



## EXPEDIA GROUP, INC. FINANCIAL RESULTS RELEASE GLOSSARY OF BUSINESS AND FINANCIAL DEFINITIONS

### *Business Definitions*

Agency bookings – Primarily relate to airline ticket bookings, for which the customer is charged by the airline, usually at the time of the booking, and revenue is generally recognized at the same time. Agency bookings also include various hotel bookings such as: (1) Hotel/Property Collect bookings made as part of our Expedia Traveler Preference Program; as well as (2) bookings made via third-party distribution systems. In the case of agency hotel bookings, the customer is charged by the hotel, usually at the time of the hotel stay, and revenue is recognized at the same time.

Brand Expedia – Our Expedia-branded websites, including Expedia.com in the United States, make a large variety of travel services available directly to travelers with localized websites in over 40 countries.

Brand Expedia Group – Consists of the full-service Core OTA brands on the Brand Expedia technology platform, including Brand Expedia, Orbitz, Travelocity, Wotif, lastminute.com.au, ebookers and CheapTickets.

Core OTA – Our Core Online Travel Agencies reportable segment that provides a full range of travel and advertising services to our worldwide customers through a variety of brands including: Expedia.com and Hotels.com in the United States and localized Expedia and Hotels.com websites throughout the world, Orbitz, CheapTickets, ebookers, Expedia Partner Solutions, Hotwire.com, Travelocity, Wotif Group, CarRentals.com, Classic Vacations and SilverRail Technologies.

Egencia – Reportable segment that is a full-service travel management company offering travel products and services to businesses and their corporate travelers. Egencia maintains a global presence in more than 60 countries across North America, Europe and Asia Pacific. Egencia provides, among other things, a global technology platform coupled with local telephone assistance with expert travel consultants, relevant supply targeted at business travelers, and consolidated reporting for its clients. Egencia charges its corporate clients account management fees, as well as transactional fees for various contacts made as part of the travel process. In addition, Egencia provides on-site agents to some corporate clients to provide in-house, seamless support. Egencia also offers consulting and meeting management services as well as advertising opportunities.

Expedia Partner Solutions (EPS) - Expedia Partner Solutions is the purely partner-focused arm of Expedia Group. Expedia Partner Solutions partners with businesses across a wide range of verticals including loyalty programs, airlines, travel agents and online retailers who remarket Expedia Partner Solutions' accommodation rates and availabilities to their travelers.

Expedia Traveler Preference (ETP) Program – an offering for customers, through participating hotels, that gives customers the choice of whether to pay Expedia Group in advance under our merchant contract (Expedia Collect) or pay at the hotel at the time of the stay (Hotel Collect).

Gross bookings – represent the total retail value of transactions booked for both agency and merchant transactions as well as Vrbo bookings, recorded at the time of booking reflecting the total price due for travel by travelers, including taxes, fees and other charges, and are generally reduced for cancellations and refunds.

Merchant bookings – Under the merchant model, we facilitate the booking of hotel rooms, alternative accommodations, airline seats, car rentals and destination services from our travel suppliers and we are

the merchant of record for such bookings. The majority of our merchant transactions relate to hotel bookings.

Room nights - Represent stayed hotel room nights for our Core OTA and Egencia reportable segments and property nights for our Vrbo reportable segment. Hotel room nights are reported as the stayed night occurs and include both merchant and agency hotel stays. Property nights are reported upon the first day of stay and check-in to a property and represent the total number of nights for which a property is rented.

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

Vrbo – Reportable segment that offers alternative accommodation rentals through a variety of brands including: Vrbo, HomeAway and VacationRentals.com, among others, in addition to the related international points of sale.

### ***Financial Statement Definitions***

Accounts payable, merchant – Consists of amounts billed from suppliers subsequent to the customer's use of services. For merchant hotel bookings there can be a significant period of time between the receipt of cash from our travelers and the payment to suppliers.

Accounts receivable – Includes receivables from credit card agencies primarily related to our merchant hotel business, receivables related to agency transactions (principally from airlines and global distribution systems), receivables from advertising clients and receivables related to our managed corporate travel businesses.

Accrued expenses and other current liabilities – Principally relates to accruals for the costs of our call center and internet services, accruals for bonus, salary and wage liabilities, a reserve related to the potential settlement of occupancy and other tax issues, income taxes payable and accrued interest on our various debt instruments. In addition, as of January 1, 2019 with the adoption of the new lease accounting standard, the current position of our operating lease liabilities are included within accrued expenses.

Adjusted cost of revenue (non-GAAP)\* – Primarily consists of costs related to: customer operations, including our customer support and telesales, as well as fees to air ticket fulfillment vendors; credit card processing, including merchant fees, chargebacks and fraud; and other costs, primarily including data center and cloud costs to support our websites, supplier operations, destination supply, and certain transactional level taxes and costs related to Bodybuilding.com

Adjusted general and administrative expense (non-GAAP)\* – Primarily relates to personnel-related costs, including our executive leadership, finance, legal and human resources functions, as well as fees for professional services that typically relate to legal, tax and accounting and other costs.

Adjusted selling and marketing expense (non-GAAP)\* – Primarily relates to direct costs, including traffic generation costs from search engines and internet portals, television, radio and print spending, private label and affiliate program commissions, public relations and other costs. The remainder of the expense relates to indirect costs, including personnel and related overhead in our various brands and global supply organization.

Adjusted technology and content expense (non-GAAP)\* – Primarily relates to personnel, overhead and other costs, net of capitalized salary costs, related to technology projects, including licensing and maintenance expenses as well as cloud expenses.

*\* Excludes stock-based compensation related to expenses for stock options, restricted stock units and other equity compensation under applicable stock-based compensation accounting standards, as well as depreciation expense.*

Deferred merchant bookings – Consists of amounts received from travelers who have not yet traveled. Fluctuations in the balance generally mirror the seasonal pattern of our merchant gross bookings. Payments to suppliers related to these bookings are generally made within a few weeks after booking for air travel and, for all other merchant bookings, after the customer's use of services and subsequent billing from the supplier. These billings are reflected as accounts payable, merchant on our balance sheet. In addition, as of January 1, 2018 with the adoption of the new revenue accounting standard, our deferred loyalty rewards are included within deferred merchant bookings. Prior to January 1, 2018, loyalty program accruals were included in accrued expenses.

Deferred revenue – Relates to cash received for certain travel and advertising services for which revenue has not yet been recognized.

Depreciation expense – Primarily consists of depreciation and amortization of technology assets including hardware and purchased and internally developed software.

Goodwill – Primarily relates to the acquisitions of Hotels.com, Brand Expedia, Hotwire, Orbitz and Vrbo.

Intangible assets, net – Primarily relate to the acquisitions of Hotels.com, Brand Expedia, Hotwire, trivago, Orbitz and Vrbo.

Long-term investments and other assets – Includes transportation equipment, debt and equity investments and time deposits.

Non-redeemable noncontrolling interest – Relates primarily to the minority ownership position in AirAsia Expedia prior to our acquisition of the remaining equity interest in August 2018, results for which are consolidated for all periods presented, as well as trivago subsequent to its initial public offering on December 16, 2016.

Other, net – Relates to foreign exchange gains and losses, our portion of gains or losses in equity investments and other non-operating income (expense) items.

Other long-term liabilities – Consist primarily of uncertain tax positions recorded according to income tax accounting standards.

Prepaid expenses and other current assets – Primarily composed of prepaid merchant bookings, marketing, merchant fees, license and maintenance agreements and insurance.

Redeemable noncontrolling interest – Noncontrolling interest that is redeemable at the option of the minority holders, which previously included trivago's minority interest from the date of our majority ownership acquisition in March 2013 until its initial public offering on December 16, 2016 at which time that minority interest was reclassified to non-redeemable.

Stock-based compensation expense – Primarily comprised of expenses from stock options and restricted stock units ("RSUs"). Beginning in 2019, RSUs became Expedia Group's primary form of stock-based compensation.

Unallocated overhead costs – Includes corporate functions and expenses that are not allocated to our segments, such as accounting, human resources, certain information technology and legal expenses, as well as the immaterial operating results of Bodybuilding.com subsequent to our acquisition on July 26, 2019