

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

FORM 10-Q

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

**For the quarterly period ended March 31, 2024
OR**

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

**For the transition period from _____ to _____
Commission File Number: 001-37429**

EXPEDIA GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

20-2705720

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

(I.R.S. Employer Identification No.)

**1111 Expedia Group Way W.
Seattle, WA 98119**

(Address of principal executive office) (Zip Code)

(206) 481-7200

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

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

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

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, \$0.0001 par value	EXPE	The Nasdaq Global Select Market
The number of shares outstanding of each of the registrant's classes of common stock as of April 19, 2024 was:		
Common stock, \$0.0001 par value per share		127,224,287 shares
Class B common stock, \$0.0001 par value per share		5,523,452 shares

Expedia Group, Inc.

Form 10-Q

For the Quarter Ended March 31, 2024

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Part I. Item 1. Consolidated Financial Statements

EXPEDIA GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share data)

(Unaudited)

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

(1) Includes stock-based compensation as follows:

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

See accompanying notes.

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

(In millions)

(Unaudited)

	Three months ended March 31,	
	2024	2023
Net loss	\$ (136)	\$ (140)
Currency translation adjustments, net of tax ⁽¹⁾	(15)	28
Comprehensive loss	(151)	(112)
Less: Comprehensive income (loss) attributable to non-controlling interests	(3)	10
Comprehensive loss attributable to Expedia Group, Inc.	<u>\$ (148)</u>	<u>\$ (122)</u>

- (1) Currency translation adjustments include tax benefit of less than \$1 million for the three months ended March 31, 2024 and tax benefit of approximately \$1 million for the three months ended March 31, 2023 primarily associated with net investment hedges.

See accompanying notes.

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EXPEDIA GROUP, INC.
CONSOLIDATED BALANCE SHEETS

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

	March 31, 2024	December 31, 2023
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,686	\$ 4,225
Restricted cash and cash equivalents	1,936	1,436
Short-term investments	26	28
Accounts receivable, net of allowance of \$52 and \$46	3,750	2,786
Income taxes receivable	56	47
Prepaid expenses and other current assets	894	708
Total current assets	12,348	9,230
Property and equipment, net	2,353	2,359
Operating lease right-of-use assets	341	357
Long-term investments and other assets	1,245	1,238
Deferred income taxes	621	586
Intangible assets, net	1,006	1,023
Goodwill	6,847	6,849
TOTAL ASSETS	\$ 24,761	\$ 21,642
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable, merchant	\$ 1,948	\$ 2,041
Accounts payable, other	1,207	1,077
Deferred merchant bookings	11,392	7,723
Deferred revenue	177	164
Income taxes payable	25	26
Accrued expenses and other current liabilities	816	752
Total current liabilities	15,565	11,783
Long-term debt	6,256	6,253
Deferred income taxes	31	33
Operating lease liabilities	301	314
Other long-term liabilities	472	473
Commitments and contingencies		
Stockholders' equity:		
Common stock: \$.0001 par value; Authorized shares: 1,600,000	—	—
Shares issued: 283,225 and 282,149; Shares outstanding: 128,007 and 131,522		
Class B common stock: \$.0001 par value; Authorized shares: 400,000	—	—
Shares issued: 12,800 and 12,800; Shares outstanding: 5,523 and 5,523		
Additional paid-in capital	15,550	15,398
Treasury stock - Common stock and Class B, at cost; Shares 162,495 and 157,903	(13,671)	(13,023)
Retained earnings (deficit)	(767)	(632)
Accumulated other comprehensive income (loss)	(222)	(209)
Total Expedia Group, Inc. stockholders' equity	890	1,534

See accompanying notes.

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

**Three
months
ended March
31, 2023**

	Common stock		Class B common stock		Additional paid-in capital	Treasury stock - Common and Class B		Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Non- redeemable non- controlling interest
	Shares	Amount	Shares	Amount		Shares	Amount			
Balance as of December 31, 2022	278,264,235	\$ —	12,799,999	\$ —	\$ 14,795	137,783,429	\$(10,869)	\$(1,409)	\$ (234)	\$ 1,44
Net income (loss)								(145)		
Other comprehensive income, net of taxes									23	
Proceeds from exercise of equity instruments and employee stock purchase plans	832,904	—			29					
Treasury stock activity related to vesting of equity instruments						184,647	(21)			
Common stock repurchases						4,321,273	(448)			
Other changes in ownership of non- controlling interests					—					
Stock-based compensation expense					114					
Other					—		(3)			
Balance as of March 31, 2023	<u>279,097,139</u>	<u>\$ —</u>	<u>12,799,999</u>	<u>\$ —</u>	<u>\$ 14,938</u>	<u>142,289,349</u>	<u>\$(11,341)</u>	<u>\$(1,554)</u>	<u>\$ (211)</u>	<u>\$ 1,45</u>

**Three
months
ended March
31, 2024**

ended March 31, 2024	Common stock		Class B common stock		Treasury stock - Common and Class B						Non-redeemable non-controlling interest
	Shares	Amount	Shares	Amount	Additional paid-in capital	Shares	Amount	Retained earnings (deficit)	Accumulated other comprehensive income (loss)		
Balance as of December 31, 2023	282,148,576	\$ —	12,799,999	\$ —	\$ 15,398	157,902,985	\$(13,023)	\$ (632)	\$ (209)	\$	1,25
Net loss								(135)			(
Other comprehensive loss, net of taxes									(13)		(
Proceeds from exercise of equity instruments and employee stock purchase plans	1,076,496	—			32						
Withholding taxes for stock options					(2)						
Treasury stock activity related to vesting of equity instruments						271,780	(37)				
Common stock repurchases						4,319,981	(606)				
Other changes in ownership of non-controlling interests					4			—			(
Stock-based compensation expense					118						
Other					—		(5)	—			
Balance as of March 31, 2024	283,225,072	\$ —	12,799,999	\$ —	\$ 15,550	162,494,746	\$(13,671)	\$ (767)	\$ (222)	\$	1,24

See accompanying notes.

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

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

See accompanying notes.

Notes to Consolidated Financial Statements

March 31, 2024

(Unaudited)

Note 1 - Basis of Presentation

Description of Business

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

Basis of Presentation

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

We have prepared the accompanying unaudited consolidated financial statements in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial reporting. We have included all adjustments necessary for a fair presentation of the results of the interim period. These adjustments consist of normal recurring items. Our interim unaudited consolidated financial statements are not necessarily indicative of results that may be expected for any other interim period or for the full year. These interim unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2023 (“2023 Form 10-K”), previously filed with the Securities and Exchange Commission (“SEC”). trivago is a separately listed company on the Nasdaq Global Select Market and, therefore is subject to its own reporting and filing requirements, which could result in possible differences that are not expected to be material to Expedia Group.

Accounting Estimates

We use estimates and assumptions in the preparation of our interim unaudited consolidated financial statements in accordance with GAAP. Our estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of our interim unaudited consolidated financial statements. These estimates and assumptions also affect the reported amount of net income or loss during any period. Our actual financial results could differ significantly from these estimates. The

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

Reclassifications

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

Seasonality

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

Notes to Consolidated Financial Statements - (Continued)

booking volumes, and the more stable nature of our fixed costs. As a result on a consolidated basis, revenue and income are typically the lowest in the first quarter and highest in the third quarter.

Note 2 - Summary of Significant Accounting Policies

Recent Accounting Policies Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued new guidance that modifies the disclosure and presentation requirements of reportable segments. The new guidance requires the disclosure of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit and loss. In addition, the new guidance enhances interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit or loss, provides new segment disclosure requirements for entities with a single reportable segment, and contains other disclosure requirements. The update is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are in the process of evaluating the impact of adopting this new guidance on our consolidated financial statement disclosures.

In December 2023, the FASB issued new guidance to improve its income tax disclosure requirements. Under the new guidance, public business entities must annually (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income (loss) by the applicable statutory income tax rate). The new guidance is effective for public business entities for annual periods beginning after December 15, 2024. We are in the process of evaluating the impact of adopting this new guidance on our consolidated financial statement disclosures.

In March 2024, the SEC adopted final rules requiring public entities to provide certain climate-related information in their registration statements and annual reports (Climate Rules). As part of the disclosures, entities will be required to quantify certain effects of severe weather events and other natural conditions in a note to their audited financial statements. In April 2024, the SEC issued an order staying the implementation of the Climate Rules pending completion of judicial review of consolidated changes to the rules by the Court of Appeals for the Eight Circuit. We continue to monitor developments and evaluate the potential impact of the Climate Rules on our consolidated financial statement disclosures.

Significant Accounting Policies

Below are the significant accounting policies with interim disclosure requirements. For a comprehensive description of our accounting policies, refer to our 2023 Form 10-K.

Revenue

Prepaid Merchant Bookings. We classify payments made to suppliers in advance of Vrbo performance obligations as prepaid merchant bookings included within prepaid and other current assets. Prepaid merchant bookings was \$493 million as of March 31, 2024 and \$365 million as of December 31, 2023.

Deferred Merchant Bookings. We classify cash payments received in advance of our performance obligations as deferred merchant bookings. At December 31, 2023, \$6.9 billion of advance cash payments was reported within deferred merchant bookings, \$3.9 billion of which was recognized resulting in \$555 million of revenue during the three months ended March 31, 2024. At March 31, 2024, the related balance was \$10.5 billion.

At December 31, 2023, \$871 million of deferred loyalty rewards was reported within deferred merchant bookings, \$198 million of which was recognized within revenue during the three months ended March 31, 2024. At March 31, 2024, the related balance was \$875 million.

Deferred Revenue. At December 31, 2023, \$164 million was recorded as deferred revenue, \$76 million of which was recognized as revenue during the three months ended March 31, 2024. At March 31, 2024, the related balance was \$177 million.

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

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

Cash, Restricted Cash, and Cash Equivalents

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

	March 31, 2024	December 31, 2023
	(in millions)	
Cash and cash equivalents	\$ 5,686	\$ 4,225
Restricted cash and cash equivalents	1,936	1,436
Total cash, cash equivalents and restricted cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 7,622</u>	<u>\$ 5,661</u>

Accounts Receivable and Allowances

Accounts receivable are generally due within thirty days and are recorded net of an allowance for expected uncollectible amounts. We consider accounts outstanding longer than the contractual payment terms as past due. The risk characteristics we generally review when analyzing our accounts receivable pools primarily include the type of receivable (for example, credit card vs hotel collect), collection terms and historical or expected credit loss patterns. For each pool, we make estimates of expected credit losses for our allowance by considering a number of factors, including the length of time trade accounts receivable are past due, previous loss history continually updated for new collections data, the credit quality of our customers, current economic conditions, reasonable and supportable forecasts of future economic conditions and other factors that may affect our ability to collect from customers. The provision for estimated credit losses is recorded as cost of revenue in our consolidated statements of operations. During the three months ended March 31, 2024, we recorded approximately \$9 million of incremental allowance for expected uncollectible accounts, offset by \$3 million of write-offs.

Note 3 - Fair Value Measurements

Financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2024 are classified using the fair value hierarchy in the table below:

	Total	Level 1	Level 2
	(In millions)		
Assets			
Cash equivalents:			
Money market funds	\$ 554	\$ 554	\$ —
Term deposits	107	—	107
Derivatives:			
Cross-currency interest rate swaps	13	—	13
Investments:			
Equity investments	575	575	—
Corporate debt securities	69	—	69
Total assets	\$ 1,318	\$ 1,129	\$ 189
Liabilities			
Derivatives:			
Foreign currency forward contracts	\$ 15	\$ —	\$ 15

Notes to Consolidated Financial Statements - (Continued)

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

	Total	Level 1	Level 2
	(In millions)		
Assets			
Cash equivalents:			
Money market funds	\$ 168	\$ 168	\$ —
Term deposits	71	—	71
Derivatives:			
Cross-currency interest rate swaps	8	—	8
Investments:			
Term deposits	28	—	28
Equity investments	584	584	—
Total assets	\$ 859	\$ 752	\$ 107
Liabilities			
Derivatives:			
Foreign currency forward contracts	\$ 9	\$ —	\$ 9

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

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

As of March 31, 2024 and December 31, 2023, our cash and cash equivalents consisted primarily of term deposits and money market funds with maturities of three months or less and bank account balances.

We invest in investment grade corporate debt securities, all of which are classified as available-for-sale. As of March 31, 2024, we had \$26 million of short-term and \$43 million of long-term available-for-sale investments. The amortized cost basis of the investments approximated their fair value with gross unrealized gains and losses of less than \$1 million.

We use foreign currency forward contracts to economically hedge certain merchant revenue exposures, foreign denominated liabilities related to certain of our loyalty programs and our other foreign currency-denominated operating liabilities. As of March 31, 2024, we were party to outstanding forward contracts hedging our liability exposures with a total net

notional value of \$5.4 billion. We had a net forward liability of \$15 million (\$26 million gross forward liability) as of March 31, 2024 and a net forward liability of \$9 million (\$28 million gross forward liability) as of December 31, 2023 both recorded in accrued expenses and other current liabilities. We recorded \$(46) million and \$20 million in net gains (losses) from foreign currency forward contracts during the three months ended March 31, 2024 and 2023.

We maintain two fixed-to-fixed cross-currency interest rate swaps with an aggregate notional amount of €300 million and maturity dates of February 2026. The swaps were designated as net investment hedges of Euro assets with the objective to protect the U.S. dollar value of our net investments in the Euro foreign operations due to movements in foreign currency. The fair value of the cross-currency interest rate swaps was a \$13 million asset as of March 31, 2024 and a \$8 million asset as of December 31, 2023, recorded in long-term investments and other assets. The gain recognized in interest expense was \$1 million during the three months ended March 31, 2024 and 2023.

Our equity investments include our marketable equity investments in Despegar and Global Business Travel Group, Inc., both publicly traded companies, which are included in long-term investments and other assets in our consolidated balance sheets. During the three months ended March 31, 2024 and 2023, we recognized net gains (losses) of approximately \$(9) million and \$1 million within other, net in our consolidated statements of operations related to the fair value changes of these equity investments.

Notes to Consolidated Financial Statements - (Continued)

Assets Measured at Fair Value on a Non-recurring Basis

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

Minority Investments without Readily Determinable Fair Values. As of March 31, 2024 and December 31, 2023, the carrying values of our minority investments without readily determinable fair values totaled \$315 million and \$330 million. During the three months ended March 31, 2024, we sold a minority investment for \$15 million and recognized an immaterial gain on the transaction. During the three months ended March 31, 2023, we had no material gains or losses recognized related to these minority investments. As of March 31, 2024, total cumulative adjustments made to the initial cost basis of these investments included \$105 million in unrealized downward adjustments (including impairments).

Note 4 - Debt

The following table sets forth our outstanding debt:

	March 31, 2024	December 31, 2023
	(In millions)	
6.25% senior notes due 2025	\$ 1,040	\$ 1,039
5.0% senior notes due 2026	748	748
0% convertible senior notes due 2026	993	993
4.625% senior notes due 2027	747	746
3.8% senior notes due 2028	996	996
3.25% senior notes due 2030	1,239	1,238
2.95% senior notes due 2031	493	493
Long-term debt ⁽¹⁾	<u>\$ 6,256</u>	<u>\$ 6,253</u>

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

Long-term Debt

Additional information about our \$1 billion aggregate principal amount of unsecured 0% convertible senior notes due 2026 (the "Convertible Notes") and our other outstanding senior notes (collectively the "Senior Notes"), see Note 7 - Debt of the Notes to Consolidated Financial Statements in our 2023 Form 10-K.

All of our outstanding Senior Notes are senior unsecured obligations issued by Expedia Group and guaranteed by certain domestic Expedia Group subsidiaries. The Senior Notes rank equally in right of payment with all of our existing and future unsecured and unsubordinated obligations of Expedia Group and the guarantor subsidiaries. In addition, the

Senior Notes include covenants that limit our ability to (i) create certain liens, (ii) enter into sale/leaseback transactions and (iii) merge or consolidate with or into another entity or transfer substantially all of our assets. The Senior Notes are redeemable in whole or in part, at the option of the holders thereof, upon the occurrence of certain change of control triggering events at a purchase price in cash equal to 101% of the principal plus accrued and unpaid interest. Accrued interest related to the Senior Notes was \$48 million and \$73 million as of March 31, 2024 and December 31, 2023.

Estimated Fair Value. The total estimated fair value of our Senior Notes was approximately \$5.0 billion and \$5.1 billion as of March 31, 2024 and December 31, 2023. Additionally, the estimated fair value of the Convertible Notes was \$926 million and \$953 million as of March 31, 2024 and December 31, 2023. The fair value was determined based on quoted market prices in less active markets and is categorized according as Level 2 in the fair value hierarchy.

Credit Facility

As of March 31, 2024, Expedia Group maintained a \$2.5 billion revolving credit facility that matures in April 2027. As of March 31, 2024 and December 31, 2023, we had no revolving credit facility borrowings outstanding. Loans under the revolving credit facility bear interest at a rate equal to an index rate plus a margin (a) in the case of term benchmark loans, ranging from 1.00% to 1.75% per annum, depending on Expedia Group's credit ratings, and (b) in the case of base rate loans, ranging from 0.00% to 0.75% per annum, depending on Expedia Group's credit ratings. A fee is payable quarterly in respect of undrawn commitments under the revolving credit facility at a rate ranging from 0.10% to 0.25% per annum, depending on Expedia

Notes to Consolidated Financial Statements - (Continued)

Group's credit ratings. The terms of the revolving credit facility require Expedia Group to not exceed a specified maximum consolidated leverage ratio as of the end of each fiscal quarter.

The revolving credit facility has a \$120 million letter of credit ("LOC") sublimit, and the amount of LOCs issued under the facility reduced the credit amount available. Outstanding stand-by LOCs issued under the facility were \$48 million and \$40 million as of March 31, 2024 and December 31, 2023, respectively.

Note 5 - Stockholders' Equity

Treasury Stock

As of March 31, 2024, the Company's treasury stock was comprised of approximately 155.2 million common stock and 7.3 million Class B shares. As of December 31, 2023, the Company's treasury stock was comprised of approximately 150.6 million shares of common stock and 7.3 million Class B shares.

Share Repurchase Programs. In October 2023, the Executive Committee of the Board of Directors, pursuant to a delegation of authority from the Board, authorized a program to repurchase up to \$5 billion of our common stock ("2023 Share Repurchase Program"). During the three months ended March 31, 2024, we repurchased, through open market transactions, 4.3 million shares under the 2023 Share Repurchase Program for a total cost of \$606 million, excluding transaction costs and excise tax due under the Inflation Reduction Act of 2022, representing an average repurchase price of \$140.26 per share. As of March 31, 2024, \$4.2 billion remains authorized for repurchase under the 2023 Share Repurchase Program. Our 2023 Share Repurchase Program does not have fixed expiration dates and does not obligate the Company to acquire any specific number of shares. Under the program, shares may be repurchased in the open market or in privately negotiated transactions. The timing, manner, price and amount of any repurchases will be subject to the discretion of the Company and depend on a variety of factors, including the market price of Expedia Group's common stock, general market and economic conditions, regulatory requirements and other business considerations. Subsequent to the end of the first quarter of 2024, we repurchased an additional 1.4 million shares for a total cost of \$180 million, excluding transaction costs and excise tax, representing an average purchase price of \$132.89 per share.

Stock-based Awards

Stock-based compensation expense relates primarily to expense for restricted stock units ("RSUs"), performance stock units ("PSUs") and stock options. As of March 31, 2024, we had stock-based awards outstanding representing approximately 13 million shares of our common stock, consisting of approximately 11 million RSUs and PSUs and options to purchase approximately 3 million shares of our common stock with a weighted average exercise price of \$146.55 and weighted average remaining life of 3.3 years.

Annual employee stock-based award grants typically occur during the first quarter of each year and generally vest over four years. During the three months ended March 31, 2024, we granted approximately 3.5 million RSUs and PSUs.

Accumulated Other Comprehensive Income (Loss)

The balance of AOCI as of March 31, 2024 and December 31, 2023 was comprised of foreign currency translation adjustments. These translation adjustments include foreign currency transaction gains as of March 31, 2024 of \$10 million (\$13 million before tax) and \$6 million (\$8 million before tax) as of December 31, 2023 associated with our cross-currency interest rate swaps as described in Note 3 – Fair Value Measurements. Additionally, translation adjustments include foreign currency transaction losses of \$7 million (\$10 million before tax) as of both March 31, 2024 and December 31, 2023 associated with previously settled Euro-denominated notes that were designated as net investment hedges.

Note 6 - Earnings (Loss) Per Share

Basic earnings per share is calculated using our weighted-average outstanding common shares. The earnings per share amounts are the same for common stock and Class B common stock because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation.

Diluted earnings per share is calculated using our weighted-average outstanding common shares including the dilutive effect of stock awards and common stock warrants as determined under the treasury stock method and of our Convertible Notes using the if-converted method. In periods when we recognize a net loss, we exclude the impact of outstanding stock awards and the potential share settlement impact related to our Convertible Notes from the diluted loss per share calculation as their inclusion would have an antidilutive effect. For the three months ended March 31, 2024, approximately 13 million shares from outstanding stock awards and approximately 4 million shares related to the potential share settlement impact related to our

Notes to Consolidated Financial Statements - (Continued)

Convertible Notes have been excluded from the calculations of diluted earnings per share attributable to common stockholders because their effect would have been antidilutive. For the three months ended March 31, 2023, approximately 14 million shares of outstanding stock awards and approximately 4 million shares related to the potential share settlement impact related to our Convertible Notes were excluded.

Note 7 - Restructuring and Related Reorganization Charges

In February 2024, we committed to restructuring actions to recalibrate resources as most of the Company's organizational and technological transformation is now completed, which have resulted in headcount reductions. As a result, we recognized \$48 million in restructuring and related reorganization charges during the three months ended March 31, 2024. The charges were predominately related to employee severance and benefit costs and approximately \$40 million was unpaid as of March 31, 2024. Based on current plans which are subject to change, we expect total reorganization charges in the remainder of 2024 in the range of approximately \$30 million to \$50 million. These costs could be higher or lower should we make additional decisions in future periods that impact our reorganization efforts.

Note 8 - Income Taxes

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

For the three months ended March 31, 2024, the effective tax rate was 12.4% measured against a pre-tax loss, compared to (128.5)% measured against a pre-tax loss for the three months ended March 31, 2023. The change in the effective tax rate quarter over quarter was due to prior period discrete tax effects of the TripAdvisor audit assessment, as described below.

We are subject to taxation in the United States and foreign jurisdictions. Our income tax filings are regularly examined by federal, state, and foreign tax authorities. During the fourth quarter of 2019, the Internal Revenue Service ("IRS") issued final adjustments related to transfer pricing with our foreign subsidiaries for our 2011 to 2013 tax years. The adjustments would increase our U.S. taxable income by \$696 million, which would result in federal income tax of approximately \$244 million, subject to interest. We do not agree with the position of the IRS. We have formally filed a protest for our 2011 to 2013 tax years. In the second quarter of 2024, IRS Appeals returned the case to Exam for further review. During the third quarter of 2023, the IRS issued final adjustments related to transfer pricing with our foreign subsidiaries for our 2014 to 2016 tax years. The adjustments would increase our U.S. taxable income by \$1.232 billion, which would result in federal income tax of approximately \$431 million, subject to interest. We do not agree with the position of the IRS and have formally filed a Mutual Agreement Procedure request. We are also under examination by the IRS for our 2017 to 2020 tax years.

On December 20, 2011, we completed a spin-off of TripAdvisor into a separate publicly traded corporation. Pursuant to the tax sharing agreement between Expedia Group and TripAdvisor, TripAdvisor is responsible for its potential income tax liabilities in connection with any consolidated income tax returns filed as a part of Expedia Group's consolidated income

tax return prior to or in connection with the spin-off. TripAdvisor is required to indemnify Expedia Group for any such taxes, including interest, penalties, legal, and professional fees.

In 2023, TripAdvisor agreed in principle with the IRS to an assessed amount of \$120 million, inclusive of interest and state tax effects, for transfer pricing adjustments with its foreign subsidiaries for the 2009 through 2011 tax years. The assessment is a tax liability for tax years when TripAdvisor was part of Expedia Group's consolidated income tax return and is covered by the indemnification pursuant to the tax sharing agreement. In May 2023, Expedia Group received from the IRS the final assessment for the 2009 through 2011 tax years related to the TripAdvisor matter. Expedia Group remitted \$113 million in settlement payments to the IRS, as the primary obligor for this assessment, and received the reimbursement required from TripAdvisor in settlement of the indemnification receivable for this matter. During 2023, we recorded a total of \$67 million, including \$69 million during the first quarter of 2023, of additional income tax expense and a corresponding tax indemnification adjustment in other, net in our consolidated statements of operations representing the estimate of the incremental assessed payment to the IRS, including state tax effects.

Note 9 - Commitments and Contingencies

Legal Proceedings

In the ordinary course of business, we are a party to various lawsuits. Management does not expect these lawsuits to have a material impact on the liquidity, results of operations, or financial condition of Expedia Group. We also evaluate other potential contingent matters, including value-added tax, excise tax, sales tax, transient occupancy or accommodation tax and similar matters. We do not believe that the aggregate amount of liability that could be reasonably possible with respect to these

Notes to Consolidated Financial Statements - (Continued)

matters would have a material adverse effect on our financial results; however, litigation is inherently uncertain and the actual losses incurred in the event that our legal proceedings were to result in unfavorable outcomes could have a material adverse effect on our business and financial performance.

Litigation Relating to Occupancy Taxes. One hundred three lawsuits have been filed by or against cities, counties and states involving hotel occupancy and other taxes. Seven lawsuits are currently active. These lawsuits are in various stages and we continue to defend against the claims made in them vigorously. With respect to the principal claims in these matters, we believe that the statutes or ordinances at issue do not apply to us or the services we provide and, therefore, that we do not owe the taxes that are claimed to be owed. We believe that the statutes or ordinances at issue generally impose occupancy and other taxes on entities that own, operate or control hotels (or similar businesses) or furnish or provide hotel rooms or similar accommodations. To date, forty-nine of these lawsuits have been dismissed. Some of these dismissals have been without prejudice and, generally, allow the governmental entity or entities to seek administrative remedies prior to pursuing further litigation. Thirty-four dismissals were based on a finding that we and the other defendants were not subject to the local tax ordinance or that the local government lacked standing to pursue its claims. As a result of this litigation and other attempts by certain jurisdictions to levy such taxes, we have established a reserve for the potential settlement of issues related to hotel occupancy and other taxes, consistent with applicable accounting principles and in light of all current facts and circumstances, in the amount of \$46 million as of both March 31, 2024 and December 31, 2023. Our settlement reserve is based on our best estimate of probable losses and the ultimate resolution of these contingencies may be greater or less than the liabilities recorded. An estimate for a reasonably possible loss or range of loss in excess of the amount reserved cannot be made. Changes to the settlement reserve are included within legal reserves, occupancy tax and other in the consolidated statements of operations.

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

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

Matters Relating to International VAT. We are in various stages of inquiry or audit in multiple European Union jurisdictions regarding the application of VAT to our European Union related transactions. While we believe we comply with applicable VAT laws, rules and regulations in the relevant jurisdictions, the tax authorities may determine that we owe additional taxes. In certain jurisdictions, including the United Kingdom, we may be required to “pay-to-play” any VAT assessment prior to contesting its validity. While we believe that we will be successful based on the merits of our positions with regard to audits in pay-to-play jurisdictions, it is nevertheless reasonably possible that we could be required to pay any

assessed amounts in order to contest or litigate the applicability of any assessments and an estimate for a reasonably possible amount of any such payments cannot be made.

Note 10 - Segment Information

We have the following reportable segments: B2C, B2B, and trivago. Our B2C segment provides a full range of travel and advertising services to our worldwide customers through a variety of consumer brands including: Expedia.com, Hotels.com, Vrbo, Orbitz, Travelocity, Wotif Group, ebookers, CheapTickets, Hotwire.com and CarRentals.com. Our B2B segment fuels a wide range of travel and non-travel companies including airlines, offline travel agents, online retailers, corporate travel management and financial institutions, who leverage our leading travel technology and tap into our diverse supply to augment their offerings and market Expedia Group rates and availabilities to their travelers. Our trivago segment generates advertising revenue primarily from sending referrals to online travel companies and travel service providers from its hotel metasearch websites.

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

Notes to Consolidated Financial Statements - (Continued)

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

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

The following tables present our segment information for the three months ended March 31, 2024 and 2023. As a significant portion of our property and equipment is not allocated to our operating segments and depreciation is not included in our segment measure, we do not report the assets by segment as it would not be meaningful. We do not regularly provide such information to our chief operating decision makers.

Three months ended March 31, 2024

	B2C	B2B	trivago	Corporate & Eliminations	Total
	(In millions)				
Third-party revenue	\$ 1,986	\$ 833	\$ 70	\$ —	\$ 2,889
Intersegment revenue	—	—	40	(40)	—
Revenue	<u>\$ 1,986</u>	<u>\$ 833</u>	<u>\$ 110</u>	<u>\$ (40)</u>	<u>\$ 2,889</u>
Adjusted EBITDA	\$ 215	\$ 172	\$ (9)	\$ (123)	\$ 255
Depreciation	(133)	(34)	(1)	(27)	(195)
Amortization of intangible assets	—	—	—	(15)	(15)
Stock-based compensation	—	—	—	(104)	(104)
Legal reserves, occupancy tax and other	—	—	—	(20)	(20)
Restructuring and related reorganization charges	—	—	—	(48)	(48)
Realized (gain) loss on revenue hedges	13	4	—	—	17
Operating income (loss)	<u>\$ 95</u>	<u>\$ 142</u>	<u>\$ (10)</u>	<u>\$ (337)</u>	(110)
Other expense, net					(45)
Loss before income taxes					(155)
Provision for income taxes					19
Net loss					(136)
Net loss attributable to non-controlling interests					1
Net loss attributable to Expedia Group, Inc.					<u><u>\$ (135)</u></u>

Notes to Consolidated Financial Statements - (Continued)

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

Revenue by Business Model and Service Type

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

	Three months ended	
	March 31,	
	2024	2023
	(in millions)	
Business Model:		
Merchant	\$ 1,964	\$ 1,794
Agency	678	666
Advertising, media and other	247	205
Total revenue	<u>\$ 2,889</u>	<u>\$ 2,665</u>
Service Type:		
Lodging	\$ 2,228	\$ 2,029
Air	115	113
Advertising and media	215	175
Other ⁽¹⁾	331	348
Total revenue	<u>\$ 2,889</u>	<u>\$ 2,665</u>

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

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

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect the views of our management regarding current expectations and projections about future events and are based on currently available information. Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, but not limited to, those discussed in our Annual Report on Form 10-K for the year ended December 31, 2023, Part I, Item 1A, "Risk Factors," as well as those discussed elsewhere in this report. Other unknown or unpredictable factors also could have a material adverse effect on our business, financial condition and results of operations. Accordingly, readers should not place undue reliance on these forward-looking statements. The use of words such as "anticipates," "believes," "could," "estimates," "expects," "goal," "intends," "likely," "may," "plans," "potential," "predicts," "projected," "seeks," "should" and "will," or the negative of these terms or other similar expressions, among others, generally identify forward-looking statements; however, these words are not the exclusive means of identifying such statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. We are not under any obligation to, and do not intend to, publicly update or review any of these forward-looking statements, whether as a result of new information, future events or otherwise, even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized. Please carefully review and consider the various disclosures made in this report and in our other reports filed with the SEC that attempt to advise interested parties of the risks and factors that may affect our business, prospects and results of operations.

The information included in this management's discussion and analysis of financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes included in this Quarterly Report, and the audited consolidated financial statements and notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2023.

Overview

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

travel advertisers access to a potential source of incremental traffic and transactions through our various media and advertising offerings on our websites.

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

Trends

Starting in early 2020, the COVID-19 pandemic, and measures to contain the virus, including government travel restrictions and quarantine orders, had an unprecedented impact on the global travel industry and materially and negatively impacted our business, financial results and financial condition. Travel was severely depressed during 2020, with reduced levels of new bookings. In 2021, we began to see a bookings recovery. In 2022, there was a strong, but uneven, recovery in travel demand with different regions around the world experiencing different rates of recovery. In 2023, the overall reopening of the Asia-Pacific region and general recovery outside of the United States was a factor in the gross bookings year-over-year growth rate for our B2B segment, but any other lingering impacts of the pandemic did not have a significant impact on our businesses, and we expect that to remain the case for future periods.

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

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

Despite these factors, we have witnessed a healthy but more normalized travel demand in the beginning of 2024, as consumers continue to prioritize spend on travel and experiences over other discretionary spending.

Online Travel

Increased usage and familiarity with the internet have continued to drive rapid growth in online penetration of travel expenditures. Online penetration is higher in the U.S. and Western European markets with online penetration rates in some emerging markets, such as Latin America and Eastern European regions, lagging behind those regions. Emerging markets continue to present an attractive growth opportunity for our business, while also attracting many competitors to online travel. The industry is expected to remain highly competitive for the foreseeable future. In addition to the growth of online travel agencies, we have seen continued interest in the online travel industry from search engine companies such as Google, evidenced by continued product enhancements, and prioritizing its own AdWords and metasearch products such as Google Hotel Ads and Google Flights, in search results. Competitive entrants such as “metasearch” companies, including Kayak.com (owned by Booking Holdings), trivago (in which Expedia Group owns a majority interest) as well as TripAdvisor, introduced differentiated features, pricing and content compared with the legacy online travel agency companies, as well as various forms of direct or assisted booking tools. Further, airlines and lodging companies are aggressively pursuing direct online distribution of their products and services. In addition, the increasing popularity of the “sharing economy,” accelerated by online penetration, has had a direct impact on the travel and lodging industry. Businesses such as Airbnb, Vrbo and Booking.com have emerged as the leaders, bringing incremental alternative accommodation and vacation rental inventory to the market. Other competitors have arisen, including vacation rental property managers, who operate their own booking sites in addition to listing on Airbnb, Vrbo, and Booking.com, and are expected to continue to grow as a percentage of the global accommodations market. Additionally, traditional consumer ecommerce players have expanded their local offerings by adding hotel offers to their websites. Ride sharing app Uber has added transportation and experience offerings to its app via partnerships with other travel providers. Our B2B business has grown significantly but faces competition from other online travel agencies (“OTAs”) with B2B offerings, as well as other competitors, such as independent B2B businesses.

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

In 2022, we began evolving our strategy from being largely transactionally focused, where we were primarily focused on acquiring customers through performance channels, to building a direct relationship with our customers by allocating more marketing spend towards

our loyalty programs, paid app downloads, and brand awareness. While we maintain a large portfolio of consumer brands, we put the majority of our marketing efforts towards our three core consumer brands: Expedia, Hotels.com and Vrbo.

Lodging

Lodging includes both hotel and alternative accommodations. As a percentage of our total worldwide revenue in the first quarter of 2024, lodging accounted for 77%. Room nights booked grew 7% in the first three months of 2024, as compared to growth of 12% in 2023 and 26% in 2022. Average Daily Rates (“ADRs”) booked for Expedia Group declined 3% in first three months of 2024 and decreased 2% in 2023 and grew 3% in 2022. While trends are starting to normalize, our lodging business has seen a significant increase in ADRs compared to pre-pandemic levels, which were driven by broader industry trends, a mix shift to Vrbo and high ADR geographies.

As of March 31, 2024, our global lodging marketplace had over 3.5 million lodging properties available, including over 2.5 million online bookable alternative accommodations listings through Vrbo and over 960,000 hotels and alternative accommodations through our other brands.

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

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Further, while the global lodging industry remains very fragmented, there has been consolidation in the hotel space among chains as well as ownership groups. In the meantime, certain hotel chains have been focusing on driving direct bookings on their own websites and mobile applications by advertising lower rates than those available on third-party websites as well as incentives such as loyalty programs, increased or exclusive product availability and complimentary benefits.

Alternative Accommodations. Over the past decade, we expanded into the alternative accommodations market. Vrbo is a leader, specializing in unique whole home inventory, primarily in North American leisure markets, and represents an attractive growth opportunity for Expedia Group.

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

Since our hotel and alternative accommodation supplier agreements are generally negotiated on a percentage basis, any increase or decrease in ADRs has an impact on the revenue we earn per room night. In the future, we could see macroeconomic factors influence ADR trends, including rising living costs due to inflation and higher interest rates. Other factors that could lead to moderating ADRs include growth in hotel supply and the increase in alternative accommodation inventory.

Air

Similar to the rest of travel, the airlines experienced a surge in pent-up demand when COVID-19 restrictions were lifted, however they continued to operate at reduced capacity due to staffing shortages and supply chain disruptions. In 2023, airlines focused on adding capacity back to their networks, ending the year with global air capacity nearly recovered to 2019 levels.

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

Booked air tickets increased 2% in the first three months of 2024, and increased 4% in 2023 and 8% in 2022. As a percentage of our total worldwide revenue in the first quarter of 2024, air accounted for 4%.

Advertising & Media

Our advertising and media business is principally driven by revenue generated by trivago, a leading hotel metasearch website, and Expedia Group Media Solutions, which is responsible for generating advertising revenue on our global online travel brands. In the first three months of 2024, we generated \$215 million of advertising and media revenue, a 23% increase from the same period in 2023. As a percentage of our total worldwide revenue in the first quarter of 2024, advertising and media accounted for 7%.

Since the onset of COVID-19, online travel agencies, including ourselves, have reduced marketing spend on trivago. In 2023, the company adopted its marketing strategy and

launched a new logo and visual identity, part of a push to rejuvenate its brand, demonstrate the relevance of its offerings and drive long-term growth.

Business Strategy

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

We believe the strength of our core brand portfolio and consistent enhancements to product and service offerings, combined with our global scale and broad-based supply, drive increasing value to customers and customer demand. With our significant global audience of travelers, and our deep and broad selection of travel products, we are also able to provide value to supply partners seeking to grow their business through sophisticated technology, a better understanding of travel retailing and reaching consumers in markets beyond their reach. Our deep product and supply footprint allows us to tailor offerings to target different types of consumers and travel needs, employ geographic segmentation in markets around the world, and leverage brand differentiation, among other benefits. We also market to consumers through a variety of channels, including internet search, metasearch and social and digital media. In 2024, we plan to accelerate our global market expansion beyond our core markets that were our focus in the second half of 2023.

During 2020, Expedia Group unified its technology, product, data engineering and data science teams to build services and capabilities that can be leveraged across our business units to provide value-add services to our travel suppliers and serve our end customers. The unified team structure enables us to deliver more scalable services and operate more efficiently. We have also completed the migration of our core B2C brands onto a unified Brand Expedia technology front-end infrastructure, having migrated Hotels.com onto the infrastructure in 2022 and Vrbo in 2023. In 2024, we will continue to cement our

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leadership in the B2B segment as our B2B business also benefits from all the work we have done in product and technology for our B2C brands.

As we continue to mature our shared platform infrastructure, our focus is on developing configurable technical capabilities that support various travel products while using simpler, standard architecture and common applications and frameworks. We believe this strategy will enable us to: simultaneously build pieces of technology that work in tandem; ship new capabilities and features faster; create a foundation for more innovative solutions; and achieve greater economies of scope and scale. Ultimately, we believe this will result in more product improvements faster and therefore better traveler experiences. In addition, over time, as we execute on our streamlined application development framework, we believe we can unlock additional platform service opportunities beyond the scope of our internal brands and business travel partners. All of our transaction-based businesses now benefit from our shared platform infrastructure, including customer servicing and support, data centers, search capabilities, payment processing, and fraud operations.

We also launched One Key in the United States in 2023, which serves as the unified loyalty program under Brand Expedia, Hotels.com and Vrbo, enabling travelers to cross-earn and cross-redeem rewards across these brands and our range of products such as air, hotels and alternative accommodations. One Key will also be launched in more countries going forward. With greatly improved product driven by the latest in machine learning and artificial intelligence capabilities and One Key, we believe we will continue to drive greater retention, repeat and direct business.

Seasonality

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

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

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are those that we believe are important in the preparation of our consolidated financial statements because they require that we use judgment and estimates in applying those policies. We prepare our consolidated financial statements and accompanying notes in accordance with generally accepted accounting

principles in the United States (“GAAP”). Preparation of the consolidated financial statements and accompanying notes requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements as well as revenue and expenses during the periods reported. We base our estimates on historical experience, where applicable, and other assumptions that we believe are reasonable under the circumstances. Actual results may differ from our estimates under different assumptions or conditions.

There are certain critical estimates that we believe require significant judgment in the preparation of our consolidated financial statements. We consider an accounting estimate to be critical if:

- It requires us to make an assumption because information was not available at the time or it included matters that were highly uncertain at the time we were making the estimate; and
- Changes in the estimate or different estimates that we could have selected may have had a material impact on our financial condition or results of operations.

For additional information about our other critical accounting policies and estimates, see the disclosure included in our Annual Report on Form 10-K for the year ended December 31, 2023 as well as updates in the current fiscal year provided in Note 2 – Summary of Significant Accounting Policies in the notes to the consolidated financial statements.

Occupancy and Other Taxes

Legal Proceedings. We are currently involved in seven lawsuits brought by or against states, cities and counties over issues involving the payment of hotel occupancy and other taxes. We continue to defend these lawsuits vigorously. With respect to the principal claims in these matters, we believe that the statutes and/or ordinances at issue do not apply to us or the services

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we provide, namely the facilitation of travel planning and reservations, and, therefore, that we do not owe the taxes that are claimed to be owed. We believe that the statutes and ordinances at issue generally impose occupancy and other taxes on entities that own, operate or control hotels (or similar businesses) or furnish or provide hotel rooms or similar accommodations.

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

We have established a reserve for the potential settlement of issues related to hotel occupancy and other tax litigation, consistent with applicable accounting principles and in light of all current facts and circumstances, in the amount of \$46 million as of both March 31, 2024 and December 31, 2023.

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

Pay-to-Play

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

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

Segments

We have the following reportable segments: B2C, B2B, and trivago. Our B2C segment provides a full range of travel and advertising services to our worldwide customers through a variety of consumer brands including: Expedia.com, Hotels.com, Vrbo, Orbitz, Travelocity, Wotif Group, ebookers, CheapTickets, Hotwire.com and CarRentals.com. Our B2B segment fuels a wide range of travel and non-travel companies including airlines, offline travel agents, online retailers, corporate travel management and financial institutions, who leverage our

leading travel technology and tap into our diverse supply to augment their offerings and market Expedia Group rates and availabilities to their travelers. Our trivago segment generates advertising revenue primarily from sending referrals to online travel companies and travel service providers from its hotel metasearch websites.

Operating Metrics

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

Gross Bookings and Revenue Margin

	Three months ended March 31,		% Change
	2024	2023	
	(\$ in millions)		
Gross bookings	\$ 30,164	\$ 29,401	3 %
Revenue margin ⁽¹⁾	9.6 %	9.1 %	

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

During the three months ended March 31, 2024, gross bookings increased 3%, compared to the same period in 2023, primarily driven by total lodging gross bookings due to continued strength in our hotel business, partially offset by softness in our Vrbo business. Booked room nights for our lodging business increased 7% for the three months ended March 31, 2024.

Revenue margin increased during the three months ended March 31, 2024 compared to the same period in 2023, due to continued mix to lodging, which has higher margins, and strong growth in our media and advertising business, which contributes to revenue but does not have related gross bookings.

Results of Operations

Revenue

	Three months ended			% Change	
	March 31,				
	2024	2023			
	(\$ in millions)				
Revenue by Segment					
B2C	\$	1,986	\$	1,921	3 %
B2B		833		668	25 %
trivago (Third-party revenue)		70		76	(8)%
Total revenue	\$	2,889	\$	2,665	8 %

Revenue increased 8% for the three months ended March 31, 2024, compared to the same period in 2023, on strong growth in our B2B segment resulting from increased lodging revenue.

	Three months ended		% Change
	March 31,		
	2024	2023	
	(\$ in millions)		
Revenue by Service Type			
Lodging	\$ 2,228	\$ 2,029	10 %
Air	115	113	2 %
Advertising and media ⁽¹⁾	215	175	23 %
Other	331	348	(5)%
Total revenue	\$ 2,889	\$ 2,665	8 %

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

Lodging revenue increased 10% for the three months ended March 31, 2024, compared to the same period in 2023, primarily driven by an increase in room nights stayed mostly in our hotel business.

Air revenue increased 2% for the three months ended March 31, 2024 compared to the same period in 2023 primarily driven by an increase in air tickets sold.

Advertising and media revenue increased 23% for the three months ended March 31, 2024, compared to the same period in 2023, due to an increase at Expedia Group Media Solutions, partially offset by a decline in trivago revenue. All other revenue, which includes car rental, insurance, cruise and activities, decreased 5% for the three months ended March 31, 2024, compared to the same period in 2023, from a decrease in travel insurance on lower Vrbo volume.

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

	Three months ended			% Change	
	March 31,				
	2024	2023			
	(\$ in millions)				
Revenue by Business Model					
Merchant	\$	1,964	\$	1,794	10 %
Agency		678		666	2 %
Advertising, media and other		247		205	21 %
Total revenue	\$	2,889	\$	2,665	8 %

Merchant revenue increased for the three months ended March 31, 2024, compared to the same period in 2023, was primarily due to an increase in merchant hotel revenue. Agency revenue increased slightly for the three months ended March 31, 2024, compared to the same period in 2023. Advertising, media and other increased for the three months ended March 31, 2024, compared to the same period in 2023, primarily due to an increase in Expedia Media Solutions advertising revenue.

Cost of Revenue

	Three months ended March 31,		
	2024	2023	% Change
	(\$ in millions)		
Direct costs	\$ 280	\$ 330	(15)%
Personnel and overhead	78	84	(8)%
Total cost of revenue	<u>\$ 358</u>	<u>\$ 414</u>	(14)%
% of revenue	12.4 %	15.5 %	

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

Cost of revenue decreased \$56 million during the three months ended March 31, 2024, compared to the same period in 2023, primarily due to lower costs associated with our transactional efficiencies.

Selling and Marketing - Direct and Indirect

	Three months ended March 31,			
	2024	2023		% Change
	(\$ in millions)			
Selling and marketing - direct	\$ 1,650	\$ 1,487		11 %
% of revenue	57.1 %	55.8 %		
Selling and marketing - indirect	186	187		— %
% of revenue	6.4 %	7.0 %		

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

Selling and marketing - direct increased \$163 million during the three months ended March 31, 2024, compared to the same period in 2023, primarily driven by an increase in B2B partner commissions to support strong growth. Selling and marketing - indirect costs remained consistent period over period.

Technology and Content

	Three months ended March 31,		
	2024	2023	% Change
	(\$ in millions)		
Personnel and overhead	\$ 250	\$ 234	7 %
Other	91	83	11 %
Total technology and content	<u>\$ 341</u>	<u>\$ 317</u>	8 %
% of revenue	11.8 %	11.9 %	

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

Technology and content expense increased \$24 million during the three months ended March 31, 2024, compared to the same period in 2023, primarily due to higher personnel costs from increased average salaries and lower capitalized salary rates, as well as higher stock-based compensation of \$6 million period over period.

General and Administrative

	Three months ended March 31,		
	2024	2023	% Change
	(\$ in millions)		
Personnel and overhead	\$ 148	\$ 152	(3)%
Professional fees and other	38	32	21 %
Total general and administrative	<u>\$ 186</u>	<u>\$ 184</u>	1 %
% of revenue	6.4 %	6.9 %	

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

General and administrative expense during the three months ended March 31, 2024 remained consistent as compared to the same period in 2023.

Depreciation and Amortization

	Three months ended March 31,		% Change
	2024	2023	
	(\$ in millions)		
Depreciation	\$ 195	\$ 177	10 %
Amortization of intangible assets	15	15	4 %
Total depreciation and amortization	<u>\$ 210</u>	<u>\$ 192</u>	10 %

Depreciation increased \$18 million during the three months ended March 31, 2024, compared to the same period in 2023 primarily as a result of increased depreciation related to capitalized website development costs. Amortization of intangible assets remained consistent during the three months ended March 31, 2024 as compared to the same period in 2023.

Legal Reserves, Occupancy Tax and Other

	Three months ended March 31,		
	2024	2023	% Change
	(\$ in millions)		
Legal reserves, occupancy tax and other	\$ 20	\$ 5	313 %
% of revenue	0.7 %	0.2 %	

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

Legal reserves, occupancy tax and other for the three months ended March 31, 2024 primarily included our donation as part of a public-private partnership project to revitalize public parks along the Elliot Bay waterfront in Seattle. During the three months ended March 31, 2023, the charges primarily included changes to our reserve related to other taxes.

Restructure and Related Reorganization Charges

In February 2024, we committed to restructuring actions to recalibrate resources as most of the Company’s organizational and technological transformation is now completed, which have resulted in headcount reductions. As a result, we recognized \$48 million in restructuring and related reorganization charges during the three months ended March 31, 2024, which were predominately related to employee severance and benefits costs. Based on current plans which are subject to change, we expect total reorganization charges in the remainder of 2024 in the range of approximately \$30 million to \$50 million. These costs could be higher or lower should we make additional decisions in future periods that impact our reorganization efforts.

Operating Loss

	Three months ended March 31,		
	2024	2023	% Change
	(\$ in millions)		
Operating loss	\$ (110)	\$ (121)	(9)%
% of revenue	(3.8)%	(4.5)%	

During the three months ended March 31, 2024, the decrease in operating loss in the current year period was primarily due to growth in revenue in excess of operating costs, partially offset by the restructuring charges discussed above.

Adjusted EBITDA by Segment

	Three months ended March 31,		% Change
	2024	2023	
	(\$ in millions)		
B2C	\$ 215	\$ 148	46 %
B2B	172	133	29 %
trivago	(9)	20	N/A
Unallocated overhead costs (Corporate)	(123)	(116)	6 %
Total Adjusted EBITDA ⁽¹⁾	<u>\$ 255</u>	<u>\$ 185</u>	38 %

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

Adjusted EBITDA is our primary segment operating metric. See Note 10 – Segment Information in the notes to the consolidated financial statements for additional information on intersegment transactions, unallocated overhead costs and for a reconciliation of Adjusted EBITDA by segment to net income (loss) attributable to Expedia Group, Inc. for the periods presented above.

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Our B2C segment Adjusted EBITDA increased during the three months ended March 31, 2024, compared to the same period in 2023, as a result of continued revenue growth and transactional efficiencies. Our B2B segment experienced an improvement in Adjusted EBITDA during the three months ended March 31, 2024, compared to the same period in 2023, primarily as a result of strong revenue growth. Our trivago segment Adjusted EBITDA decreased during the three months ended March 31, 2024, compared to the same period in 2023, as a result of revenue declines as well as increase in marketing costs.

Interest Income and Expense

	Three months ended March 31,		% Change
	2024	2023	
	(\$ in millions)		
Interest income	\$ 51	\$ 43	21 %
Interest expense	(62)	(61)	— %

Interest income increased for the three months ended March 31, 2024, compared to the same period in 2023, as a result of higher rates of return. Interest expense remained consistent for the three months ended March 31, 2024, compared to the same periods in 2023.

Other, Net

Other, net is comprised of the following:

	Three months ended March 31,	
	2024	2023
	(\$ in millions)	
Foreign exchange rate losses, net	\$ (30)	\$ (13)
Gains (losses) on minority equity investments, net	(9)	1
TripAdvisor tax indemnification adjustment	—	69
Gain on sale of businesses, net	3	20
Other	2	1
Total other, net	\$ (34)	\$ 78

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

Provision for Income Taxes

	Three months ended March 31,			
	2024	2023		% Change
	(\$ in millions)			
Provision for income taxes	\$ (19)	\$ 79		N/A
Effective tax rate	12.4 %	(128.5)%		

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

For the three months ended March 31, 2024, the effective tax rate was 12.4% measured against a pre-tax loss, compared to (128.5)% measured against a pre-tax loss for the three months ended March 31, 2023. The change in the effective tax rate quarter over quarter was due to prior period discrete tax effects of the TripAdvisor audit assessment as discussed further in Note 8 – Income Taxes in the notes to the consolidated financial statements.

We are subject to taxation in the United States and foreign jurisdictions. Our income tax filings are regularly examined by federal, state, and foreign tax authorities. During the fourth quarter of 2019, the IRS issued final adjustments related to transfer pricing with our foreign subsidiaries for our 2011 to 2013 tax years. The adjustments would increase our U.S. taxable income

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by \$696 million, which would result in federal tax of approximately \$244 million, subject to interest. We do not agree with the position of the IRS. We have formally filed a protest for our 2011 to 2013 tax years. In the second quarter of 2024, IRS Appeals returned the case to Exam for further review. During the third quarter of 2023, the IRS issued final adjustments related to transfer pricing with our foreign subsidiaries for our 2014 to 2016 tax years. The adjustments would increase our U.S. taxable income by \$1.232 billion, which would result in federal income tax of approximately \$431 million, subject to interest. We do not agree with the position of the IRS and have formally filed a Mutual Agreement Procedure request. We are also under examination by the IRS for our 2017 to 2020 tax years.

In December 2021, the OECD released model rules introducing a 15% global minimum tax rate for large multinational corporations (“Pillar Two”). Certain countries in which we operate have enacted legislation consistent with the OECD model rules effective beginning in 2024. We considered the applicable tax laws in relevant jurisdictions and there is no material impact to our tax provision for the three months ended March 31, 2024. The Company will continue to evaluate the potential impact of Pillar Two on future reporting periods.

Definition and Reconciliation of Adjusted EBITDA

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

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

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

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

	Three months ended March 31,	
	2024	2023
	(In millions)	
Net loss attributable to Expedia Group, Inc.	\$ (135)	\$ (145)
Net income (loss) attributable to non-controlling interests	(1)	5
Provision for income taxes	(19)	79
Total other (income) expense, net	45	(60)
Operating loss	(110)	(121)
Gain (loss) on revenue hedges related to revenue recognized	(17)	6
Restructuring and related reorganization charges	48	—
Legal reserves, occupancy tax and other	20	5
Stock-based compensation	104	103
Depreciation and amortization	210	192
Adjusted EBITDA	<u>\$ 255</u>	<u>\$ 185</u>

Financial Position, Liquidity and Capital Resources

Our principal sources of liquidity are typically cash flows generated from operations, cash available under our credit facility as well as our cash and cash equivalents and short-term investment balances, which were \$5.7 billion and \$4.3 billion at March 31, 2024 and December 31, 2023. As of March 31, 2024, the total cash and cash equivalents and short-term investments held outside the United States was \$733 million (\$600 million in wholly-owned foreign subsidiaries and \$133 million in majority-owned subsidiaries). Our revolving credit facility with aggregate commitments of \$2.5 billion was essentially untapped at March 31, 2024.

Our credit ratings are periodically reviewed by rating agencies. As of March 31, 2024, Moody's rating was Baa2 with an outlook of "stable," S&P's rating was BBB with an outlook of "stable" and Fitch's rating was BBB- with an outlook of "positive." Changes in our operating results, cash flows, financial position, capital structure, financial policy or capital allocations to share repurchase, dividends, investments and acquisitions could impact the ratings assigned by the various rating agencies. Should our credit ratings be adjusted downward, we may incur higher costs to borrow and/or limited access to capital markets and interest rates on our 6.25% senior notes, 4.625% senior notes as well as our 2.95% senior notes will increase, which could have a material impact on our financial condition and results of operations.

As of March 31, 2024, we were in compliance with the covenants and conditions in our revolving credit facility and outstanding debt as detailed in Note 4 - Debt in the notes to the consolidated financial statements.

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

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Our cash flows are as follows:

	Three months ended March 31,		
	2024	2023	\$ Change
	(In millions)		
Cash provided by (used in):			
Operating activities	\$ 2,879	\$ 3,157	\$ (278)
Investing activities	(240)	(195)	(45)
Financing activities	(631)	(437)	(194)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash and cash equivalents	(47)	11	(58)

For the three months ended March 31, 2024, net cash provided by operating activities decreased by \$278 million primarily due to decreased benefits from working capital changes driven mostly by a change in accounts receivable and deferred merchant bookings, partially by higher operating income after adjusting for impacts on depreciation and amortization.

For the three months ended March 31, 2024, we had net cash used in investing activities of \$240 million compared to \$195 million in the prior year period. The change was primarily due to higher uses of cash for the settlement of currency forward contract losses in the current year period as well as higher net purchases of investments in the current period, partially offset by lower current period capital expenditures.

For the three months ended March 31, 2024, net cash used in financing activities primarily included \$643 million of cash paid to acquire shares, including the repurchased shares under the authorization discussed below and for treasury stock activity related to the vesting of equity instruments, partially offset by \$32 million of proceeds from the exercise of options and employee stock purchase plans. For the three months ended March 31, 2023, net cash used in financing activities primarily included \$469 million of cash paid to acquire shares, including the repurchased shares under prior authorizations and for treasury stock activity related to the vesting of equity instruments, partially offset by \$29 million of proceeds from the exercise of options and employee stock purchase plans.

In October 2023, the Executive Committee of the Board of Directors, pursuant to a delegation of authority from the Board, authorized an additional program to repurchase up to \$5 billion of our common stock ("2023 Share Repurchase Program"). During the three months ended March 31, 2024, we repurchased, through open market transactions, 4.3 million shares under 2023 Share Repurchase Program for a total cost of approximately \$606 million, excluding transaction costs and excise tax due under the Inflation Reduction Act of 2022. As of March 31, 2024, \$4.2 billion remain authorized for repurchase under the 2023 Share Repurchase Program. Our 2023 Share Repurchase Programs does not have fixed expiration dates and does not obligate the Company to acquire any specific number of shares. Under the program, shares may be repurchased in the open market or in privately negotiated transactions. The timing, manner, price and amount of any repurchases will be subject to the discretion of the Company and depend on a variety of factors, including the market price of Expedia Group's common stock, general market and economic conditions, regulatory requirements and other business considerations.

Foreign exchange rate changes resulted in a decrease of our cash and restricted cash balances denominated in foreign currency during the three months ended March 31, 2024 of \$47 million compared to \$11 million increase in the prior year period reflecting a net depreciation in foreign currencies relative to the U.S. dollar in the current period and net appreciations in the prior year period.

Other than discussed above, there have been no material changes outside the normal course of business to our contractual obligations and commercial commitments since December 31, 2023.

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

Summarized Financial Information for Guarantors and the Issuer of Guaranteed Securities

Summarized financial information of Expedia Group, Inc. (the “Parent”) and our subsidiaries that are guarantors of our debt facility and instruments (the “Guarantor Subsidiaries”) is shown below on a combined basis as the “Obligor Group.” The debt facility and instruments are guaranteed by certain of our wholly-owned domestic subsidiaries and rank equally in right of payment with all of our existing and future unsecured and unsubordinated obligations. The guarantees are full, unconditional, joint and several with the exception of certain customary automatic subsidiary release provisions. In this summarized financial information of the Obligor Group, all intercompany balances and transactions between the Parent and Guarantor Subsidiaries

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have been eliminated and all information excludes subsidiaries that are not issuers or guarantors of our debt facility and instruments, including earnings from and investments in these entities.

	December 31,	
	March 31, 2024	2023
	(In millions)	
Combined Balance Sheets Information:		
Current Assets	\$ 10,220	\$ 7,408
Non-Current Assets	10,448	10,399
Current Liabilities ⁽¹⁾	15,515	11,949
Non-Current Liabilities	6,788	6,792
	Three Months Ended March 31, 2024	Year Ended December 31, 2022
Combined Statements of Operations Information:		
Revenue	\$ 2,205	\$ 10,122
Operating income (loss) ⁽²⁾	(201)	714
Net income (loss)	(153)	566
Net income (loss) attributable to Obligors	(152)	675

- (1) Current liabilities include intercompany payables with non-guarantors of \$835 million as of March 31, 2024 and \$804 million as of December 31, 2023.
- (2) Operating income includes net intercompany income with non-guarantors of \$98 million for the three months ended March 31, 2024 and \$152 million for the year ended December 31, 2023.

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

Market Risk Management

There have been no material changes in our market risk during the three months ended March 31, 2024. For additional information, see Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in Part II of our Annual Report on Form 10-K for the year ended December 31, 2023.

Part I. Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures.

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

Changes in internal control over financial reporting.

There were no changes to our internal control over financial reporting that occurred during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Item 1. Legal Proceedings

In the ordinary course of business, Expedia Group and its subsidiaries are parties to legal proceedings and claims involving property, tax, personal injury, contract, alleged infringement of third-party intellectual property rights and other claims. A discussion of certain legal proceedings can be found in the section titled “Legal Proceedings,” of our Annual Report on Form 10-K for the year ended December 31, 2023. The following are developments regarding, as applicable, such legal proceedings and/or new legal proceedings:

Litigation Relating to Occupancy and Other Taxes

Arizona Cities Litigation. On February 12, 2024, the city of Tucson filed a petition for review with the Arizona Supreme Court, which Expedia has opposed. That petition remains pending.

State of Louisiana/City of New Orleans Litigation. The Louisiana First Circuit Court of Appeals held argument on the appeals on August 9, 2023 and, on April 17, 2024, affirmed the trial court’s decision in favor of the Expedia defendants.

Clark County, Nevada Litigation. On January 31, 2024, Plaintiffs filed a notice of appeal from the district court's rulings on the motion for summary judgment and motion to reconsider and that appeal remains pending.

Other Legal Proceedings

Helms-Burton Litigation. The Echeverria, Soto, and Trinidad actions pending in the Southern District of Florida are set for trial on October 2, 2024.

Part II. Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A, “Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2023, which could materially affect our business, financial condition or future results. These are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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

In October 2023, the Executive Committee of the Board of Directors, pursuant to a delegation of authority from the Board, authorized an additional program to repurchase up to \$5 billion of our common stock. A summary of the repurchase activity for the first quarter of 2024 is as follows:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under Plans or Programs
(In thousands, except per share data)				
January 1-31, 2024	985	\$ 149.27	985	\$4,701,478
February 1-29, 2024	1,788	\$ 139.24	1,788	4,452,503
March 1-31, 2024	1,547	\$ 135.72	1,547	4,242,526
Total	4,320		4,320	

Part II. Item 5. Other Information

Rule 10b5-1 Plan Elections

During the quarter ended March 31, 2024, none of our directors or executive officers adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” as such terms are defined under Item 408 of Regulation S-K.

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Part II. Item 6. Exhibits

The exhibits listed below are filed as part of this Quarterly Report on Form 10-Q.

		Filed Herewith	Incorporated by Reference
Exhibit No.	Exhibit Description		Form SEC File No. Exhibit Filing Date
10.1	Form of Expedia Group, Inc. 2024 Performance Stock Unit Agreement	X	
10.2	Form of Expedia Group, Inc. 2024 Restricted Stock Unit Agreement	X	
22	List of Guarantor Subsidiaries of Expedia Group, Inc.	X	
31.1	Certification of the Chairman and Senior Executive pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X	
31.2	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X	
31.3	Certification of the Chief Financial Officer pursuant Section 302 of the Sarbanes-Oxley Act of 2002	X	
32.1	Certification of the Chairman and Senior Executive pursuant Section 906 of the Sarbanes-Oxley Act of 2002	X	
32.2	Certification of the Chief Executive Officer pursuant Section 906 of the Sarbanes-Oxley Act of 2002	X	
32.3	Certification of the Chief Financial Officer pursuant Section 906 of the Sarbanes-Oxley Act of 2002	X	
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, formatted in XBRL: (i) Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income (Loss), (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Changes in Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements.	X	

Signature

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

May 2, 2024

Expedia Group, Inc.

By: /s/ Julie Whalen
Julie Whalen
Chief Financial Officer