



## **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 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 through full-service websites in 37 countries across the globe.

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: Brand Expedia, Hotels.com, Expedia Partner Solutions, Orbitz, Travelocity, Wotif, lastminute.com.au, ebookers, CheapTickets, Hotwire, Classic Vacations, CarRentals.com, Expedia Local Expert, Expedia CruiseShipCenters, SilverRail and ALICE in addition to the related international points of sale.

Egencia – Reportable segment that provides managed travel services to corporate customers in North America, Europe and the Asia Pacific regions, and includes Traveldo.

Expedia Traveler Preference (ETP) Program – Designed to better serve travelers by offering them the choice to pay either at the time of booking or upon checkout at the hotel directly.

Gross bookings – Total retail value of transactions booked, recorded at the time of booking reflecting the total price due for travel by travelers, including taxes, fees and other charges, adjusted for cancellations and refunds.

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

Merchant bookings – Primarily relate to hotel bookings. In merchant bookings, such as Expedia Collect bookings made as part of our Expedia Traveler Preference Program, the customer is charged by Expedia Group at the time of booking and revenue is generally recognized when the customer uses the travel product or service.

Room nights - Represent stayed hotel room nights for our Core OTA and Egencia reportable segments and property nights for our HomeAway 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.

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.

### ***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 – 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.

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 and destination supply.

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.

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 HomeAway.

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

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, 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 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"). In 2017, we introduced an equity choice program for annual awards that allows for the choice of stock options or RSUs with certain limitations.