrictions will be lifted, and where additional restrictions may be implemented or reinstated in the future due to resurgence of the virus.

Therefore, the extent of the future impact of the COVID-19 pandemic on Tripadvisor's business, results of operations, liquidity and financial condition remains uncertain, and is dependent on future developments that cannot be accurately predicted at this time. Tripadvisor continues to believe the travel, leisure, hospitality, and restaurant industries (collectively, the "travel industry"), and Tripadvisor's financial results, would be adversely and materially affected upon a resurgence of existing COVID-19 variants or if new variants emerge which result in reinstated travel bans and/or other government restrictions and mandates, all of which negatively impact consumer demand, sentiment and discretionary spending patterns.

Additionally, further health-related events, political instability, geopolitical conflicts, acts of terrorism, fluctuations in currency values, changes in global economic conditions, and increased inflation, are examples of other events that could have a negative impact on the travel industry and Tripadvisor's financial results in the future.

Consumers' travel expenditures have historically followed a seasonal pattern. Correspondingly, travel partners' advertising investments, and therefore Tripadvisor's revenue and operating profits, have also historically followed a seasonal pattern. Tripadvisor's financial performance tends to be seasonally highest in the second and third quarters of a

**LIBERTY TRIPADVISOR HOLDINGS, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(unaudited)**

given year, which includes the seasonal peak in consumer demand, including traveler hotel and rental stays, and travel activities and experiences taken, compared to the first and fourth quarters, which represent seasonal low points. During the first half of the year, experience and rentals bookings typically exceed the amount of completed experiences and rental stays, resulting in higher cash flow related to working capital, while during the second half of the year, particularly in the third quarter, this pattern reverses and cash flows from these transactions are typically negative.

Other factors may also impact typical seasonal fluctuations, which include further significant shifts in Tripadvisor's business mix or adverse economic conditions that could result in future seasonal patterns that are different from historical trends. For example, although consumer travel demand was materially lower than historic levels due to the impact of COVID-19 on Tripadvisor's business during 2020, these trends generally improved, albeit unevenly, during 2021, resulting in increased revenues, and working capital and operating cash flow more akin to typical historical seasonality trends, which has continued during the first three quarters of 2022. However, it is difficult to predict the seasonality for the upcoming quarters, given the sustained uncertainty related to the COVID-19 pandemic and whether there will be resurgences, or if new variants will emerge, and the pace of continued recovery in Tripadvisor's key markets.

On March 26, 2020, TripCo issued and sold 325,000 shares of TripCo's newly-created 8% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Series A Preferred Stock"), for a purchase price of \$1,000 per share. On March 29, 2021 and April 6, 2021, TripCo repurchased a portion of the Series A Preferred Stock. See further discussion about the Series A Preferred Stock in note 8.

TripCo has entered into certain agreements, including the services agreement, the facilities sharing agreement and the tax sharing agreement, with Qurate Retail, Inc. ("Qurate Retail") and/or Liberty Media Corporation ("Liberty Media") (or certain of their subsidiaries). Pursuant to the services agreement (except as described below in respect to Gregory B. Maffei), Liberty Media provides TripCo with general and administrative services including legal, tax, accounting, treasury and investor relations support. TripCo reimburses Liberty Media for direct, out-of-pocket expenses incurred by Liberty Media in providing these services and TripCo pays a services fee to Liberty Media under the services agreement that is subject to adjustment semi-annually, as necessary.

In December 2019, TripCo entered into an amendment to the services agreement with Liberty Media in connection with Liberty Media's entry into a new employment arrangement with Gregory B. Maffei, TripCo's Chairman, President and Chief Executive Officer. Under the amended services agreement, components of his compensation will either be paid directly to him by each of TripCo, Liberty Broadband Corporation, and Qurate Retail (collectively, the "Service Companies") or reimbursed to Liberty Media, in each case, based on allocations among Liberty Media and the Service Companies set forth in the amended services agreement, currently set at 5% for the Company.

Under the facilities sharing agreement, TripCo shares office space with Liberty Media and related amenities at Liberty Media's corporate headquarters in Englewood, Colorado.

The tax sharing agreement provides for the allocation and indemnification of tax liabilities and benefits between Qurate Retail and TripCo and other agreements related to tax matters.

Under these agreements, approximately \$1 million was reimbursable to Liberty Media for both of the three months ended September 30, 2022 and 2021, and approximately \$2 million and \$3 million was reimbursable to Liberty Media for the nine months ended September 30, 2022 and 2021, respectively.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(unaudited)**

**(2) Revenue Recognition**

Commencing in the second quarter of 2022, Tripadvisor changed its reportable segments (see note 11). Accordingly, the nature of services provided and revenue recognition policies related to the current reportable segments are presented below.

Tripadvisor generates all of its revenue from contracts with customers. It recognizes revenue when it satisfies a performance obligation by transferring control of the promised services to a customer in an amount that reflects the consideration that it expects to receive in exchange for those services. When Tripadvisor acts as an agent in the transaction, it recognizes revenue for only its commission on the arrangement. Tripadvisor determines revenue recognition through the following steps:

- (1) Identification of the contract, or contracts, with a customer
- (2) Identification of the performance obligations in the contract
- (3) Determination of the transaction price
- (4) Allocation of the transaction price to the performance obligations in the contract
- (5) Recognition of revenue when, or as, Tripadvisor satisfies a performance obligation

At contract inception, Tripadvisor assesses the services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a service (or bundle of services) that is distinct. To identify the performance obligations, Tripadvisor considers all of the services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. There was no significant revenue recognized in the three and nine months ended September 30, 2022 and 2021 related to performance obligations satisfied in prior periods. Tripadvisor has applied a practical expedient and does not disclose the value of unsatisfied performance obligations that have an original expected duration of less than one year. Tripadvisor expects to complete its performance obligations within one year from the initial transaction date. The value related to Tripadvisor's remaining or partially satisfied performance obligations relates to subscription services that are satisfied over time or services that are recognized at a point in time, but not yet achieved. The timing of services, invoicing and payments do not include a significant financing component. Tripadvisor's customer invoices are generally due 30 days from the time of invoicing.

***Tripadvisor Core Segment***

**Tripadvisor-branded Hotels Revenue.** The largest source of Tripadvisor Core segment revenue is generated from click-based advertising on Tripadvisor-branded websites, which is Tripadvisor's hotel auction (or hotel meta) revenue, which is primarily comprised of contextually-relevant booking links to Tripadvisor's travel partners' websites. Click-based advertising is generally priced on a cost-per-click, or "CPC," basis, with payments from travel partners determined by the number of travelers who click on a link multiplied by the CPC rate for each specific click as determined in a dynamic, competitive auction process.

Tripadvisor also generates revenue from its cost-per-action, or "CPA" model, which consists of contextually-relevant booking links to its travel partners' websites which are advertised on its platform. Tripadvisor earns a commission from its travel partners, based on a pre-determined contractual commission rate, for each traveler who clicks to and books a hotel reservation on the travel partners' website, which results in a traveler stay. CPA revenue is billable only upon the completion of each traveler's stay resulting from a hotel reservation. The travel partners provide the service to the travelers and Tripadvisor acts as an agent under ASC 606 – *Revenue from Contracts with Customers* ("ASC 606"). Tripadvisor's performance obligation is complete at the time of the hotel reservation booking, and the commission earned is recognized upon booking, as Tripadvisor has no post-booking service obligations. Tripadvisor recognizes this revenue net of an estimate of the impact of cancellations, using historical cancellation rates and current trends. Contract assets are recognized at the time of booking for commissions that are billable upon the completion of a traveler's stay. CPA revenue is generally billed to Tripadvisor's travel partners monthly for traveler stays completed in that month.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(unaudited)**

In addition, Tripadvisor offers hotel business to business solutions, including subscription-based advertising to hotels, owners of B&Bs and other specialty lodging properties. Subscription-based advertising services are predominantly sold for a flat fee for a contracted period of time of one year or less and revenue is recognized on a straight-line basis over the period of the subscription service as efforts are expended evenly throughout the contract period.

To a lesser extent, Tripadvisor also offers travel partners the opportunity to advertise and promote their business through hotel sponsored placements on its platform. This service is generally priced on a CPC basis, with payments from travel partners determined by the number of travelers who click on the sponsored link multiplied by the CPC rate for each specific click. CPC rates for hotel sponsored placements that Tripadvisor's travel partners pay are generally based on bids submitted as part of an auction by its travel partners. When a CPC bid is submitted, the travel partner agrees to pay Tripadvisor the bid amount each time a traveler clicks on a link to its travel partner's websites. Bids may be submitted periodically – as often as daily – on a property-by-property basis. Tripadvisor records this click-based advertising revenue as the click occurs and traveler leads are sent to the travel partner as its performance obligation is fulfilled at that time. Hotel sponsored placements revenue is generally billed to Tripadvisor's travel partners monthly, consistent with the timing of the service.

**Tripadvisor-branded Display and Platform Revenue.** Tripadvisor offers travel partners the ability to promote their brands through display-based advertising placements across Tripadvisor's platform. Tripadvisor display-based advertising clients are predominantly direct suppliers of hotels, airlines and cruises, as well as destination marketing organizations. Tripadvisor also sells display-based advertising to online travel agencies and other travel related businesses, as well as advertisers from non-travel categories. Display-based advertising is sold predominantly on a cost per thousand impressions basis. The performance obligation in Tripadvisor's display-based advertising arrangements is to display a number of advertising impressions on its platform and recognize revenue for impressions as they are delivered. Services are generally billed monthly.

**Tripadvisor-Experiences and Dining Revenue.** Tripadvisor generates revenue from its experiences and restaurant service offerings on Tripadvisor-branded websites and mobile apps. Tripadvisor receives intercompany (intersegment) revenue consisting of affiliate marketing commissions earned primarily from experience bookings and, to a lesser extent, restaurant reservations bookings, on Tripadvisor-branded websites and mobile apps that are fulfilled by Viator and TheFork, respectively, which are eliminated on a consolidated basis. The performance obligations, timing of customer payments for Tripadvisor's experiences and dining transactions, and methods of revenue recognition are consistent with the Viator segment and TheFork segment, respectively, as described below. In addition, Tripadvisor offers restaurant partners the opportunity to advertise and promote their business through restaurant media advertising placements on its platform. This service is generally priced on a CPC basis similar to the Tripadvisor-branded hotels revenue stream discussed above.

**Other.** Tripadvisor provides information and services that allow travelers to research and book vacation and short-term rental properties. The Rentals offering primarily generates revenue by offering individual property owners and managers the ability to list their properties on Tripadvisor's platform, thereby connecting with travelers through a free-to-list, commission-based option. Tripadvisor earns commissions associated with rental transactions through its free-to-list model from both the traveler, and the property owner or manager. Tripadvisor provides post-booking service to the travelers, property owners and managers until the time the rental commences, which is the time the performance obligation is completed.

In addition, Other also includes revenue generated from cruises, flights, and cars offerings on Tripadvisor-branded websites and mobile apps and Tripadvisor's portfolio of travel media brands, which primarily includes click-based advertising and display-based advertising revenue.

***Viator Segment***

Tripadvisor provides an online marketplace that allows travelers to research and book tours, activities and attractions

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in popular travel destinations across the globe through its stand-alone Viator branded platform, which includes website, mobile web, and mobile app. Tripadvisor generates commissions for each booking transaction it facilitates through its online reservation system in exchange for certain activities, including the use of Tripadvisor's booking platform, post-booking customer support (24/7) until the time of the experience and payment processing activities as the merchant of record, which is the completion of the performance obligation. Tripadvisor collects payment from the customer prior to the experience occurring, which includes both its commission and the amount due to the operator. Tripadvisor records its commissions as deferred revenue on its condensed consolidated balance sheet when payment is received, including amounts which are refundable subject to cancellation, until the experience occurs when revenue is recognized.

***TheFork Segment***

Tripadvisor provides information and services for consumers to research and book restaurant reservations through its dedicated online restaurant reservations platform, TheFork. Tripadvisor primarily generates transaction fees (or per seated diner fees) that are paid by its restaurant customers for diners seated primarily from bookings through TheFork's online reservation system. The transaction fee is recognized as revenue after the reservation is fulfilled, or as diners are seated by Tripadvisor's restaurant customers. Tripadvisor invoices restaurants monthly for transaction fees.

**Practical Expedients and Exemptions**

Tripadvisor expenses costs to obtain a contract as incurred, such as sales incentives, when the amortization period would have been one year or less.

Tripadvisor does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which it recognizes revenue at the amount to which it has the right to invoice for services performed.

**Disaggregation of Revenue**

Tripadvisor disaggregates revenue from contracts with customers into major products/revenue sources. Tripadvisor has determined that disaggregating revenue into these categories achieves the disclosure objective to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Revenue is recognized primarily at a point in time for all reported segments.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
<b>Major Products/Revenue Sources:</b>	<b>amounts in millions</b>			
<b>Tripadvisor Core</b>				
Tripadvisor-branded hotels	\$ 188	143	510	347
Tripadvisor-branded display and platform	33	29	97	69
Tripadvisor experiences and dining	45	23	101	51
Other	18	17	41	36
Total Tripadvisor Core	284	212	749	503
Viator	174	73	366	125
TheFork	35	30	93	55
Intersegment eliminations	(34)	(12)	(70)	(22)
Total Revenue	<u>\$ 459</u>	<u>303</u>	<u>1,138</u>	<u>661</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
	amounts in millions	
Accounts receivable	\$ 150	105
Contract assets	55	37
Total	<u>\$ 205</u>	<u>142</u>

Accounts receivable are recognized when the right to consideration becomes unconditional. Contract assets are rights to consideration in exchange for services that Tripadvisor has transferred to a customer when that right is conditional on something other than the passage of time, such as commission payments that are contingent upon the completion of the service by the principal in the transaction. Contract assets increased because of increase in consumer travel demand, and increased utilization of Tripadvisor's cost-per-action model by travel partners.

Contract liabilities generally include payments received in advance of performance under the contract, and are realized as revenue as the performance obligation to the customer is satisfied, which Tripadvisor presents as deferred revenue on its consolidated balance sheets. As of January 1, 2022, Tripadvisor had \$36 million recorded as deferred revenue on its condensed consolidated balance sheet, of which \$5 million and \$31 million were recognized as revenue during the three and nine months ended September 30, 2022, respectively. During the three months ended September 30, 2022, refunds due to cancellations by travelers were not material, while \$2 million was refunded due to cancellations by travelers during the nine months ended September 30, 2022. As of January 1, 2021, Tripadvisor had \$28 million recorded as deferred revenue in the condensed consolidated balance sheet, of which \$4 million and \$21 million were recognized as revenue during the three and nine months ended September 30, 2021, respectively. During the three months ended September 30, 2021, refunds due to cancellations by travelers were not material, while \$3 million was refunded due to cancellations by travelers during the nine months ended September 30, 2021.

The difference between the opening and closing balances of Tripadvisor's deferred revenue primarily results from the timing differences between when Tripadvisor receives customer payments and the time in which Tripadvisor satisfies its performance obligations. The difference between the opening and closing balances of Tripadvisor's contract assets primarily results from the timing difference between when Tripadvisor satisfies its performance obligations and the time when the principal completes the service in the transaction. There were no significant changes in contract assets or deferred revenue during the three and nine months ended September 30, 2022 and 2021 related to business combinations, impairments, cumulative catch-ups or other material adjustments. However, to the extent the COVID-19 pandemic resurges, or new variants emerge, Tripadvisor may incur additional significant and unanticipated cancellations by consumers related to future travel, accommodations, and tour bookings, which had been prepaid by travelers and recorded as deferred revenue as of September 30, 2022.

### **(3) Stock-Based Compensation**

#### ***TripCo Equity Awards***

TripCo has granted to certain of its directors and employees restricted stock units ("RSUs") and stock options to purchase shares of TripCo common stock (collectively, "Awards"). TripCo measures the cost of employee services received in exchange for an equity classified Award based on the grant-date fair value ("GDFV") of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). The Company measures the cost of employee services received in exchange for a liability classified Award based on the current fair value of the Award, and re-measures the fair value of the Award at each reporting date.

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TripCo has calculated the GDFV for all of its equity classified Awards and any subsequent re-measurement of its liability classified Awards using the Black-Scholes-Merton model. TripCo estimates the expected term of the Awards based on historical exercise and forfeiture data. The volatility used in the calculation for Awards is based on the historical volatility of TripCo common stock. TripCo uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

Included in the accompanying condensed consolidated statements of operations are the following amounts of stock-based compensation, the majority of which relates to Tripadvisor as discussed below:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	amounts in millions			
Operating expense	\$ 9	11	28	36
Selling, general and administrative expense	14	19	40	57
	<u>\$ 23</u>	<u>30</u>	<u>68</u>	<u>93</u>

Stock-based compensation expense related to Tripadvisor was \$22 million and \$29 million for the three months ended September 30, 2022 and 2021, respectively, and \$65 million and \$89 million for the nine months ended September 30, 2022 and 2021, respectively.

***TripCo - Outstanding Awards***

The following tables present the number and weighted average exercise price (“WAEP”) of the Awards to purchase TripCo common stock granted to certain officers, employees and directors of the Company, as well as the weighted average remaining contractual life and aggregate intrinsic value of the Awards.

	Series A	WAEP	Weighted average remaining contractual life in years	Aggregate intrinsic value in millions
	in thousands			
Outstanding at January 1, 2022	1,129	\$ 7.20		
Granted	—	\$ —		
Exercised	—	\$ —		
Forfeited/Cancelled	—	\$ —		
Outstanding at September 30, 2022	<u>1,129</u>	\$ 7.20	4.3	\$ —
Exercisable at September 30, 2022	<u>534</u>	\$ 10.33	3.4	\$ —

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	Series B in thousands	WAEP	Weighted average remaining contractual life in years	Aggregate intrinsic value in millions
Outstanding at January 1, 2022	2,397	\$ 21.93		
Granted	—	\$ —		
Exercised	—	\$ —		
Forfeited/Cancelled	—	\$ —		
Outstanding at September 30, 2022	<u>2,397</u>	\$ 21.93	3.0	\$ 18
Exercisable at September 30, 2022	<u>2,397</u>	\$ 21.93	3.0	\$ 18

During the nine months ended September 30, 2022, TripCo granted 367 thousand performance-based RSUs of Series B TripCo common stock to our CEO in connection with his employment agreement. The RSUs had a GDFV of \$2.04 per share at the time they were granted. The RSUs cliff vest one year from the month of grant, subject to the satisfaction of certain performance objectives. Performance objectives, which are subjective, are considered in determining the timing and amount of the compensation expense recognized. When the satisfaction of the performance objectives becomes probable, the Company records compensation expense. The probability of satisfying the performance objectives is assessed at the end of each reporting period.

As of September 30, 2022, the total unrecognized compensation cost related to unvested Awards was approximately \$4.2 million. Such amount will be recognized in the Company's condensed consolidated statements of operations over a weighted average period of approximately 2.1 years.

As of September 30, 2022, TripCo reserved 3.5 million shares of Series A and Series B common stock for issuance under exercise privileges of outstanding stock Awards.

***Tripadvisor Equity Grant Awards***

The following table presents the number and WAEP of the Awards to purchase Tripadvisor common stock ("TRIP common stock") granted to certain officers, employees and directors of Tripadvisor.

	Tripadvisor stock options in thousands	WAEP	Weighted average remaining contractual life in years	Aggregate intrinsic value in millions
Outstanding at January 1, 2022	5,671	\$ 47.03		
Granted	647	\$ 19.14		
Exercised	(13)	\$ 24.94		
Cancelled or expired	(956)	\$ 44.36		
Outstanding at September 30, 2022	<u>5,349</u>	\$ 44.19	5.4	\$ 2
Exercisable at September 30, 2022	<u>3,893</u>	\$ 49.28	4.0	\$ —
Vested and expected to vest after September 30, 2022	<u>5,203</u>	\$ 44.66	5.2	\$ 2

The weighted average GDFV of options granted was \$9.47 per share for the nine months ended September 30, 2022.

As of September 30, 2022, the total unrecognized compensation cost related to unvested Tripadvisor stock options was approximately \$14 million and will be recognized over a weighted average period of approximately 2.8 years. The total intrinsic value of stock options exercised was not material for the nine months ended September 30, 2022 and \$8 million for the nine months ended September 30, 2021.

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Additionally, during the nine months ended September 30, 2022, Tripadvisor granted approximately 7 million units, vested and released approximately 3 million units, and had cancellations of approximately 1 million units, which included primarily service-based RSUs, as well as a limited number of market-based restricted stock units (“MSUs”) under the 2018 Stock and Annual Incentive Plan. The RSUs’ fair value was measured based on the quoted price of TRIP common stock at the date of grant. As the MSUs provide for vesting based upon Tripadvisor’s total shareholder return, or “TSR,” performance, the potential outcomes of future stock prices and TSR of Tripadvisor and the Nasdaq Composite Total Return Index, was used to calculate the GDFV of these awards. The weighted average GDFV for RSUs and MSUs granted, vested and released, and cancelled during the nine months ended September 30, 2022 was \$24.71 per share, \$36.12 per share, and \$33.25 per share, respectively. As of September 30, 2022, the total unrecognized compensation cost related to Tripadvisor RSUs and MSUs was approximately \$208 million and will be recognized over a weighted average period of approximately 2.9 years.

**(4) Earnings (Loss) Per Common Share (EPS)**

Basic earnings (loss) per common share (“EPS”) is computed by dividing net earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding (“WASO”) for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented. Excluded from EPS for both of the three and nine months ended September 30, 2022 are 3 million of potential common shares due to stock options because their inclusion would be antidilutive, and excluded from EPS for both of the three and nine months ended September 30, 2021 are \$1 million of potential common shares due to stock options because their inclusion would be antidilutive. Also excluded from EPS for the nine months ended September 30, 2021, because their inclusion would be antidilutive, were 4 million shares that were contingently issuable at the Company’s election pursuant to an exercise of the Put Option (defined and described in note 8), as calculated in accordance with the terms of the Certificate of Designations for the Series A Preferred Stock. On March 29, 2021, pursuant to the Repurchase Agreement (described and defined in note 8), the Put Option no longer exists. The contingently issuable shares pursuant to the Put Option were calculated for the period that the Put Option was outstanding.

	<b>Liberty TripAdvisor Holdings Common Stock</b>			
	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>number of shares in millions</b>			
Numerator				
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ (30)	72	10	135
Less: Series A Preferred Stock carrying value adjustment and transaction costs	—	—	—	370
Net earnings (loss) available to common shareholders	\$ (30)	72	10	(235)
Denominator				
Basic WASO	76	76	76	75
Potentially dilutive shares <sup>(1)</sup>	2	1	1	2
Diluted WASO	78	77	77	77

(1) Potentially dilutive shares are excluded from the computation of diluted EPS during periods in which losses are reported since the result would be antidilutive.

**(5) Assets and Liabilities Measured at Fair Value**

For assets and liabilities required to be reported at fair value, GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active



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**Realized and Unrealized Gains (Losses) on Financial Instruments**

Realized and unrealized gains (losses) on financial instruments are comprised of changes in the fair value of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	amounts in millions			
TripCo Exchangeable Senior Debentures due 2051	\$ (2)	15	(2)	41
Financial instrument liabilities, net	(26)	66	31	147
Tripadvisor foreign currency forward contracts	4	1	6	1
	<u>\$ (24)</u>	<u>82</u>	<u>35</u>	<u>189</u>

The Company has elected to account for the Debentures using the fair value option. Changes in the fair value of the Debentures and financial instrument liabilities recognized in the condensed consolidated statement of operations are primarily due to market factors primarily driven by changes in the fair value of the underlying shares of the financial instruments. During the nine months ended September 30, 2021, the fair value adjustment recognized in the condensed consolidated statement of operations included approximately \$5 million of debt issuance costs related to the Debentures. The Company isolates the portion of the unrealized gain (loss) attributable to the change in the instrument specific credit risk and recognizes such amount in other comprehensive earnings (loss). The change in the fair value of the Debentures attributable to changes in the instrument specific credit risk was a loss of \$11 million and a gain of less than \$1 million for the three months ended September 30, 2022 and 2021, respectively, and a gain of \$30 million and a gain of \$8 million for the nine months ended September 30, 2022 and 2021, respectively. The cumulative change was a gain of \$37 million as of September 30, 2022, net of the recognition of previously unrecognized gains and losses.

**(6) Goodwill and Other Intangible Assets**

The Company changed its reportable segments in the second quarter of 2022 (see note 11). Goodwill was allocated to the new reportable segments as indicated in the table below.

	Hotels, Media & Platform	Experiences & Dining	Other	Tripadvisor Core (in millions)	Viator	TheFork	Total
Balance as of December 31, 2021	\$ 1,650	344	226	—	—	—	2,220
Foreign currency translation adjustments	—	(18)	(4)	(3)	(3)	(11)	(39)
Allocation to new segment	(1,650)	(326)	(222)	1,977	120	101	—
Balance at September 30, 2022	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>1,974</u>	<u>117</u>	<u>90</u>	<u>2,181</u>

Following the change in reportable segments, the new reporting units are as follows: (1) Tripadvisor Core, (2) Viator, and (3) TheFork, for the purpose of goodwill impairment testing. As a result of this reporting unit change, we performed a qualitative goodwill impairment assessment of our legacy and current reporting units and determined that it was more likely than not that the respective fair values of the legacy and current reporting units were greater than their respective carrying values.

There were no goodwill impairment charges recognized to our condensed consolidated statements of operations during the three and nine months ended September 30, 2022 and 2021. As of both September 30, 2022 and December 31,

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2021, accumulated goodwill impairment losses totaled \$1,571 million.

**(7) Debt**

Outstanding debt at September 30, 2022 and December 31, 2021 is summarized as follows:

	September 30, 2022	December 31, 2021
	amounts in millions	
TripCo Exchangeable Senior Debentures due 2051	\$ 240	268
TripCo variable prepaid forward	50	41
Tripadvisor Credit Facility	—	—
Tripadvisor Senior Notes due 2025	500	500
Tripadvisor Convertible Senior Notes due 2026	345	345
Deferred financing costs	(9)	(11)
Total consolidated TripCo debt	1,126	1,143
Debt classified as current	—	—
Total long-term debt	\$ 1,126	1,143

***TripCo Exchangeable Senior Debentures due 2051***

On March 25, 2021, TripCo issued \$300 million aggregate original principal amount of the Debentures. Pursuant to the terms of the offering, on March 31, 2021, the initial purchasers notified the Company of their intention to exercise the option to purchase \$30 million aggregate original principal amount of additional Debentures. The additional Debentures were issued on April 5, 2021. Upon an exchange of Debentures, TripCo, at its option, may deliver shares of TRIP common stock or the value thereof in cash or a combination of shares of TRIP common stock and cash. Initially, 14.3299 shares of TRIP common stock are attributable to each \$1,000 original principal amount of Debentures, representing an initial exchange price of approximately \$69.78 for each share of TRIP common stock. A total of approximately 4.7 million shares of TRIP common stock are attributable to the Debentures. Interest is payable quarterly on March 31, June 30, September 30 and December 31 of each year, commencing June 30, 2021. The Debentures may be redeemed by TripCo, in whole or in part, on or after March 27, 2025. Holders of Debentures also have the right to require TripCo to purchase their Debentures on March 27, 2025. The redemption and purchase price will generally equal 100% of the adjusted principal amount of the Debentures plus accrued and unpaid interest to the redemption date, plus any final period distribution. As of September 30, 2022, a holder of the Debentures does not have the ability to exchange and, accordingly, the Debentures are classified as long-term debt in the condensed consolidated balance sheet.

TripCo used a portion of the net proceeds from the sale of the Debentures to fund the cash portion of the purchase price for the repurchase of a portion of the Series A Preferred Stock (see note 8 below).

***TripCo Variable Prepaid Forward***

The VPF amendment executed in August 2022, as described in note 5, was accounted for as a modification for the debt component of the VPF. Accordingly, the proceeds of \$9 million TripCo received in connection with the amendment was reflected as an incremental borrowing for the debt component of the VPF. The VPF matures in November 2025. At maturity, the accreted loan amount due will be approximately \$57 million. As of September 30, 2022, 2.4 million shares of TRIP common stock, with a value of approximately \$53 million, were pledged as collateral pursuant to the VPF contract.

***Tripadvisor Credit Facility***

Tripadvisor is party to a credit agreement with a group of lenders, initially entered into in June 2015 (as amended, the “Credit Agreement”), which, among other things, provides for a \$500 million secured revolving credit facility (the “Credit

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Facility”) with a maturity date of May 12, 2024. Tripadvisor may borrow from the Credit Facility in U.S. dollars and Euros. In addition, Tripadvisor’s Credit Facility includes \$15 million of borrowing capacity available for letters of credit and \$40 million for Swing Line borrowings on same-day notice. The Credit Facility, among other things, requires Tripadvisor to maintain a maximum leverage ratio and contains certain customary affirmative covenants and events of default, including a change of control.

As of September 30, 2022 and December 31, 2021, Tripadvisor had no outstanding borrowings under the Credit Facility and had issued \$4 million and \$3 million, respectively, of undrawn standby letters of credit under the Credit Facility. For the three months ended September 30, 2022, total interest expense and commitment fees on the Credit Facility was not material, while during the nine months ended September 30, 2022, Tripadvisor recorded interest expense and total commitment fees on the Credit Facility of \$1 million to interest expense on the condensed consolidated statement of operations. For the three and nine months ended September 30, 2021, Tripadvisor recorded total interest expense and commitment fees on the Credit Facility of \$1 million and \$2 million, respectively, to interest expense on the condensed consolidated statements of operations.

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

Tripadvisor remained in the Leverage Covenant Holiday as of September 30, 2022. Based on Tripadvisor’s existing leverage ratio, any outstanding or future borrowings under the Credit Facility generally bear interest, at Tripadvisor’s option, at a rate per annum equal to either (i) the Eurocurrency Borrowing rate, or the adjusted LIBO rate for the interest period in effect for such borrowing; plus an applicable margin ranging from 1.25% to 2.00% with a London Inter-Bank Offered Rate (“LIBO rate”) floor of 1.00% per annum; or (ii) the Alternate Base Rate Borrowing, which is the greatest of (a) the Prime Rate in effect on such day, (b) the New York Fed Bank Rate in effect on such day plus 1/2 of 1.00% per annum, and (c) the Adjusted LIBO Rate (or LIBO rate multiplied by the Statutory Reserve Rate) for an interest period of one month plus 1.00%; in addition to an applicable margin ranging from 0.25% to 1.00%. In addition, based on Tripadvisor’s existing leverage ratio, it is required to pay a quarterly commitment fee, at an applicable rate ranging from 0.15% to 0.30% as of September 30, 2022, on the daily unused portion of the Credit Facility for each fiscal quarter during the Leverage Covenant Holiday and in connection with the issuance of letters of credit.

There is no specific repayment date prior to the maturity date for any borrowings under the Credit Agreement. Tripadvisor may voluntarily repay any outstanding borrowing under the Credit Facility at any time without premium or penalty, other than customary breakage costs with respect to Eurocurrency loans. Additionally, Tripadvisor believes that the likelihood of the lender exercising any subjective acceleration rights, which would permit the lenders to accelerate repayment of any outstanding borrowings, is remote. As such, borrowings under this facility are classified as long-term debt. The Credit Agreement contains a number of covenants that, among other things, restrict Tripadvisor’s ability to incur additional indebtedness, create liens, enter into sale and leaseback transactions, engage in mergers or consolidations, sell or transfer assets, pay dividends and distributions, make investments, loans or advances, prepay certain subordinated indebtedness, make certain acquisitions, engage in certain transactions with affiliates, amend material agreements governing certain subordinated indebtedness, and change its fiscal year. The Credit Agreement also limits Tripadvisor from repurchasing shares of its common stock and paying dividends, among other restrictions, during the Leverage Covenant Holiday. In addition, to secure the obligations under the Credit Agreement, Tripadvisor and certain subsidiaries have granted security interests and liens in and on, substantially all of their assets as well as pledged shares of certain of Tripadvisor’s subsidiaries. The Credit Agreement also contains certain customary affirmative covenants and events of default, including a change of control. If an event of default occurs, the lenders under the Credit Agreement will be entitled to take various actions, including the acceleration of all amounts due under the Credit Facility.

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***2025 Senior Notes***

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

Tripadvisor has the option to redeem all or a portion of the 2025 Senior Notes at the redemption prices set forth in the 2025 Indenture, plus accrued and unpaid interest, if any. Subject to certain limitations, in the event of a Change of Control Triggering Event (as defined in the 2025 Indenture), Tripadvisor will be required to make an offer to purchase the 2025 Senior Notes at a price equal to 101% of the aggregate principal amount of the 2025 Senior Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase. These features have been evaluated as embedded derivatives under GAAP, however, Tripadvisor has concluded they do not meet the requirements to be accounted for separately.

As of September 30, 2022, Tripadvisor estimated the fair value of its outstanding 2025 Senior Notes to be approximately \$491 million and considered the Senior Notes to be a "Level 2" fair value measurement. The estimated fair value of the 2025 Senior Notes was based on recently reported market transactions and/or prices for identical or similar financial instruments obtained from a third-party pricing source.

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

***2026 Convertible Senior Notes***

On March 25, 2021, Tripadvisor entered into a purchase agreement for the sale of \$300 million aggregate principal amount of 0.25% Convertible Senior Notes due 2026 (the "2026 Convertible Senior Notes") in a private offering to qualified institutional buyers. The 2026 Convertible Senior Notes included an over-allotment option that provided the initial purchasers of the 2026 Convertible Senior Notes with the option to purchase an additional \$45 million aggregate principal amount of the 2026 Convertible Senior Notes; such over-allotment option was fully exercised. In connection with the issuance of the 2026 Convertible Senior Notes, Tripadvisor entered into an Indenture, dated March 25, 2021 (the "2026 Indenture"), among Tripadvisor, the guarantors party thereto and the trustee. The terms of the 2026 Convertible Senior Notes are governed by the 2026 Indenture. The 2026 Convertible Senior Notes mature on April 1, 2026, unless earlier converted, redeemed, or repurchased. The 2026 Convertible Senior Notes are senior unsecured obligations of Tripadvisor, although guaranteed by certain of Tripadvisor's domestic subsidiaries, with interest payable semiannually in arrears on April 1 and October 1 of each year, which began on October 1, 2021. As of September 30, 2022 and December 31, 2021, unpaid interest on Tripadvisor's 2026 Senior Notes was not material.

The 2026 Convertible Senior Notes will be redeemable, in whole or in part, at Tripadvisor's option at any time, and from time to time, on or after April 1, 2024 and on or before the 30th scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount of the 2026 Convertible Senior Notes to be redeemed, plus accrued and unpaid interest, if any, but only if the last reported sale price per share of Tripadvisor's common stock exceeds 130% of the conversion price on (1) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive

**LIBERTY TRIPADVISOR HOLDINGS, INC.**  
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trading days ending on, and including, the trading day immediately before the date Tripadvisor sends the related redemption notice; and (2) the trading day immediately before the date Tripadvisor sends such notice. In addition, calling any such note for redemption will constitute a make-whole fundamental change with respect to that note, in which case the conversion rate applicable to the conversion of that note will be increased in certain circumstances if it is converted after it is called for redemption.

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

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

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

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

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

Tripadvisor accounts for the 2026 Convertible Senior Notes as a liability measured at its amortized cost, and no other features of the 2026 Convertible Senior Notes are bifurcated and recognized as a derivative. The proceeds from the issuance of the 2026 Convertible Senior Notes were approximately \$340 million, net of debt issuance costs of \$5 million comprised primarily of the initial purchasers' discount and Tripadvisor used a portion of the proceeds from the 2026 Convertible Senior Notes to enter into capped call transactions (discussed below). Tripadvisor intends to use the remainder of the proceeds from this offering for general corporate purposes, which may include repayment of debt, including the partial redemption and/or purchase of its 2025 Senior Notes prior to maturity. The debt issuance costs will be amortized over the remaining term of the 2026 Convertible Senior Notes, using the effective interest rate method, and recorded to interest expense. During both the three and nine months ended September 30, 2022, the effective interest rate, including debt issuance costs, was approximately 0.50% and total interest expense on the 2026 Convertible Senior Notes was not material.

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in any period. During both the three and nine months ended September 30, 2021, the effective interest rate, including debt issuance costs, was approximately 0.55% and total interest expense on the 2026 Convertible Senior Notes was not material in either period.

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

As of September 30, 2022, Tripadvisor estimated the fair value of its outstanding 2026 Convertible Senior Notes to be approximately \$279 million and considered the 2026 Convertible Senior Notes to be a “Level 2” fair value measurement. The estimated fair value of the 2026 Convertible Senior Notes was based on recently reported market transactions and/or prices for identical or similar financial instruments obtained from a third-party pricing source.

***Capped Call Transactions***

In connection with the issuance of the 2026 Convertible Senior Notes, Tripadvisor entered into privately negotiated capped call transactions (the “Capped Calls”) with certain of the initial purchasers of the 2026 Convertible Senior Notes and/or their respective affiliates and/or other financial institutions (the “Option Counterparties”) at a cost of approximately \$35 million. The Capped Calls are separate transactions entered into by Tripadvisor with each of the Option Counterparties, and are not part of the terms of the 2026 Convertible Senior Notes and therefore will not affect any noteholder’s rights under the 2026 Convertible Senior Notes. Noteholders will not have any rights with respect to the Capped Calls.

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

The Capped Calls are considered indexed to Tripadvisor’s own stock and are considered equity under GAAP. The Capped Calls are reported as a reduction to additional paid-in-capital and noncontrolling interest in equity of subsidiaries within stockholders’ equity as of September 30, 2022 and December 31, 2021. In addition, Tripadvisor recorded a deferred tax asset of \$9 million associated with the Capped Calls on the condensed consolidated balance sheets during the three months ended March 31, 2021, as it made an income tax election allowable under Internal Revenue Service regulations in order to recover the cost of the Capped Calls as interest expense on the condensed consolidated statement of operations only over the term of the 2026 Convertible Senior Notes.

***Debt Covenants***

As of September 30, 2022, Tripadvisor was in compliance with its debt covenants.

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**(8) Redeemable Preferred Stock**

On March 15, 2020, TripCo and Gregory B. Maffei entered into an Investment Agreement (the “Investment Agreement”) with Certares Holdings LLC, Certares Holdings (Blockable) LLC and Certares Holdings (Optional) LLC with respect to an investment in TripCo’s Series A Preferred Stock, which was later assigned to Certares LTRIP LLC (“Certares” or the “Purchaser”). Pursuant to the assigned Investment Agreement, on March 26, 2020, TripCo issued 325,000 shares of Series A Preferred Stock to Certares for a purchase price of \$1,000 per share.

On March 22, 2021, TripCo and Certares entered into a stock repurchase agreement (the “Repurchase Agreement”). Pursuant to the Repurchase Agreement, on March 29, 2021, TripCo repurchased 126,921 shares of Series A Preferred Stock, and on April 6, 2021, TripCo purchased an additional 10,665 shares of Series A Preferred Stock from Certares. The aggregate consideration for the Series A Preferred Stock consisted of a combination of (i) approximately \$281 million in cash from a portion of the net proceeds of the Debentures (as discussed in note 7), \$252 million of which was paid on March 29, 2021 and \$29 million of which was paid on April 6, 2021, and (ii) approximately \$92 million aggregate value of TRIP common stock, owned by TripCo, consisting of 1,713,859 shares (a non-cash transaction). The price per share of Series A Preferred Stock was determined by multiplying (a) \$1,000 by (b) an accretion factor with respect to the TRIP common stock (determined based on the Accretion Factor formula set forth in the Certificate of Designations of the Series A Preferred Stock as modified to use the closing price of a share of TRIP common stock on the date of the pricing of the Debentures instead of using the Reference Stock VWAP (as defined in the Certificate of Designations of the Series A Preferred Stock (the “Certificate of Designations”))). Following both closings under the Repurchase Agreement, TripCo repurchased a total of 137,586 shares of Series A Preferred Stock from Certares, representing 42% of the Series A Preferred Stock originally held by Certares, for an aggregate value of approximately \$373 million.

There were 187,414 shares of Series A Preferred Stock authorized, issued and outstanding at September 30, 2022 and December 31, 2021.

*Priority*

The Series A Preferred Stock ranks senior to the shares of common stock of TripCo, with respect to dividend rights, rights of redemption and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of TripCo. The Series A Preferred Stock has a liquidation value equal to the sum of (i) \$1,000, plus (ii) all unpaid dividends (whether or not declared) accrued with respect to such share.

*Voting and Convertibility*

Holders of Series A Preferred Stock are not entitled to any voting powers, except as otherwise specified in the Certificate of Designations or as required by Delaware law. Shares of Series A Preferred Stock are not convertible into TripCo common stock.

*Dividends*

Dividends on each share of Series A Preferred Stock accrue on a daily basis at a rate of 8.00% of the liquidation value and are payable annually, commencing after March 26, 2020. Dividends on each share of Series A Preferred Stock may be paid, at TripCo’s election, in cash, shares of the Company’s Series A common stock (“LTRPA”), or, at the election of the Purchaser, shares of the Company’s Series C common stock (“LTRPK”), provided, in each case, such shares are listed on a national securities exchange and are actively traded (such LTRPK shares, together with the LTRPA shares, the “Eligible Common Stock”), or a combination of cash and Eligible Common Stock. If a dividend is not declared and paid on the dividend payment date, the dividend amount will be added to the then-applicable liquidation price of the Series A Preferred Stock.

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*Redemption*

The Company is required to redeem for cash shares of Series A Preferred Stock on the earlier of (i) the first business day after the fifth anniversary of March 26, 2020, or (ii) subject to certain exceptions, a change in control of TripCo. The "Redemption Price" in a mandatory redemption will equal the greater of (i) the sum of the liquidation value on the redemption date, plus all unpaid dividends accrued since the last dividend date, and (ii) the product of the (x) initial liquidation value, multiplied by (y) an accretion factor (determined based on a formula set forth in the Certificate of Designations) with respect to the TRIP common stock, less (z) the aggregate amount of all dividends paid in cash or shares of Eligible Common Stock from March 26, 2020 through the applicable redemption date.

*Put Right*

Following March 26, 2021, during certain periods, the Purchaser had the right to cause TripCo to redeem all of the outstanding shares of Series A Preferred Stock at the Redemption Price for, at the election of TripCo, cash, shares of Eligible Common Stock, shares of TRIP common stock or any combination of the foregoing, subject to certain limitations (the "Put Option"). The Company evaluated the Put Option as an embedded derivative and determined it was not required to be bifurcated. As a result of the Repurchase Agreement, Certares has permanently waived the Put Option.

*TripCo Call Right*

Pursuant to the Repurchase Agreement, beginning March 27, 2024, TripCo has the option, from time to time, to call and repurchase any and all of the outstanding shares of the Series A Preferred Stock at the optional repurchase price (the "Call Right"), which is the greater of (x) the sum of the liquidation value of a share of Series A Preferred Stock as of the optional repurchase date plus all unpaid dividends accrued on such share from the most recent dividend payment date through such optional repurchase date and (y) (i) the initial liquidation value of such share of Series A Preferred Stock as of the original issue date multiplied by an accretion factor with respect to the TRIP common stock (determined based on the Accretion Factor formula set forth in the Certificate of Designations as modified such that the Reference Stock VWAP is determined as of the date that is two business days prior to the date of TripCo's notice of repurchase) minus (ii) all dividends paid in cash or shares of Eligible Common Stock on such share through the optional repurchase date.

*Restriction on transfer of Series A Preferred Stock*

Subject to exceptions contained in the Investment Agreement and the Repurchase Agreement, the shares of Series A Preferred Stock generally are non-transferable; provided that TripCo has agreed not to unreasonably withhold its consent to certain transfers of up to 49% of the remaining Series A Preferred Shares outstanding following the repurchases from Certares under the Repurchase Agreement (so long as there are no more than six holders of the Series A Preferred Stock at any one time). Any transferee of shares of Series A Preferred Stock must agree to the permanent waiver of the Put Option, to the permanent waiver of the right to appoint the Series A Preferred Threshold Director (as such term is defined in the Certificate of Designations and described in the Repurchase Agreement) and to the Call Right.

*Recognition*

Prior to the partial redemption, as the Series A Preferred Stock was redeemable and the redemption triggers were outside of TripCo's control, the Company was required to classify the shares outside of permanent equity. The Company calculated the carrying value of the Series A Preferred Stock pursuant to the Redemption Price calculation, and any changes in the carrying value of the Series A Preferred Stock were recorded directly to retained earnings. Immediately prior to the partial redemption, the Company recognized a \$410 million decrease to retained earnings related to the value of the Series A Preferred Stock. As a result of the Repurchase Agreement, the Series A Preferred Stock may no longer be settled in shares of TripCo or TRIP common stock and the Purchaser no longer has the ability to participate on the TripCo board purely through ownership of Series A Preferred Stock. Following an evaluation of the accounting impact of these changes, we concluded the Series A Preferred Stock is a debt host with an equity-indexed derivative that is required to be bifurcated.

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Accordingly, the Series A Preferred Stock was required to be measured at fair value, through retained earnings, in connection with the reclassification from temporary equity to a liability. The fair value of the Series A Preferred Stock was estimated to be \$40 million lower than its redemption value and such amount was recorded as an increase to retained earnings. The debt host component is included in the preferred stock liability on the condensed consolidated balance sheet and will be accreted through interest expense to the amount to be paid upon settlement. The Preferred Stock Derivative is included in financial instrument liabilities at fair value in the condensed consolidated balance sheet.

**(9) Stockholders' Equity**

*Preferred Stock*

TripCo's preferred stock is issuable, from time to time, with such powers, designations, preferences and relative, participating, optional or other rights and qualifications, limitations or restrictions thereof, as shall be stated and expressed in a resolution or resolutions providing for the issue of such preferred stock adopted by TripCo's Board of Directors. See note 8 for a description of TripCo's Series A Preferred Stock.

*Common Stock*

Series A common stock entitles the holders to one vote per share, Series B common stock entitles the holders to ten votes per share and Series C common stock, except as otherwise required by applicable law, entitles the holder to no voting rights. As of September 30, 2022, no shares of Series C common stock have been issued. All series of TripCo common stock participate on an equal basis with respect to dividends and distributions.

*Subsidiary Purchases of Common Stock*

As of September 30, 2022, Tripadvisor had approximately \$75 million remaining available to repurchase shares of its common stock under its share repurchase program.

**(10) Commitments and Contingencies**

*Litigation*

In the ordinary course of business, the Company and its subsidiaries are parties to legal proceedings and claims arising out of our operations. These matters may relate to claims involving patent and intellectual property rights (including alleged infringement of third-party intellectual property rights), tax matters (including value-added, excise, transient occupancy and accommodation taxes), regulatory compliance (including competition and consumer matters), defamation and other claims. Although it is reasonably possible that the Company may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying condensed consolidated financial statements.

**(11) Segment Information**

TripCo, through its ownership interests in Tripadvisor, is primarily engaged in the online commerce industries. TripCo identifies its reportable segments as (A) those operating segments that represent 10% or more of its consolidated annual revenue, annual adjusted operating income before depreciation and amortization ("Adjusted OIBDA") or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of TripCo's annual pre-tax earnings.

TripCo evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue, Adjusted OIBDA, gross margin, and revenue or sales per customer equivalent. In addition, TripCo reviews nonfinancial measures such as unique website visitors, conversion rates and active customers, as appropriate.

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In the second quarter of 2022, as part of a continuous review of our business we realigned the reportable segment information which our chief operating decision maker, or CODM, regularly assesses to evaluate performance for operating decision-making purposes, including evaluation and allocation of resources. The revised segment reporting structure includes the following reportable segments: (1) Tripadvisor Core; (2) Viator; and (3) TheFork.

- Tripadvisor Core – This segment includes Tripadvisor-branded hotels revenue, Tripadvisor-branded display and platform revenue, Tripadvisor experiences and dining revenue, which consists of intercompany (intersegment) revenue related to affiliate marketing commissions earned from experience and restaurant reservation bookings on Tripadvisor-branded websites and mobile apps, fulfilled by Viator and TheFork, respectively, as well as cruises, rentals, flights and cars revenue.
- Viator – Tripadvisor provides information and services for consumers to research and book tours, activities and experiences in popular travel destinations through Viator.
- TheFork – Tripadvisor provides information and services for consumers to research and book restaurants in popular travel destinations through this dedicated restaurant reservations offering.

All prior period segment disclosure information has been reclassified to conform to the current reporting structure in this Form 10-Q. These reclassifications had no effect on the condensed consolidated financial statements in any period. TripCo's accounting policies are the same as those described in the Summary of Significant Accounting Policies included in the Annual Report on Form 10-K for the year ended December 31, 2021 with the exception of the revised revenue recognition policy in note 2.

For segment reporting purposes, TripCo defines Adjusted OIBDA as revenue less operating expenses, and selling, general and administrative expenses excluding stock-based compensation. TripCo believes this measure is an important indicator of the operational strength and performance of its businesses by identifying those items that are not directly a reflection of each business' performance or indicative of ongoing business trends. In addition, this measure allows management to view operating results, and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes depreciation and amortization, equity settled liabilities (including stock-based compensation), separately reported litigation settlements and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. TripCo generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current prices.

The segment disclosure includes intersegment revenues, which consist of affiliate marketing fees for services provided by the Tripadvisor Core segment to both the Viator and TheFork segments. These intersegment transactions are recorded by each segment at amounts that approximate fair value as if the transactions were between third parties, and therefore, impact segment performance. However, the revenue and corresponding expense are eliminated in consolidation. The elimination of such intersegment transactions is included within Corporate and eliminations in the tables below.

**Performance Measures**

	Three months ended September 30,			
	2022		2021	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
Tripadvisor Core	\$ 284	112	212	73
Viator	174	12	73	1
TheFork	35	(9)	30	(2)
Corporate and eliminations	(34)	(3)	(12)	(2)
Consolidated TripCo	<u>\$ 459</u>	<u>112</u>	<u>303</u>	<u>70</u>

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	Nine months ended September 30,			
	2022		2021	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
Tripadvisor Core	\$ 749	284	503	128
Viator	366	(8)	125	(25)
TheFork	93	(24)	55	(32)
Corporate and eliminations	(70)	(7)	(22)	(8)
Consolidated TripCo	<u>\$ 1,138</u>	<u>245</u>	<u>661</u>	<u>63</u>

In addition, we do not report assets, capital expenditures and related depreciation expense by segment as our Chief Operating Decision Maker (“CODM”) does not use this information to evaluate operating segments. Accordingly, we do not regularly provide such information by segment to our CODM.

The following table provides a reconciliation of Adjusted OIBDA to Operating income (loss) and Earnings (loss) before income taxes:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	amounts in millions			
Adjusted OIBDA	\$ 112	70	245	63
Stock-based compensation	(23)	(30)	(68)	(93)
Depreciation and amortization	(23)	(36)	(73)	(112)
Operating income (loss)	66	4	104	(142)
Interest expense	(16)	(16)	(49)	(43)
Realized and unrealized gains (losses), net	(24)	82	35	189
Other, net	1	(1)	(2)	(2)
Earnings (loss) before income taxes	<u>\$ 27</u>	<u>69</u>	<u>88</u>	<u>2</u>

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

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business and marketing strategies; the impacts of the coronavirus pandemic ("COVID-19"); improvements in revenue and the travel market; cost reduction measures and related impacts; covenant compliance; our projected sources and uses of cash; consumer demand; anticipated debt obligations; fluctuations in interest rates and foreign exchange rates; and the anticipated impact of certain contingent liabilities related to tax rules and other matters arising in the ordinary course of business. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ materially from those projected in these statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but such statements necessarily involve risks and uncertainties and there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- our ability to obtain cash in amounts sufficient to service our financial obligations and other commitments due to the fact we are a holding company;
- our ability to access the cash that Tripadvisor, Inc. ("Tripadvisor") generates from its operating activities;
- the ability of our Company and Tripadvisor to obtain additional financing, or refinance our existing indebtedness, on acceptable terms;
- the existence of our 8% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Series A Preferred Stock"), and its rights, preferences and privileges that are not held by, and are preferential to, the rights of our common stockholders;
- our ability to realize the full value of our intangible assets;
- the impacts of COVID-19, including any existing or future variants;
- declines or interruptions in the worldwide travel industry, including as a result of health concerns, natural disasters, terrorist attacks, armed conflicts, civil or political unrest or other events outside Tripadvisor's control;
- Tripadvisor's ability to attract a significant amount of visitors and cost-effectively convert these visitors into revenue-generating consumers;
- failure of internet search engines and application marketplaces to continue to prominently display links to Tripadvisor's websites;
- Tripadvisor's performance marketing efficiency and the general effectiveness of its advertising and marketing efforts;
- reduction in spending by advertisers on Tripadvisor's platforms or the loss of Tripadvisor's significant travel partners;
- Tripadvisor's failure to maintain, protect or enhance its brands;
- the ability of Tripadvisor to offer compelling products on mobile devices or continue to operate effectively on such platforms;
- declines or disruptions in the economy in general and in the travel industry in particular;
- failure of Tripadvisor to effectively compete in the global environment in which it operates;
- Tripadvisor's failure to adapt to technological developments or industry trends;
- the ability of Tripadvisor to innovate and provide products, services and features that are useful to consumers;
- Tripadvisor's potential for prioritizing rapid innovation and consumer experience over short-term financial results;
- the ability of Tripadvisor to maintain a quality of traffic in its network to provide value to its travel partners;
- real or perceived inaccuracies of the assumptions and estimates and data Tripadvisor relies on to calculate certain of its key metrics;
- the ability of Tripadvisor to hire, retain and motivate the highly skilled personnel it relies on;

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- disruptions resulting from any acquisitions, investments, significant commercial arrangements and/or new business strategies;
- risks due to Tripadvisor operating in many jurisdictions inside and outside the U.S.;
- claims, lawsuits, government investigations and other proceedings which Tripadvisor is regularly subject to;
- the ability of Tripadvisor to protect its intellectual property from copying or use by others;
- risks due to Tripadvisor's processing, storage and use of personal information and other data;
- risks associated with the facilitation of payments from consumers, including fraud and compliance with evolving rules and regulations and reliance on third parties;
- risks resulting from system security issues, data protection breaches, cyberattacks and system outage issues;
- Tripadvisor's indebtedness and the resulting impacts on its business and financial condition;
- limitations imposed by the various covenants in Tripadvisor's credit facilities and indenture;
- risks related to the 2026 Convertible Senior Notes (defined in note 7 to the accompanying condensed consolidated financial statements) and the associated capped calls;
- fluctuation of Tripadvisor's financial results;
- factors that determine Tripadvisor's effective income tax rate;
- changes in tax laws that affect Tripadvisor or the examination of Tripadvisor's tax positions;
- changes in the tax treatment of companies engaged in e-commerce;
- challenges by tax authorities in the jurisdictions where Tripadvisor operates;
- fluctuation in foreign currency exchange rates which affect Tripadvisor; and
- risks associated with our stock price being disproportionately affected by the results of operations of Tripadvisor and developments in its business.

For additional risk factors, please see Part I, Item 1A. Risk Factors of the Annual Report on Form 10-K for the year ended December 31, 2021. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto.

### **Overview**

The accompanying financial statements and the other information herein refer to Liberty TripAdvisor Holdings, Inc. and its controlled subsidiaries as "TripCo," "Consolidated TripCo," the "Company," "us," "we" and "our" unless the context otherwise requires. We own an approximate 21% economic interest and 56% voting interest in Tripadvisor as of September 30, 2022. All significant intercompany accounts and transactions have been eliminated in the accompanying condensed consolidated financial statements.

In the second quarter of 2022, as part of a continuous review of our business, we realigned the reportable segment information which our chief operating decision maker, or CODM, regularly assesses to evaluate performance for operating decision-making purposes, including evaluation and allocation of resources. The revised segment reporting structure includes the following reportable segments: (1) Tripadvisor Core; (2) Viator; and (3) TheFork. For further information, including the change in segments and principal revenue streams within these segments, refer to note 2, note 6 and note 11 to the accompanying condensed consolidated financial statements. All prior period segment disclosure information has been reclassified to conform to the current reporting structure in this Form 10-Q. These reclassifications had no effect on the condensed consolidated financial statements in any period.

In December 2019, COVID-19 was reported in Wuhan, China, and on March 11, 2020 was declared a global pandemic, followed by government travel restrictions and quarantine orders around the globe. The COVID-19 pandemic caused significant negative impact on the travel, leisure, hospitality, and restaurant industries (collectively, the "travel

industry”) and consequently adversely and materially affected Tripadvisor’s business, results of operations, liquidity and financial condition beginning in early 2020 and throughout that year. Although the pandemic continued to materially impact Tripadvisor’s business, these trends generally improved, although unevenly at times throughout 2021, with continued improvement experienced during the first three quarters of 2022. Tripadvisor exceeded parity with pre-COVID-19 revenue levels during the third quarter of 2022 on a consolidated basis, given what it believes to be primarily increased consumer demand for travel industry related services, combined with the easing of government travel restrictions.

Traffic trends on Tripadvisor’s platform, a leading indicator of consumer travel demand, have improved substantially since the trough of significant declines seen in March and April 2020. By means of showing a comparison to a pre-COVID-19 timeframe, average monthly unique users on Tripadvisor-branded websites during the third quarter of 2022 was approximately 82% of 2019’s comparable period, an increase from approximately 76% of 2019’s comparable period during the third quarter of 2021. Consolidated revenue for the three and nine months ended September 30, 2022 was \$459 million, an increase of 51%, and approximately \$1.1 billion, an increase of 72%, respectively, when compared to the same periods in 2021, despite the impact of foreign currency fluctuations which Tripadvisor estimates negatively impacted consolidated revenue in the amount of \$34 million and \$62 million, respectively. In addition, by means of showing a comparison to a pre-COVID-19 timeframe, consolidated revenue for the third quarter of 2022 exceeded parity with 2019’s comparable period, an increase from approximately 71% of 2019’s comparable period during the third quarter of 2021.

Tripadvisor continues to be subject to risks and uncertainties related to the COVID-19 pandemic. Continued widespread vaccine distributions, efficacy against existing variants and future variants, if any, of COVID-19, whether there will be resurgences of the virus and subsequent government restrictions, the extent and effectiveness of containment actions taken, and whether consumers’ demand for travel and hospitality services continue to be or become negatively impacted remain uncertain. Tripadvisor continues to believe the travel industry, and its financial results, would be adversely and materially affected upon a resurgence of existing COVID-19 variants or if new variants emerge which result in reinstated travel bans and/or other government restrictions and mandates, all of which negatively impact consumer demand, sentiment and discretionary spending patterns.

On March 15, 2020, TripCo entered into an agreement with Certares LTRIP LLC, with respect to 325,000 shares of TripCo’s newly-created Series A Preferred Stock. On March 29, 2021 and April 6, 2021, TripCo repurchased a portion of the Series A Preferred Stock. See note 8 to the accompanying condensed consolidated financial statements.

**Results of Operations—Consolidated—September 30, 2022 and 2021**

*General.* We provide in the tables below information regarding our consolidated Operating Results and Other Income and Expense.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	amounts in millions			
Revenue				
Tripadvisor Core	\$ 284	212	749	503
Viator	174	73	366	125
TheFork	35	30	93	55
Intersegment eliminations	(34)	(12)	(70)	(22)
Total revenue	459	303	1,138	661
Operating expense	78	64	219	179
SG&A	269	169	674	419
Stock-based compensation	23	30	68	93
Depreciation and amortization	23	36	73	112
Operating income (loss)	66	4	104	(142)
Other income (expense):				
Interest expense	(16)	(16)	(49)	(43)
Realized and unrealized gains (losses) on financial instruments, net	(24)	82	35	189
Other, net	1	(1)	(2)	(2)
	(39)	65	(16)	144
Earnings (loss) before income taxes	27	69	88	2
Income tax (expense) benefit	(38)	(1)	(61)	22
Net earnings (loss)	\$ (11)	68	27	24
Adjusted OIBDA	\$ 112	70	245	63

*Revenue.* Tripadvisor Core revenue increased \$72 million and \$246 million during the three and nine months ended September 30, 2022, respectively, when compared to the same periods in the prior year. The increases in Tripadvisor Core revenue are detailed as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	amounts in millions			
Tripadvisor-branded hotels	\$ 188	143	510	347
Tripadvisor-branded display and platform	33	29	97	69
Tripadvisor experience and dining <sup>(1)</sup>	45	23	101	51
Other	18	17	41	36
Total Tripadvisor Core	\$ 284	212	749	503

(1) Tripadvisor experiences and dining revenue within the Tripadvisor Core segment are shown gross of intersegment (intercompany) revenue, which is eliminated on a consolidated basis. See note 11 to the accompanying condensed consolidated financial statements for a discussion of intersegment revenue.

Tripadvisor-branded hotels revenue primarily includes hotel auction revenue, primarily click-based advertising revenue, and hotel B2B revenue, which includes primarily subscription-based advertising and hotel sponsored placements revenue. For the three and nine months ended September 30, 2022, 66% and 68%, respectively, and for the three and nine months ended September 31, 2021, 67% and 69%, respectively, of Tripadvisor Core segment revenue was derived from Tripadvisor-branded hotels revenue. Tripadvisor-branded hotels revenue increased \$45 million and \$163 million during the three and nine months ended September 30, 2022, respectively, when compared to the same periods in 2021. This increase was primarily driven by Tripadvisor's hotel auction (or hotel meta) revenue across all markets, and, to a lesser extent, hotel B2B revenue, due to growing consumer travel demand and travel industry recovery and easing of government travel and leisure restrictions related to COVID-19. As consumer travel demand continued to increase during the first three quarters of 2022, Tripadvisor saw continued improvement in hotel auction monetization, as cost-per-click rates during the first three quarters of 2022 were near or exceeded parity of 2019's comparable period, which enabled increased efficient marketing investment on performance channels, enhancing Tripadvisor's 2022 hotel auction revenue growth.

Tripadvisor-branded display-based advertising revenue increased \$4 million and \$28 million during the three and nine months ended September 30, 2022, respectively, when compared to the same periods in 2021, primarily driven by an increase in marketing spend from Tripadvisor's advertisers in correlation with increasing consumer demand. While slower to recover than Tripadvisor-branded hotels revenue, Tripadvisor's display and platform revenue increased 14% and 41% during the three and nine months ended September 30, 2022, respectively, when compared to the same periods in 2021. In addition, and by means of also showing a comparison to a pre-COVID-19 timeframe, Tripadvisor-branded display and platform revenue for both the three and nine months ended September 30, 2022 was approximately 80% of 2019's comparable periods, an increase from approximately 71% and 57% of 2019's comparable periods during the three and nine months ended September 30, 2021, respectively.

Tripadvisor experiences and dining revenue includes intercompany (intersegment) revenue consisting of affiliate marketing commissions earned primarily from experience bookings and, to a lesser extent, restaurant reservation bookings, on Tripadvisor-branded websites and mobile apps that are fulfilled by Viator and TheFork, respectively, which are eliminated on a consolidated basis, in addition to revenue from Tripadvisor's restaurant service offerings. Tripadvisor experiences and dining revenue increased \$22 million and \$50 million during the three and nine months ended September 30, 2022, respectively, when compared to the same periods in 2021, primarily driven by Tripadvisor's experiences offering as a result of the growing travel demand recovery fueled by the easing of government restrictions and increasing consumer travel demand.

Other revenue includes rentals revenue, in addition to primarily click-based advertising and display-based advertising revenue from cruises, flights and cars offerings on Tripadvisor websites and mobile apps. Other revenue increased \$1 million and \$5 million during the three and nine months ended September 30, 2022, respectively, when compared to the same periods in 2021. The increases during the three and nine months ended September 30, 2022 were primarily due to the impact of growing consumer travel demand and travel industry recovery on Tripadvisor's business, as discussed above.

Viator revenue increased \$101 million and \$241 million during the three and nine months ended September 30, 2022, respectively, when compared to the same periods in 2021. Tripadvisor began to see improvement in Viator's financial results during the third quarter of 2021, and this trend has continued through the third quarter of 2022, as revenue increased by 138% during the three months ended September 30, 2022, when compared to the same period in 2021, primarily driven by the travel demand recovery and the continued easing of government restrictions, partially offset by the negative impact of foreign currency fluctuations. By means of showing a comparison to a pre-COVID-19 timeframe, Viator revenue for the third quarter of 2022 was approximately 179% of 2019's comparable period, an increase from approximately 75% of 2019's comparable period during the third quarter of 2021.

TheFork segment revenue increased \$5 million and \$38 million during the three and nine months ended September 30, 2022, respectively, when compared to the same periods in 2021, driven by the consumer travel demand recovery and various government restrictions on restaurants being lifted, partially offset by the negative impact of foreign currency fluctuations.

**Operating expense.** Operating expense increased \$14 million and \$40 million for the three and nine months ended September 30, 2022, respectively, when compared to the same periods in the prior year primarily due to increases of \$9

million and \$31 million in cost of revenue, respectively, the majority of which is due to increased direct costs from credit card payment processing fees and other revenue-related transaction costs in the Viator segment in direct correlation with an increase in revenue, as Viator serves as the merchant of record for the majority of its experience booking transactions.

**Selling, general and administrative.** Selling, general and administrative expense increased \$100 million and \$255 million for the three and nine months ended September 30, 2022, respectively, when compared to the same periods in the prior year. The most significant driver of selling, general and administrative expense is selling and marketing costs, which consist of direct selling and marketing costs and indirect costs, such as personnel and overhead. Tripadvisor's selling and marketing costs increased \$87 million and \$252 million during the three and nine months ended September 30, 2022, respectively, when compared to the same periods in 2021, primarily due to an increase in Tripadvisor's search engine marketing ("SEM"), other paid online traffic acquisition spend, and other marketing costs, the substantial majority of which was within the Tripadvisor Core and Viator segments, in response to increasing consumer travel demand as travel activity restrictions have eased and the travel industry recovers, and to a lesser extent, increased television advertising costs in TheFork segment. Tripadvisor's general and administrative costs increased \$11 million and \$5 million during the three and nine months ended September 30, 2022, respectively, when compared to the same periods in 2021. The increase for the three months ended September 30, 2022 was primarily due to additional headcount to help support business growth during the travel demand recovery and an increase in digital service taxes in Europe of \$4 million and, to a lesser extent, bad debt expense. The increase for the nine months ended September 30, 2022 was primarily due to additional headcount to help support business growth during the travel demand recovery and an increase in digital service taxes in Europe of \$6 million, partially offset by the benefit of non-income tax related government assistance related to COVID-19 relief.

**Operating Income (Loss).** Our consolidated operating income increased \$62 million and \$246 million during the three and nine months ended September 30, 2022, respectively, when compared to the same periods in the prior year. Operating income (losses) were impacted by the above explanations.

**Adjusted OIBDA.** To provide investors with additional information regarding our financial results, we also disclose Adjusted OIBDA, which is a non-GAAP financial measure. We define Adjusted OIBDA as Operating income (loss) plus depreciation and amortization, stock-based compensation, separately reported litigation settlements, restructuring, acquisition and other related costs and impairment charges. Our chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our business and make decisions about our resources. We believe this is an important indicator of the operational strength and performance of our businesses by identifying those items that are not directly a reflection of each business' performance or indicative of ongoing business trends. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with U.S. generally accepted accounting principles. The following table provides a reconciliation of Operating income (loss) to Adjusted OIBDA.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	amounts in millions			
Operating income (loss)	\$ 66	4	104	(142)
Stock-based compensation	23	30	68	93
Depreciation and amortization	23	36	73	112
Adjusted OIBDA	\$ 112	70	245	63

Adjusted OIBDA is summarized as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
<i>Adjusted OIBDA</i>				
Tripadvisor Core	\$ 112	73	284	128
Viator	12	1	(8)	(25)
TheFork	(9)	(2)	(24)	(32)
Corporate	(3)	(2)	(7)	(8)
Consolidated TripCo	\$ 112	70	245	63

Consolidated Adjusted OIBDA increased \$42 million and \$182 million during the three and nine months ended September 30, 2022, respectively, when compared to the same periods in the prior year. Tripadvisor Core Adjusted OIBDA increased \$39 million and \$156 million during the three and nine months ended September 30, 2022, respectively, when compared to the same periods in the prior year, primarily due to an increase in revenue as noted above, partially offset by an increase in direct selling and marketing expenses related to SEM and other online paid traffic acquisition costs in response to increasing consumer travel demand as travel restrictions have eased and the travel industry recovers, and to a lesser extent, increased personnel and overhead costs to help support business growth during the travel demand recovery.

Viator Adjusted OIBDA increased \$11 million and Adjusted OIBDA loss decreased \$17 million during the three and nine months ended September 30, 2022, respectively, when compared to the corresponding periods in the prior year, primarily due to an increase in revenue as noted above, largely offset by an increase in selling and marketing expenses related to SEM, other online paid traffic acquisition costs, and other marketing costs in response to increased consumer demand for experiences as part of the growing consumer travel demand recovery and to grow market share, and, to a lesser extent, an increase in direct costs from credit card payments and other revenue-related transaction costs in direct correlation with an increase in revenue, as well as increased personnel and overhead costs to help support business growth during the travel demand recovery.

The Fork Adjusted OIBDA loss increased \$7 million during the three months ended September 30, 2022, when compared to the corresponding period in the prior year, primarily due to an increase in selling and marketing expenses related to online paid traffic acquisition costs, in addition to television advertising costs, in response to increased demand as part of the consumer travel demand recovery and, to a lesser extent, an increase in personnel and overhead costs to help support business growth during the travel demand recovery, partially offset by an increase in revenue as noted above.

The Fork Adjusted OIBDA loss decreased \$8 million during the nine months ended September 30, 2022, when compared to the corresponding period in the prior year, primarily due to an increase in revenue as noted above, and to a lesser extent, non-income tax related government assistance benefits related to COVID-19 relief received during the second quarter of 2022 of approximately \$11 million recorded as a benefit to general and administrative expenses, largely offset by an increase in selling and marketing expenses related to online paid traffic acquisition costs, in addition to television advertising costs, in response to increased demand as part of the consumer travel demand recovery and, to a lesser extent, an increase in personnel and overhead costs to help support business growth during the travel demand recovery.

Corporate Adjusted OIBDA loss increased \$1 million and decreased \$1 million for the three and nine months ended September 30, 2022, respectively, when compared to the same periods in the prior year. Corporate Adjusted OIBDA includes TripCo level selling, general and administrative expenses.

## Other Income and Expense

Components of Other income (expense) are presented in the table below.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	amounts in millions			
<i>Interest expense</i>				
Tripadvisor	\$ (11)	(11)	(33)	(33)
Corporate	(5)	(5)	(16)	(10)
Consolidated TripCo	<u>\$ (16)</u>	<u>(16)</u>	<u>(49)</u>	<u>(43)</u>
<i>Realized and unrealized gains (losses) on financial instruments, net</i>				
Tripadvisor	\$ 4	1	6	1
Corporate	(28)	81	29	188
Consolidated TripCo	<u>\$ (24)</u>	<u>82</u>	<u>35</u>	<u>189</u>
<i>Other, net</i>				
Tripadvisor	\$ —	(1)	(2)	(2)
Corporate	1	—	—	—
Consolidated TripCo	<u>\$ 1</u>	<u>(1)</u>	<u>(2)</u>	<u>(2)</u>

**Interest expense.** Consolidated interest expense remained flat and increased \$6 million for the three and nine months ended September 30, 2022, respectively, when compared to the same periods in the prior year. TripCo's interest expense increased for the nine months ended September 30, 2022, compared to the same period in the prior year, primarily due to the accretion of TripCo's Series A Preferred Stock (see note 8 to the accompanying condensed financial statements) through interest expense. The majority of interest expense at Tripadvisor reported in all periods related to the 2025 Senior Notes (see note 7 to the accompanying condensed financial statements).

**Realized and unrealized gains (losses) on financial instruments, net.** Realized and unrealized gains (losses) on financial instruments, net are comprised of changes in the fair value of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	amounts in millions			
TripCo Exchangeable Senior Debentures due 2051	\$ (2)	15	(2)	41
Financial instrument liabilities, net	(26)	66	31	147
Tripadvisor foreign currency forward contracts	4	1	6	1
	<u>\$ (24)</u>	<u>82</u>	<u>35</u>	<u>189</u>

The changes in these accounts are primarily due to market factors and changes in the fair value of the underlying stocks or financial instruments to which these related. Realized and unrealized gains on financial instruments, net decreased \$106 million and \$154 million for the three and nine months ended September 30, 2022, respectively, compared to the same periods in the prior year, primarily driven by decreases in unrealized gains of \$92 million and \$116 million, respectively, related to derivative instruments, and decreases in unrealized gains of \$17 million and of \$43 million, respectively, related to the TripCo 0.50% Exchangeable Senior Debentures due 2051 (the "Debentures").

**Other, net.** Other, net income increased \$2 million and other, net loss remained flat for the three and nine months ended September 30, 2022, respectively, when compared to the same periods in the prior year. Activity in the Other, net account primarily relates to share of earnings (losses) of affiliates, interest and dividend income, and other.

**Income taxes.** During the three months ended September 30, 2022 and 2021, we had earnings before income taxes of \$27 million and \$69 million and we had income tax expense of \$38 million and \$1 million, respectively. During the nine months ended September 30, 2022 and 2021, we had earnings before income taxes of \$88 million and \$2 million and

we had an income tax expense of \$61 million and income tax benefits of \$22 million, respectively. For the three months ended September 30, 2022, the Company recognized additional tax expense related to changes in unrecognized tax benefits, additional state tax expense and unrealized gains attributable to the Company's own stock which is not recognized for tax purposes. For the three months ended September 30, 2021, the Company recognized additional tax benefit related to unrealized gains attributable to the Company's own stock which is not recognized for tax purposes and the recognition of deferred tax assets for basis differences in the stock of a consolidated subsidiary. For the nine months ended September 30, 2022, the Company recognized additional tax expense related to changes in unrecognized tax benefits and the recognition of excess tax benefits and shortfalls related to stock based compensation. For the nine months ended September 30, 2021, the Company recognized additional tax benefit related to unrealized gains attributable to the Company's own stock which is not recognized for tax purposes, and the recognition of deferred tax assets for basis differences in the stock of a consolidated subsidiary, partially offset by an increase in the valuation allowance against certain deferred tax assets.

**Net earnings (loss).** We had net loss of \$11 million and net earnings of \$68 million for the three months ended September 30, 2022 and 2021, respectively, and net earnings of \$27 million and \$24 million for the nine months ended September 30, 2022 and 2021, respectively. The changes in net earnings were the result of the above described fluctuations in our revenue and expenses.

### **Liquidity and Capital Resources**

As of September 30, 2022, substantially all of our cash and cash equivalents consist of cash on hand in global financial institutions, money market funds and marketable securities with maturities of 90 days or less at the date of purchase.

The following are potential sources of liquidity: available cash balances, proceeds from asset sales, monetization of our investments, outstanding or anticipated debt facilities, debt and equity issuances, and dividend and interest receipts.

As of September 30, 2022, TripCo had a cash and cash equivalents balance of \$1,101 million. Approximately \$1,066 million of the cash balance, at September 30, 2022, is held at Tripadvisor. Although TripCo has a 56% voting interest in Tripadvisor, Tripadvisor is a separate public company with a significant non-controlling interest, as TripCo has only a 21% economic interest in Tripadvisor. Even though TripCo controls Tripadvisor through its voting interest and board representation, decision making with respect to using Tripadvisor's cash balances must consider Tripadvisor's minority holders. Accordingly, any potential distributions of cash from Tripadvisor to TripCo would generally be on a pro rata basis based on economic ownership interests. Covenants in Tripadvisor's debt instruments also restrict the payment of dividends and cash distributions to stockholders.

Approximately \$224 million of the Tripadvisor cash and cash equivalents balance is held by foreign subsidiaries, with approximately 55% located in the United Kingdom. As of September 30, 2022, the significant majority of Tripadvisor's cash was denominated in U.S. dollars. As of September 30, 2022, Tripadvisor had \$479 million of cumulative undistributed earnings in foreign subsidiaries. Due to the one-time transition tax on the deemed repatriation of undistributed foreign subsidiary earnings and profits in 2017, as a result of the 2017 Tax Cuts and Jobs Act, the majority of previously unremitted earnings have been subjected to U.S. federal income tax. To the extent future distributions from these subsidiaries will be taxable, a deferred income tax liability has been accrued on our condensed consolidated balance sheet, which was not material as of September 30, 2022.

#### *Credit Facility*

Tripadvisor is party to a credit agreement with a group of lenders initially entered into in June 2015, which, among other things, provides for a \$500 million revolving credit facility (the "Credit Facility") with a maturity date of May 12, 2024. As of September 30, 2022 and December 31, 2021, Tripadvisor had no outstanding borrowings and was in compliance with its covenants under the Credit Facility. While there can be no assurance that Tripadvisor will be able to meet the leverage ratio covenant after the Leverage Covenant Holiday (as defined in note 7 of the accompanying condensed consolidated financial statements) ceases, based on its current projections, Tripadvisor does not believe there is a material risk it will not remain in compliance throughout the next twelve months.

	Nine months ended September 30,	
	2022	2021
	amounts in millions	
<b>Cash flow information</b>		
Tripadvisor cash provided (used) by operating activities	\$ 440	43
Corporate cash provided (used) by operating activities	(7)	(8)
Net cash provided (used) by operating activities	\$ 433	35
Tripadvisor cash provided (used) by investing activities	\$ (37)	(41)
Corporate cash provided (used) by investing activities	—	—
Net cash provided (used) by investing activities	\$ (37)	(41)
Tripadvisor cash provided (used) by financing activities	\$ (23)	269
Corporate cash provided (used) by financing activities	5	43
Net cash provided (used) by financing activities	\$ (18)	312

During the nine months ended September 30, 2022, Tripadvisor's primary uses of cash were \$41 million of capital expended for property and equipment and \$18 million related to payments of withholding taxes on net share settlement of equity awards.

The projected use of TripCo's corporate cash will primarily be to pay fees (not expected to exceed approximately \$4 million annually) to Liberty Media Corporation ("Liberty Media") for providing certain services pursuant to the services agreement and the facilities sharing agreement that TripCo entered into with Liberty Media or its subsidiaries, payment of dividends on the Series A Preferred Stock (unless added to the liquidation preference or paid in shares of Series A common stock of TripCo), interest expense on the Debentures, and to pay any other corporate level expenses. Debt service costs accrue on the variable prepaid forward borrowing described in note 7 to the accompanying condensed consolidated financial statements.

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

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk in the normal course of business due to our ongoing investing and financial activities and the conduct of operations by Tripadvisor in different foreign countries. Market risk refers to the risk of loss arising from adverse changes in stock prices, interest rates and foreign currency exchange rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We expect to manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We expect to achieve this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates, and (iii) entering into interest rate swap arrangements when we deem appropriate. As of September 30, 2022, our debt is comprised of the following amounts:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted avg interest rate	Principal amount	Weighted avg interest rate
	amount in millions			
Tripadvisor	\$ NA	NA	845	4.2%
TripCo debt	\$ NA	NA	380	1.0%

TripCo is exposed to foreign exchange rate fluctuations related primarily to the monetary assets and liabilities and the financial results of Tripadvisor's foreign subsidiaries. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated into U.S. dollars at period-end exchange rates, and the statements of operations are generally translated at the average exchange rate for the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded in accumulated other comprehensive earnings (loss) as a separate component of stockholders' equity. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses, which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are translated at the average rate for the period. Accordingly, TripCo may experience economic loss and a negative impact on earnings and equity with respect to our holdings solely as a result of foreign currency exchange rate fluctuations.

### Item 4. Controls and Procedures.

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of September 30, 2022 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended September 30, 2022 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

**PART II—OTHER INFORMATION**

**Item 1. Legal Proceedings**

None.

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

No shares of Liberty TripAdvisor Holdings, Inc. Series A common stock or Series B common stock were surrendered by our officers and employees to pay withholding taxes and other deductions in connection with the vesting or exercise of restricted stock, restricted stock units or options during the three months ended September 30, 2022.

**Item 6. Exhibits**

(a) Exhibits

Listed below are the exhibits which are filed as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

<b>Exhibit No.</b>	<b>Name</b>
31.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certification*</a>
31.2	<a href="#">Rule 13a-14(a)/15d-14(a) Certification*</a>
32	<a href="#">Section 1350 Certification**</a>
101.INS	Inline XBRL Instance Document* - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document*
101.LAB	Inline XBRL Taxonomy Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Definition Document*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)*

\* Filed herewith

\*\* Furnished herewith



CERTIFICATION

I, Gregory B. Maffei, certify that:

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

Date: November 7, 2022

/s/ GREGORY B. MAFFEI

Gregory B. Maffei

*Chairman, President and Chief Executive Officer*

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CERTIFICATION

I, Brian J. Wendling, certify that:

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

Date: November 7, 2022

/s/ BRIAN J. WENDLING

Brian J. Wendling

*Senior Vice President and Chief Financial Officer*

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**Certification****Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002  
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Liberty TripAdvisor Holdings, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ended September 30, 2022 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2022

/s/ GREGORY B. MAFFEI

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Gregory B. Maffei  
*Chairman, President and Chief Executive Officer*

Date: November 7, 2022

/s/ BRIAN J. WENDLING

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Brian J. Wendling  
*Senior Vice President and Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)*

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

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