Annual report of trivago N.V.
for the fiscal year ended 31 December 2022

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1. Introduction

In this board report, the terms “we,” “us,” the “company,” or “trivago,” or similar terms shall mean trivago N.V. and, as the context requires, its subsidiaries. References to "Expedia Group" mean our majority shareholder, Expedia Group, Inc., together with its subsidiaries. References to our "Founders" mean Rolf Schrömgens, Peter Vinnemeier and Malte Siewert, collectively.

Unless otherwise specified, all monetary amounts are in euros. All references in this annual report to “$,” “US$,” “U.S.$,” “U.S. dollars,” “dollars” and “USD” mean U.S. dollars, and all references to “€” and “euros,” mean euros, unless otherwise noted.

1.1. Preparation

This annual report has been prepared by trivago's management and has been approved by trivago's management board (the "management board") and trivago's supervisory board (the "supervisory board"). It contains (i) the Dutch statutory board report pursuant to Section 2:391 of the Dutch Civil Code ("DCC"), (ii) trivago's Dutch statutory annual accounts as defined in Section 2:361(1) DCC and (iii) the information to be added pursuant to Section 2:392 DCC (to the extent relevant). The financial statements included in sections 9 and 10 of this board report have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Commission ("EU IFRS") and Part 9 of Book 2 of the DCC. The report of trivago's independent auditor, Ernst & Young Accountants LLP, is included in section 12. The Dutch Corporate Governance Code ("DCGC") recommends that the report includes separate reports from the management board and the supervisory board. The annual report does not include a separate supervisory board report but the board report includes the information that is required to be included in a supervisory board report.

1.2. Special note regarding forward-looking statements

This board report contains forward-looking statements, that are based on our management’s beliefs and assumptions and on information currently available to our management. All statements other than present and historical facts and conditions contained in this annual report, including statements regarding our future results of operations and financial positions, business strategy, plans and our objectives for future operations, are forward-looking statements. When used in this annual report, the words “aim,” “anticipate,” “assume,” “believe,” “contemplate,” “continue,” “could,” “due,” “estimate,” “expect,” “goal,” “intend,” “may,” “objective,” “plan,” “predict,” “potential,” “positioned,” “seek,” “should,” “target,” “will,” “would,” and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology identify forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- our ability to grow our revenue in future periods, or at rates deemed sufficient by the market without reducing our profits or incurring losses;
- any acceleration of long-term changes to consumer behavior and industry structure arising from the COVID-19 pandemic that may continue to have a significant adverse effect on our future competitiveness and profitability;
- the potential negative impact of the worsening economic outlook and inflation on consumer discretionary spending;
- geopolitical and diplomatic tensions, instabilities and conflicts, including war, civil unrest, terrorist activity, sanctions or other geopolitical events or escalations of hostilities, such as the war in Ukraine;
- our continued dependence on a small number of advertisers for our revenue and adverse impacts that could result from their reduced spending or changes in their cost-per-click, or CPC, bidding strategy;
- our ability to generate referrals, customers, bookings or revenue and profit for our advertisers on a basis they deem to be cost-effective;
- factors that contribute to our period-over-period volatility in our financial condition and result of operations;
- any additional impairment of intangible assets and goodwill;
- the continuing negative impact of having almost completely ceased television advertising in 2020 and only having resumed such advertising at reduced levels in 2021 and 2022 on our ability to grow our revenue;
- our ability to implement our strategic initiatives;

- increasing competition in our industry;
- our reliance on search engines, particularly Google, which promote their own product and services that compete directly with our accommodation search and may negatively impact our business, financial performance and prospects;
- our ability to innovate and provide tools and services that are useful to our users and advertisers;
- our business model's dependence on consumer preferences for traditional hotel-based accommodation;
- our dependence on relationships with third parties to provide us with content;
- changes to and our compliance with applicable laws, rules and regulations;
- the impact of any legal and regulatory proceedings to which we are or may become subject;
- potential disruptions in the operation of our systems, security breaches and data protection; and
- impacts from our operating globally.

You should refer to the section 4.2 of this board report for a discussion of important risk factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this annual report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

You should read this board report and the documents that we reference in this annual report completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

2. Company and Business Overview

2.1. History and development of the Company

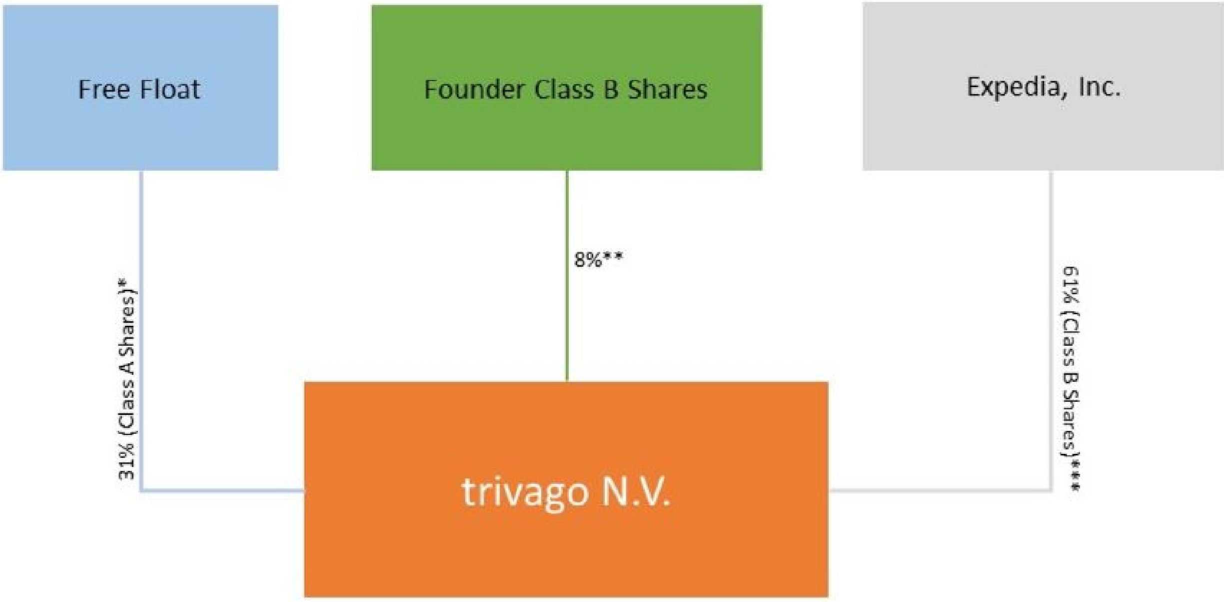
We were incorporated on November 7, 2016 as travel B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law. On December 16, 2016, we completed our initial public offering, or IPO, on the Nasdaq Stock Exchange. In connection with our IPO, we converted into a public company with limited liability (*naamloze vennootschap*) under Dutch law pursuant to a deed of amendment and conversion and changed our legal name to trivago N.V. On September 7, 2017, we consummated the cross-border merger of trivago GmbH into and with trivago N.V.

We are registered with the Trade Register of the Chamber of Commerce in the Netherlands (*Kamer van Koophandel*) under number 67222927. Our corporate seat is in Amsterdam, the Netherlands, and our registered office is at Kesselstraße 5 - 7, 40221 Düsseldorf, Germany (under number HRB 79986). Our telephone number is +49-211-3876840000.

As of December 31, 2022, we had 709 employees (prior year: 809 employees).

2.2. Organizational structure

The following chart depicts our corporate structure and percentages of economic interest as of the date hereof based on the number of shares outstanding as of December 31, 2022:



**Class A shares are held by the public shareholders and by the Founders. Based on the information available through public filings, Rolf Schrömgens currently owns: 21,776,984 Class A (13D/A filed on February 16, 2022) and Mr. Vinnemeier holds 3,307,753 Class A shares (13D/A filed on November 3, 2022). Expedia and the Founders are the only holders of Class B Shares.*

***As of December 31, 2022, Class B shares of trivago N.V. are only held by Expedia Group and Rolf Schrömgens, one of our founders.*

**** The holders of our Class B shares are entitled to ten votes per share, and holders of our Class A shares are entitled to one vote per share. Each Class B share is convertible into one Class A share at any time by the holder thereof, while Class A shares are not convertible into Class B shares under any circumstances.*

trivago N.V. is the direct or indirect holding company of our subsidiaries.

2.3. Property, plant and equipment

In June 2018, we moved into our headquarters located in Düsseldorf's media harbor. We currently occupy 21,258 square meters of office space, which has been certified with LEED core & shell Gold - representing a state-of-the-art workplace for trivago. The lease provides for a fixed ten-year term plus two renewal options, each for a term of five years. Initially, trivago N.V. was the sole tenant of the building and the building was, therefore, built to our specifications.

As a result of negotiations of our lease contract for the campus in Düsseldorf, Germany, we signed an amendment to the contract, which became effective in January 2021. The agreement includes the return of unused office spaces and a corresponding reduction of rent, as well as the sale of certain fixed assets related to the space to the landlord.

We also have 381 square meters of leased office space in Spain.

2.4. Business Overview

2.4.1. Overview

trivago is a global accommodation search platform and our mission is "to be your companion to experience our world". We are focused on reshaping the way travelers search for and compare different types of accommodations, such as hotels, vacation rentals and private apartments, while enabling our advertisers to grow their businesses by providing them with access to a broad audience of travelers via our websites and apps. Our platform allows travelers to make informed decisions by personalizing their search for accommodation and providing them with access to a deep supply of relevant information and prices. In the year ended December 31, 2022, we had 311.6 million Qualified Referrals and, as of that date, offered access to more than 5.0 million hotels and other types of accommodation, including 3.8 million units of alternative accommodation such as vacation rentals and private apartments, in over 190 countries.

We believe that the number of travelers accessing our websites and apps makes us an important and scalable marketing channel for our advertisers, which include online travel agencies, or OTAs, hotel chains, independent hotels and providers of alternative accommodation. Additionally, our ability to refine user intent through our search function allows us to provide advertisers with transaction-ready referrals. Recognizing that advertisers on our marketplace have varying objectives and varying levels of marketing resources and experience, we provide a range of services to enable advertisers to improve their performance on our marketplace.

Our hotel and accommodation search platform can be accessed globally via 53 localized websites and apps available in 31 languages. Users can search our platform on desktop and mobile devices, and benefit from a familiar user interface, resulting in a consistent user experience.

In the year ended December 31, 2022, we generated revenue of €535.0 million and a net income of €51.8 million, compared to revenue of €361.5 million and a net loss of €9.4 million in 2021.

2.4.2. trivago's search platform

Our accommodation search platform forms the core of our user experience. It is a search and comparison product, and users do not book directly on our platform. When they click on an offer for a hotel room or other accommodation at a certain price, they are referred to our advertisers' websites where they can complete their booking. We maintain one of the largest searchable databases of accommodations in the world. As of December 31, 2022, our database included more than 5.0 million (2021: 5.0 million) hotels and other types of accommodations, gathered through OTAs, hotel chains, independent hotels and providers of alternative accommodations. As of December 31, 2022, we offered access on our search platform to more than 3.8 million (2021: 3.8 million) units of alternative accommodation, such as vacation rentals and private apartments.

Our users initially search via a text-based search function, which supports searches across a broad range of criteria. The search results show a user an accommodation listing page. For hotels, the page contains aggregated information, including:

- *Accommodation information:* We display information that we believe is relevant to the user, such as the name, pictures, amenities, star rating and distance to selected location;
- *trivago ratings index:* We aggregate millions of ratings globally. We produce a score for each property, which is updated daily to render relevant and valuable insights for our users while saving them time when searching for the ideal hotel or other accommodation. The rating is a single, easy-to-use score out of ten;
- *Reviews:* We provide reviews from third parties in a clear and concise format; and
- *Price comparison:* We prominently display a suggested advertised deal for each hotel or other accommodation, while also listing additional available offers from our advertisers in a list format, including room types, amenities and payment options. To learn more about how we determine the prominence given to offers and their placement in our search results, see *2.4.5. Marketplace* below.

We provide our services through websites and apps, including through our mobile-optimized website available on mobile device browsers. Our full-featured native mobile app is available on iPhone, iPad, Android Phone, Android Tablet and HarmonyOS.

2.4.3. Marketing

Through test-driven marketing operations, we have positioned our brand as a key part of the process for travelers in finding their ideal hotel or other accommodation. We focus the efforts of our marketing teams and Advertising Spend towards building effective and efficient messaging for a broad audience. We believe that building and maintaining our brand and clearly articulating our role in travelers' hotel or other accommodation discovery journey, will continue to drive both travelers and advertisers to our platform to connect in a mutually beneficial way.

Our application of data-led improvement and innovation also informs our marketing strategy, which we believe enables us to become increasingly more effective with our marketing spend. We have built tools that capture data and calculate our return on many elements of our brand and performance marketing measures.

2.4.3.1. Brand marketing

To grow brand awareness and increase the likelihood that users will visit our websites and use our apps, we invest in brand marketing globally across a broad range of media channels, including TV marketing, on demand video platforms and online video advertising.

The amount and nature of our Advertising Spend varies across our geographic markets, depending on multiple factors including the emphasis we wish to place on profitability versus traffic growth, cost efficiency, marginal effectiveness of our Advertising Spend, local media dynamics, the size of the market and our existing brand presence in that market.

We also generate travel content as a means of engaging with travelers, which is distributed online via social media, our online magazine and email.

2.4.3.2. Performance marketing

We market our services and directly acquire traffic for our websites by purchasing travel and hotel-related keywords from general search engines and through advertisements on other online marketing channels. These activities include advertisements through search engines, such as Bing, Google, Naver and Yahoo! and through display advertising campaigns on advertising networks, affiliate websites and social media sites. Mobile app marketing remains important given the high usage of that device type.

2.4.3.3. Allocation of marketing spend

We take a data-driven, testing-based approach to making decisions about allocating marketing spend, where we use tools, processes and algorithms, many of which are proprietary, to measure and optimize performance end-to-end, starting with the pretesting of the creative concept and ending with the optimization of media spend. We continue to develop the methodologies we use to inform decisions about how much we spend on each marketing channel. We look at a range of metrics including behavior on the trivago website as well as subsequent booking behavior with our advertisers to determine the optimal mix of spend. We assess the returns on marketing spend by looking at a range of factors, both short and long-term, including impact on Referral Revenue, user retention and advertiser engagement.

2.4.4. Sales & Account Management

Our sales and account management team builds and grows relationships with OTAs, hotel chains and other travel companies, including hospitality technology providers. From facilitating their participation in our marketplace to growing the adoption of our products, our dedicated teams provide ongoing consultation and guidance to our advertisers around CPC and CPA (or cost-per-acquisition) bidding options, product updates, and optimization opportunities. We proactively engage with our advertisers to better understand their specific objectives in order to offer solutions through our marketplace.

Independent hotels receive dedicated attention through our customer success team. With tailored solutions for hoteliers, we enable independent hotels to generate direct business through their official website by advertising their rates directly in our price comparison, allowing them to compete with the large OTAs and chains. Our team accompanies hoteliers throughout the sales cycle, from creating awareness about our products to onboarding them.

2.4.4.1. Marketing tools and services for advertisers

We offer our advertisers a suite of marketing tools to help promote their listings on our platform and drive traffic to their websites. Our tools and services provide tailored solutions for OTAs, hotel chains and independent hotel advertisers to help them manage their presence on our marketplace and steer their investments according to their budget and traffic needs.

2.4.5. Marketplace

We design our algorithm to display hotel room and other accommodation rate offers that we believe will be attractive to our users, emphasizing those offers that we believe are more likely to be clicked and ultimately booked on our advertisers' websites. We prominently display a suggested deal for each hotel, which is determined based on our algorithm as described below, while also listing additional offers made available to us from our advertisers in a list format.

We consider the completion of hotel and other accommodation bookings, which we refer to as booking conversion, to be a key indicator of user satisfaction on our website. At the core of our ability to match our users' searches with large numbers of hotel and other accommodation offers is our auction platform, which we call our marketplace. With our marketplace, we provide advertisers a competitive forum to access user traffic by facilitating a vast quantity of auctions on any particular day.

2.4.5.1. CPC Bidding Model

Our advertisers continue to participate in our marketplace primarily through CPC, or cost-per-click, bidding. Advertisers that use this method submit CPC bids for each user click on an advertised rate for a hotel. By clicking on a given rate, an individual user is referred to that advertiser's website where the user can complete the booking. Advertisers can submit and adjust CPC bids on our marketplace frequently - as often as daily - on a property-by-property and market-by-market basis, and provide us with information on hotel room and other accommodation rates and availability on a near-real time basis.

We also offer our advertisers the opportunity to advertise and promote their business through hotel/ accommodation sponsored placements on our websites. This service is generally also priced on a CPC basis and guarantees that advertiser placement in a pre-selected slot at the top of our search results.

2.4.5.2. Cost-per-acquisition model

Beginning in 2020, we began to offer our advertisers the opportunity to participate in our marketplace on a CPA, or cost-per-acquisition, basis, whereby an advertiser pays us a percentage of the booking revenue that ultimately result from a referral. The CPA model enables our advertisers to be charged only in the event a user ultimately completes a booking, enabling them to reduce their risk as they only pay when an actual booking takes place. Advertisers may set multiple CPA campaigns in a given market, and update CPA inputs for each campaign frequently. When an advertiser opts to participate in our marketplace on a CPA basis, we calculate a CPC bid-equivalent based on potential booking value, and the CPA inputs. This equivalent is then used for the purpose of the ranking and sorting algorithm described below.

2.4.5.3. Ranking and sorting algorithm

In determining the prominence given to offers and their placement in our search results, including in comparison search results for a given location and on detail pages for a given property, our proprietary algorithm considers a number of factors in a dynamic, self-learning process. These include (but are not limited to) the advertiser's offered rate for the hotel room or other accommodation, the likelihood the offer will match the user's accommodation search criteria, data we have collected on the likelihood an offer will be clicked and the CPC bids submitted by our advertisers (or CPC equivalent, as the case may be).

CPC levels play an important role in determining the prominence given to offers and their placement in our search results. Advertisers can analyze the number of referrals obtained from their advertisements on our marketplace and the consequent value generated from a referral based on the booking value they receive from users referred from our site, to determine the amount they are willing to pay. Generally, the higher the potential booking value or booking conversion generated by a Qualified Referral and the more competitive the bidding, the more an advertiser is willing to bid for an accommodation advertisement on our marketplace. This means that the levels of advertisers' CPC bids generally reflect their view of the likelihood that each click on an offer will result in a booking by a user. We exclude from our marketplace auction offers where the CPC has been set to a *de minimis* level, as this typically denotes room inventory that the advertiser has withdrawn for some period of time from its active inventory on trivago.

By managing their CPC bids, their CPA campaigns and hotel room and other accommodation rates submitted on our marketplace, our advertisers can influence their own returns on investment and the volumes of referral traffic we generate for them. We believe that by providing services to help our advertisers, we can increase competition and create a more level playing field for our advertisers. By doing this, we aim to mitigate competitive disadvantages for smaller advertisers on our marketplace and to deliver more choice for our users.

2.4.6. Our strategy

We seek to enable people to better navigate the world of travel through products that make a vast number of accommodation options accessible and comparable. To that end, our strategy is focused on providing our users with the most valuable search experience, including the most comprehensive inventory and rate options from our OTA, hotel chain and individual hotel advertisers. We believe this capability has helped establish our position as a leading global accommodation search platform, which we strive to solidify through innovation and continuous improvement of our products, technology and algorithms.

2.4.7. Our customers

Customers that pay to advertise on trivago include:

- OTAs, including large international players, as well as smaller, regional and local OTAs;
- Hotel chains, including large multi-national hotel chains and smaller regional chains;
- Individual hotels;
- Providers of alternative accommodation, such as vacation rental or private apartments; and
- Industry participants, including metasearch and content providers.

We generate the large majority of our Referral Revenue from OTAs. Certain brands affiliated as of the date hereof with our majority shareholder, Expedia Group, including Brand Expedia, Hotels.com, Orbitz, Travelocity, Hotwire, Wotif, Vrbo and ebookers, in the aggregate, accounted for 33% of our Referral Revenue for the year ended December 31, 2022. Booking Holdings and its affiliated brands, including Booking.com, Agoda and priceline.com, accounted for 49% of our Referral Revenue for the year ended December 31, 2022.

Nearly all of our agreements with advertisers, including our agreements with our largest advertisers, may be terminated upon prior notice of thirty days or less by either party. For more information on risks related to the concentration of our revenue and our relationship with our largest advertisers, see *4.2. Risk factors*.

2.4.8. Competition

We compete with other advertising channels for hotel advertisers' marketing spend. These include traditional offline media and online marketing channels. In terms of user traffic, we compete on the basis of the quality of referrals, CPC rates and advertisers' implied return on investment. While we compete with OTAs, hotel chains and independent hotels for user traffic, these parties also represent the key contributors to our revenue and supply of hotels and other accommodation.

2.4.8.1. Competition for users

We compete to attract users to our websites and apps to help them research and find hotels and other accommodation. Given our position at the top of the online search funnel, many companies we compete with are also our customers.

Our principal competitors for users include:

- Online metasearch and review websites, such as Google Hotel Ads, Kayak, Skyscanner, Check24 and TripAdvisor;
- Search engines, such as Bing, Google, Naver and Yahoo!;
- Independent hotels and hotel chains, such as Accor, Hilton and Marriott;
- OTAs, such as Booking.com, Ctrip, TUI, trip.com and Brand Expedia; and
- Alternative accommodation providers, such as Airbnb and Vrbo.

2.4.8.2. Competition for advertisers

We compete with other advertising channels for hotel advertisers' marketing spend. These include traditional offline media and online marketing channels. In terms of user traffic, we compete on the basis of the quality of referrals, CPC rates and advertisers' implied return on investment.

Our principal competitors for advertisers' marketing spend include:

- Print media, such as local newspapers and magazines;
- Other traditional media, such as TV and radio;
- Search engines, such as Bing, Google, Naver and Yahoo!;
- Online metasearch and review websites, such as Google Hotel Ads, Kayak, Skyscanner, Check24 and TripAdvisor;
- Social networking services, such as Facebook and Twitter;
- Websites offering display advertising;
- Email marketing software and tools;
- Online video channels, such as YouTube; and
- Mobile app marketing.

2.4.9. Our employees and culture

We believe that our entrepreneurial corporate culture is a key ingredient to our success. It has been designed to reflect the fast-moving technology space in which we operate, as well as our determination to remain pioneers in our field. Our employees operate as entrepreneurs in their areas of responsibility, continuously striving for innovation and improvement for our customers. We strive to create strong, diverse teams that collaborate with each other in a respectful and efficient manner. Our employees exchange feedback regularly and regard failure as an opportunity to learn and improve approaches going forward. Cultural fit is a key part of our recruiting process, as we seek to hire individuals comfortable working in a flat organizational structure that rewards those who take initiative and continuously seek to understand and learn, take risks and innovate.

2.4.10. Seasonality

We experience seasonal fluctuations in the demand for our services as a result of seasonal patterns in travel. For example, searches and consequently our revenue are generally the highest in the first three quarters as travelers plan and book their spring, summer and winter holiday travel. Our revenue typically decreases in the fourth quarter. We generally expect to experience higher Return on Advertising Spend (ROAS) in the first and fourth quarter of the year as we typically expect to advertise less in the periods outside of high travel seasons. Seasonal fluctuations affecting our revenue also affect the timing of our cash flows.

We typically invoice once per month, with customary payment terms. Therefore, our cash flow varies seasonally with a slight delay to our revenue, and is significantly affected by the timing of our Advertising Spend. Changes in the relative revenue share of our offerings in countries and areas where seasonal travel patterns vary from those described above may influence the typical trend of our seasonal patterns in the future.

2.4.11. Intellectual property

Our intellectual property, including trademarks, is an important component of our business. We rely on confidentiality procedures and contractual provisions with suppliers to protect our proprietary technology and our brands. In addition, we enter into confidentiality and invention assignment agreements with our employees and consultants.

We have registered domain names for websites that we use in our business, such as www.trivago.com, www.trivago.de and www.trivago.co.uk. Our registered trademarks include: trivago, "Hotel? trivago", "trivago Rating Index", Youzhan, our "WABI" trivago logo and our trivago logo. These trademarks are registered in various jurisdictions.

2.4.12. Government regulation

trivago provides, receives and shares data and information with its users, advertisers and other online advertising providers and conducts consumer facing marketing activities that are subject to consumer protection laws in jurisdictions in which we operate, regulating unfair and deceptive practices. For example, the United States and the European Union, or EU (including at member state level), but also many other jurisdictions, are increasingly regulating commercial and other activities on the Internet, including the use of information retrieved from or transmitted over the Internet, the display, moderation and use of user-generated content, and are adopting new rules aimed at ensuring user privacy and information security as well as increasingly regulating online marketing, advertising and promotional activities and communications, including rules regarding disclosures in relation to the role of algorithms and price display messages in the display practices of platforms.

There are also new or additional rules regarding the taxation of digital products and services, the quality of products and services as well as addressing liability for third-party activities. Moreover, the applicability to the Internet of existing laws addressing issues such as intellectual property ownership and infringement is uncertain and evolving.

In particular, we are subject to an evolving set of data privacy laws. trivago is subject to the GDPR, which has been in effect since May 25, 2018 and which has recently led to the imposition of significant fines on various companies.

Following the UK’s exit from the European Union, the UK Government has transposed the GDPR into UK national law, creating the “UK GDPR”, which is complemented by the Data Protection Act 2018. However, the possible adoption of a data protection bill is currently under discussion in the UK Parliament, and may introduce significant changes to the UK data privacy regime. The Brazilian General Data Protection Law (LGPD), Federal Law no. 13,709/2018, is in force since September 18, 2020 and its penalties are enforceable since August 2021.The California Consumer Privacy Act of 2018 (CCPA) became effective in January 2020 and is substantially amended by the California Consumer Privacy Rights Acts, which became operative in January 2023 and imposes new privacy requirements and rights for consumers in California. In the US, other state data privacy laws have or will also take effect, for example in Virginia as of January 1, 2023, Colorado and Connecticut as of July 1, 2023 and Utah as of December 31, 2023. Other substantial markets consider or are about to adopt data protection regulations. As a result, the data privacy regulatory landscape is becoming more and more fragmented, and such regulations risk being inconsistent or conflicting.

While we strive to monitor and comply with this complex and ever-changing patchwork of laws, a failure or perceived or alleged failure to comply with data privacy requirements in one of the jurisdictions where we operate, or target users may significantly harm our businesses. In addition, we could be adversely affected if data privacy regulations are expanded (through new regulation or through legal rulings) to require major changes in our business practices.

The growing complexity of the data protection landscape is exemplified by the regulation regarding international transfer of personal data, which is rapidly evolving and likely to remain uncertain for the foreseeable future. In particular, the GDPR regulates transfers of EU personal data to third countries that have not been found by the European Commission to provide adequate protection to such EU personal data, such as the United States. A considerable number of our service providers and hotels operate in such jurisdictions. In July 2020, the European Court of Justice (“CJEU”), invalidated the EU-U.S. Privacy Shield framework, which provided companies with a mechanism to comply with data protection requirements when transferring personal data from the EU to the United States. At present, companies can rely on the European Commission’s Standard Contractual Clauses to transfer personal data from Europe to the United States and other countries that have not been found to provide adequate protection to EU personal data. However, reliance on the Standard Contractual Clauses is now subject to enhanced due diligence on the data importer's national laws: a transfer impact assessment must be carried out for any transfers and supplementary measures may have to accompany the Standard Contractual Clauses for a transfer to be compliant. These changes are causing us to continually review our current compliance approach and may result in additional compliance costs or the inability to transfer personal data outside of the EU. The Trans-Atlantic Data Privacy Framework ("Framework"), currently under discussion between the United States and the European Union, might help reduce the complexity surrounding the transfer of personal data to the United States, but it is currently impossible for us to determine if this new legal instrument will be durable. On December 13, 2022, the European Commission launched the process to adopt a new adequacy decision regarding the Framework and submitted its draft decision to the European Data Protection Board ("EDPB"). Until the Framework is adopted by the EU, the legal uncertainty related to cross-border transfers of personal data, could harm our ability to transfer personal data outside of the EU, and could in turn harm our ability to provide, and our customers' ability to use, some of our services.

Many governmental authorities in the markets in which we operate are also considering, or are in the process of implementing, additional and potentially diverging legislative and regulatory proposals that would or will increase the level and complexity of regulation on Internet display, disclosure and advertising activities (for example, the EU's Data Governance Act, the EU's Digital Markets Act, the EU's Digital Services Act, the EU’s Data Act, the EU's NIS 2 Directive, ePrivacy Regulation and the European Commission's proposal Artificial Intelligence Act to regulate the development and commercial use of AI).

It is impossible to predict whether further new taxes or regulations will be imposed on our services and whether or how we might be affected. Increased regulation of the Internet could increase the cost of doing business or otherwise materially adversely affect our business, financial condition or results of operations. In addition, the application and interpretation of existing laws and regulations to our business is often uncertain, given the highly dynamic nature of our business and the sector in which trivago operates.

2.4.13. Technology and infrastructure

2.4.13.1. Data and proprietary algorithms

We process a large amount of information about user traffic and behavior, advertisers and direct connections into the databases of many of our advertisers. We believe it is central to the success of our business that we effectively capture and parse this data. To achieve this, we have developed proprietary algorithms that drive key actions across our platform, including search, listings and bidding tools. We continue to explore new ways to capture relevant data and feed this into our platform to further enhance the experience for both our users and advertisers.

2.4.13.2. Infrastructure

We host our platform in Germany and in addition use cloud services, which we believe offers us secure and scalable storage and processing power at manageable incremental expense. While much of the data we receive and capture is not sensitive, our data centers strive to be compliant with the highest security standards. Where required, our data centers are payment card industry (PCI) compliant and accordingly, it is our policy to store separately the limited amount of relevant sensitive data that we do capture. We have designed our websites, apps and infrastructure to be able to support high-volume demand.

2.4.13.3. Software

We develop our own software employing a rigorous iterative approach. This includes the proprietary algorithm underlying our search function, internal management tools, data analytics and advertiser tools.

2.4.14. Legal proceedings

A number of regulatory authorities in Europe, Australia, and elsewhere have initiated litigation and/or market studies, inquiries or investigations relating to online marketplaces and how information is presented to consumers using those marketplaces, including practices such as search results rankings and algorithms, discount claims, disclosure of charges and availability and similar messaging.

On August 23, 2018, the Australian Competition and Consumer Commission, or ACCC, instituted proceedings in the Australian Federal Court against us. The ACCC alleged a number of breaches of the Australian Consumer Law, or ACL, relating to certain advertisements in Australia concerning the hotel prices available on our Australian site, our Australian strike-through pricing practice and other aspects of the way offers for accommodation were displayed on our Australian website. The matter went to trial in September 2019, and on January 20, 2020, the Australian Federal Court issued a judgment finding that we had engaged in conduct in breach of the ACL. On March 4, 2020, we filed a notice of appeal at the Australian Federal Court appealing part of that judgment. On November 4, 2020, the Australian Federal Court dismissed trivago’s appeal. On October 18 and 19, 2021, the Australian Federal Court heard submissions from the parties in relation to relief. On April 22, 2022, the Australian Federal Court issued a judgment ordering us to pay a penalty of AUD 44.7 million. The court also ordered us to cover the ACCC's costs arising from the proceeding. The court also enjoined us from engaging in misleading conduct of the type found by the Australian Federal Court to be in contravention of the ACL. We paid the penalty balance of €29.6 million (AUD 44.7 million) in the second quarter of 2022 and costs arising from the proceedings. The penalty balance had been previously provided for over multiple accounting periods within other liabilities in our consolidated statement of financial position.

In addition, two purported class actions have been filed in Israel and Ontario, Canada, making allegations about our advertising and/or display practices, such as search results rankings and algorithms, and discount claims. Plaintiffs’ motion for class certification in the Ontario action was denied on November 28, 2022. Plaintiffs have since filed a notice of appeal asking that the motion for class certification be granted. The class action filed in Israel is at an early stage.

2.4.15. Corporate social responsibility and sustainability

trivago acknowledges the importance of corporate social responsibility and aims to conduct its business in the most sustainable manner. In 2022, we continued to focus on creating and maintaining an inclusive workplace. To reflect our growing focus on diversity and inclusion, a designated position within our human relations function coordinates our efforts, and we aim at driving these measures further in 2023, especially as they relate to gender diversity. Furthermore, we focused engaging our talents for volunteer activities that support diverse local communities in need, including refugees and disadvantaged youth. Our work has been implemented by collaborating with major charitable institutions that manage diverse educational projects that require support from companies and individuals. We look forward to continuing the development of our community engagement activities.

A core component of our company mission — to be your companion to experience our world — is ensuring there is always a world worth experiencing. Running our own operations sustainably is an important part of our strategy. Our headquarters in Düsseldorf, Germany, where the great majority of our employees are located, has received a LEED gold certificate, indicating that it meets certain criteria that address carbon, energy, water, waste, transportation, materials, health and indoor environmental quality. In addition, our data centers have largely migrated to the cloud. Our primary cloud provider matches its annual electricity consumption with purchases of renewable energy.

3. Financial Overview

3.1. Selected financial data

The selected consolidated financial data for each of the years ended December 31, 2022 and 2021 have been derived from our audited consolidated financial statements and notes thereto set forth in section 9 of this annual report.

The following selected consolidated financial data should be read in conjunction with *3.2. Management's discussion and analysis of financial condition and results of operations* and our consolidated financial statements and related notes appearing elsewhere in this annual report. Our financial statements included herein are prepared in accordance with EU IFRS and with Part 9 of Book 2 of the DCC.

(in thousands, except share and per share data)

		2022		2021
Consolidated statement of profit and loss:				
Revenue from contracts with customers	€	535,005	€	361,465
Cost of sales		12,686		11,478
Gross profit	**€**	**522,319**	**€**	**349,987**
Selling and distribution expenses		341,628		248,583
Technology and content expenses		54,133		51,440
General and administrative expenses		41,054		58,344
Other operating income, net		(66)		(13,627)
Operating profit	**€**	**85,570**	**€**	**5,247**
Finance expense		1,738		2,171
Share of loss of an associate		(401)		—
Profit before taxes	**€**	**83,431**	**€**	**3,076**
Income taxes expense		31,585		12,443
Profit/(loss) for the year	**€**	**51,846**	**€**	**(9,367)**
Weighted average shares of Class A and Class B common stock outstanding - basic		357,551		357,525
Weighted average shares of Class A and Class B common stock outstanding - diluted		367,827		357,525
Earnings per share attributable to Class A and Class B common stockholders - basic	€	0.15	€	(0.03)
Earnings per share attributable to Class A and Class B common stockholders - diluted	€	0.14	€	(0.03)

3.1.1. Selected Consolidated Statement of Financial Position Data:

The following table sets forth selected consolidated statement of financial position data as of the dates indicated:

	As at December 31,			
(in thousands)		**2022**		**2021**
Cash	€	248,584	€	256,378
Total assets		429,034		393,249
Total current liabilities		59,121		71,243
Total equity		323,132		276,474

3.1.2. Selected Consolidated Cash Flow Statement Data:

The following table sets forth selected consolidated cash flow statement data for the periods indicated:

	Year ended December 31,			
(in thousands)		**2022**		**2021**
Cash provided by (used in):				
Operating activities	€	69,748	€	38,781
Investing activities		(54,520)		10,031
Financing activities		(23,492)		(3,129)

3.2. Management's discussion and analysis of financial condition and results of operations

3.2.1. Overview

Our total revenue for the years ended December 31, 2022 and 2021 was €535.0 million and €361.4 million, respectively, representing an increase of 48%. Our Referral Revenue for the years ended December 31, 2022 and 2021 and was €521.8 million and €349.4 million, respectively, representing an increase of 49%.

In the year ended December 31, 2022, Referral Revenue increased on a year-over-year basis by 54%, 45% and 48% in Americas, Developed Europe and Rest of World, respectively, compared to the same period in 2021.

Our profit for the year ended December 31, 2022 was €51.8 million, compared to the loss for the year ended December 31, 2021, of €9.4 million, representing an increase of €61.2 million from 2021 to 2022.

3.2.2. Key factors affecting our financial condition and results of operations

3.2.2.1. How we earn and monitor revenue

We earn substantially all of our revenue when users of our websites and apps click on hotel offers or advertisements in our search results and are referred to one of our advertisers. We call this our Referral Revenue. Each advertiser determines the amount that it wants to pay for each referral by bidding for advertisements on our marketplace. We also offer the option for our advertisers to participate in our marketplace on a cost-per-acquisition, or CPA, basis. We continue to onboard additional advertisers to the CPA model. See *2.4.5. Marketplace.*

We also earn revenue by offering our advertisers B2B solutions, such as display advertisements, white label services, and subscription fees earned from advertisers for the trivago Business Studio PRO Package, and we are in the process of discontinuing projects, such as display advertisements and white label services, in 2023.

Key metrics we use to monitor our revenue include the number of Qualified Referrals we make, the revenue we earn for each Qualified Referral, or RPQR, and our Return on Advertising Spend, or ROAS.

3.2.2.2. Qualified Referrals

We use the term “referral” to describe each time a visitor to one of our websites or apps clicks on a hotel offer in our search results and is referred to one of our advertisers. We charge our advertisers for each referral mostly on a cost-per-click, or CPC, basis.

Since a visitor may generate several referrals on the same day, but typically intends to only make one booking on a given day, we track and monitor the number of Qualified Referrals from our platform. We define a "Qualified Referral" as a unique visitor per day that generates at least one referral. For example, if a single visitor clicks on multiple accommodation offers in our search results in a given day, they count as multiple referrals, but as only one Qualified Referral. While we charge advertisers for every referral, we believe that the Qualified Referral metric is a helpful proxy for the number of unique visitors to our site with booking intent, which is the type of visitor our advertisers are interested in and which we believe supports bidding levels in our marketplace.

We believe the primary factors that drive changes in our Qualified Referral levels are the number of visits to our websites and apps, the booking intent of our visitors, the number of available accommodations on our search platform, content (the quality and availability of general information, reviews and pictures about the hotels), hotel room prices (the price of accommodation as well as the number of price sources for each accommodation), hotel ratings, the user friendliness of our websites and apps and the degree of customization of our search results for each visitor. In the short term, our Qualified Referral levels are also heavily impacted by changes in our investment in Advertising Spend, as we rely on advertisements to attract users to our platform. Ultimately, we aim to increase the number and booking conversion of Qualified Referrals we generate by focusing on making incremental improvements to each of these parameters. In addition to continuously seeking to expand our network in hotel advertisers and alternative accommodations, we partner with such hotels or service providers to improve content, and we constantly test and improve the features of our websites and apps to improve the user experience, including our interface, user friendliness and personalization for each visitor.

The following table sets forth the number of Qualified Referrals for our reportable segments for the periods indicated:

	Year ended December 31,		% Change
(in millions) (unaudited)	**2022**	**2021**	**2022 vs 2021**
Americas	87.3	82.6	6 %
Developed Europe	139.0	119.6	16 %
Rest of World	85.3	80.0	7 %
Total	311.6	282.2	10 %

3.2.2.3. Revenue per Qualified Referral (RPQR)

We use average Revenue per Qualified Referral, or RPQR, to measure how effectively we convert Qualified Referrals to revenue. RPQR is calculated as Referral Revenue divided by the total number of Qualified Referrals in a given period. Alternatively, RPQR can be separated into its price and volume components and calculated as follows:

RPQR = RPR x click-out rate
where
RPR = revenue per referral
click-out rate = referrals / Qualified Referrals

RPQR is determined by the CPC bids or CPA bids our advertisers submit on our marketplace as the CPC bids submitted by our advertisers (or a CPC equivalent in the case of advertisers billed on a CPA basis) play an important role in determining the prominence given to offers and their placement in our search results. Advertisers can analyze the number of referrals obtained from their advertisements on our marketplace and the consequent value generated from a referral based on the booking value they receive from users referred from our site to determine the amount they are willing to bid. Accordingly, the bidding behavior of our advertisers is influenced by the rate at which our Qualified Referrals result in bookings on their websites, or booking conversion, and the amount our advertisers obtain from Qualified Referrals as a result of hotels and other accommodation booked on their sites, or booking value. The quality of the traffic we generate for our advertisers increases when aggregate booking conversion and/or aggregate booking value increases. We estimate overall booking conversion and booking value from data voluntarily provided to us by certain advertisers to better understand the drivers in our marketplace and, in particular, to gain insight into how our advertisers manage their advertising campaigns. Assuming unchanged dynamics in the market beyond our marketplace, we would expect that the higher the potential booking value or conversion generated by a Qualified Referral and the more competitive the bidding, the more an advertiser is willing to bid for a hotel advertisement on our marketplace. The dynamics in the market beyond our marketplace are not static, and we believe that our advertisers continuously review their Advertising Spend on our platform and on other advertising channels, and continuously seek to optimize their allocation of their spending among us and our competitors.

RPQR is a key financial metric that indicates the quality of our referrals, the efficiency of our marketplace and, as a consequence, how effectively we monetize the referrals we provide our advertisers. Furthermore, we use RPQR to help us detect and analyze changes in market dynamics.

The following table sets forth the RPQR for our reportable segments for the periods indicated (based on Referral Revenue):

	Year ended December 31,		% Change
RPQR in € (unaudited)	**2022**	**2021**	**2022 vs 2021**
Americas	2.48	1.70	46%
Developed Europe	1.71	1.37	25%
Rest of World	0.79	0.57	39%
Total	**1.67**	**1.24**	**35%**

The following tables set forth the percentage change year-over-year in each of the components of RPQR for our reportable segments for the years indicated. Percentages calculated below are based on the unrounded amounts and therefore may not recalculate on a rounded basis.

% increase in RPR (unaudited)	Year ended December 31, 2022 vs 2021
Americas	47 %
Developed Europe	26 %
Rest of World	39 %
Total	**37 %**

% increase in number of referrals (unaudited)	Year ended December 31, 2022 vs 2021
Americas	5 %
Developed Europe	15 %
Rest of World	5 %
Total	**9 %**

% increase in Qualified Referrals (unaudited)	Year ended December 31, 2022 vs 2021
Americas	6 %
Developed Europe	16 %
Rest of World	7 %
Total	**10 %**

% decrease in click-out rate (unaudited)	Year ended December 31, 2022 vs 2021
Americas	(1)%
Developed Europe	(1)%
Rest of World	(1)%
Total	**(1)%**

3.2.2.4. Return on Advertising Spend (ROAS)

We track the ratio of our Referral Revenue to our advertising expenses, or ROAS. We believe that ROAS is an indicator of the effectiveness of our advertising, and it is our primary operating metric. Historically, we believe that our advertising has been successful in generating additional revenue. We invest in many kinds of marketing channels, such as TV, search engine marketing, display and affiliate marketing, email marketing, social media, online video, mobile app marketing, content marketing, sponsorship and endorsement.

Our ROAS by reportable segment for the years ended December 31, 2022 and 2021 was as follows:

	Year ended December 31,	
ROAS by segment (unaudited)	**2022**	**2021**
Americas	164.4%	148.9%
Developed Europe	158.6%	153.0%
Rest of World	188.8%	202.9%
Consolidated ROAS	**164.4%**	**156.3%**

In the year ended December 31, 2022, consolidated ROAS increased to 164.4% compared to 156.3% in the same period in 2021. ROAS increased by 15.5ppts and 5.6ppts in Americas and Developed Europe, respectively, while it decreased by 14.1ppts in RoW compared to the same period in 2021. The ROAS increase in Americas and Developed Europe was mainly driven by the increase in Referral Revenue resulting from higher RPQR and Qualified Referrals, which more than offset the increase in Advertising Spend. The decrease in RoW was driven by the significant increase in Advertising Spend, particularly in Japan, considering a muted level of Advertising Spend in 2021 due to COVID-19 related restrictions.

Advertising Spend increased by 39.9%, 40.0% and 59.6% in Americas, Developed Europe and RoW, respectively, compared to the same period in 2021. Advertising Spend increased across all segments throughout the year in response to the increase in global travel demand compared to the same period in 2021.

3.2.2.5. Marketplace dynamics

Our advertisers regularly adjust the CPC and CPA bids they submit on our marketplace to reflect the levels of referrals, customers, bookings or revenue and profit they intend to achieve with their marketing spend on our platform. In recent years, we have observed a number of factors that can influence their bidding behavior on our marketplace, including:

- The fees advertisers are willing to pay based on how they manage their advertising costs and their targeted return on investment;
- Our advertisers' testing of their bidding strategies and the extent to which they make their inventories available on our marketplace;
- Responses of advertisers to elevated levels of volatility on our marketplace;
- Advertiser competition for the placement of their offers; and
- Our advertisers’ response to changes made to our marketplace.

3.2.3. Recent and ongoing trends in our business

The following recent and ongoing trends have contributed to the results of our consolidated operations, and we anticipate that they will continue to impact our future results.

3.2.3.1. Macroeconomic and geopolitical environment

The war in Ukraine, supply chain issues and rising interest rates have led to significantly increased inflation that we expect to continue to have an impact on the travel market going forward. Average booking values continued to be positively impacted by increased average daily hotel rates and were, as a result, significantly higher compared to the prior year period. This was a key driver of our financial performance in 2022, which is reflected in the increase in RPQR in 2022. We have observed the first signs of consumers attempting to mitigate increasing average daily hotel rates by, for example, shortening their length of stay or looking for cheaper destinations and accommodations.

Against this backdrop, we believe travelers will have an increased need to compare prices amidst rising inflation. In view of these factors, we decided to focus primarily on further improving our core accommodation price comparison product to drive higher user retention. As a part of this initiative, we conducted a large-scale full market test in five test markets, including Brazil, starting in the third quarter of 2022. While this led to a significant decrease in click-outs and Qualified Referrals during the test, overall booking volume in our segment Americas increased. Moreover, as a result of the shift in internal priorities, we decided to discontinue certain projects and products, such as our display ads and Weekend product, and as a result, we conducted headcount reductions in these areas during the year.

In addition, the ongoing military conflict between Ukraine and Russia had a negative impact on our business. As a result of the conflict, on March 2, 2022, we discontinued our local Russian platform, which, when considered alone, had an immaterial impact on our total revenue and ROAS contribution in 2022. Our Eastern European platforms, however, have seen a significant reduction in traffic volumes and continued to be negatively impacted during 2022, negatively impacting our business in RoW. We also saw an initial drop in traffic volumes in some of our Western European markets after the invasion but traffic volumes have mostly recovered to pre-conflict levels.

3.2.3.2. Rebound in travel demand as the world emerged from the COVID-19 pandemic

In 2022, almost all COVID-19 related measures were phased out, and as a result, we benefited from a sharp rebound in travel activity and strong advertiser bidding dynamics across most of our core markets. The effects of the COVID-19 pandemic on travel behavior also appeared to have receded as large-scale vaccinations and mass recovery from COVID-19 infections gave many travelers the confidence to travel as they had prior to the pandemic. As a result, we believe that travel seasonality going into 2023 will be more in line with what we experienced prior to the pandemic.

While our business improved significantly as the world emerged from the COVID-19 pandemic, our revenue levels remained significantly below those in 2019. We believe this is in large part attributable to the fact that we almost completely ceased advertising on television in 2020 and resumed such advertising at reduced levels in 2021 and 2022. As a result, we believe that in 2022, we have not benefited in the same way from prior campaigns as had been the case in the past, and we expect that this will continue to be the case in the coming years. We anticipate that we will need to invest in television advertising campaigns in the next years to grow the volume of direct traffic to our platform.

3.2.3.3. Material litigation

On April 22, 2022, the Australian Federal Court issued a judgment in the proceeding brought by the Australian Competition and Consumer Commission (ACCC) against us. The Australian Federal Court ordered us to pay a penalty of €29.6 million (AUD44.7 million) and to cover the ACCC's costs arising from the proceeding. The court also issued an injunction enjoining us from engaging in misleading conduct of the type found by the Australian Federal Court to be in contravention of the Australian Consumer Law. The decision of the Australian Federal Court had a significant negative impact on our operating expenses, resulting in a negative impact on operating expenses. We paid the penalty balance of €29.6 million (AUD 44.7 million) in the second quarter of 2022 and costs arising from the proceedings. The penalty balance had been previously provided for over multiple accounting periods within other liabilities in our consolidated statement of financial position.

3.2.3.4. Mobile products

Travelers increasingly access the Internet from multiple devices, including desktop computers, smartphones and tablets. We continue to develop our websites and apps to further enhance our hotel search experience across all devices. We offer responsive mobile websites and several apps that allow travelers to use our services from smartphones and tablets running on Android and iOS. In the year ended December 31, 2022, our revenue share from mobile websites and apps continued to exceed 60%.

Visitors to our search platform via mobile phones and tablets generally result in bookings for our advertisers at a lower rate than visitors to our platform via desktop. We believe this is due to a general difference in the usage patterns of mobile phones and tablets. We believe many visitors use mobile phones and tablets as part of their search process, but prefer finalizing hotel selections and completing their bookings on desktop websites. This may be due in part to users generally finding the booking completion processes, including entering payment information, somewhat easier or more secure on a desktop than on a mobile device. We believe that over time and as more travelers become accustomed to mobile transactions, this sentiment may shift.

We have historically had, and currently have, a single price structure for referrals from both desktop and mobile. We may choose to adopt a differentiated pricing model between mobile and desktop applications, which would likely lead to an increase in desktop revenue share, as the pricing for desktop applications would increase due to higher conversion rates, while the pricing for apps on mobile and tablets would likely decrease. We do not expect this to have a material impact on revenue, as long as there are sufficient active participants on both desktop and mobile to ensure our marketplace functions effectively, as we believe that the current bids advertisers place on our CPC-based bidding system reflect the overall efficacy of the combined desktop and mobile prices they receive.

3.2.3.5. Advertiser structure

We continue to generate most of our Referral Revenue from a limited number of OTAs. Certain brands affiliated as of the date hereof with our majority shareholder, Expedia Group, including Brand Expedia, Hotels.com, Orbitz, Travelocity, Hotwire, Wotif, Vrbo and ebookers, in the aggregate, accounted for 33% of our Referral Revenue for the year ended 2022. Booking Holdings and its affiliated brands, Booking.com, Agoda and priceline.com accounted for 49% of our Referral Revenue for the year ended 2022. Although we believe we will ultimately receive a portion of the additional booking value we generate for our advertisers, the fact that a significant portion of our Referral Revenue is generated from brands affiliated with Expedia Group and Booking Holdings can permit them to obtain the same or increased levels of referrals, customers, bookings or revenue and profit at lower cost.

3.2.3.6.Management outlook

In 2023 and beyond, our key focus remains to serve our users and advertisers better, delivering more value and better ease of use to them. Our strategic focus remains unchanged, and we continue to work on three key priorities:

1. Increasing the value for our users and advertisers in our core product,
2. ramping up coverage of directly bookable rates, and
3. investing in our brand.

We continue to conduct product tests that aim to increase value for our customers, which have led to changes in user and click-out behavior, particularly in Americas. We expect that these tests may continue to impact click-out behavior and Qualified Referrals (QRs) in certain markets and regions going forward, making the QRs and Revenue per Qualified Referrals (RPQRs) that we report less comparable to prior periods. As a result, we have decided not to provide these metrics going forward as we believe they are not helpful to understand the underlying dynamics of our business.

We made good progress in our test markets in increasing the coverage of directly bookable rates of clicked hotels and continue to expect to reach our goal of 80% coverage by year-end. We do not expect any positive financial impact from this initiative in 2023 as our focus this year is to increase coverage and understand what additional value we can generate for our customers.

We have also made progress in growing our brand baseline traffic. With the recovery in Developed Europe and Rest of World, we started earlier than last year to invest in brand marketing activities. We increased our TV investments in the first quarter of 2023 compared to prior year in all segments. We believe that these activities contributed to the increase in brand traffic year-on-year, and we are excited to gradually ramp up our investments ahead of the peak travel summer season.

Travel demand on our platform continued to be robust in the first quarter of 2023. Our segments Developed Europe and Rest of World recovered from COVID-related travel restrictions that had been in place during the same period last year, and we started to ramp up our marketing activities accordingly. Total revenue in the first quarter of 2023 increased compared to the same period in 2022, reflecting the recovery in travel demand in those segments as well as the continued positive impact of increased average booking values mainly driven by higher average daily hotel rates.

In our auction, we have not observed a seasonal uptick in monetization at the beginning of 2023 of the same magnitude as during the same period of 2022 as our advertisers have shifted their focus from volume to profitability in their advertising campaigns on our platform, leading to softer bidding dynamics, particularly in Americas. We believe that, after a strong 2022, monetization levels during the peak summer season in 2023 will be at lower levels than in 2022 but will follow a similar pattern to that in 2019.

We continue to be excited about the opportunity for accommodation meta search in the years ahead and believe that there is plenty of opportunity for us to increase the value for users and advertisers on our platforms.

3.2.4. Results of Operations

3.2.4.1. Revenue

Our total revenue in the year ended December 31, 2022 consisted of Referral Revenue of €521.8 million and other revenue of €13.2 million.

Total revenue for the year ended December 31, 2022 was €535.0 million, representing an increase of €173.6 million, or 48.0%, compared to the year ended December 31, 2021. Revenue from related parties for the year ended December 31, 2022 increased by €81.9 million, or 89.7%, compared to the year ended December 31, 2021, while revenue from third parties increased by €91.6 million, or 33.9% for the same period.

Referral Revenue for the year ended December 31, 2022 was €521.8 million, representing an increase of €172.4 million, or 49.3%, compared to the year ended December 31, 2021. This increase was mainly driven by an increase in RPQR and Qualified Referrals across all segments, compared to the year ended December 31, 2021.

The increase in RPQR in the twelve months ended December 31, 2022, was mainly driven by the significant increase in bidding levels (mainly driven by better booking conversion and higher average booking values) and by a positive foreign exchange rate impact resulting from the strengthening of the U.S. dollar against the euro throughout the year 2022.

Qualified Referrals increased across all regions in the first half of 2022 due to the increase in traffic volumes, reflecting the easing of COVID-19 related mobility restrictions, compared to the same period in 2021. This increase was partly offset in the second half of 2022 by the market test in Brazil and increased competition to acquire traffic in Developed Europe.

The breakdown of Referral Revenue by reportable segment is as follows:

	Year ended December 31,				% Change
(in millions)		**2022**		**2021**	**2022 vs 2021**
Americas	€	216.4	€	140.1	54.5 %
Developed Europe		237.7		163.7	45.2 %
Rest of World		67.7		45.6	48.5 %
Total	€	521.8	€	349.4	49.3 %

Referral Revenue in the Americas in the year ended December 31, 2022 increased by €76.3 million, or 54.5%, compared to the year ended December 31, 2021. The year-over year increase in Referral Revenue in this segment was mainly driven by an increase in RPQR and Qualified Referrals.

In Americas, RPQR increased by €0.78, or by 45.9% in the year ended December 31, 2022, compared to the same period in 2021, primarily due to higher bidding levels (mainly driven by higher average booking values and better booking conversion). RPR increased by 47.3%, compared to the year ended December 31, 2021. Qualified Referrals increased significantly in the first half of 2022, primarily due to the increase in traffic volumes resulting from the easing of COVID-19 related mobility restrictions, but were partly offset by a large-scale market test in Brazil in the second half of 2022.

Referral Revenue in Developed Europe in the year ended December 31, 2022, increased by €74.0 million, or 45.2%, compared to the year ended December 31, 2021, mainly driven by an increase in Revenue per Qualified Referral and Qualified Referrals.

In Developed Europe, RPQR increased by €0.34, or by 24.8% in the year ended December 31, 2022, compared to the year ended December 31, 2021, due to higher bidding levels (mainly driven by better booking conversion and higher average booking values) throughout 2022. RPR increased by 25.7%, compared to the year ended December 31, 2021. Qualified Referrals increased significantly in the first half of 2022, primarily driven by the recovery of travel demand, but were partly offset in the second half of 2022 due to increased competition to acquire traffic in some of our markets.

Referral Revenue in RoW in the year ended December 31, 2022, increased by €22.1 million, or 48.5%, compared to the year ended December 31, 2021, which was mainly driven by an increase in Revenue per Qualified Referral and Qualified Referrals.

In RoW, RPQR increased by €0.22, or 38.6% in the year ended December 31, 2022 compared to the year ended December 31, 2021, due to higher bidding levels (mainly driven by higher average booking values and better booking conversion) throughout 2022. RPR increased by 39.3% compared to the year ended December 31, 2021. Qualified Referrals increased in 2022, particularly in Japan, reflecting the easing of COVID-19 related mobility restrictions. This increase was partly offset, mostly due to traffic declines in certain Asian markets, considering the pent-up demand in the comparative period in 2021, as well as declines in Russia and Central Eastern European markets resulting from the war in Ukraine.

3.2.4.2. Cost of revenue

Our cost of revenue consists primarily of our third-party cloud-related service provider expenses and third-party data center expenses, depreciation expense for self owned data center, personnel-related expenses and share-based compensation for our data center operations staff and our customer service team.

Cost of revenue was €12.7 million for the year ended December 31, 2022, and increased by €1.2 million, or 10.4%, compared to the year ended December 31, 2021. The increase was mainly driven by higher cloud-related service provider costs and higher personnel related costs, partly offset by lower data center-related depreciation expenses.

3.2.4.3. Selling and distribution costs

Selling and marketing is divided into advertising expense and other selling and marketing expenses, as well as share-based compensation expense.

Advertising expense consists of fees that we pay for our various marketing channels like TV, search engine marketing, display and affiliate marketing, email marketing, online video, app marketing, content marketing, and sponsorship and endorsement.

Other selling and marketing expenses include personnel-related expenses for our marketing, sales and account management teams, as well as production costs for our TV spots and other marketing material, and other professional fees such as market research costs.

	Year ended December 31,		% Change
(in millions)	**2022**	**2021**	**2022 vs 2021**
Advertising expense	**€ 317.3**	**€ 223.6**	**41.9 %**
% of total revenue	59.3%	61.9%	
Other selling and marketing	**23.8**	**24.1**	**(1.2)%**
% of total revenue	4.4%	6.7%	
Share-based compensation	**0.5**	**0.9**	**(44.4)%**
% of total revenue	0.1%	0.2%	
Total selling and distribution expense	**€ 341.6**	**€ 248.6**	**37.4 %**
% of total revenue	63.9%	68.8%	

Selling and marketing expenses for the year ended December 31, 2022 increased by €93.0 million, or 37.4%, compared to the year ended December 31, 2021, primarily driven by significant increases in Advertising Spend across all segments.

Advertising Spend increased by €93.7 million, or 41.9%, in the year ended December 31, 2022, compared to the year ended December 31, 2021. We increased our Advertising Spend to €131.6 million, €149.8 million and €35.9 million in Americas, Developed Europe and Rest of World, respectively, compared to €94.1 million, €107.0 million and €22.5 million, respectively, in the year ended December 31, 2021. Advertising Spend was increased across all segments throughout the year in response to the increase in global travel demand.

Other selling and marketing expenses excluding share-based compensation for the year ended December 31, 2022 decreased by €0.3 million, or 1.2%, compared to the year ended December 31, 2021. The decrease was primarily driven by lower television advertisement production costs, partly offset by higher expenses incurred to acquire traffic and higher digital services taxes.

3.2.4.4. Technology and content

Technology and content expense consists primarily of expenses for technology development, product development and hotel search personnel and overhead, depreciation and amortization of technology assets including hardware, purchased and internally developed software and other professional fees (primarily licensing and maintenance expense), including share-based compensation expense.

(in millions)	Year ended December 31, 2022		Year ended December 31, 2021		% Change 2022 vs 2021
Personnel	€	30.9	€	28.4	8.8 %
Share-based compensation		2.5		4.1	(39.0)%
Depreciation of technology assets		7.2		8.4	(14.3)%
Professional fees and other		13.5		10.5	28.6 %
Total technology and content	**€**	**54.1**	**€**	**51.4**	**5.3 %**
% of total revenue		10.1%		14.2%	

Technology and content expense for the year ended December 31, 2022 increased by €2.7 million, or 5.3%, compared to the year ended December 31, 2021, mainly due to higher personnel-related costs and higher professional fees and other expenses.

Personnel-related costs for the year ended December 31, 2022 increased by €2.5 million, or 8.8%, mainly due to higher salaries and direct employee benefits compared to the year ended December 31, 2021, partly offset by lower headcount.

Professional fees and other expenses increased by €3.0 million, or 28.6%, mainly due to an impairment of capitalized software assets in the second quarter of 2022 and the non-recurrence of a gain realized in the first quarter of 2021 on the modification of the lease for our Düsseldorf campus, see "3.2.4.6. Costs across multiple categories" below.

These increases were partly offset by lower share-based compensation expense. Share-based compensation decreased by €1.6 million, or 39.0%, for the year ended December 31, 2022, which was mainly driven by higher forfeitures as a result of the lower headcount.

3.2.4.5. General and administrative

General and administrative expense consists primarily of personnel-related costs including those of our executive leadership, finance, legal and human resource functions as well as professional fees for external services including legal, tax and accounting. It also includes other overhead costs, depreciation and share-based compensation.

(in millions)	Year ended December 31, 2022		Year ended December 31, 2021		% Change 2022 vs 2021
Personnel	€	13.1	€	12.4	5.6 %
Share-based compensation		11.7		12.8	(8.6)%
Professional fees and other		16.3		33.2	(50.9)%
Total general and administrative	**€**	**41.1**	**€**	**58.4**	**(29.6)%**
% of total revenue		7.7%		16.2%	

General and administrative expense for the year ended December 31, 2022 decreased by €17.3 million, or 29.6%, compared to the year ended December 31, 2021, mainly due to lower professional fees and other expenses and lower share-based compensation.

The decrease in professional fees and other expenses for the year ended December 31, 2022 was mostly driven by the non-recurrence of €20.7 million recognized in the prior year representing the incremental portion not covered by provisions we had previously established in relation to the proceeding against us brought by the ACCC (refer to Note 9. Commitments and Contingencies for further information).

Share-based compensation decreased by €1.1 million, or 8.6%, for the year ended December 31, 2022, which was mainly driven by higher forfeitures as a result of the lower in headcount.

3.2.4.6. Costs across multiple categories

In the year ended December 31, 2021, we reduced our office space in Düsseldorf and recorded a €2.3 million gain on the campus lease modification. The non-recurrence of this gain led to an increase of technology and content expense by €1.3 million, general and administrative expense by €0.5 million and selling and marketing expense by €0.5 million in the year ended December 31, 2022, compared to the year ended December 31, 2021.

3.2.4.7. Operating income (loss)

Our operating income was €85.6 million for the year ended December 31, 2022 compared to operating income of €5.2 million for the year ended December 31, 2021. The increase was primarily driven by an increase in Referral Revenue of €172.4 million in the year ended December 31, 2022 compared to the prior year and the non-recurrence of the €20.7 million of additional expenses relating to the penalty imposed on us by the ACCC recognized in the prior year. These were partly offset by an increase in Advertising Spend of €93.7 million.

3.2.4.8. Finance expense

Our finance expense decreased by €0.4 million to €1.7 million for the year ended December 31, 2022, compared to the year ended December 31, 2021, due to the return to positive interest rates in Europe in 2022.

3.2.4.9. Share of profit/loss of an associate

In the year ended December 31, 2022 we recorded our share of the loss of UBIO Limited in the amount of €0.4 million. The associate did not have any discontinued operations during the reporting period.

UBIO Limited is a software development company in which trivago hold a 20.8% percent ownership interest accounted for under the equity method.

3.2.4.10. Expense (benefit) for income taxes

The income tax expense/(benefit) is mainly driven by income/(loss) before income taxes of €83.4 million in 2022 and €3.1 million in 2021. Our effective tax rate was 37.9% in 2022 compared to 400.0% in 2021. This is mainly due to additional accrual for penalty and applicant's cost award pursuant to a court ruling and to the share-based compensation expenses (non-deductible for tax purposes).

3.2.5 Seasonality

We experience seasonal fluctuations in the demand for our services as a result of seasonal patterns in travel. For example, searches and consequently our revenue are generally the highest in the first three quarters as travelers plan and book their spring, summer and winter holiday travel. Our revenue typically decreases in the fourth quarter. We generally expect to experience higher return on advertising spend in the first and fourth quarter of the year as we typically expect to advertise less in the periods outside of high travel seasons. Seasonal fluctuations affecting our revenue also affect the timing of our cash flows. We typically invoice once per month, with customary payment terms. Therefore, our cash flow varies seasonally with a slight delay to our revenue, and is significantly affected by the timing of our advertising spending. Changes in the relative revenue share of our offerings in countries and areas where seasonal travel patterns vary from those described above may influence the typical trend of our seasonal patterns in the future.

3.2.6. Liquidity and Capital Resources

For the year ended December 31, 2022, total cash and cash equivalents decreased by €7.8 million to €248.6 million. The decrease was mainly driven by negative cash flows from investing and financing activities, partly offset by positive cash flows from operating activities.

Our known material liquidity needs for periods beyond the next twelve months are described below in Note 9 Commitments and Contingencies. We believe that our cash from operations, together with our cash balance are sufficient to meet our ongoing capital expenditures, working capital requirements and other capital needs for at least the next twelve months.

The following table summarizes our cash flows for the years ended December 31, 2021 and 2022:

	Year ended December 31,	
(in millions)	2022	2021
Cash flows provided from operating activities	€ 69.7	€ 38.8
Cash flows used in investing activities	(54.5)	10.0
Cash flows used in financing activities	(23.5)	(3.1)

3.2.6.1 Net Cash Flows From Operating Activities

For the year ended December 31, 2022, net cash from operating activities increased by €31.0 million to €69.7 million. This increase was mainly driven by the adjustment of non-cash items totaling €37.9 million included in the period net profit and negative changes in operating assets and liabilities of €29.5 million. Non-cash items reconciled from net profit of €51.8 million include share-based compensation of €15.0 million, an increase in deferred income taxes of €10.2 million, and depreciation of €5.6 million.

Changes in operating assets and liabilities were primarily due to an increase in accounts receivable, including related party of €9.7 million resulting mostly from higher revenues in the fourth quarter of 2022 compared to fourth quarter of 2021, and a decrease in accrued expenses and other liabilities of €29.2 million. The reduction in accrued expenses and other liabilities includes the recognition in prior year of €20.7 million of additional expense, representing the incremental portion not previously recognized of the total penalty imposed on us by the Australian Federal Court in the proceeding brought by the ACCC against us. The total penalty imposed was paid in the second quarter of 2022.

3.2.6.2 Net Cash Flows From Investing Activities

For the year ended December 31, 2022, cash used in investing activities was €54.5 million, primarily driven by the purchase of €50.0 million in term deposits, an investment of €5.9 million in an equity-method associate, and a €3.4 million cash outflow related to the purchase and development of intangible assets, including internal-use software and website development. These were partly offset by proceeds from sales and maturities of investments of €5.0 million.

3.2.6.3 Net Cash Flows From Financing Activities

For the year ended December 31, 2022, cash used in financing activities was €23.5 million, primarily due to purchases of treasury stock for €19.6 million, which includes the purchase of 20,000,000 Class A shares from Peter Vinnemeier for €19.3 million in November 2022, and payments of the principal portion of lease liabilities.

3.2.7. Research and Development

We conduct research and development activities to continuously improve our product and are only capitalized if all the conditions stipulated in the applicable accounting standard are met.

Amortization is recorded in technology and content of the consolidated statement of profit or loss in connection with capitalized research and development activities, which amounted to €3.9 million and €4.3 million for the years ended December 31, 2022 and December 31, 2021, respectively. Expenses related to research activities were insignificant for the years ended and December 31, 2022 and December 31, 2021, respectively.

3.2.8. Employees

As a result of the shift in internal priorities, we decided to discontinue certain projects and products, such as our display ads and Weekend product, and as a result, we conducted headcount reductions in these areas during the year ended December 31, 2022. We do not plan to increase our headcount materially during the year ending December 31, 2023.

3.2.9. Investments

In 2023, we plan to continue to make investments, for example, in self-developed software.

4. Risk Management and Risk Factors

4.1. Risk management, risk appetite and control systems

The management board and supervisory board are responsible for reviewing the Company's risk management and control systems in relation to the financial reporting by the Company. These risk management and control systems have been established to mitigate the risk the Company faces as described in section *4.2. Risk Factors*. The supervisory board has charged its audit committee (the "Audit Committee") with the periodic oversight of these risk management and control systems, with reports being provided to the supervisory board. The Audit Committee assists the supervisory board in monitoring (i) the integrity of the Company's financial statements and its accounting and financial reporting processes, (ii) the effectiveness of the Company's internal control over financial reporting, (iii) the Company's compliance with applicable legal and regulatory requirements (including United States federal securities laws), (iv) the qualifications, independence and performance of the independent auditors, (v) the Company's internal audit function, (vi) the Company's processes and procedures relating to risk assessment and risk management, and (vii) related party transactions.

Our success as a business depends on our ability to identify opportunities while assessing and maintaining an appropriate risk appetite. Our risk management considers a variety of risks, including those related to our industry and business, those related to our ongoing relationship with our shareholders; those related to our intellectual property and those related to the ownership of our Class A shares and American Depositary Shares ('ADS')s. Within each category of risk, we have included risk factors in section *4.2. Risk Factors* that describe our current view of the significance of each risk described therein and have summarized those that we consider as key risks in the section *4.2.1. Summary of key risk factors*. The summary of key risk factors may not include all risks that may affect the Company, and other risks included in section *4.2. Risk Factors* as well as others not described in this report may have a material and adverse impact on our business, strategic objectives, revenues, income, assets, liquidity, capital resources and achievement of our strategic initiatives. Our approach to risk management is designed to provide reasonable, but not absolute, assurance that our assets are safeguarded, the risks facing the business are being assessed and mitigated and all information that may be required to be disclosed is reported to our senior management including, where appropriate, to our Chief Executive Officer and Chief Financial Officer. Our risk appetite is also described in various chapters of this report, including in sections *3.2.3. Recent and ongoing trends in our business* and *3.2.6. Liquidity and Capital Resources* as well as *Note 7 Financial risk management* to the Consolidated Financial Statements (section 9).

The management board and the supervisory board believe that the Company's internal risk management and control systems provide reasonable assurance that the Company's financial reporting does not contain any errors of material importance and that these risk management and control systems worked properly in the fiscal year to which this board report pertains. The management board and supervisory board have no reason to believe that there are material shortcomings associated with the Company's internal risk management and control systems. The risk management and control systems have not been materially revised during the fiscal year to which this board report pertains, and, other than as disclosed herein, no material improvements thereto are currently scheduled.

The Company's internal risk management and control systems are under continuous review and have been discussed by the management board with the Audit Committee and the members of the supervisory board. The same applies to any material weaknesses that are identified.

4.1.1. Controls and procedures

4.1.1.1. Disclosure controls and procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2022. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2022, the design and operation of our disclosure controls and procedures were effective to accomplish their objectives.

4.1.1.2. Management's report on internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria for effective control over financial reporting described in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this evaluation, management has concluded that, as of December 31, 2022, the Company’s internal control over financial reporting was effective. Management has reviewed its assessment with the Audit Committee.

On the basis of what is described in the paragraph directly above and of periodic reports and information provided to our managing directors, coming from different processes, audits and controls, including the internal function and the Audit Committee (which periodically has separate executive sessions with management and the internal audit function discussing relevant topics) and the information it received from management, our management board is of the opinion that:

- this report provides sufficient insight into failings in the effectiveness of the Company's risk management and control systems (if any — none are identified in this report);
- the Company's risk management and control systems provide reasonable assurance that the Company's financial reporting does not contain material inaccuracies;
- based on the Company's state of affairs as at the date of this report and sufficiency of our cash balance to meet the Company's material liquidity needs as described in the penultimate paragraph of section 3.2.6 of this board report, it is justified that the Company's financial reporting is prepared on a going concern basis; and
- this report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for a period of twelve months after the date of this report.

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all cases of error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

4.2. Risk factors

Our business faces significant risks. You should carefully consider all of the information set forth in this board report and in our filings with the United States Securities and Exchange Commission, or the SEC, including the information set forth in our annual report on Form 20-F, filed with the SEC on March 3, 2023, and the following risk factors which we face and that are faced by our industry. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. This board report also contains forward-looking statements that involve risks and uncertainties. Our results could materially differ from those anticipated in these forward-looking statements as a result of certain factors including the risks described below and elsewhere in this report and our SEC filings. See 1.2. Special note regarding forward-looking statements" above.

4.2.1. Summary of key risk factors

Some of the key risks related to trivago and its business include the following. See chapters 4.2.2. to 4.2.7. of this board report for additional detail and other risks. We urge shareholders to review all of chapter 4.2 for a complete understanding of applicable risk factors.

Risks related to the general economic and geopolitical environment, the travel industry and our business

- We may not be able to grow our revenue in future periods, or at rates deemed sufficient by the market without reducing our profits or incurring losses.
- The COVID-19 pandemic appears to have accelerated long-term changes to industry structure: Google has continued to expand its presence in the online travel industry and competition has increased more generally, while the number of first-time users of online travel services continues to decline.
- The global economic outlook has worsened significantly, with higher interest rates and increased inflation negatively impacting consumer discretionary spending, which may reduce demand for our services.
- Any change in the global geopolitical environment, including any escalation or unexpected change in circumstances in the ongoing military action between Russia and Ukraine, may have a material adverse effect on our business, results of operations, financial condition and prospects.
- We derive a large portion of our revenue from a relatively small number of advertisers, and we relied on one advertiser for approximately half of our Referral Revenue in 2022. Any reduction in spending or any change in the bidding strategies by any of these advertisers could harm our business and negatively affect our financial condition and results of operations.
- We cannot reliably predict our advertisers' future advertising spend or CPC levels or other strategic goals they hope to achieve through changes in bidding on our marketplace and, as a result, it is difficult for us to forecast advertiser demand, especially since our advertisers can and often do change their CPC bidding levels with little or no notice to us.
- As a result of the change in the macroeconomic outlook, we may in the future record impairments of intangible assets and goodwill.
- Because we almost completely ceased television advertising in 2020, which resumed only at reduced levels in 2021 and 2022, we do not expect our past advertising campaigns to contribute the direct traffic to our platform that we had prior to the COVID-19 pandemic. This is expected to hinder our ability to grow our revenue, which could continue to harm our business and negatively affect our financial condition and results of operations.
- Increasing competition in our industry could result in a loss of market share and higher traffic acquisition costs or reduce the value of our services to users and a loss of users, which would adversely affect our business, results of operations, financial condition and prospects.
- We rely on search engines, particularly Google, to drive a substantial amount of traffic to our platform. If Google continues to promote its own products and services that compete directly with our accommodation search at the expense of traditional keyword auctions and organic search, our business, financial performance and prospects may be negatively impacted.
- If we do not innovate and provide tools and services that are sufficiently useful to users and advertisers, we may not remain competitive, and our revenue and results of operations could suffer.
- Several of our product features depend, in part, on our relationship with third parties to provide us with content and services.

Legal and regulatory risks

- We are involved in various legal proceedings and may experience unfavorable outcomes, which could adversely affect our reputation, business and financial condition.
- Regulators' continued focus on the consumer-facing business practices of online travel companies may adversely affect our business, financial performance, results of operations or business growth.
- We process, store and use user and employee personal data, which entails reputational, litigation and liability risks associated to any actual or perceived potential failure to comply with relevant legal obligations, which are constantly evolving.

Operational risks

- The competition for highly skilled personnel, including senior management and technology professionals is intense. If we are unable to retain or motivate key personnel or hire, retain, and motivate qualified personnel, especially as the broader job market undergoes structural changes that increase our costs, our business would be harmed.
- We are dependent upon the quality of traffic in our network to provide value to our advertisers, and any failure in our ability to deliver quality traffic and/or the metrics to demonstrate the value of the traffic could have a material and adverse impact on the value of our websites to our advertisers and adversely affect our revenue.
- We rely on assumptions, estimates and data to make decisions about our business, and any inaccuracies in, or misinterpretation of, such information could negatively impact our business.
- We may experience difficulties in implementing new business and financial systems.
- Increased computer circumvention capabilities could result in security breaches in our information systems, which may significantly harm our business.
- Any significant disruption in service on our websites and apps or in our computer systems, most of which are currently hosted by third-party providers, could damage our reputation and result in a loss of users, which would harm our business and results of operations.
- We rely on information technology to operate our business and maintain our competitiveness, and any failure to invest in and adapt to technological developments and industry trends could harm our business.
- Our brand is subject to reputational risks and impairment.

Risks related to our ongoing relationship with our shareholders

- Expedia Group controls our company and has the ability to control the direction of our business.
- Expedia Group’s interests may conflict with our interests, the interests of the Founders and the interests of our shareholders, and conflicts of interest among Expedia Group, the Founders and us could be resolved in a manner unfavorable to us and our shareholders.

4.2.2. Risks related to the general economic and geopolitical environment, the travel industry and our business

We may not be able to grow our revenue in future periods, or at rates deemed sufficient by the market without reducing our profits or incurring losses.

After having experienced a significant reduction in revenue in 2020 as a result of the COVID-19 pandemic, our major advertisers resumed marketing activities in 2021 and 2022 on our platform but at levels significantly below those in 2019. We believe the degree to which we are able to grow our revenue without reducing our profits or incurring losses will be an important factor in how our business will be valued by the market. We may not be able to increase our revenue in future periods without reducing our profits or incurring losses, and our revenue may decline even if we are unprofitable. We continue to be impacted by a number of factors that may continue to adversely affect our future financial performance:

- The COVID-19 pandemic appears to have accelerated long-term changes to industry structure: Google has continued to expand its presence in the online travel industry and competition has increased more generally, while the number of first-time users of online travel services continues to decline, changing the type (and potential attractiveness) of users we are able to refer to our largest online travel agency or "OTA" advertisers. In addition, the COVID-19 pandemic caused several of our smaller advertisers to file for insolvency, and the online travel industry may experience further consolidation in the future, resulting in fewer offers available on our platform and less competition on our marketplace.

- The global economic outlook has worsened significantly, with higher interest rates and increased inflation negatively impacting consumer discretionary spending, which may reduce demand for our services. Travel, including the booking of accommodation, is dependent on personal and business discretionary spending levels, which are directly affected by perceived or actual adverse economic conditions. Our results of operations and financial prospects continue to be significantly dependent upon the economic health of our users and the prosperity and solvency of the OTAs, hotel chains and independent hotels that have relationships with us.
- Any change in the global geopolitical environment, including any escalation or unexpected change in circumstances in the ongoing military action between Russia and Ukraine, may exacerbate the negative impact of the factors above on our business.

We expect the variability, cyclicality and seasonality in our business to continue to be more pronounced or at least more apparent than had been the case in recent periods as travel demand increased following the COVID-19 lockdowns. This may result in greater fluctuations of our revenue, cash flows, results of operations and other key performance measures from period to period or among segments, and may affect the price of our American Depositary Shares (ADSs) and increase their trading volatility.

We derive a large portion of our revenue from a relatively small number of advertisers, and we relied on one advertiser for approximately half of our Referral Revenue in 2022. Any reduction in spending or any change in the bidding strategies by any of these advertisers could harm our business and negatively affect our financial condition and results of operations.

Our "cost-per-click," or CPC, pricing for click-based advertising depends, in part, on competition among advertisers on our marketplace, with advertisers that pay higher CPCs generally receiving better advertising placement and more referrals from us. We continue to generate the great majority of our revenue from our largest OTA advertisers, including, to an increasing extent since the start of the pandemic, brands affiliated with Booking Holdings, such as Booking.com and Agoda, and those affiliated with our majority shareholder, Expedia Group, such as Brand Expedia and Hotels.com. The loss of any of our major advertisers, on some or all of our platforms, or a further reduction in the amount they spend, or a further concentration in Advertising Spend by one advertiser could result in significant decreases in our revenue and profit or negative impacts on our liquidity position.

Our ability to grow and maintain revenue from our advertisers is dependent to a significant extent on our ability to generate referrals, customers, bookings or revenue and profit for our advertisers on a basis they deem to be cost-effective. Any reduction in the value that we deliver to our advertisers or our ability to match the value delivered by our competitors may negatively affect CPC bids on our marketplace. Our advertisers' spend on our platforms may also be adversely affected by other factors such as a weakening of their own financial or business conditions or external economic effects.

Even if we improve our product and deliver value to our advertisers, the fact that a significant portion of our revenue is generated from brands affiliated with Booking Holdings and Expedia Group can permit these advertisers, depending on marketplace dynamics, to adjust their CPC bids and obtain the same or increased levels of referrals, customers, bookings or revenue and profit at lower cost. This can occur if one or more advertisers with sufficient market share to influence our aggregate CPC levels change their return-on-investment targets for their spend on our marketplace. Our advertisers may curtail their spend on our platform in response to changes we may make to our product offering or strategy, which may also, in turn, negatively impact our revenue levels and profitability or increase the volatility on our marketplace.

We are subject to a number of factors that contribute to significant period-to-period volatility in our financial condition and results of operations.

Our financial condition and results of operations have varied and may continue to vary considerably from period to period. This was reflected in the quarter-to-quarter changes in our profitability and revenue in 2021 and 2020 as a result of the COVID-19 pandemic. We cannot reliably predict our advertisers' future advertising spend or CPC levels or other strategic goals they hope to achieve through changes in bidding on our marketplace and, as a result, it is difficult for us to forecast advertiser demand, especially since our advertisers can and often do change their CPC bidding levels with little or no notice to us. Our advertisers often pursue different marketing strategies and have varying levels of competitiveness based on their own competitive position. We believe that our advertisers continuously review their advertising spend on our platform and on other marketing channels, and continuously seek to optimize the allocation of their spend among us and our competitors. For example, the large OTAs have recently publicly emphasized their desire to continue to optimize the efficiency of their performance marketing spend.

We regularly compete with our advertisers in auctions for search engine keywords on Google and other search engines and adjust our spend on search engine marketing based on trends we see in our results. If changes in large advertisers' strategies on our marketplace were to cause us to spend significantly less on these marketing channels, we would also generate fewer Qualified Referrals, and as a result, our revenues and results of operations would be adversely affected. Such advertisers may also experience improvements in their competitiveness on these marketing channels, providing them with additional financial benefits from pursuing such a strategy.

Furthermore, any resulting changes in Referral Revenue, especially as a result of changes in CPC bidding levels by our largest advertisers, could result in our inability to reduce our Advertising Spend, particularly on television, quickly enough to respond to the change in revenue. As we spend the great majority of our revenue on advertising, such a failure to reduce Advertising Spend quickly enough can have, and has in the past had, a sudden and significant adverse effect on our profitability and results of operations. Any resulting inability to meet financial guidance that we may communicate to the market in the future may have a material adverse effect on our business, results of operations, financial condition and prospects.

As a result of the change in the macroeconomic outlook, we may in the future record impairments of intangible assets and goodwill.

As a result of the continued deterioration of macroeconomic conditions, including rising interest rates, increased inflation and more uncertainty in respect of the overall economic environment, we performed intangible assets and goodwill impairment analyses during the second and third quarters of 2022. As a result, we recorded impairment charges totaling €184.6 million within the financial statements prepared in accordance with U.S. GAAP. No impairment was assessed within the Group's financial statements prepared in accordance with IFRS, see Note 5.1 within the Consolidated Financial Statements (section 9) for further details. We may record impairment charges in the future due to further changes in the macroeconomic outlook.

Because we almost completely ceased television advertising in 2020, which resumed only at reduced levels in 2021 and 2022, we do not expect our past advertising campaigns to contribute the direct traffic to our platform that we had prior to the COVID-19 pandemic. This is expected to hinder our ability to grow our revenue, which could continue to harm our business and negatively affect our financial condition and results of operations.

We rely heavily on the trivago brand. Awareness, perceived quality and perceived differentiated attributes of our brand are important aspects of our efforts to attract and expand the number of users of our websites and apps. We significantly reduced our advertising budgets as a result of the COVID-19 pandemic. We believe our prior television advertising campaigns continued to have a significant positive effect on direct traffic volumes, even in periods after the advertising was aired. As we almost completely ceased advertising on television in 2020 and resumed such advertising at reduced levels in 2021 and 2022, we believe that in 2022 we did not benefit from prior campaigns as had been the case in the past, and we expect this to continue to be the case in the coming years. We anticipate that we will need to invest in television advertising campaigns in the next years to grow the volume of direct traffic to our platform.

In the future, our competitors may invest in innovative advertisement campaigns to improve their brand awareness, which could make it difficult for us to increase or maintain our own marginal returns on our advertisements. We may face this difficulty even if we make substantial investments in innovative technologies and concepts in our advertising. Increased advertising spend by our competitors, many of which have more resources than we do to promote their brands and services, could also result in significant increases in the pricing of one or more of our marketing and advertising channels, which could increase our costs for advertising (which already consume most of our revenue) or cause us to choose less costly but less effective marketing and advertising channels.

Television advertising has historically accounted for a large percentage of our Advertising Spend, and often has higher costs than other channels. We expect to continue to invest in television marketing campaigns, including in geographies where our brand is less well-known. As we make these investments, we may observe increasing prices in light of increased spending from competitors or may see reduced benefits from our advertising due to, among other things, increasing traffic share growth of search engines as destination sites for users and the declining viewership in certain age groups and changes in viewing patterns that reduce viewer exposure to advertising. In order to maintain or increase the effectiveness of our television advertisements, we have needed to develop new creative concepts in our advertisements, many of which are in a testing phase, and it may be that these advertisements may not be as effective in terms of Return on Advertising Spend as those we have used in the past. We have historically placed orders for television advertising in advance of the campaign season. In the event travel demand is lower than we anticipated at the time we booked that advertising, we could suffer losses if we are unable to cut planned spending.

We believe the COVID-19 pandemic has accelerated the shift from linear TV to digital formats and expect this trend to continue. As a result of the downward trend of conventional television viewership in favor of streaming platforms and online video, we have begun investing in other channels that could potentially have a lower marginal Return on Advertising Spend. For example, in order to maintain our brand awareness, we have begun investing in other advertising formats, such as online video, with which we have less experience and which may prove less effective than TV advertising in the long run. If we are unable to maintain or enhance consumer awareness of our brand or to generate demand in a cost-effective manner, it may have a material adverse effect on our business, results of operations, financial condition and prospects.

Increasing competition in our industry could result in a loss of market share and higher traffic acquisition costs or reduce the value of our services to users and a loss of users, which would adversely affect our business, results of operations, financial condition and prospects.

We operate in an increasingly competitive travel industry. Many of our current and potential competitors, including hotels themselves (both hotel chains and independent hotels), and metasearch engines, such as Kayak, TripAdvisor, Skyscanner and Google Hotel Ads, locally focused metasearch engines, such as Check24, OTAs, such as Booking.com, Ctrip, TUI, trip.com and Brand Expedia, alternative accommodation websites, such as Airbnb and Vrbo (previously HomeAway), and other hotel websites, may have been in existence longer, may have larger user bases, may have wider ranges of products and services and may have greater brand recognition and customer loyalty in certain markets and/or significantly greater financial, marketing, personnel, technical and other resources than we do. Some of these competitors may be able to offer products and services on more favorable terms than we can. Google Hotel Ads and other metasearch websites, continue to expand globally, are increasingly competitive, have access to large numbers of users, and, in some cases, continue to adopt strategies and develop technologies and websites that are very similar to ours. In particular, Google has entered various aspects of the online travel market and has grown rapidly in this area, including by offering a flight meta-search product ("Google Flights"), a hotel meta-search product ("Google Hotel Ads"), a vacation rental meta-search product, a tours and activities product, an inspirational travel product, Google Travel (which is a planning tool that aggregates its flight, tours and activities and hotel and packages products in one website), and by integrating its hotel meta-search products and restaurant information and reservation products into its Google Maps app. Competition could result in higher traffic acquisition costs, lower CPC levels and reduced margins on our advertising services, loss of market share, reduced user traffic to our websites and reduced advertising by hotel companies and other accommodation advertisers on our websites.

We rely on search engines, particularly Google, to drive a substantial amount of traffic to our platform. If Google continues to promote its own products and services that compete directly with our accommodation search at the expense of traditional keyword auctions and organic search, our business, financial performance and prospects may be negatively impacted.

We rely on Bing, Google, Naver, Yahoo! and other Internet search engines to generate a substantial amount of traffic to our websites, principally through the purchase of hotel-related keywords. We obtain a significant amount of traffic via search engines and therefore utilize techniques such as search engine optimization and search engine marketing to improve our placement in relevant search queries. The number of users we attract from search engines to our platform is due in large part to how and where information from, and links to, our websites is displayed on search engine pages. Google and other search engines frequently update and change the logic that determines the placement and display of results of a user’s search. If a major search engine changes its algorithms in a manner that negatively affects the search engine ranking, paid or unpaid, of our websites or that of our third-party distribution partners, or if competitive dynamics impact the costs or effectiveness of search engine optimization, search engine marketing or other traffic generating arrangements in a negative manner, it may have a material adverse effect on our business, results of operations, financial condition and prospects. In addition, if search engines, especially smaller players, decline in popularity, we may see adverse impacts if they provide us with fewer relevant leads or even shut down their services completely, resulting in even less competition in general search. In some instances, search and metasearch companies may change their displays or rankings in order to promote their own competing products or services or the products or services of one or more of our competitors. For example, Google, a significant source of traffic to our website, frequently promotes its own hotel search platform (which it refers to as “Google Hotel Ads”) at the expense of traditional keyword auctions and organic search results. This presents a challenge since we have significantly less flexibility to acquire traffic for our website using that platform compared to traditional hotel-related keyword advertising. In addition, our major advertisers might not be amenable in some cases to our using their inventory to compete with them on Google Hotel Ads, which may present a further difficulty if Google continues to direct traffic in this manner. Google's promotion of its own competing products, or similar actions by Google in the future that have the effect of reducing our prominence or ranking on its search results, could have a substantial negative effect on our business, results of operations, financial condition and prospects.

Our business model and value proposition is focused primarily on providing users with search services for hotels. If user preferences shift from traditional hotel-based accommodation or if users expect our websites and apps to offer search for non-accommodation services, we may be unable to source and monetize that inventory to a sufficient degree.

Our success depends on continued innovation to provide features and services that make our websites and apps useful for users. While we have offered users the opportunity to search for alternative accommodation, such as vacation rentals, on our websites and apps, our primary historical focus has been on helping users search for accommodation at hotels. If user preferences shift away from traditional hotel-based accommodation, we may face challenges in integrating and monetizing new types of accommodation into our platform since those properties may have attributes substantially different from hotel rooms, our traditional area of focus. In addition, the online travel industry is rapidly evolving, and if we fail to predict the manner in which that market develops or if our competitors are able to acquire a larger share of the aggregate online accommodation searches at our expense, our financial performance may be harmed. In addition, we do not currently offer users the ability to search for air travel, rental cars, tours, cruises and other services with our advertisers, while they can book or otherwise obtain information about at least some of these services on the websites of nearly all of our major competitors. If we are unable to provide users with information they deem useful, or our competitors are able to provide more attractive offers for accommodation coupled with attractive offers for other services, or if our users demand to see more comprehensive offers akin to those of our competitors, this may have a substantial negative effect on our competitiveness, business, results of operations, financial condition and prospects.

If we do not innovate and provide tools and services that are sufficiently useful to users and advertisers, we may not remain competitive, and our revenue and results of operations could suffer.

Our competitors are constantly innovating in online accommodation-related services and features . As a result, we must continue to invest significant resources in research and development to continuously improve the speed, accuracy and comprehensiveness of our services. The emergence of alternative platforms and niche competitors who may be able to optimize services or strategies have required, and will continue to require, new and costly investments in technology. We have invested, and in the future may invest, in new business strategies and services to attain competitiveness. Some of the changes we are implementing may require us to make investments into what we perceive as longer-term profitable returns at the expense of short-term profitability, and as a result, we may continue to prioritize the quality of user experience over short-term monetization. In the future, we may need to provide alternative hotel listing products, potentially including paid and non-paid placements, to ensure we have a competitive coverage of rates globally. These strategies and services may not succeed, and, even if successful, our revenue may not increase or we may not achieve the longer-term profitable returns that we expect. In addition, we may fail to adopt and adapt to new technology, especially as text-based Internet search, including through Google and Amazon, potentially moves to video and voice interfaces over the coming years, or we may not be successful in developing technologies that operate effectively across multiple devices and platforms. New developments in other areas could also make it easier for competitors to enter our markets due to lower up-front technology costs. If we are unable to continue offering innovative services or do not provide sufficiently comprehensive results for our users, we may be unable to attract additional users and advertisers or retain our current users and advertisers, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

If we do not provide a broad set of offers to our users, we may not remain competitive, and our revenue and results of operations could suffer.

Our ability to attract users to our services depends in large part on providing a comprehensive set of accommodation search results and a broad range of offers across price ranges. To do so, we maintain relationships with OTAs, hotel chains, independent hotels and alternative accommodation providers to include their data in our search results. Although we maintain a very large searchable database of properties from around the world, we do not have relationships with some significant potential advertisers, including some major hotel chains, many independent hotels, smaller chains and certain large providers of alternative accommodations. The risk associated with incomplete coverage in our search results may increase if we see lower user interest in accommodation at hotels, for example as a result of any travel restrictions or because user preferences shift away from hotels to alternative accommodation. In addition, consolidation among advertisers, which may occur at increasing levels because of the general global economic situation, or a change to more coordinated or centralized marketing activities within OTA groups and hotel chains, could reduce the number of offers we have available in our marketplace for each hotel. The realization of any of these risks could make us less popular to our users and reduce the revenue we generate from referrals.

Several of our product features depend, in part, on our relationship with third parties to provide us with content and services.

We currently license, and incorporate into our websites, content and technology services from third parties. As we continue to improve the overall quality of our products, we may introduce new features that require us to incorporate new content or services, and this may require us to license additional rights. We cannot be sure that such technology will be available on commercially reasonable terms, if at all. In particular, certain third parties provide us with map products, content such as consumer reviews that we provide to our users along with our proprietary rating scores and hotel related data and information. If any of our third-party data providers terminate their relationships with us, the information that we provide to users may be limited or the quality of the information may suffer, which may negatively affect the implementation of our strategic initiatives, users' perception of the value of our product and our reputation.

Many events beyond our control, including geopolitical events, may adversely affect the travel industry.

Many events beyond our control can adversely affect the travel industry, with a corresponding negative impact on our business and results of operations. Natural disasters, including hurricanes, tsunamis, earthquakes or volcanic eruptions, as well as other natural phenomena, such as outbreaks of the Zika virus, the Ebola virus, avian flu and, most recently, COVID-19, as well as other pandemics and epidemics, have disrupted normal travel patterns and levels in the past. The COVID-19 pandemic has had a significant negative impact on our global business volumes, particularly in 2020 and 2021. The travel industry is also sensitive to events that may discourage travel, such as work stoppages or labor unrest, political instability, regional hostilities, such as the ongoing military conflict between Russia and Ukraine, increases in fuel prices, imposition of taxes or surcharges by regulatory authorities, travel-related accidents and terrorist attacks or threats. We do not have insurance coverage against loss or business interruption resulting from war and terrorism, and we may be unable to fully recover any losses we sustain due to other factors beyond our control under our existing insurance coverage. The occurrence of any of the foregoing events may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our global operations expose us to risks associated with currency fluctuations, which may adversely affect our business.

Our platform is available in a large number of jurisdictions outside the Eurozone. As a result, we face exposure to movements in currency exchange rates around the world. Changes in foreign exchange rates can amplify or mute changes in the underlying trends in our Advertising Spend, revenue and Revenue per Qualified Referral. A large portion of our advertising expenses are incurred in the local currency of the particular geographic market in which we advertise, with a significant amount incurred in U.S. dollar. Although we largely denominate our CPCs in euro and have relatively little direct foreign currency translation with respect to our revenue, we believe that our advertisers' decisions on the share of their booking revenue they are willing to pay to us are based on the currency in which the hotels being booked are priced. Accordingly, we have observed that advertisers tend to adjust their CPC bidding based on the relative strengthening or weakening of the euro as compared to the local functional currency in which the booking with our advertisers is denominated. Currency exchange-related exposures also include but are not limited to re-measurement gains and losses from changes in the value of foreign denominated monetary assets and liabilities; translation gains and losses on foreign subsidiary financial results that are translated into euro upon consolidation; fluctuations in hotel revenue and planning risk related to changes in exchange rates between the time we prepare our annual and quarterly forecasts and when actual results occur.

We do not currently hedge our foreign exchange exposure. Depending on the size of the exposures and the relative movements of exchange rates, if we choose not to hedge or fail to hedge effectively our exposure, we could experience a material adverse effect on our financial statements and financial condition. As we have seen in some recent periods, in the event of severe volatility in foreign exchange rates, these exposures can increase, and the impact on our results of operations can be more pronounced. In addition, the current environment and the global nature of our business have made hedging these exposures more complex.

We are subject to counterparty default risks.

We are subject to the risk that a counterparty to one or more of our customer arrangements will default on its performance obligations. A counterparty may fail to comply with its commercial commitments, which could then lead it to default on its obligations with little or no notice to us. This could limit our ability to take action to mitigate our exposure. Additionally, our ability to mitigate our exposures may be constrained by the terms of our commercial arrangements or because market conditions prevent us from taking effective action. In addition, our ability to recover any funds from financially distressed or insolvent counterparties is limited, and our recovery rates in such instances have historically been very low. Because a majority of our accounts receivable are owed by Booking Holdings and Expedia Group, delays or a failure to pay by any of these advertisers could result in a significant increase in our credit losses, and we may be unable to fund our operations. Counterparties may also be located in countries where enforcement of our creditors' rights is more difficult than in the countries where our major OTA advertisers are located. If one of our counterparties becomes insolvent or files for bankruptcy, our ability to recover any losses suffered as a result of that counterparty's default may be limited by the liquidity of the counterparty or the applicable laws governing the bankruptcy proceedings, and in any event, the customers of that counterparty may seek redress from us, even though the booking with that counterparty was not conducted on our platform. In addition, almost all of our agreements with OTAs, hotel chains and independent hotels may be terminated at will or upon prior notice of thirty days or less by either party. In the event of such default or termination, we could incur significant losses or reduced revenue, which could adversely impact our business, results of operations, financial condition and prospects.

4.2.3. Legal and regulatory risks

We are involved in various legal proceedings and may experience unfavorable outcomes, which could adversely affect our reputation, business and financial condition.

We are involved in various legal proceedings and disputes involving alleged infringement of third-party intellectual property rights, competition and consumer protection laws, including, but not limited to, the legal proceedings described in the following risk factor and in section *2.4.14. Legal proceedings* . These matters may involve claims for substantial amounts of money or for other relief that might necessitate changes to our business or operations. The defense of these actions has been, and will likely continue to be, both time consuming and expensive and the outcomes of these actions cannot be predicted with certainty. Determining provisions for pending litigation is a complex, fact-intensive process that requires significant legal judgment. It is possible that unfavorable outcomes in one or more such proceedings could result in substantial payments that would adversely affect our business, consolidated financial position, results of operations, reputation or cash flows in a particular period.

Regulators' continued focus on the consumer-facing business practices of online travel companies may adversely affect our business, financial performance, results of operations or business growth.

A number of regulatory authorities in Europe, Australia and elsewhere have initiated litigation and/or market studies, inquiries or investigations relating to online marketplaces and how information is presented to consumers using those marketplaces, including practices such as search results rankings and algorithms, discount claims, disclosure of charges, and availability and similar messaging. For example, on January 20, 2020, the Australian Federal Court issued a judgment in the Australian Competition and Consumer Commission's (ACCC) case against us regarding our advertising and website display practices in Australia. On April 22, 2022, the Australian Federal Court issued a judgment ordering us to pay a penalty of AUD 44.7 million. We paid the penalty balance of €29.6 million (AUD 44.7 million) in the second quarter of 2022 and costs arising from the proceedings. Parts of the court's opinions included views that differed significantly from those of other national regulators and raised concerns about the function of our marketplace and the adequacy of disclosures to consumers regarding how advertisers that pay higher CPCs generally receive better advertising placement on our website. Since then, two purported class actions have been filed in Israel and Ontario, Canada, making allegations about our advertising and/or display practices broadly similar to aspects of the case brought by the ACCC. Plaintiffs' motion for class certification in the Ontario action was denied on November 28, 2022. Plaintiffs have since filed a notice of appeal asking that the motion for class certification be granted. The class action filed in Israel is at an early stage.

Should other national courts or regulators take a similar view of our business model to that of the Australian Federal Court and the ACCC, or should changes in our business practices or those prevalent in our sector following the attention brought on by this litigation or other regulatory matters reduce the attractiveness, competitiveness or functionality of our platform and the services we offer, or should our reputation or that of our sector continue to suffer, or should we have to pay substantial amounts due to any such regulatory action or proceeding, our business, results of operations, financial condition and prospects could be adversely affected.

In addition, many governmental authorities in the markets in which we operate are also considering additional and potentially diverging legislative and regulatory proposals that would increase the level and complexity of regulation on Internet display, disclosure and advertising activities. There also are, and will likely continue to be, an increasing number of laws and regulations pertaining to the Internet and online commerce that may relate to liability for information retrieved from, transmitted over or displayed on the Internet, display of certain taxes, charges and fees, online editorial, user-generated or other third-party content, user or other third-party privacy, data security, behavioral targeting and online advertising, taxation, liability for third-party activities and the quality of services.

We process, store and use user and employee personal data, which entails reputational, litigation and liability risks associated to any actual or perceived potential failure to comply with relevant legal obligations, which are constantly evolving.

Personal data information is increasingly subject to legislation and regulations in numerous jurisdictions around the world. We are in particular subject to the EU (European Union) General Data Protection Regulation 2016/679 or “GDPR”, in effect since May 25, 2018, which has recently led to the imposition of significant fines on various companies by EU data protection authorities. The invalidation of the EU-U.S. Privacy Shield and increase in focus and enforcement action from EU data protection authorities in relation to cross-border transfers of personal data, could have a significant adverse effect on our ability to engage with certain third party service providers should that require a transfer of personal data outside of the EEA (European Economic Area - EU countries and also Iceland, Liechtenstein and Norway).

Furthermore, several EU data protection authorities have issued new or additional guidance concerning the ePrivacy Directive's requirements regarding the use of cookies and similar technologies, and have in some cases brought (and may seek to bring in the future) enforcement action in relation to those requirements.

Following the UK’s exit from the European Union, the UK Government has transposed the GDPR into UK national law, creating the “UK GDPR”, which is complemented by the Data Protection Act 2018. However, the possible adoption of a data protection bill currently under discussion in the UK Parliament might introduce significant changes to the UK data privacy regulation.

The Brazilian General Data Protection Law (LGPD), Federal Law no. 13,709/2018, is in force since September 18, 2020 and its penalties are enforceable since August 2021. The California Consumer Privacy Act of 2018 (CCPA) became effective in January 2020 and is substantially amended by the California Consumer Privacy Rights Acts, which became operative in January 2023 and imposes new privacy requirements and rights for consumers in California. In the United States, other state data privacy laws have or will also take effect, for example in Virginia as of January 1, 2023, in Colorado and Connecticut as of July 1, 2023 and Utah as of December 31, 2023.

A number of data protection laws (including the GDPR and the UK GDPR) have introduced mandatory breach reporting to regulators and, under certain circumstances, to the individuals whose personal data was compromised in the breach.

Many other jurisdictions are considering or are about to adopt data protection regulations, which are sometimes inconsistent or conflicting. While we strive to monitor and comply with this complex and ever-changing patchwork of laws, a failure or perceived or alleged failure to comply with data privacy requirements in one of the jurisdictions where we operate or target users may significantly harm our businesses. In addition, we could be adversely affected if data privacy regulations are expanded (through new regulation or through legal rulings) to require major changes in our business practices and we may incur substantial compliance-related costs and expenses that are likely to increase over time. Implementation of and compliance with these laws and regulations may be more costly or take longer than we anticipate, or could otherwise adversely affect our business operations, which could negatively impact our financial position or cash flows.

Changes in, and continued implementation and enforcement of, international trade and anti-corruption laws and regulations could affect our ability to remain in compliance with such laws and regulations and could have a materially adverse effect on our business, results of operations, financial condition and prospects.

The United States (acting through, among other government agencies, the SEC, the U.S. Department of Justice and the U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC), as well as other foreign authorities, such as the United Kingdom, continue to be focused on the implementation and enforcement of economic and trade and anti-corruption laws and regulations, across industries. For example, U.S. sanctions generally prohibit transactions conducted within U.S. jurisdiction in, with, involving or relating to certain countries and territories subject to comprehensive sanctions, including, currently, the Crimea region of the Ukraine, Cuba, Iran, North Korea and Syria, and certain specifically designated individuals and entities (including those individuals and entities listed on OFAC's Specially Designated Nationals and Blocked Persons List), as well as parties owned by such designated individuals and entities. In addition, as a result of Russia’s invasion of Ukraine, governmental authorities in the United States, the European Union, and the United Kingdom, among others, launched an expansion of coordinated sanctions and export control measures, including sanctions against certain individuals and entities and prohibiting or limiting certain financial and commercial transactions. We believe that our activities comply with applicable trade and anti-corruption laws and regulations, including the laws and regulations administered and enforced by OFAC, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. As applicable laws and regulations are enacted or amended, and the interpretations of those laws and regulations evolve, we cannot guarantee that our programs and policies will be deemed compliant by all applicable regulatory authorities or at all times In the event that our controls should fail or are found to be not in compliance for any reasons, including as a result of changes to our products and services or the behavior of our advertisers, we could be subject to monetary damages, civil and criminal penalties, litigation and damage to our reputation and the value of our brand.

We may not be able to adequately protect our intellectual property, which could harm the value of our brand and adversely affect our business.

We regard our intellectual property, including our business processes and other proprietary information, as critical to our success, and we rely on trademark and trade secret laws, domain name registration, confidentiality and non-disclosure procedures and contractual provisions and license agreements, where applicable, to protect our proprietary rights. If we are not successful in protecting our intellectual property, it could have a material adverse effect on our business, results of operations, financial condition and prospects.

Effective trademark and service mark protection may not be available in every country in which our services are provided. The laws of certain countries do not protect proprietary rights, such as trade secrets, to the same extent as the laws of the United States and, therefore, in certain jurisdictions, we may be unable to protect our proprietary technology adequately against unauthorized third-party copying or use, which could adversely affect our competitive position. In addition, certain characteristics of the Internet, in particular the anonymity, may make the protection and enforcement of our intellectual property difficult and in some cases, even impossible. We have licensed in the past, and expect to license in the future, certain of our proprietary rights, such as trademarks, to third parties. These licensees may take actions that might diminish the value of our proprietary rights or harm our reputation, even if we have agreements prohibiting such activity. Moreover, we utilize intellectual property and technology developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms. Also, to the extent that third parties are obligated to indemnify us for breaches of our intellectual property rights, these third parties may be unable to meet these obligations. Any of these events may have a material adverse effect on our business, results of operations, financial condition and prospects.

We have registered domain names for websites that we use in our business, such as www.trivago.com, www.trivago.de, www.trivago.co.uk and weekend.com. Our competitors could attempt to capitalize on our brand recognition by using domain names similar to ours. Domain names similar to ours have been registered in the United States and elsewhere, and in some countries the domain name “trivago,” or spelling variations of it, may be owned by other parties. We may be unable to prevent third parties from acquiring and using domain names that infringe on, are similar to, or otherwise decrease the value of, our brand or our trademarks or service marks. Protecting and enforcing our rights to our domain names and determining the rights of others may require litigation, which, whether or not successful, could result in substantial costs and diversion of management attention, as well as a loss in customer trust in the brand.

We are, and may in the future be, subject to legal claims alleging that we infringe, misappropriate or otherwise violate the intellectual property rights of third parties.

Our commercial success depends on our ability to conduct our business without infringing, misappropriating or otherwise violating any intellectual property owned by third parties. We may be subject to liability if our products, services, software or other technology, or the operations of our business infringe, misappropriate or otherwise violate the patents, copyrights, trademarks or other intellectual property rights of third parties. Intellectual property challenges have been increasingly brought against members of the travel industry, and third parties may bring legal claims, or threaten to bring legal claims, that their intellectual property rights are being infringed, misappropriated or otherwise violated by us, including by means of counterclaims against us as a result of the assertion of our intellectual property rights.

We do currently, and could in the future, face claims that we have infringed the intellectual property rights of others. Legal proceedings involving intellectual property rights are highly uncertain and can involve complex legal and scientific questions, and any claims against us or such providers could require us to spend significant time and money in litigation or pay damages. Such claims could also delay or prohibit the use of existing, or the release of new, products, services or processes, and the development of new technology or intellectual property. We cannot assure you that we will achieve a favorable outcome of any such claims, and any such actual or threatened claims (whether or not valid) could adversely impact our reputation and result in direct and indirect costs, all of which may have an adverse impact on our operations and financial performance. Even if we believe such third party claims are without merit, a court may hold that we have infringed, misappropriated or otherwise violated such intellectual property rights or we may settle claims to avoid the cost and uncertainty of litigation. If we were to be found liable for any such infringement, misappropriation or other violation, we could be required to rebrand, redesign, reengineer or modify our products and services (including our platform), pay substantial monetary damages, including possible treble damages and attorneys' fees, or royalties and enter into costly license agreements (if available at all) to obtain the rights to use necessary technology, and we could be subject to injunctions preventing us from using some or all of our products, services or technology. Any payments we are required to make and any injunctions with which we are required to comply as a result of infringement claims could be costly.

Even if intellectual property claims brought by or against us are settled or resolved in our favor, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential or proprietary information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our securities.

Any of the foregoing could divert management's attention and materially and adversely affect our business, financial condition, results of operations and cash flows.

4.2.4. Operational risks

The competition for highly skilled personnel, including senior management and technology professionals is intense. If we are unable to retain or motivate key personnel or hire, retain, and motivate qualified personnel, especially as the broader job market undergoes structural changes that increase our costs, our business would be harmed.

We believe our success has depended, and continues to depend, on the efforts and talents of our senior management and our highly skilled team members, including our software engineers and other technology professionals who are key to designing code and algorithms necessary to our business. Our workforce has declined from 1,247 on December 31, 2019 to 709 as of December 31, 2022. This reduction in workforce has resulted in the loss of institutional knowledge, relationships or expertise for critical roles. This reduction may also have a negative impact on employee morale and productivity, and could make it more difficult to retain valuable key employees, divert attention from operating our business, create personnel capacity constraints and hamper our ability to grow, develop innovative products and compete, any of which could impede our ability to operate or meet strategic objectives.

We continue to face intense competition for new talent as the broader job market appears to undergo structural changes that have further exacerbated the competitive environment. We compete with companies that have far greater financial resources than we do as well as companies that promise short-term growth opportunities and/or other benefits. These companies may be able to provide attractive offers to employees in critical roles who have gained valuable and marketable experience in our flat organizational structure. The competition for talent in our industry has in the past and may in the future increase our personnel expenses, which may adversely affect our results of operations. In addition, we may be unable to hire or retain certain high-performing employees when the price of our ADSs is low, as a significant portion of the compensation they receive consists of equity grants. If we do not succeed in attracting well-qualified employees, or retaining or motivating existing employees, including senior management, our business would be adversely affected. The loss of the services of any key individual could negatively affect our business.

We are dependent upon the quality of traffic in our network to provide value to our advertisers, and any failure in our ability to deliver quality traffic and/or the metrics to demonstrate the value of the traffic could have a material and adverse impact on the value of our websites to our advertisers and adversely affect our revenue.

We use technology and processes to monitor the quality of the internet traffic that we deliver to our advertisers and have identified metrics to demonstrate the quality of that traffic and identify low quality clicks such as non-human processes, including robots, spiders, the mechanical automation of clicking and other types of invalid clicks or click fraud. Even with such monitoring in place, there is a risk that a certain amount of low-quality traffic will be delivered to such online advertisers. Such low-quality or invalid traffic may be detrimental to our relationships with advertisers and could adversely affect our advertising pricing and revenue.

We rely on assumptions, estimates and data to make decisions about our business, and any inaccuracies in, or misinterpretation of, such information could negatively impact our business.

We take a data-driven, testing-based approach to managing our business, where we use our proprietary tools and processes to measure and optimize end-to-end performance of our platform. Our ability to analyze and rapidly respond to the internal data we track enables us to improve our platform and make decisions about allocating marketing spend and ultimately convert any improvements into increased revenue. While the internal data we use to judge the effectiveness of changes to our platform and to make improvements to how we make decisions about allocating Advertising Spend are based on what we believe to be reasonable assumptions and estimates, our internal tools are not independently verified by a third party and have a number of limitations. We only have access to limited information about user behavior compared to many of our competitors that in many cases can record detailed information about users who log onto their websites or who complete a booking or other transaction with them.

In addition, our ability to track user behavior is also subject to considerable limitations, for example, relating to our ability to use cookies and browser extensions to analyze behavior over time, and to difficulties pertaining to users who use multiple devices to conduct their search for accommodation. In particular, users can block or delete cookies through their browsers or “ad-blocking” software or apps. The most common Internet browsers allow users to modify their browser settings to prevent cookies from being accepted by their browsers or are set to block third-party cookies by default. At least one major browser has introduced extensive privacy features, including the imposition of a strict time limit on tracking tools' lifespans. Further, the mobile app ecosystem is constantly evolving, in particular with how the operating systems handle third party data tracking and usage. Changes in these technologies or developments further limiting data availability may inhibit our ability to use user and web analytics data to better understand and track our users’ preferences. We use this information to improve our platform, to optimize our marketing campaigns and our advertisers’ campaigns and to detect and prevent fraudulent activities, which all may be adversely affected. We believe that many of our competitors, in particular Google, have substantial advantages compared to us in their ability to understand and track users' behavior. In addition, we are to a significant extent dependent upon certain advertisers for specific types of user information, including, for example, as to whether a user ultimately completed a booking. Our or our advertisers’ methodologies for tracking this information may change over time. Some countries have already adopted digital services tax, or other taxes of a similar nature, while other countries may also adopt such taxes in the future. In addition to increasing our operational expenses, digital services tax or other taxes of a similar nature make it more difficult for us to measure the marginal efficiency of our Advertising Spend among marketing channels as such taxes affect not only how we allocate our spend but also how these marketing channels and our advertisers make decisions about their businesses. Additionally, our use of such tracking tools may be subject to regulation by certain data protection laws,

If the internal tools we use to judge the effectiveness of changes to our platform produce or are based on information that is incomplete or inaccurate, or we do not have access to important information, or if we are not sufficiently rigorous in our analysis of that information, or if such information is the result of algorithm or other technical or methodological errors, the decisions we make relating to our website, marketplace and allocation of marketing spend may not result in the positive effects in terms of profitability, revenue and user experience that we expect, which may negatively impact our business, results of operations, financial condition and prospects.

In the past, we identified a material weakness in our internal control over financial reporting. If the measures we have implemented, including internal controls, fail to be effective in the future, any such failure could result in material misstatements of our financial statements, cause investors to lose confidence in our reported financial and other public information, harm our business and adversely impact the trading price of our ADSs.

Our management is responsible for establishing and maintaining internal controls over financial reporting, disclosure controls, and compliance with other requirements of the Sarbanes-Oxley Act and the rules promulgated by the SEC thereunder. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP. In addition, our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. Satisfying these requirements requires us to dedicate a significant amount of time and resources, including for the development, implementation, evaluation and testing of our internal controls over financial reporting. Although no material weaknesses were identified in connection with the attestation of the effectiveness of our internal control over financial reporting as of December 31, 2022, 2021 or 2020, our management cannot guarantee that our internal controls and disclosure controls will prevent all possible errors or fraud. In addition, the internal controls that we have implemented could fail to be effective in the future. This failure could result in material misstatements in our financial statements, result in the loss of investor confidence in the reliability of our financial statements and subject us to regulatory scrutiny and sanctions. This could, in turn, harm our business and the market value of our ADSs. In addition, we may be required to incur costs in improving our internal controls system and the hiring of additional personnel.

We may experience difficulties in implementing new business and financial systems.

We continue to transition certain business and financial systems to systems that reflect the size, scope and complexity of our operations. These systems include an internally developed tool to manage our invoicing and various third-party developed tools to assist us with internal system integration and financial management. The process of migrating our legacy systems could disrupt our ability to timely and accurately process and report key aspects of our financial statements as we will rely on these systems for information that is included in or otherwise relevant for our financial statements. In addition, while the implementation of these systems is intended to increase accuracy of financial reporting and reduce our reliance on manual procedures and actions, the transition may affect the accuracy of reporting as we align some of our processes. With respect to these systems, certain additional financial controls and processes will be required and may result in changes to the current control environment. These changes will need to be assessed for effective implementation and effectiveness in mitigating inherent risk in these processes. This evaluation could result in deficiencies in our internal control over financial reporting, including material weaknesses, in future periods. Any difficulties in implementing the new software or related failures of our internal control over financial reporting could adversely affect our business, results of operations, financial condition and prospects, and could cause harm to our reputation.

Increased computer circumvention capabilities could result in security breaches in our information systems, which may significantly harm our business.

We cannot guarantee that our security measures or the security measures of external service providers will prevent all security breaches, intrusions or attacks, as computer circumvention tools and techniques become more advanced. A party that is able to circumvent our security systems or the systems of an external service provider could improperly obtain confidential information or cause significant disruptions to our operations. In the past, we have experienced cyber-related fraud and “denial-of-service” type of attacks on our system, which have made portions of our website unavailable for periods of time. Any actions that impact the availability of our website or apps could cause a loss of substantial business volume during the occurrence of any such incident and such risks are likely to increase as the tools to carry out such actions become more advanced and sophisticated. In addition to the considerable resources needed to address or mitigate their effects, security breaches could result in reputational harm and negative publicity with users and advertisers whether existing or potential, losing confidence in the security of our systems.

Security breaches could also expose us to risk of loss and possible liability and subject us to regulatory or criminal penalties and sanctions as well as civil litigation, including under various data protection laws.

Any significant disruption in service on our websites and apps or in our computer systems, most of which are currently hosted by third-party providers, could damage our reputation and result in a loss of users, which would harm our business and results of operations.

Our brand, reputation and ability to attract and retain users to use our websites and apps depend upon the reliable performance of our network infrastructure and content delivery processes. We have experienced interruptions in these systems in the past, including server failures that temporarily slowed down the performance of our websites and apps, in particular as we opted to use more cloud-based services. We may experience service interruptions in the future. Interruptions in these systems, whether due to system failures, computer viruses or physical or electronic break-ins, could affect the security or availability of our services on our websites and apps and prevent or inhibit the ability of users to access our service, which, in turn, can have a material adverse effect on our financial condition, business and results of operation. Problems with the reliability or security of our systems could harm our reputation. Damage to our reputation and the cost of remedying these problems could negatively affect our business, financial condition and results of operations.

While we still lease or own servers for internal communication and services, our systems mostly rely on cloud-hosted services. We are therefore reliant upon external providers, including Amazon Web Services and Google Cloud Platform, to provide us with cloud computing infrastructure. Any disruption to our use of services furnished by these providers or an unanticipated increase in costs from using those services could negatively impact our business operations. Our systems and operations are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break-ins, computer viruses, earthquakes and similar events. The occurrence of any of the foregoing events could result in damage to our systems or could cause them to fail completely, and our insurance may not cover such events or may be insufficient to compensate us for losses that may occur.

Our systems are not completely redundant worldwide, so a failure of our system at one site could result in reduced functionality for our users, and a total failure of our systems could cause our websites or apps to be inaccessible to our users. Problems faced by our third-party service providers with the telecommunications network providers with which they contract or with the systems by which they allocate capacity among their users, including us, could adversely affect the experience of our users. Our third-party service providers could decide to close their facilities without adequate notice. Any financial difficulties, such as bankruptcy or reorganization, faced by our third-party service providers or any of the service providers with whom they contract may have negative effects on our business, the nature and extent of which are difficult to predict. If our third-party service providers are unable to keep up with our growing needs for capacity, this could have an adverse effect on our business, results of operations, financial condition and prospects. Any errors, defects, disruptions or other performance problems with our services could harm our reputation and may have a material adverse effect on our business, results of operations, financial condition and prospects.

We rely on information technology to operate our business and maintain our competitiveness, and any failure to invest in and adapt to technological developments and industry trends could harm our business.

We depend on the use of sophisticated information technologies and systems, including technology and systems used for websites and apps, customer service, supplier connectivity, communications, fraud detection and administration. As our operations grow in size, scope and complexity, we need to continuously improve and upgrade our systems and infrastructure to offer an increasing number of user-enhanced services, features and functionalities, while maintaining or improving the reliability and integrity of our systems and infrastructure. In addition, we may not be able to maintain our existing systems or replace or introduce new technologies and systems as quickly as we would like or need in a cost-effective manner. If these changes result in our infrastructure being unreliable or if they do not result in the benefits we anticipate, our business, results of operations, financial condition and prospects could be adversely affected.

Our brand is subject to reputational risks and impairment.

We have developed our trivago brand through extensive marketing campaigns, website promotions, customer referrals and the use of a dedicated sales force. We cannot guarantee that our brand will not be damaged by circumstances that are outside our control or by third parties, such as hackers, or interfaces with their clients, such as subcontractors' employees or sales forces, with a resulting negative impact on our activities. For example, we may be subject to negative press accounts or other negative publicity regarding our product, brand or business practices, which may, among other things, cause us reputational harm. Such negative publicity may become more prevalent as a result of announced or future regulatory investigations or litigation relating to practices in our marketplace and related online travel-related market segments. We believe this occurred when the Australian Federal Court issued a judgment finding that we had engaged in conduct in breach of the Australian Consumer Law. Social media's reach may magnify any negative publicity and messages can "go viral" necessitating effective crisis response in real time. A failure on our part to protect our image, reputation and the brand under which we market our products and services may have a material adverse effect on our business, results of operations, financial condition and prospects.

We are subject to risks associated with a corporate culture that promotes entrepreneurialism among our employees and continuous learning.

We have delegated considerable operational autonomy and responsibility to our employees, including allowing our employees flexible working hours that allow them to determine when, where and for how long they work. We also often make changes to our internal organizational structure to support operational autonomy and individual advancement. As a consequence, people in key positions may have less experience in the relevant operational areas. As our employees have significant autonomy and may lack experience when performing new operational roles, this could result in poor decision-making. We have also implemented remote working for our employees since the COVID-19 pandemic but have since limited the number of days that employees may work remotely. Our competitors may offer more operational autonomy and flexibility in regard to remote work, which may, in turn, make it difficult for us to retain and motivate our employees. The realization of any of these risks could have a material adverse effect on our business, results of operations, financial condition and prospects.

Integration of acquired assets and businesses could result in operating difficulties and other harmful consequences.

We have made small strategic acquisitions in the past. We expect to continue to evaluate a wide array of potential strategic transactions. We could enter into transactions that could be material to our financial condition and results of operations. The process of integrating an acquired company, business or technology may create unforeseen operating difficulties and expenditures. The areas where we face risks in respect of acquisitions include:

- diversion of management time and focus from operating our business to acquisition diligence, negotiation and closing processes, as well as post-closing integration challenges;
- implementation or remediation of controls, procedures and policies at the acquired company;
- coordination of product, engineering and sales and marketing functions;
- retention of key employees from the businesses we acquire;
- responsibility for liabilities or obligations associated with activities of the acquired company before the acquisition;
- litigation or other claims in connection with the acquired company; and
- in the case of foreign acquisitions, the need to integrate operations across different geographies, cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries.

Furthermore, companies that we have acquired, and that we may acquire in the future, may employ security and networking standards at levels we find unsatisfactory. The process of enhancing infrastructure to improve security and network standards may be time-consuming and expensive and may require resources and expertise that are difficult to obtain. Acquisitions could also increase the number of potential vulnerabilities and could cause delays in detection of a security breach, or the timeliness of recovery from a breach. Failure to adequately protect against attacks or intrusions could expose us to security breaches of, among other things, personal user data and credit card information that may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our failure to address these risks or other problems encountered in connection with our past or future acquisitions and investments could delay or eliminate any anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and may have a material adverse effect on our business, results of operations, financial condition and prospects.

4.2.5. Risks related to our ongoing relationship with our shareholders

Expedia Group controls our company and has the ability to control the direction of our business.

As of December 31, 2022, Expedia Group owned Class B shares representing 61.2% of our issued share capital and 84.3% of the voting power in us. As long as Expedia Group owns a majority of the voting power in us, Expedia Group will be able to control many corporate actions that require a shareholder vote.

This voting control limits the ability of other shareholders to influence corporate matters and, as a result, we may take actions that shareholders other than Expedia Group do not view as beneficial. This voting control may also discourage transactions involving a change of control of our company, including transactions in which you as a holder of ADSs (representing our Class A shares) might otherwise receive a premium for your shares. Furthermore, Expedia Group generally has the right at any time to sell or otherwise dispose of any Class A shares and Class B shares that it owns, including the ability to transfer a controlling interest in us to a third party, without the approval of the holders of our Class A shares and without providing for the purchase of Class A shares.

Expedia Group's interests may conflict with our interests, the interests of the Founders and the interests of our shareholders, and conflicts of interest among Expedia Group, the Founders and us could be resolved in a manner unfavorable to us and our shareholders.

Various conflicts of interest among us, the Founders and Expedia Group could arise. Ownership interests of directors or officers of Expedia Group in our shares, and ownership interests of members of our management board and supervisory board in the stock of Expedia Group, or a person's service as either a director or officer of both companies, could create or appear to create potential conflicts of interest, including when those directors and officers are faced with decisions relating to our company. In recent years, Expedia Group, and brands affiliated with it, consistently accounted for a substantial portion of our revenue

Potential conflicts of interest could also arise if we decide to enter into any new commercial arrangements with Expedia Group's businesses in the future or in connection with Expedia Group's desire to enter into new commercial arrangements with third parties. Expedia Group has the right to separately pursue acquisitions of businesses that we may also be interested in acquiring, or companies that may directly compete with us. Expedia Group may choose to pursue these corporate opportunities directly rather than through trivago.

Furthermore, disputes may arise between Expedia Group and us relating to our past and ongoing relationships, and these potential conflicts of interest may make it more difficult for us to favorably resolve such disputes, including those related to:

- tax, employee benefit, indemnification and other matters;
- the nature, quality and pricing of services Expedia Group agrees to provide to us;
- sales, other disposals, purchases or other acquisitions by Expedia Group of shares in us (including when our share price is lower than in comparable prior periods); and
- business combinations involving us.

We may not be able to resolve any potential conflicts, and even if we do, the resolution may be less favorable to us than if we were dealing with an unaffiliated party. While we are controlled by Expedia Group, we may not have the leverage to negotiate amendments to these agreements, if required, on terms as favorable to us as those we would negotiate directly with an unaffiliated third party.

4.2.6. Risks related to ownership of our Class A shares and ADSs

You may not be able to exercise your right to vote the Class A shares underlying your ADSs.

Holders of ADSs may exercise voting rights with respect to the Class A shares represented by their ADSs only in accordance with the provisions of the deposit agreement. The deposit agreement provides that, upon receipt of notice of any meeting of holders of our Class A shares, including any general meeting of our shareholders, the depositary will, as soon as practicable thereafter, fix a record date for the determination of ADS holders who shall be entitled to give instructions for the exercise of voting rights. Upon timely receipt of notice from us, the depositary shall distribute to the holders as of the record date (i) the notice of the meeting or solicitation of consent or proxy sent by us, (ii) a statement that such holder will be entitled to give the depositary instructions and a statement that such holder may be deemed, if the depositary has appointed a proxy bank as set forth in the deposit agreement, to have instructed the depositary to give a proxy to the proxy bank to vote the Class A shares underlying the ADSs in accordance with the recommendations of the proxy bank and (iii) a statement as to the manner in which instructions may be given by the holders.

You may instruct the depositary of your ADSs to vote the Class A shares underlying your ADSs. Otherwise, you will not be able to exercise your right to vote unless you withdraw our Class A shares underlying the ADSs you hold. However, you may not know about the meeting far enough in advance to withdraw those Class A shares. The depositary, upon timely notice from us, will notify you of the upcoming vote and arrange to deliver voting materials to you. We cannot guarantee that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the Class A shares underlying your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote, and there may be nothing you can do if the Class A shares underlying your ADSs are not voted as you had requested.

Under the deposit agreement for the ADSs, we may choose to appoint a proxy bank. In this event, the depositary will be deemed to have been instructed to give a proxy to the proxy bank to vote the Class A shares underlying your ADSs at shareholders' meetings if you do not vote in a timely fashion and in the manner specified by the depositary.

The effect of this proxy is that you cannot prevent the Class A shares representing your ADSs from being voted, and it may make it more difficult for shareholders to exercise influence over our company, which could adversely affect your interests. Direct holders of our Class A shares are not subject to this proxy.

You may not receive distributions on the Class A shares represented by our ADSs or any value for them if it is illegal or impractical to make them available to holders of ADSs.

The depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our Class A shares after deducting its fees and expenses. You will receive these distributions in proportion to the number of our Class A shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. We have no obligation to take any other action to permit the distribution to any holders of our ADSs or Class A shares. This means that you may not receive the distributions we make on our Class A shares or any value from them if it is illegal or impractical for us to make them available to you. These restrictions may have a material adverse effect on the value of your ADSs.

You may be subject to limitations on the transfer of your ADSs.

Your ADSs, which may be evidenced by American Depositary Receipts, are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may refuse to deliver, transfer or register transfers of your ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary think it is advisable to do so because of any requirement of law, government or governmental body, or under any provision of the deposit agreement, or for any other reason.

We do not expect to pay any dividends for the foreseeable future.

The continued operation of, and strategic initiatives for, our business will require substantial cash. Accordingly, we do not anticipate that we will pay any dividends on our ADSs for the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our management board and will depend upon our results of operations, financial condition, contractual restrictions relating to indebtedness we may incur, restrictions imposed by applicable law and other factors our management board deems relevant.

4.2.7. Risks related to our corporate structure

The rights of shareholders in companies subject to Dutch corporate law differ in material respects from the rights of shareholders of corporations incorporated in the United States.

We are a Dutch public company with limited liability (*naamloze vennootschap*). Our corporate affairs are governed by our articles of association and by the laws governing companies incorporated in the Netherlands. The rights of shareholders and the responsibilities of members of our management board and supervisory board may be different from the rights and obligations of shareholders in companies governed by the laws of U.S. jurisdictions. In the performance of their duties, our management board and supervisory board are required by Dutch law to consider the interests of our company, its shareholders, its employees and other stakeholders. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a holder of ADSs representing our Class A shares.

We are not obligated to and do not comply with all the best practice provisions of the Dutch Corporate Governance Code (or the DCGC). This may affect your rights as a shareholder.

We are a Dutch public company with limited liability (*naamloze vennootschap*) and are subject to the DCGC. The DCGC contains both principles and best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. The DCGC applies to all Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere, including Nasdaq.

The DCGC is based on a “comply or explain” principle. Accordingly, companies are required to disclose in their annual reports filed in the Netherlands whether they comply with the provisions of the DCGC. If they do not comply with those provisions (e.g., because of a conflicting U.S. requirement), the company is required to give the reasons for such non-compliance. We do not comply with all the best practice provisions of the DCGC. This may affect your rights as a shareholder and you may not have the same level of protection as a shareholder in a Dutch company that fully complies with the DCGC. For more information on the DCGC and our compliance therewith, see section *5.1 Dutch Corporate Governance Code*.

Our dual-class share structure with different voting rights limit your ability as a holder of Class A shares to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A shares may view as beneficial.

We have a dual-class share structure such that our share capital consists of Class A shares and Class B shares. In respect of matters requiring the votes of shareholders, based on our dual-class share structure, holders of Class A shares are entitled to one vote per share, while holders of Class B shares are entitled to ten votes per share. Each Class B share is convertible into one Class A share at any time by the holder thereof, while Class A shares are not convertible into Class B shares under any circumstances. Each of our ADSs represents one Class A share.

As of December 31, 2022, Expedia Group owned Class B shares representing 61.2% of our share capital and 84.3% of the voting power in us, and the Founders owned Class B shares representing 8.3% of our share capital and 11.5% of the voting power in us due to the disparate voting powers associated with our dual-class share structure. The Founders also hold Class A shares representing approximately 7.3% of our share capital. As a result of the dual-class share structure and the concentration of ownership, Expedia Group has considerable influence over matters such as decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, appointment and dismissal of management board members and supervisory board members and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving the holders of ADSs (representing Class A shares) of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our Class A shares. This concentrated control limits your ability to influence corporate matters that holders of Class A shares may view as beneficial.

German and European insolvency laws are substantially different from U.S. insolvency laws and may offer our shareholders less protection than they would have under U.S. insolvency laws.

As a company with its registered office in Germany, we are subject to German insolvency laws in the event any insolvency proceedings are initiated against us including, among other things, directive (EU) 2019/1023 of the European Parliament and of the Council of June 20, 2019 on insolvency proceedings). Should courts in another

EU jurisdiction determine that the insolvency laws of that EU jurisdiction apply to us in accordance with and subject to such EU regulations, the courts in that country could have jurisdiction over the insolvency proceedings initiated against us. Insolvency laws in Germany or the relevant other European country, if any, may offer our shareholders less protection than they would have under U.S. insolvency laws and make it more difficult for them to recover the amount they could expect to recover in a liquidation under U.S. insolvency laws.

Dutch law and our articles of association may contain provisions that may discourage a takeover attempt.

Dutch law and provisions of our articles of association may in the future impose various procedural and other requirements that would make it more difficult for shareholders to effect certain corporate actions and would make it more difficult for a third party to acquire control of us or to effect a change in the composition of our management board and supervisory board. For example, such provisions include our dual-class share structure that gives greater voting power to the Class B shares owned by Expedia Group and our Founders, the binding nomination structure for the appointment of our management board members and supervisory board members, and the provision in our articles of association which provides that certain shareholder decisions can only be passed if proposed by our management board. Moreover, our management board, with the approval of our supervisory board, can invoke a cooling-off period of up to 250 days when shareholders, using their right to have items added to the agenda for a general meeting or their right to request a general meeting, propose an agenda item for our general meeting to dismiss, suspend or appoint one or more managing directors or supervisory directors (or to amend any provision in our articles of association dealing with those matters) or when a public offer for our company is made or announced without our support, provided, in each case, that our management board believes that such proposal or offer materially conflicts with the interests of trivago and its business. During a cooling-off period, our general meeting cannot dismiss, suspend or appoint managing directors and supervisory directors (or amend the provisions in our articles of association dealing with those matters) except at the proposal of our management board.

U.S. investors may have difficulty enforcing civil liabilities against us or members of our management board and supervisory board.

We are organized and existing under the laws of the Netherlands, and, as such, under Dutch private international law rules the rights of our shareholders and the civil liability of our directors and executive officers are governed in certain respects by the laws of the Netherlands. Most members of our management board and supervisory board are non-residents of the United States. The ability of our shareholders in certain countries other than the Netherlands to bring an action against us, our directors and executive officers may be limited under applicable law. In addition, substantially all of our assets are located outside the United States.

As a result, it may not be possible for shareholders to effect service of process within the United States upon us or our directors and executive officers or to enforce judgments against us or them in U.S. courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. In addition, it is not clear whether a Dutch court would impose civil liability on us or any of our directors and executive officers in an original action based solely upon the federal securities laws of the United States brought in a court of competent jurisdiction in the Netherlands.

As of the date of this annual report, there is no treaty in effect between the United States and the Netherlands providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. It is noted that, as of the date of this board report, the Hague Convention on Choice of Court Agreements of 30 June 2005 has entered into force for the Netherlands, but has not entered into force for the United States. The Hague Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters has not entered into force for either the Netherlands or the United States. Accordingly, a judgment rendered by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not automatically be recognized and enforced by the competent Dutch courts. However, if a person has obtained a judgment rendered by a court in the United States that is enforceable under the laws of the United States and files a claim with the competent Dutch court, the Dutch court will in principle give binding effect to that judgment if (i) the jurisdiction of the United States court was based on a ground of jurisdiction that is generally acceptable according to international standards, (ii) the judgment by the United States court was rendered in legal proceedings that comply with the Dutch standards of proper administration of justice including sufficient safeguards (*behoorlijke rechtspleging*), (iii) binding effect of such judgment is not contrary to Dutch public order (*openbare orde*) and (iv) the judgment by the United States court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for recognition in the Netherlands. However, even if such a United States judgment is given binding effect, a claim based on that judgment may still be rejected if that judgment is not or no longer formally enforceable.

Based on the lack of a treaty as described above, U.S. investors may not be able to enforce against us or our directors, representatives or certain experts named herein who are residents of the Netherlands or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws.

We rely on the foreign private issuer and controlled company exemptions from certain corporate governance requirements under Nasdaq rules.

As a foreign private issuer whose ADSs are listed on Nasdaq, we are permitted to follow certain home country corporate governance practices pursuant to exemptions under Nasdaq rules. A foreign private issuer must disclose in its annual reports filed with the SEC each requirement under Nasdaq rules with which it does not comply, followed by a description of its applicable home country practice. Our Dutch home country practices may afford less protection to holders of our ADSs. We follow in certain cases our home country practices and rely on certain exemptions provided by Nasdaq rules to foreign private issuers, including, among others, an exemption from the requirement to hold an annual meeting of shareholders no later than one year after an issuer's fiscal year end, exemptions from the requirement that a board of directors be comprised of a majority of independent directors, exemptions from the requirements that an issuer's compensation committee should be comprised solely of independent directors, and exemptions from the requirement that share incentive plans be approved by shareholders. See section *5. Corporate Governance* for more information on the significant differences between our corporate governance practices and those followed by U.S. companies under Nasdaq rules. As a result of our reliance on the corporate governance exemptions available to foreign private issuers, you will not have the same protection afforded to shareholders of companies that are subject to all of Nasdaq's corporate governance requirements.

In addition to the exemptions we rely on as a foreign private issuer, we also rely on the "controlled company" exemption under Nasdaq corporate governance rules. A "controlled company" under Nasdaq corporate governance rules is a company of which more than 50% of the voting power is held by an individual, group or another company. Our principal shareholder, Expedia Group, controls a majority of the combined voting power of our outstanding shares, making us a "controlled company" within the meaning of Nasdaq corporate governance rules. As a controlled company, we have elected not to comply with certain corporate governance standards, including the requirement that a majority of our supervisory board members are independent and the requirement that our compensation committee consist entirely of independent directors.

4.2.8. Risks related to taxation

We may become taxable in a jurisdiction other than Germany, and this may increase the aggregate tax burden on us.

Since our incorporation, we have had, on a continuous basis, our place of effective management in Germany. Therefore, we believe that we are a tax resident of Germany under German national tax laws. As an entity incorporated under Dutch law, however, we also qualify as a tax resident of the Netherlands under Dutch national tax laws. However, given that substantially all of our operations (along with all employees, management board members and fixed assets) are in Germany, based on current tax laws of the United States, Germany and the Netherlands, as well as applicable income tax treaties, and current interpretations thereof, we believe that we are tax resident solely in Germany for the purposes of the 2012 convention between the Federal Republic of Germany and the Netherlands for the avoidance of double taxation with respect to taxes on income.

The applicable tax laws, tax treaties or interpretations thereof may change. Furthermore, whether we have our place of effective management in Germany and are as such wholly tax resident in Germany is largely a question of fact and degree based on all the circumstances, rather than a question of law, which facts and degree may also change. Changes to applicable tax laws, tax treaties or interpretations thereof and changes to applicable facts and circumstances (e.g., a change of board members or the place where board meetings take place), or changes to applicable income tax treaties, including a change to MLI tie-breaker reservation, may result in our also becoming a tax resident of the Netherlands or another jurisdiction (other than Germany), potentially also triggering an exit tax liability in Germany or the Netherlands. As a consequence, our overall effective income tax rate and income tax expense could materially increase, which could have a material adverse effect on our business, results of operations, financial condition and prospects, which could cause our ADS price and trading volume to decline.

Application of existing tax laws, rules or regulations are subject to interpretation by taxing authorities.

The application of various national and international income and non-income tax laws, rules and regulations to our historical and new services is subject to interpretation by the applicable taxing authorities. These taxing authorities have become more aggressive in their interpretation and enforcement of such laws, rules and regulations over time, as governments are increasingly focused on ways to increase revenue. This has contributed to an increase in the audit activity and harsher stances taken by tax authorities. As such, additional taxes or other assessments may be in excess of our current tax reserves or may require us to modify our business practices to reduce our exposure to additional taxes going forward, any of which may have a material adverse effect on our business, results of operations, financial condition and prospects.

Significant degrees of judgment and estimation are required in determining our worldwide tax liabilities. In the ordinary course of our business, there are transactions and calculations, including intercompany transactions and cross-jurisdictional transfer pricing for which the ultimate tax determination is uncertain or otherwise subject to interpretation. Tax authorities may disagree with our intercompany charges, including the amount of or basis for such charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. Although we believe our tax estimates are reasonable, the final determination of tax audits could be materially different from our historical income tax provisions and accruals in which case we may be subject to additional tax liabilities, possibly including interest and penalties, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Amendments to existing tax laws, rules or regulations or enactment of new unfavorable tax laws, rules or regulations could have an adverse effect on our business and financial performance.

Many of the underlying laws, rules or regulations imposing taxes and other obligations were established before the growth of the digital economy. If the tax or other laws, rules or regulations were amended, or if new unfavorable laws, rules or regulations were enacted, the results could increase our tax payments or other obligations, prospectively or retrospectively, subject us to interest and penalties, decrease the demand for our services if we pass on such costs to the user, result in increased costs to update or expand our technical or administrative infrastructure or effectively limit the scope of our business activities if we decided not to conduct business in particular jurisdictions. As a result, these changes may have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, in the past, Germany and foreign governments have introduced proposals for tax legislation, or have adopted tax laws, that could have a significant adverse effect on our tax rate, or increase our tax liabilities, the carrying value of deferred tax assets, or our deferred tax liabilities. For example, pursuant to the release of “base erosion and profit shifting” (BEPS) final Action Plans, and its implementation through the MLI, several countries including the countries in which we operate, have begun implementing the adopted MLI positions. Further, the OECD's work on a two pillar solution to address the tax challenges arising from the digitalization of the economy is expected to result in new legislation in various countries. Several countries have unilaterally adopted digital services taxes or other similar taxes, while some other countries may adopt such taxes in the future. Such ongoing developments and other new initiatives could result, depending on how they are ultimately implemented, in incremental taxes, and thus may adversely impact our business, results of operations, financial condition and prospects.

We are constantly exploring changes to our business structures to support our operations while managing operational and financial risk for ourselves and our shareholders and to make our services more financially attractive to our customers. Though these changes would be undertaken to manage operational and financial risk, we may experience unanticipated material tax liabilities which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our effective tax rate in the future could also be adversely affected by changes to our operating structure, changes in the mix of earnings in countries with differing statutory tax rates, or changes in the deferred tax assets and liabilities position.

We may be classified as a passive foreign investment company, or PFIC, which could result in adverse U.S. federal income tax consequences to U.S. Holders of the ADSs.

Based on the market price of our ADSs and the composition of our income, assets and operations, we do not believe that we should be treated as a PFIC for U.S. federal income tax purposes for the taxable year ended December 31, 2022. However, the application of the PFIC rules to us is subject to certain ambiguity. In addition, this is a factual determination that must be made annually after the close of each taxable year based on the composition of our income and assets as well as the trading price of our ADSs. Because the value of our assets, including goodwill, for purposes of the asset test may be determined by reference to the market price of our

ADSs, fluctuations in the market price of the ADSs may cause us to become a PFIC. Therefore, there can be no assurance that we will not be classified as a PFIC for any future taxable year. We would be classified as a PFIC if, after the application of certain look-through rules, either: (1) 75% or more of our gross income for such year is "passive income" (as defined in the relevant provisions of the Internal Revenue Code of 1986, as amended), or (2) 50% or more of the value of our assets (determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. Certain adverse U.S. federal income tax consequences could apply to a U.S. Holder if we are treated as a PFIC for any taxable year during which such U.S. Holder holds ADSs.

Certain of our ADS holders may be unable to claim tax credits to reduce German withholding tax applicable to the payment of dividends.

We do not anticipate paying dividends on our ADSs for the foreseeable future. As a Dutch-incorporated but German tax resident company, however, if we pay dividends, such dividends will be subject to German (and potentially Dutch) withholding tax. Currently, the applicable German withholding tax rate is 26.375% of the gross dividend. This German tax can be reduced to the applicable double tax treaty rate, however, by an application filed by the tax payer for a specific German tax certificate with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*). If a tax certificate cannot be delivered to the ADS holder due to applicable settlement mechanics or lack of information regarding the ADS holder, holders of the shares or ADSs of a German tax resident company may be unable to benefit from any available double tax treaty relief while they may be unable to file for a credit of such withholding tax in its jurisdiction of residence. Further, the payment made to the ADS holder equal to the net dividend may, under the tax law applicable to the ADS holder, qualify as taxable income that is in turn subject to tax, which could mean that a dividend is effectively taxed twice. Our ADSs have been issued by a depositary with a direct link to the U.S. Depository Trust Company, or DTC, which should reduce the risk that the applicable German withholding tax certificate cannot be delivered to the ADS holder. However, there can be no guarantee that the information delivery requirement can be satisfied in all cases, which could result in adverse tax consequences for affected ADS holders.

Investors should note that the interpretation circular (*Besteuerung von American Depositary Receipts (ADR) auf inländische Aktien*) issued by the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) dated May 24, 2013 (reference number IV C 1-S2204/12/10003), or ADR Tax Circular, is not binding for German courts and it is not clear whether or not a German tax court will follow the ADR Tax Circular in determining the German tax treatment of our specific ADSs. Further concerns regarding the applicability of the ADR Tax Circular may arise due to the fact that the ADR Tax Circular refers only to German stock and not to shares in a Dutch N.V. If the ADSs are determined not to fall within the scope of application of the ADR Tax Circular, and thus profit distributions made with respect to the ADSs are not treated as a dividend for German tax purposes, the ADS holder would not be entitled to a refund of any taxes withheld on the dividends under German tax law.

If we ever pay dividends, we may need to withhold tax on such dividends payable to holders of our ADSs in both Germany and the Netherlands.

We do not intend to pay any dividends to holders of ADSs. However, if we do pay dividends, we may need to withhold tax on such dividends both in Germany and the Netherlands. As an entity incorporated under Dutch law, any dividends distributed by us are subject to Dutch dividend withholding tax on the basis of Dutch domestic law. However, on the basis of the double tax treaty between Germany and the Netherlands, the Netherlands will be restricted in imposing these taxes if we continue to be a tax resident of Germany and our place of effective management is in Germany. However, Dutch dividend withholding tax is still required to be withheld from dividends if and when paid to Dutch resident holders of our ADSs (and non-Dutch resident holders of our ADSs that have a permanent establishment in the Netherlands to which their shareholding is attributable). As a result, upon a payment (or deemed payment) of dividends, we will be required to identify our shareholders and/or ADS holders in order to assess whether there are Dutch residents (or non-Dutch residents with a permanent establishment in the Netherlands to which the shares are attributable) in respect of which Dutch dividend tax has to be withheld. Such identification may not always be possible in practice. If the identity of our shareholders and/or ADS holders cannot be determined, withholding of both German and Dutch dividend tax from such dividend may occur upon a payment of dividends.

Furthermore, the withholding tax restriction referred to above is based on the current reservation of Germany under the MLI with respect to the dual resident entities. If Germany changes its MLI reservation on Article 4 of the MLI, we may not be entitled to any benefits of the double tax treaty between Germany and the Netherlands, including the withholding tax restriction, as long as Germany and the Netherlands do not reach an agreement on our tax residency for purposes of the double tax treaty between Germany and the Netherlands, except to the extent and in such manner as may be agreed upon by the authorities. As a result, any dividends distributed by us during the period till when no such agreement has been reached between Germany and the Netherlands, may be subject to withholding tax both in Germany and the Netherlands.

In addition, a proposed law is currently pending before the Dutch parliament, namely the Emergency act conditional exit dividend tax (*Spoedwet conditionele eindafrekening dividendbelasting*) which would, if enacted, impose, possibly with retroactive effect, a dividend withholding (exit) tax on certain deemed distributions if we cease to be a Dutch tax resident and become a tax resident of a jurisdiction that is not a member of the EU or the EEA, when such jurisdiction does not satisfy certain conditions. In some cases, we would have a right to recover the amount of tax from our shareholders when such shareholder is not entitled to an exemption.

4.2.7. General risk factors

Our share price may be volatile or may decline regardless of our operating performance.

The market price for our ADSs has been, and will likely continue to, be volatile, and there continues to be relatively few ADSs outstanding, resulting in relatively low liquidity in our ADSs. Our results of operations are also subject to material quarterly fluctuations that may affect the volatility of our ADSs. In addition, the market price of our ADSs may fluctuate significantly in response to a number of factors, most of which we cannot control, including:

- actual or anticipated fluctuations in our results of operations;
- variance in our financial performance from the expectations of market analysts or from the financial guidance that we have communicated;
- announcements by us or our competitors of significant business developments, acquisitions or expansion plans;
- changes in the prices of our competitors or those paid to us by our customers;
- our involvement in litigation or regulatory investigations;
- our sale of ADSs or other securities in the future;
- a sale of ADSs by our major shareholders in the future;
- market conditions in our industry;
- changes in key personnel;
- the trading volume of our ADSs;
- changes in the estimation of the future size and growth rate of our markets; and
- general economic and market conditions.

The stock markets, including Nasdaq, have in the past experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many Internet and technology companies.

Future sales and/or issues of our ADSs, or the perception in the public markets that such sales may occur, may depress our ADS price.

Sales of a substantial number of our ADSs in the public market, or the perception that these sales could occur, could adversely affect the price of our ADSs and could impair our ability to raise capital through the sale of additional ADSs. Our Founders continue to hold a significant shareholding in us and have made sales of ADSs in recent years. Our Founders may conduct further significant sales of ADSs in the future. The ADSs are freely tradable without restriction under the Securities Act, except for any of our ADSs that may be held or acquired by our management board members, supervisory board members, executive officers and other affiliates, as that term is defined in the Securities Act or ADSs sold in transactions not subject to the registration requirements of the Securities Act, which will in each case be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

Our Class B shares are convertible into Class A shares, which may be sold subject to certain restrictions in the Amended and Restated Shareholders' Agreement.

In the future, we may also issue our securities in connection with investments or acquisitions. The amount of ADSs issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding ADSs. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to you.

If securities or industry analysts publish inaccurate or unfavorable research about our business, our ADS price could decline.

The trading market for our ADSs depends in part on the research and reports that securities or industry analysts publish about us or our business. If securities or industry analyst coverage results in downgrades of our ADSs or publishes inaccurate or unfavorable research about our business, our ADS price would likely decline.

5. Corporate Governance

5.1. Dutch Corporate Governance Code

The Dutch Corporate Governance Code 2016 ("DCGC") applies to trivago. The text of the DCGC is publicly available on the website of the Monitoring Committee Corporate Governance Code:

http://www.mccg.nl.

We acknowledge the importance of good corporate governance. However, at this stage, we do not comply with all the best practice provisions of the DCGC, to a large extent because such provisions conflict with or are inconsistent with the corporate governance rules of Nasdaq and U.S. securities laws that apply to us, or because such provisions do not reflect best practices of international companies listed on Nasdaq.

The Company's most substantial deviations from the best practice provisions of the DCGC are summarized below. We may deviate from additional best practice provisions in the future.

In order to safeguard independence of the supervisory board, the DCGC recommends that:

i. for each ten percent- shareholder or group of affiliated shareholders, there is at most one supervisory board member who can be considered to be a shareholder representative;

i. there is at most one non-independent supervisory board member who cannot be considered as independent due to circumstances other than being a shareholder representative; and

ii. the total number of non-independent supervisory board members should account for less than half of the total number of supervisory board members.

A majority of our supervisory board members are independent. See section "*5.6 Supervisory Board*". It is our view that given the nature of our business and the practice in our industry and considering our shareholder structure, it is justified that only four supervisory board members will be independent. We may need to deviate from the DCGC's independence definition for supervisory board members either because such provisions conflict with or are inconsistent with the corporate governance rules of Nasdaq and U.S. securities laws that apply to us, or because such provisions do not reflect best practices of global companies listed on Nasdaq. We may need to further deviate from the DCGC's independence definition for supervisory board members when looking for the most suitable candidates. For example, a future supervisory board candidate may have particular knowledge of, or experience in our industry, but may not meet the definition of independence in the DCGC. As such background is very important to the efficacy of our supervisory board, our supervisory board may decide to nominate candidates for appointment who do not fully comply with the criteria as listed under best practice provision 2.1.8 of the DCGC.

- The DCGC recommends that our supervisory board establish a selection and appointment committee. Because we will be a "controlled company" within the meaning of the Nasdaq corporate governance standards, we do not believe that a selection and appointment committee will be beneficial for our governance structure. We will not establish a selection and appointment committee.
- The DCGC further recommends that the compensation committee is not chaired by the chairman of the supervisory board. The chairman of our supervisory board is also the chairman of our compensation committee. Given the chairman's expertise and vision, we consider him to be the best person for the job.
- Consistent with corporate practice for non-executive members of a board in the U.S., the terms of office of our supervisory board members run and end simultaneously. Our supervisory board continuously monitors succession of its members as well as the managing board members. In light of this, we have not drawn up a retirement schedule.
- Under our articles of association (the "Articles"), members of the management board and the supervisory board shall be appointed on the basis of a binding nomination prepared by the supervisory board. This means that the nominee shall be appointed to the management board or supervisory board, as the case may be, unless the general meeting of shareholders (the "General Meeting") strips the binding nature of the nomination (in which case a new nomination shall be prepared for a subsequent General Meeting). Our articles of association will provide that the General Meeting can only pass such resolution by a two thirds majority representing at least half of the issued share capital. However, the DCGC recommends that the general meeting can pass such resolution by simple majority, representing no more than one-third of the issued share capital.
- Under the Articles, members of the management board and the supervisory board can only be dismissed by the General Meeting by simple majority, provided that the supervisory board proposes the dismissal. In other cases, the general meeting can only pass such resolution by a two-thirds majority representing at least half of the issued share capital. Similar to what has been described above, the

DCGC recommends that the General Meeting can pass a resolution to dismiss a member of the management board or supervisory board by simple majority, representing no more than one-third of the issued share capital.

- The DCGC recommends against providing equity awards as part of the compensation of a supervisory board member. However, the company deviates from this recommendation and grants equity awards to its supervisory board members, consistent with corporate practice for non-executive members of a board in the U.S., where the company has its listing.
- The DCGC further recommends that the management board appoints the senior internal auditor and the company secretary, subject to approval by the supervisory board. We have simplified this process as our CFO appoints the senior internal auditor and the company secretary, and allows the audit committee to express its views regarding the proposed senior internal auditor.
- The DCGC recommends that certain aspects need to be taken into consideration when formulating the compensation policy. The Company's current Compensation Policy (established before the current DCGC entered into force) does not take the following aspects into account: (i) pay ratios within the Company, (ii) variable compensation for management board members being based on measurable metrics, (iii) a retention period for shares granted as equity compensation and (iv) options for shares not being exercisable for the first three years after being granted. The reason for the deviation from the recommendations under (i) and (ii) is that our supervisory board has deemed it more suitable to base management board compensation on a qualitative evaluation. The reason for the deviation from the recommendations under (iii) and (iv) is to be consistent with corporate practice for non-executive members of a board in the U.S., where the company has its listing.
- The DCGC further recommends that the compensation report include, among other things, statements on (i) scenario analysis's being performed, (ii) the pay ratios within the company and (iii) the relationship between the variable part of a director's compensation (and the measurable metrics on which the variable compensation is based) on the one hand and the contribution of such compensation to long-term value creation and the underlying performance on the other hand. Although we have been working, also involving a specialized consultant, on a variety of aspects around our compensation program and related disclosure including some of the above, we do not fully comply with the relevant provisions from the DCGC. The main reason for each of (i) through (iii) above, is that our supervisory board has deemed other elements more suitable to base management board compensation and related disclosure on.
- The DCGC suggests that the annual statements of the Company include a (separate) report by the supervisory board. For purposes of consistency with our US annual report, this annual report does not include a separate supervisory report. However, the elements that the DCGC recommends to be covered by the (separate) supervisory board report are covered throughout this annual report, which is signed by each of our supervisory directors.

5.2. Other Codes of Conduct or Corporate Governance Practices

In addition to the DCGC, trivago is subject to and complies with its code of business conduct and ethics. The text of trivago's Code of business conduct and ethics is publicly available on our website:

http://ir.trivago.com/phoenix.zhtml?c=254450&p=irol-govHighlights

We encourage our employees to raise any concerns they may have, whether they related to accounting, auditing or financial reporting issues or actual or alleged violations of law, regulation or our policies through a whistleblower process. As a result, management considers this code to be effective.

5.3 Risk management and control systems

See chapter *4.1 Risk management, risk appetite and control systems* of this report for an overview of the main characteristics of the Company's risk management and control systems relating to the process of financial reporting by the Company and the Company's group companies whose financial information is included in the Consolidated Financial Statements.

5.4. General meeting of shareholders

The General Meeting may be held in Amsterdam, Arnhem, Assen, The Hague, Haarlem, 's-Hertogenbosch, Groningen, Leeuwarden, Lelystad, Maastricht, Middelburg, Rotterdam, Schiphol (Haarlemmermeer), Utrecht or Zwolle, the Netherlands.

The Company must hold at least one General Meeting each year, to be held within six months after the end of our fiscal year. This annual General Meeting shall be called by the management board and/or the supervisory board in accordance with applicable law. In addition, a General Meeting must also be held within three months if our management board has determined it to be likely that the Company's equity has decreased to an amount equal to or lower than half of its paid up and called up capital. If the management board and/or the supervisory board has/have failed to ensure that a General Meeting as referred to in the preceding sentences is held in a timely fashion, each shareholder and other person entitled to attend General Meetings may be authorized by the Dutch court to convene the General Meeting.

Our management board and/or supervisory board may convene extraordinary General Meetings whenever they so decide. One or more shareholders and/or others entitled to attend General Meetings, alone or jointly representing at least 10% of our issued share capital, may on their application, be authorized by the Dutch court to convene a General Meeting. The Dutch court will disallow the application if it does not appear that the applicants have previously requested the management board and the supervisory board to convene a General Meeting and that neither the management board nor the supervisory board has taken the necessary steps so that such General Meeting could be held within six weeks after the request.

General Meetings are convened in the manner and with reference to applicable law and stock exchange requirements, with due observance of a convening notice of at least 15 days, by a notice which includes (i) the subjects to be discussed, (ii) the place and time of the General Meeting, (iii) the procedures for participation in the General Meeting and the exercise of voting rights in person or by proxy, and (iv) such other items as must be included in the notice pursuant to applicable law and stock exchange rules. One or more shareholders and/or others entitled to attend General Meetings, alone or jointly representing at least 3% of the issued share capital, have the right to request the inclusion of additional items on the agenda of General Meetings. Such requests must be made in writing, substantiated and received by us no later than on the 60th day before the day of the relevant General Meeting. No resolutions are to be adopted on items other than those which have been included on the agenda as voting items.

Under the DCGC, shareholders and others entitled to attend General Meetings who wish to exercise their rights to request the convening of a General Meeting or to put matters on the agenda, as discussed above, should first consult the management board. If the envisaged exercise of such rights might result in a change to the Company's strategy, the DCGC allows the management board to invoke a response period of up to 180 days. If invoked, the management board should use such response period for further deliberation and constructive consultation and explore alternatives. This shall be monitored by the supervisory board. The response period may be invoked only once for any given General Meeting and shall not apply (i) in respect of a matter for which a response period has been previously invoked, or (ii) if a shareholder holds at least 75% of the Company's issued share capital as a consequence of a successful public bid.

Shareholders as well as others entitled to attend General Meetings, are entitled, in person or by proxy, to address the General Meeting and, to the extent that they have such right, to vote at the General Meeting, in each case provided that such shareholder or other person has notified the Company of his intention to attend the

General Meeting no later than seven days before the day of the meeting, unless the convening notice indicates otherwise.

Unless otherwise provided for by the management board or applicable law, and regardless of who would be entitled to attend the General Meeting in the absence of a record date as set forth in the applicable provisions of the Dutch Civil Code, persons entitled to attend the General Meeting are those who, on the record date (if determined by the management board), have voting rights and/or meeting rights and have been registered as such in a register designated by the management board for that purpose. The record date (if determined by the management board) must be the 28th day prior to that of the General Meeting concerned.

The Articles do not attribute specific powers to the General Meeting, in addition to those which follow from Dutch law.

5.5. Management Board

Name	Age	Position	Year of initial appointment	Expiration of current term
Johannes Thomas	35	Managing Director and Chief Executive Officer	2023	2023
Matthias Tillmann	39	Managing Director Chief Financial Officer	2020	2023

The following paragraphs set forth biographical information regarding our management board members.

Johannes Thomas currently serves as Managing Director and Chief Executive Officer of trivago. Prior to joining trivago, Mr. Thomas was Managing Director of CoIQ. an investment fund that leverages collective intelligence to make investment decisions. Prior to joining CoIQ, he was Managing Director and Chief Revenue Officer at trivago. Mr. Thomas joined the company in 2011 to build up its Performance Marketing Department and then steered the path of the advertiser relations unit. Mr. Thomas also headed up the Business Operations and Strategy Department for several years, which was responsible for running strategic projects and acquisitions within trivago.

Matthias Tillmann currently serves as Chief Financial Officer of the company and was initially appointed as Managing Director in 2020. He joined trivago in 2016 and has held a variety of leadership responsibilities in the finance department. He co-led the team as Senior Vice President, Head of Corporate Finance and prior to that was Head of Strategy and Investor Relations. Prior to joining trivago, he was a senior investment banker at Deutsche Bank AG. Mr. Tillmann holds a diploma in mathematics and economics from the University of Münster (WWU).

The size and composition of our management board and the combined experience and expertise of its members should reflect the best fit for trivago’s profile and strategy, irrespective of gender. This aim for the best fit, in combination with the availability of qualifying candidates, has resulted in trivago, as of the date of this board report, having a management board in which both members are male.

5.5.1. Changes to our management board

On May 9, 2023, we received the resignation of Axel Hefer as Managing Director and Chief Executive Officer of the company. On the same day, the supervisory board approved his resignation, and elected Johannes Thomas to replace Mr. Hefer as a temporary member of the management board, pending his appointment by the our next general meeting of shareholders. Upon his appointment as temporary member of the management board, Mr. Thomas has all powers and responsibilities of a management board member, as if he had been appointed by the general meeting of shareholders. In addition, the management board designated Jasmine Ezz and Andrej Lehnert as temporary officers and members of the company’s leadership team. The supervisory board intends to nominate Ms. Ezz and Mr. Lehnert for appointment as managing directors by the Company's next general meeting of shareholders.

5.6. Supervisory Board

Name	Age	Gender	Nationality	First appointment	Term of office	Attendance rate SB meetings
Joana Breidenbach	58	F	German	June 30, 2021	2024 AGM	100%
Robert Dzielak	52	M	USA	June 8, 2018	2024 AGM	100%
Eric Hart (Chairman)	47	M	USA	February 25, 2021	2024 AGM	75%
Peter M. Kern	56	M	USA	December 16, 2016	2025 AGM	100%
Hiren Mankodi	50	M	USA	June 28, 2019	2025 AGM	100%
Mieke De Schepper	47	F	Dutch	March 1, 2022	2025 AGM	100%
Niklas Östberg	42	M	Swedish	December 8, 2016	2025 AGM	50%

The following is a brief summary of the business experience of our supervisory board members.

Joana Breidenbach is an internet entrepreneur, author and anthropologist. She is a member of the supervisory board of gut.org gAG, co-founder of the donation platform betterplace.org and founder of the think tank betterplace lab. Ms. Breidenbach holds a PhD degree from the Ludwig Maximilians University in Munich.

Robert J. Dzielak has served as Expedia Group's Chief Legal Officer and Secretary since March 2018, previously serving as its Executive Vice President, General Counsel and Secretary since April 2012. Mr. Dzielak had previously served as Senior Vice President and acting General Counsel since October 2011. Since joining the Expedia Group as Assistant General Counsel in April 2006 and through his service as Vice President and Associate General Counsel between February 2007 and October 2011, Mr. Dzielak held primary responsibility for the worldwide litigation portfolio of Expedia Group and its brands. Prior to joining Expedia Group, Mr. Dzielak was a partner at the law firm of Preston, Gates and Ellis, LLP (now K&L Gates LLP), where his practice focused on commercial and intellectual property litigation. Mr. Dzielak received his J.D. from The John Marshall Law School.

Eric M. Hart currently serves as chairman of the supervisory board of trivago. He most recently served as the Chief Financial Officer of Expedia Group from April 2020 until October 2022, overseeing Expedia Group's accounting, financial reporting and analysis, investor relations, treasury, internal audit, tax, and real estate teams. Mr. Hart served as acting Chief Financial Officer of Expedia Group after the departure of the former Chief Financial Officer in December of 2019. Mr. Hart also served as Expedia Group's Chief Strategy Officer with responsibility for Expedia Group's strategy and business development, as well as global M&A and investments. Prior to assuming the Chief Strategy Officer position, Mr. Hart served as the General Manager of Expedia Group's CarRentals.com brand for nearly three years. Prior to that, he oversaw corporate strategy for the Expedia Group, leading some of Expedia Group's largest acquisitions. Before joining Expedia Group, Mr. Hart spent time as a Vice President at Lake Capital, as a Project Leader at Boston Consulting Group, and as a Consultant at Accenture. Mr. Hart holds a bachelor's degree from Georgia State University and a Master's in Business Administration from University of Chicago Booth School of Business.

Peter M. Kern has been a director of Expedia Group since completion of the IAC/Expedia Group spin-off, has served as Vice Chairman of Expedia Group since June 2018, and has served as Chief Executive Officer of Expedia Group since April 2020. Mr. Kern served on the board of directors of Tribune Media Company from October 2016 through the completion of Tribune Media's merger with Nextstar Media Group, Inc. in September 2019, and served as Tribune Media's Chief Executive Officer from March 2017 through September 2019. Mr. Kern is a Managing Partner of InterMedia Partners VII, LP, a private equity firm. Prior to joining InterMedia, Mr. Kern was Senior Managing Director and Principal of Alpine Capital LLC. Prior to Alpine Capital, Mr. Kern founded Gemini Associates in 1996 and served as President from its inception through its merger with Alpine Capital in 2001. Prior to founding Gemini Associates, Mr. Kern was at the Home Shopping Network and Whittle Communications. Mr. Kern has served as the Chairman of the Supervisory Board of trivago N.V., and currently serves as Chairman of the board of directors of Hemisphere Media Group, Inc., a publicly-traded Spanish-language media company and on the boards of several private companies. Mr. Kern holds a B.S. degree from the Wharton School at the University of Pennsylvania.

Hiren Mankodi currently serves as Managing Director for Charlesbank Capital Partners, leading the firm's technology investing efforts. Previously he was a co-founding partner at Pamplona TMT, a private equity firm focusing on the technology, media and telecom private equity sector. Prior to that, he was a Managing Director at Audax Private Equity where he led the firm's technology investing efforts. He has over 20 years of private equity and venture capital investing experience, including investments in the enterprise software, infrastructure software, digital media, healthcare IT, technology-enabled services, and industrial technology sectors.

Mieke De Schepper currently serves as Chief Commercial Officer of Trustpilot. She previously served as Executive Vice President, Online Travel and Managing Director Asia Pacific, Amadeus IT Group until April 2022.

Before Amadeus, Mieke worked for Expedia Group, where she held the role of Senior Vice President and Chief Commercial Officer of Egencia and as Vice President of Expedia Group’s Lodging Partner Solutions Asia Pacific. Prior to Expedia Group, she spent 10 years with Phillips Electronics having held various global, regional and local leadership roles in product, marketing and sales. She started her professional career with McKinsey. Mieke serves as a member of the Supervisory board of trivago N.V. and JustEat Takeaway.com N.V. Mieke holds an MBA from INSEAD and an MSc in Industrial Design Engineering from the Delft University of Technology.

Niklas Östberg is the co-founder of Delivery Hero SE and has served as its Chief Executive Officer since May 2011. He also served as director of the board until its public offering in July 2017. Prior to this, Mr. Östberg was co-founder and chairman of the board of Online Pizza Norden AB from 2008 and May 2011. Mr. Östberg holds a Master's degree from the Royal Institute of Technology in Stockholm, Sweden.

5.6.1. Changes to our supervisory board in 2022

- On March 1, 2022, Frédéric Mazzella resigned from our supervisory board and audit committee. On the same date, the supervisory board designated Mieke De Schepper as temporary member of our supervisory board, pending her appointment at our general meeting of shareholders scheduled for later in 2022, and appointed her to our audit committee. Upon her designation as temporary member of the supervisory board, Ms. De Schepper has all powers and responsibilities of a supervisory board member, as if she had been appointed at the general meeting of shareholders.
- On September 14, 2022, Peter Kern resigned as chairman of the supervisory board. On the same date, the supervisory board elected Eric Hart, who was initially appointed to the supervisory board in 2021, to replace Mr. Kern as chairman of the supervisory board. Mr. Kern, who was initially appointed as member of the supervisory board in 2016, continues to serve in that capacity.
- On May 9, 2023, we announced that the supervisory board intends to nominate Rolf Schrömgens, a founder of trivago, to the supervisory board at our next general meeting of shareholders.

The following members, including the chairman, of the supervisory board are, given their respective positions within the Expedia Group, materially not independent for purposes of the DCGC: Mr. Kern, Mr. Dzielak and Mr. Hart. For more information on our corporate governance structure, see section *7. Related Party Disclosures*.

The size and composition of our supervisory board and the combined experience and expertise of its members should reflect the best fit for trivago’s profile and strategy, irrespective of gender. This aim for the best fit, in combination with the availability of qualifying candidates, has resulted in trivago, as of the date of this board report, having two female members.

5.7. Diversity Disclosures

The Company is committed to supporting, valuing and leveraging the value of diversity, but also believes that there is a fine line between diversity and unintentional discrimination. For that reason, the importance of diversity, in and of itself, should not set aside the overriding principle that someone should be recommended, nominated and appointed for being "the right person for the job".

The Company believes that it is important for the management board and the supervisory board to represent a diverse composite mix of personal backgrounds, experiences, qualifications, knowledge, abilities and viewpoints. The Company seeks to combine the skills and experience of long-standing members of the management board and the supervisory board with the fresh perspectives, insights, skills and experiences of new members.

To further increase the range of viewpoints, perspectives, talents and experience within the management board and the supervisory board, the Company strives for a mix of ages in the composition of those bodies. With a view to the existing composition of the supervisory board and the term of appointment of its members, the Company targets that over a period of the upcoming four years, the supervisory board shall consist of at least two women and at least two men, with the objective that following the Company's annual general shareholder meeting in 2026, the supervisory board shall consist for at least one-third of women and at least one third of men (in each case rounded up to the nearest integer). Separately, with a view to the existing composition of the management board and the Company's senior management, the Company targets that the management board and the Company's senior management shall consist of at least two women and at least two men.

In order to reach such target, at the time any vacancy within the management board, supervisory board and/or the Company's senior management arises, the Company may take various measures, such as amending the profile for its directors and officers, setting up a transparent recruitment and selection process and/or further develop and explain its policy.

The size and composition of our management board, supervisory board and senior management and the combined experience and expertise of its members should reflect the best fit for the Company's profile and strategy. In order to increase gender diversity, we pay close attention to gender diversity in the process of recruiting and appointing new management and supervisory board candidates as well as new members of senior management, as demonstrated by the nomination by the supervisory board for appointment of Ms. Mieke De Schepper as new member of the supervisory board at the 2022 annual general meeting of shareholders.

The following information was provided by the members of our supervisory board members on a voluntary basis.

Board Diversity Matrix (As of December 31, 2022)

Country of Principal Executive Offices				Germany
Foreign Private Issuer				Yes
Disclosure Prohibited Under Home Country Law				No
Total Number of Directors				7
	Female	Male	Non-Binary	Did not disclose
Part I: Gender Identity				
Directors	2	5	0	0
Part II: Demographic Background				
Underrepresented Individual in Home Country	2			
LGBTQ+	0			
Did Not Disclose Demographic Background	1			

In addition, as of December 31, 2022, there are two men (and no women) serving on the management board, and two men and one woman serving in other senior management positions.

5.8. Activities of and evaluation by the Supervisory Board

Supervisory board

Our supervisory board is responsible for supervising the conduct of and providing advice to our management board and for supervising our business generally, subject to our articles of association and the internal rules of our supervisory board (which we refer to as Supervisory Board Rules). Our supervisory board also has the authority to, at its own initiative, provide our management board with advice and may request any information from our management board that it deems appropriate. In performing its duties, our supervisory board is required to take into account the interests of our business as a whole.

Our supervisory board is comprised of seven members. Pursuant to the Amended and Restated Shareholders' Agreement, four supervisory board members were selected by Expedia Group, and three supervisory board members were selected by the Founders. Each supervisory board member was appointed for a term of three years. On November 1, 2022, we agreed to purchase from Peter Vinnemeier, one of our Founders, 20,000,000 Class A shares, representing 5.5% of our total common shares outstanding, for an aggregate price of €19.3 million (USD $20.0 million). The transaction closed on November 9, 2022, at which time the Founders shareholdings fell below the 15% "Percentage Interest" threshold in the Amended and Restated Shareholders' Agreement required for supervisory board nominations by the Founders. As a result, the Founders are no longer entitled to designate members of our supervisory board for binding nomination. As of the date hereof, the three supervisory board members who had been selected by the Founders continue to serve in that capacity.

Our current supervisory board members were appointed at our general meetings of shareholders upon the binding nomination by our supervisory board. A supervisory board member may, subject to compliance with certain Dutch statutory procedures, be removed with or without cause by a shareholder resolution passed by a majority of at least a two thirds of the votes cast by those present in person or by proxy at a meeting and who are entitled to vote, provided such majority represents more than half of the issued share capital, unless the proposal was made by the supervisory board in which case a simple majority of the votes cast is sufficient.

The supervisory board met four times in 2022 and discussed, among other topics, the impact of the changing economic environment on the Company's strategy, financial condition and prospects and the Company's financial results and public disclosures.

During the fiscal year to which this report relates, the supervisory board has evaluated its own functioning, the functioning of the committees of the supervisory board and that of the individual members of the supervisory board and management board on the basis of self-evaluation form distributed to, and completed by, the managing directors and supervisory directors. As part of these evaluations, the supervisory board has considered (i) substantive aspects, mutual interaction and the interaction between the supervisory board and the management board, (ii) events that occurred in practice from which lessons may be learned and (iii) the desired profile, composition, competencies and expertise of the supervisory board. In addition, the management board has evaluated its own functioning and that of the individual managing directors. These evaluations are intended to facilitate an examination and discussion by the management board and the supervisory board of their effectiveness and areas for improvement. On the basis of these evaluations, the supervisory board has concluded that the management board and the supervisory board are functioning properly.

5.9. Committees

5.9.1. Introduction

Our supervisory board has established two committees: the Audit Committee and a compensation committee (the "**Compensation Committee**").

As at December 31, 2022, the committees were composed as follows:

Name	Compensation Committee (and attendance rate)	Audit committee (and attendance rate)
Hiren Mankodi*	N/A	X (100% attendance)
Niklas Östberg	N/A	X (83% attendance)
Frédéric Mazzella**	N/A	X (50% attendance)
Mieke De Schepper***	N/A	X (100% attendance)
Bob Dzielak****	X (100% attendance)	N/A
Eric Hart	X (80% attendance)	N/A

** Chairman of the Audit Committee.*

*** Ceased to be a member of the Audit Committee on March 1, 2022.*

**** Joined the Audit Committee on March 1, 2022.*

***** Chairman of the Compensation Committee.*

Copies of the committee charters of trivago are available on trivago's website at http://ir.trivago.com/phoenix.zhtml?c=254450&p=irol-govHighlights or in print to shareholders upon request, addressed to trivago N.V.'s Corporate Secretary at Kesselstraße 5 - 7, 40221 Düsseldorf, Germany.

5.9.2. Audit Committee and Audit Committee Financial Expert

The audit committee currently consists of Mr. Mankodi, Ms. De Schepper and Mr. Östberg and assists the supervisory board in overseeing our accounting and financial reporting processes and the audits of our financial statements. Mr. Mankodi serves as chairman of the committee. The audit committee consists exclusively of members of our supervisory board who are financially literate, and Mr. Mankodi is considered an "audit committee financial expert" as defined by the SEC. Our supervisory board has made an affirmative determination that each of our audit committee members is independent under Nasdaq rules and Rule 10A-3 of the Exchange Act. The audit committee is governed by a charter that complies with Nasdaq rules.

The audit committee is responsible for:

- the appointment, compensation, retention and oversight of the work of, and the relationship with, the independent registered public accounting firm;
- the appointment, compensation, retention and oversight of any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit services;
- pre-approving the audit services and non-audit services to be provided by our independent auditor before the auditor is engaged to render such services;
- evaluating the independent auditor's qualifications, performance and independence, and presenting its conclusions to the full supervisory board on at least an annual basis;
- reviewing and discussing with the management board and the independent auditor our annual audited financial statements and quarterly financial statements prior to the filing of the respective annual and quarterly reports;
- reviewing our compliance with laws and regulations, including major legal and regulatory initiatives and also reviewing any major litigation or investigations against us that may have a material impact on our financial statements; and
- approving or ratifying any related person transaction (as defined in our related person transaction policy) in accordance with our related person transaction policy.

The audit committee will meet as often as one or more members of the audit committee deem necessary, but in any event will meet at least four times per year. The audit committee will meet at least once per year with our independent auditor, without members of our management board being present.

During the fiscal year to which this report relates, the Audit Committee met six times in order to carry out its responsibilities. The main items discussed at those meetings included the Company's financial results, public disclosures, internal control over financial reporting, and the status of the annual audit of the company's financial statements.

5.9.3. Compensation Committee

The compensation committee currently consists of Mr. Dzielak and Mr. Hart, and assists the supervisory board in determining the compensation of the management board and the supervisory board, in accordance with the remuneration policy that has been determined by the general meeting of shareholders. Mr. Dzielak serves as chairman of the committee. Under SEC and Nasdaq rules, there are heightened independence standards for members of the compensation committee, including a prohibition against the receipt of any compensation from us other than standard supervisory board member compensation. Pursuant to exemptions from such independence standards as a result of being a controlled company, the members of our compensation committee may not be independent under such standards.

The compensation committee is responsible for:

- recommending each Managing Director’s compensation to the supervisory board and recommending to the supervisory board regarding compensation for supervisory board members;
- identifying, reviewing and approving corporate goals and objectives relevant to management and supervisory board compensation;
- reviewing and approving or making recommendations regarding our incentive compensation and equity-based plans and arrangements;
- reviewing and discussing with management the compensation disclosures to be included in filings and submissions with the SEC;
- preparing an annual compensation committee report; and
- reporting regularly to the supervisory board regarding its activities.

During the fiscal year to which this report relates, the Compensation Committee met five times in order to carry out its responsibilities. The main items discussed at those meetings included the Company's compensation policy, the Omnibus Incentive Plan and executive compensation.

6. Compensation Report

6.1. Compensation policy

Pursuant to Section 2:135(1) DCC, our General Meeting has adopted a compensation policy for our management board members (the "**Compensation Policy**"). The Compensation Policy is designed to:

- attract, retain and motivate management board members with the leadership qualities, skills and experience needed to support and promote the growth and sustainable success of the Company and its business;
- drive strong business performance, promote accountability, give management board members the incentive to achieve short and long-term performance targets with the objective of substantially increasing the Company's equity value;
- assure that the interests of the management board members are closely aligned to those of the Company, its business and its stakeholders; and
- ensure the overall market competitiveness of the compensation packages which may be granted to the management board members, while providing the supervisory board sufficient flexibility to tailor the Company's compensation practices on a case-by-case basis, depending on the market conditions from time to time.

We believe that this approach and philosophy will benefit the realization our long-term objectives while keeping with our risk profile.

The supervisory board is currently not contemplating to propose any change to the Compensation Policy or the implementation thereof in the upcoming fiscal years.

6.1.1. Compensation principles

6.1.1.1. Senior management

The primary objective of our senior management's compensation program is to attract, motivate, reward and retain the managerial talent needed to achieve our business objectives and drive sustainable business performance. We have mandated an external compensation specialist to benchmark our management's compensation, both in terms of their base cash compensation, cash bonus and equity incentive award, against that of the management of similarly situated companies in the United States and Europe including companies with a similar financial profile or those in the same sector (e.g., technology and online travel). Based on the information gathered by the compensation specialist, we increased the base salary of our management in 2022 and also provided equity awards that vest over a longer period of time in order to incentivize retention. The cash and any bonus payments and any equity award compensation are proposed by the CEO to our compensation committee. The proposal is then discussed (and amended, if needed) by the committee. The amount of compensation of the management board and those executives reporting to the CEO is then determined at the discretion of our supervisory board.

6.1.1.2. Employees

We believe in cultivating an inspiring environment where our employees can thrive and feel empowered to do their best. Our aim is to attract intrinsically motivated individuals, and nurture and retain the most capable and driven of them to support our culture of learning, authenticity and entrepreneurship.

Our remuneration policy is designed to attract and retain employees, and reward them for achieving our goals and objectives as a business, and working productively together in line with our corporate culture.

We use an individualized approach to compensation that reflects the value contribution of each employee to our organization. We believe that employees who contribute significantly to our success should receive increased compensation and measures should be taken to retain them, for example through the award of stock options. The unique context of the position profile - in particular in relation to similar roles both at trivago and externally - as well as the scope of responsibilities taken on by that employee are other important factors for the development of employee compensation.

Salaried employees are rewarded on a total rewards basis, which includes fixed income and may include long-term incentive awards, such as stock options or restricted stock units. Compensation is awarded on a fixed rather than variable basis in order to emphasize intrinsic (rather than extrinsic) motivation. We aim to ensure that each employee's compensation is fair and is aligned to the scope and breadth of his or her activities as well as to the value that person creates. At trivago, we generally review our compensation decisions on a yearly basis.

Additionally, we adopted an approach this year to enable a more fluid adjustment of compensation for employees who have been promoted or have had a significant increase in their scope of work. We believe that fairness is created by analyzing compensation at one point in time for all our employees. Rather than negotiating salary increases, we aim to run a fair, objective and merit-based process for compensation decisions.

6.2. Compensation of managing directors

See note 11 in the Notes to the Consolidated Financial Statements (section 9).

6.3. Compensation of supervisory directors

See note 11 in the Notes to the Consolidated Financial Statements (section 9).

7. Related Party Disclosures

For related party transactions that occurred in 2022, see *Note 11 - Related Party Disclosures* in the Notes to the Company Financial Statements (section 10). Best practice provision 2.7.5 of the DCGC, has been observed with regard to such transactions. No transactions of significance in which members of our management board or our supervisory board had a conflict of interest, occurred in 2022.

7.1. Amended and Restated Shareholders' Agreement of trivago N.V.

In connection with our IPO, travel B.V. (which subsequently converted into trivago N.V.), trivago GmbH, the Founders, Expedia Lodging Partner Services S.à.r.l. (ELPS) and certain other Expedia Group parties entered into an amended and restated shareholders' agreement, which we refer to as the Amended and Restated Shareholders' Agreement. On August 22, 2017, the parties thereto amended the Amended and Restated Shareholders' Agreement to make a technical correction to the definition of "Secondary Shares" in the agreement. On February 7, 2019, the parties thereto amended the Amended and Restated Shareholders' Agreement to reflect the change in number of members of the management board and the number of members of the Compensation Committee. On May 18, 2022, the parties entered into a third amendment of the Amended and Restated Shareholders' Agreement, whereby the parties agreed to lower the minimum number of management board members to two.

On November 1, 2022, we agreed to purchase from Peter Vinnemeier, one of our Founders, 20,000,000 Class A shares, representing 5.5% of our total common shares outstanding, for an aggregate price of €19.3 million (USD $20.0 million). The transaction closed on November 9, 2022, at which time, the Founders and their affiliates collectively held less than 15% of the total number outstanding of Class A and Class B shares (the "15% threshold"), including any securities convertible into or exchangeable for, or any option, warrant, or other right to purchase or otherwise acquire, any Class A or Class B share (calculated as if all such securities had been converted, exercised or exchanged), and as a result, the rights and obligations of the Founders under the Amended and Restated Shareholders' Agreement terminated, including the right to designate members of our supervisory board for binding nomination. Pursuant to the terms of the Amended and Restated Shareholders' Agreement, certain provisions in the Amended and Restated Shareholders' Agreement, including certain restrictive covenants, registration rights and transfer restrictions, continue to apply to the Founders.

On November 14, 2022, the parties also executed a joinder, whereby ELPS ultimately transferred its shares to Expedia, Inc., thereby replacing ELPS as a party in the Amended and Restated Shareholders' Agreement.

7.1.1. Agreements regarding the supervisory board

The internal rules of our supervisory board (which we refer to as the "Supervisory Board Rules") provide that our supervisory board be comprised of seven members who will each serve for a three year term. In connection with the shareholdings of the Founders falling below the 15% threshold (see above), the Founders are no longer entitled to designate members of our supervisory board for binding nomination.

The Articles of Association, as well as the Supervisory Board Rules set forth agreements regarding the committees of the supervisory board and the rules of procedure.

Our supervisory board members were appointed by our shareholders acting at a general meeting of shareholders upon a binding nomination by the supervisory board as described in "5. Corporate Governance."

7.1.2. Registration and other rights

Pursuant to the Amended and Restated Shareholders' Agreement, Expedia, Inc. and the Founders continue to have certain demand registration rights, short-form registration rights and piggyback registration rights in respect of any Class A shares and Class B shares, and related indemnification rights from the company, subject to customary restrictions and exceptions. All fees, costs and expenses of registrations, other than underwriting discounts and commissions, are expected to be borne by us.

The Amended and Restated Shareholders' Agreement also grants appropriate information rights to Expedia, Inc. and the Founders. Expedia, Inc. and the Founders also agreed in the Amended and Restated Shareholders' Agreement that certain resolutions of the general meeting of shareholders require the consent of one Founder. These information and consent rights terminated in respect of the Founders upon their shareholdings having fell below the 15% threshold (see above).

7.1.3. Share transfer restrictions

The Amended and Restated Shareholders' Agreement provides certain restrictions on the transferability of the Class A shares and Class B shares held by Expedia, Inc. and the Founders, including prohibitions on transfers by the Founders to our competitors. The Founders have tag-along rights on transfers of Class A or Class B shares to certain specified parties, and based on certain conditions. Expedia, Inc. has the right to drag the Founders in connection with a sale of all of its Class A shares and Class B shares. Expedia and the Founders agreed to grant each other a right of first offer on any transfers of Class A shares or Class B shares to a third party. These transfer restrictions continue to apply to the Founders after their shareholdings fell below the 15% threshold (see above).

7.2. Contribution Agreement

On August 21/22, 2017, the Founders, ELPS, trivago GmbH, trivago N.V. and certain other Expedia Group parties entered into a contribution agreement with respect to potential tax liability arising out of the cross-border merger, which we refer to as the contribution agreement. Following our IPO, we requested binding tax rulings from the German tax authorities regarding the tax neutrality to trivago GmbH, trivago N.V. and the Founders of the cross-border merger. Under the rulings, the German tax authorities have taken the opinion that trivago GmbH is liable for an immaterial tax amount. Under the contribution agreement, ELPS undertook, subject to the occurrence of a final, non-appealable and unchangeable tax assessment notice issued to us, to make an informal immaterial capital contribution (*informele kapitaalstorting*) on the Class B shares in cash in the amount of any (a) German Corporate Income Tax (*Körperschaftsteuer*), (b) German solidarity surcharge (*Solidaritätszuschlag*) thereon, and (c) German Trade Tax (*Gewerbesteuer*) that would not be made in exchange for any shares issued by us. In accordance with the terms and conditions of the contribution agreement, we and ELPS acknowledged that this contribution would be treated as share premium (*agio*) attached to the Class B shares and that the amount of this contribution would be attributed to our share premium reserve (*agioreserve*) attached to the Class B shares. The parties to the contribution agreement agreed that this contribution by ELPS shall be treated as a tax neutral shareholder contribution (*verdeckte Einlage*) at the trivago N.V. level for corporate tax purposes to the greatest extent possible. If and to the extent that German tax authorities challenge the neutral treatment of the contribution amount at the trivago N.V. level for corporate tax purposes, ELPS will contribute to us, in addition to the contribution amount referenced above, such additional amount as is necessary to ensure that the net amount actually received by us (after taking into account the payment by us of corporate taxes imposed on the contribution amount and any additional amounts payable to us pursuant the requiring payment of such additional amounts) that equals the full amount that we would have received had no such corporate taxes been imposed on the contribution amount.

7.3. Services Agreement

On May 1, 2013, we entered into an Asset Purchase Agreement, pursuant to which Expedia Group purchased certain computer hardware and software from us, and a Data Hosting Services Agreement, pursuant to which Expedia Group provides us with certain data hosting services relating to all of the servers we use that are located within the United States. Either party may terminate the Data Hosting Services Agreement upon 30 days' prior written notice. We have not incurred material expenses under this agreement.

7.4. Services and Support Agreement

On September 1, 2016, we entered into a Services and Support Agreement, pursuant to which ELPS agreed to provide us with certain services in connection with localizing content on our websites, such as translation services. Either party may terminate the Services and Support Agreement upon 90 days' prior notice. We have not incurred material expenses under this agreement.

7.5. Commercial relationships

We have commercial relationships with Expedia Group, Inc. and many of its affiliated brands, including Brand Expedia, Hotels.com, Orbitz, Travelocity, Hotwire, Wotif, Vrbo and ebookers. These are arrangements terminable at will or upon fourteen to thirty days' prior notice by either party and on customary commercial terms that enable Expedia Group's brands to advertise on our platform, and we receive payment for users we refer to them. In 2020, we and Expedia Partner Solutions ("EPS") entered into an additional agreement pursuant to which EPS powers our platform with a template (hotels.com for partners). Expedia Group and its brands' related party revenue represented 32%, 25%, and 27% of our total revenue for the years ended December 31, 2022, 2021 and 2020, respectively.

7.6. Agreements with management board or supervisory board members

For a description of our agreements with our management board and supervisory board members, please see section *5.5. Management Board* and *5.6. Supervisory Board*.

7.7. myhotelshop

Subsequent to the deconsolidation of myhotelshop GmbH ("myhotelshop") in December 2017, myhotelshop remained a related party to trivago until January 28, 2021, when we sold our minority interest. Related party revenue for the year ended December 31, 2021 was not significant. Related party revenue of €1.1 million for the year ended December 31, 2020, primarily consists of Referral Revenue.

We sold our minority interest (49%) in myhotelshop for cash consideration of €70 thousand. One of the closing conditions of the agreement was for myhotelshop to repay the outstanding shareholder loan to us. As of December 31, 2020, the outstanding loan and accrued interest of €1.0 million with myhotelshop had been fully repaid. We recognized an impairment loss of €1.1 million for the year ended December 31, 2020 based on the difference between the consideration and the carrying amount of the minority interest. After the sale of myhotelshop closed, we derecognized the remaining equity method investment of €70 thousand as of December 31, 2021. For more information see *Note 9.2. Acquisitions, other investments and divestitures* to the audited consolidated financial statements included elsewhere in this annual report.

7.8. Share purchase

In November 2022, we purchased 20,000,000 Class A shares from Peter Vinnemeier, one of our founders, for €19.3 million (USD $1.00 per share). The purchase of shares was funded from available working capital. For more information see *Note 9.5.7. Equity* to the audited consolidated financial statements included elsewhere in this annual report.

7.9. UBIO Limited

On April 28, 2022, we entered into an investment for a 20.8% (15.5% fully-diluted by share options) ownership interest in UBIO Limited ("UBIO") for €5.9 million. UBIO is a software company that develops robotic automation technology. trivago has the ability to exercise significant influence over UBIO through our representation on UBIO's Board of Directors, where we hold one of five seats. trivago does not have any rights, obligations or any relationships with regards to the other investors of UBIO. Our investment in UBIO is accounted for as an equity method investment. For more information see *Note 9.2. Acquisitions, other investments and divestitures* to the audited consolidated financial statements included elsewhere in this annual report.

On November 28, 2022, we entered into a commercial arrangement with UBIO to increase the number of directly bookable rates available on our website. The services will be provided for a period of 12 months. For the year ended December 31, 2022, our operating expenses include €0.5 million related to this commercial agreement.

7.10. Indemnification agreements

We have entered into indemnification agreements with members of our management board and our supervisory board. Our articles of association require us to indemnify our management board members and supervisory board members to the fullest extent permitted by law.

8. Protective Measures

Dutch law allows Dutch companies to have certain protective measures in place, in order to safeguard the interests of a company, its business and its stakeholders. The Articles include certain provisions that may discourage a potential bidder and may be perceived as protective measures.

- The authorized share capital of the Company includes and the Company has issued class B shares, which are not listed and carry ten votes in the General Meeting each, whereas a class A shares (represented by the Nasdaq listed American Depositary Shares) carry only one vote in the General Meeting each.
- Management board members and supervisory board members can be appointed only pursuant to a binding nomination prepared by the supervisory board. This means that the nominee shall be appointed to the management board or supervisory board, as the case may be, unless the General Meeting strips the binding nature of the nomination, which requires a resolution by a two thirds majority representing at least half of the issued share capital.
- Certain material resolutions can only be adopted by the General Meeting at the proposal of the management board subject to the approval of the supervisory board. These resolutions include the resolutions to issue shares, to exclude preemption rights, to decrease the issued share capital, to amend the Articles, to enter into a merger or demerger or to liquidate the company.

9. trivago N.V.
Consolidated Financial Statements
as of December 31, 2022

trivago N.V.

trivago N.V.
Consolidated Statement of Profit or Loss
for the year ended December 31, 2022

in kEUR, except per share amounts	Notes	2022	2021
Revenue from contracts with customers	4.1	535,005	361,465
Cost of sales	4.2	12,686	11,478
Gross profit		**522,319**	**349,987**
Selling and distribution expenses	4.3	341,628	248,583
Technology and content expenses	4.4	54,133	51,440
General and administrative expenses	4.5	41,054	58,344
Other operating income, net	4.6	(66)	(13,627)
Operating profit/(loss)		**85,570**	**5,247**
Finance expense	4.9	1,738	2,171
Share of loss of an associate		(401)	—
Profit before taxes		**83,431**	**3,076**
Income taxes expense	4.10	31,585	12,443
Profit/(loss) for the year		**51,846**	**(9,367)**
Earnings per share			
Basic, profit for the year attributable to ordinary equity holders of the parent	4.11	0.15	(0.03)
Diluted, profit for the year attributable to ordinary equity holders of the parent	4.11	0.14	(0.03)

trivago N.V.
Consolidated Statement of Other Comprehensive Income or Loss for the year ended December 31, 2022

in kEUR	Notes	2022	2021
Profit/(loss) for the year		**51,846**	**(9,367)**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	1.3	18	32
Other comprehensive income for the year		**18**	**32**
Total comprehensive income/(loss) for the year		**51,864**	**(9,335)**

trivago N.V.
Consolidated Statement of Financial Position as at December 31, 2022

in kEUR	Notes	Year ended December 31, 2022	2021
Property, plant and equipment	5.2	7,657	8,858
Goodwill	5.1	7,092	7,062
Intangible assets	5.1	5,751	7,507
Right-of-use assets	5.9	47,210	46,123
Investment in associates	2.0	5,551	—
Other assets	5.5	2,303	2,884
Deferred tax assets	4.10	—	10,237
Non-current assets		**75,564**	**82,671**
Trade receivables	5.3	23,878	22,346
Trade receivables, related parties	5.4	24,432	16,506
Short-term investments	6.0	45,000	—
Other assets	5.5	11,078	11,821
Income tax receivables	4.10, 5.5	498	3,527
Cash and cash equivalents	5.6	248,584	256,378
Current assets		**353,470**	**310,578**
Assets		**429,034**	**393,249**
Common stock A shares	5.7	7,458	5,802
Common stock B shares	5.7	142,486	157,178
Treasury stock at cost	5.7	(19,960)	—
Other capital reserves	5.7	186,304	158,514
Contribution from Parent	5.7	122,307	122,307
Retained earnings		(115,560)	(167,406)
Other comprehensive income	5.7	97	79
Total stockholder's equity		**323,132**	**276,474**
Lease liabilities	5.9	45,599	45,297
Other liabilities	5.8	217	235
Deferred tax liabilities	4.10	965	—
Non-current liabilities		**46,781**	**45,532**
Lease liabilities	5.9	4,819	2,374
Trade payables	5.8	19,941	14,053
Income tax liabilities	4.10	21,563	13,207
Other liabilities	5.8	12,798	41,609
Current liabilities		**59,121**	**71,243**
Equity and liabilities		**429,034**	**393,249**

trivago N.V.
Consolidated Statement of Changes of Equity
for the year ended December 31, 2022

in kEUR	Notes	Common stock A shares	Common stock B shares	Treasury stock	Other capital reserves	Contribution from Parent	Retained earnings	Accumulated other comprehensive income	Total equity
January 1, 2021		**3,358**	**178,913**	**—**	**119,904**	**122,307**	**(158,039)**	**47**	**266,490**
Profit/(loss) for the year		—	—	—	—	—	(9,367)	—	(9,367)
Other comprehensive income (net of tax)		—	—	—	—	—	—	32	32
Total comprehensive income/(loss)		—	—	—	—	—	(9,367)	32	(9,335)
Share-based compensation expense	8.0	—	—	—	18,049	—	—	—	18,049
Issued capital, options exercised	8.0	270	—	—	1,000	—	—	—	1,270
Conversion of Class B shares	5.7	2,174	(21,735)	—	19,561	—	—	—	—
December 31, 2021		**5,802**	**157,178**	**—**	**158,514**	**122,307**	**(167,406)**	**79**	**276,474**
January 1, 2022		**5,802**	**157,178**	**—**	**158,514**	**122,307**	**(167,406)**	**79**	**276,474**
Profit/(loss) for the year		—	—	—	—	—	51,846	—	51,846
Other comprehensive income (net of tax)		—	—	—	—	—	—	18	18
Total comprehensive income/(loss)		—	—	—	—	—	51,846	18	51,864
Share-based compensation expense	8.0	—	—	—	14,984	—	—	—	14,984
Issued capital, options exercised, net	8.0	187	—	—	(118)	—	—	—	69
Conversion of Class B shares	5.7	1,469	(14,692)	—	13,223	—	—	—	—
Repurchase of common stock	5.7	—	—	(20,259)	—	—	—	—	(20,259)
Reissuance of treasury stock	5.7	—	—	299	(299)	—	—	—	—
December 31, 2022		**7,458**	**142,486**	**(19,960)**	**186,304**	**122,307**	**(115,560)**	**97**	**323,132**

trivago N.V.
Consolidated Statement of Cash Flows
for the year ended December 31, 2022

in kEUR	Notes	2022	2021
Cash flow from operating activities			
Profit/(loss) for the year		51,846	(9,367)
Adjustments to reconcile profit/(loss) to net cash flows:			
Finance expense	4.9	1,739	2,171
Interest income	4.6	(624)	—
Deferred income taxes	4.10	10,237	2,792
Foreign exchange (gain)/loss	7.0	228	(1,554)
Bad debt (recovery)/expense		228	255
Depreciation of property, plant and equipment and right-of-use assets	5.2, 5.9	5,588	7,088
Amortization and impairment of intangible assets	5.1	5,180	5,224
Share-based payment expense	8.0	14,984	18,049
Share of loss of an associate	2.0	401	—
(Gain)/Loss on disposal of property, plant and equipment		(6)	317
Gain from lease termination and modification, net	5.9	(30)	(2,477)
Gain on settlement of asset retirement obligation		—	(5)
		89,771	22,493
Working capital adjustments:			
Change in Accounts receivable, including related party		(9,675)	(25,861)
Change in Other assets		1,559	(272)
Change in Accounts payable		5,292	6,916
Change in Accrued expenses and other liabilities		(29,176)	20,959
Change in Taxes payable/receivable, net		2,541	19,394
		(29,459)	21,136
Income tax paid, net of (refunds)		9,436	(4,848)
Net cash flows from operating activities		**69,748**	**38,781**
Cash flow from investing activities			
Acquisition of business, net of cash acquired	2.0	—	(4,302)
Purchase of property, plant and equipment	5.2	(559)	(608)
Purchase and development of intangible assets	5.1	(3,424)	(3,160)
Proceeds from sales and maturities of investments	6.0	5,000	19,338
Purchase of financial instruments	6.0	(50,000)	(1,351)
Interest received		397	—
Investment in equity-method investees	2.0	(5,951)	—
Proceeds from the sale of property, plant and equipment and intangible assets	5.1, 5.2	17	114
Net cash flows from investing activities		**(54,520)**	**10,031**
Cash flow from financing activities			
Payment of principal portion of lease liability	5.9	(2,252)	(2,235)
Interest paid	5.9	(1,731)	(2,164)
Proceeds from exercise of option awards	8.0	118	1,270
Purchases of treasury stock	5.7	(19,627)	—
Net cash flows from financing activities		**(23,492)**	**(3,129)**
Net foreign exchange difference		470	2,342
Net increase/(decrease) in cash and cash equivalents		**(7,794)**	**48,025**
Cash and cash equivalents at beginning of the period		256,378	208,353
Cash and cash equivalents at end of the period	5.6	**248,584**	**256,378**

Notes to the Consolidated Financial Statements

1. General Information

1.1. Corporate Information

The corporate seat of trivago N.V. (formerly travel B.V.) ("trivago", the "trivago Group," the "Company," "us", "we" and "our") is in Amsterdam, the Netherlands, and the registered office of the Company is at Kesselstraße 5 - 7, 40221 Düsseldorf, Germany. We are registered with the trade register (*handelsregister*) of the Chamber of Commerce (*Kamer van Koophandel*) in the Netherlands under number 67222927.

trivago also prepares financial statements under U.S. GAAP which are included in the consolidated financial statements of the Expedia Group, Inc. (formerly Expedia, Inc.; the "Parent" or "Expedia Group"). During 2013, Expedia Group completed the purchase of a controlling interest in the Company. As of December 31, 2022, Expedia Group's ownership interest and voting interest in trivago N.V. is 61.2% and 84.3%, respectively, and 58.3% and 76.9%, respectively, as of December 31, 2021.

trivago and its subsidiaries offers online meta-search for hotel and accommodation through online travel agencies ("OTAs"), hotel chains and independent hotels. Our search-driven marketplace, delivered on websites and apps, provides users with a tailored search experience via our proprietary matching algorithms. We generally employ a 'cost-per-click' (or "CPC") pricing structure, allowing advertisers to control their own return on investment and the volume of lead traffic we generate for them. Beginning in 2020, we began to offer a 'cost-per-acquisition' (or "CPA") pricing structure, whereby an advertiser pays us a percentage of the booking revenues that ultimately result from a referral.

The Supervisory Board approved the consolidated financial statements of 2022 at its meeting on May 23, 2023.

1.2 Basis of preparation

The consolidated financial statements of trivago Group have been prepared in accordance with International Financial Reporting Standards "IFRS EU" or "IFRS" as issued by the International Accounting Standards Board (IASB) and adopted by the EU and Part 9 of Book 2 Dutch Civil Code.

The financial statements have been prepared on the basis that trivago Group will continue to operate as a going concern.

General presentation

The consolidated financial statements are presented in Euros, the functional and presentation currency of trivago N.V. Unless stated otherwise, all amounts are in millions of Euros (mEUR).

The consolidated statement of financial position is classified using the current/non-current distinction. trivago Group classifies assets as current if they are expected to be realized within twelve months after the end of the reporting period. Liabilities are classified as current if trivago is contractually required or has a constructive obligation to settle them within twelve months after the end of the reporting period.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2022.

The financial statements of all entities included in these consolidated financial statements have been prepared as of the same date as these consolidated financial statements.

As amounts (in mEUR) and percentages have been rounded, rounding differences may occur.

Measurement bases

Assets and liabilities are generally measured on the basis of historical cost. Financial instruments recorded at fair value through profit or loss represent an exception, as they are measured at fair value.

Estimation uncertainty and management judgment

In the preparation of financial statements in accordance with IFRS as adopted in the EU, management exercises judgment in making appropriate estimates and assumptions affecting the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual amounts may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimates and the basis on which assumptions are made are reviewed regularly. Changes in estimates are recognized in the period in which the changes are made as well as in all subsequent periods affected by the changes.

The following significant issues are subject to estimation uncertainty with respect to the application of accounting policies and management judgment:

- identification of cash-generating units and determination of recoverable amounts for purposes of impairment tests of goodwill and non-current assets, (Reference is made to Note 5.1 of the Financial Statements),
- income taxes and the assessment of the recoverability of deferred tax assets (Reference is made to Note 4.10 of the Financial Statements),
- share-based payment (Reference is made to Note 8 of the Financial Statements),
- determining the lease term of contracts with renewal and termination options (Reference is made to Note 9.1.3.6 *Leases* of the Financial Statements).

The COVID-19 pandemic has created and may continue to create significant uncertainty in macroeconomic conditions, which may cause further business disruptions and adversely impact our results of operations. As a result, many of our estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, our estimates may change materially in future periods.

With regard to climate-related matters, the Company constantly monitors the latest government legislation to assess its potential impact on trivago. At the current time, no legislation has been passed that would directly affect our operations. The Company will adjust its key valuation assumptions and sensitivity to changes in assumptions should a change be required in future periods.

1.3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently by all trivago Group entities for all periods presented in these consolidated financial statements.

Consolidation principles

The consolidated financial statements comprise the financial statements of trivago Group and its subsidiaries as at December 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

As at December 31, 2022 the consolidated financial statements of trivago Group include:

Name	Principle activities	Country of incorporation	Equity interest
base7booking.com S.á.r.l. (in liquidation)	Software Development	Switzerland	100 %
base7Germany GmbH	Software Development	Germany	100 %
Stichting trivago Warehousing	Share Foundation	Netherlands	100 %
TGO (Thailand) Ltd. (in liquidation)	Sales and Marketing	Thailand	100 %
trivago Hong Kong Ltd.	Sales and Marketing	Hong Kong	100 %
trivago Hotel Relations GmbH	Sales and Marketing	Germany	100 %
Trivago Hotel Relations Spain S.L.U	Software Development	Spain	100 %
trivago Service B.V.	Corporate Administration	Netherlands	100 %
trivago Services US LLC	Data Hosting Services	United States	100 %
weekengo GmbH	Sales and Marketing	Germany	100 %

As at December 31, 2021 the consolidated financial statements of trivago Group include:

Name	Principle activities	Country of incorporation	Equity interest
base7booking.com S.à.r.l. (in liquidation)	Software Development	Switzerland	100 %
base7Germany GmbH	Software Development	Germany	100 %
Stichting trivago Warehousing	Share Foundation	The Netherlands	100 %
TGO (Thailand) Ltd.	Sales and Marketing	Thailand	100 %
trivago Hong Kong Ltd.	Sales and Marketing	Hong Kong	100 %
trivago Hotel Relations GmbH	Sales and Marketing	Germany	100 %
Trivago Hotel Relations Spain S.L.U	Sales and Marketing	Spain	100 %
trivago Service B.V.	Corporate Administration	The Netherlands	100 %
trivago Services US LLC	Data Hosting Services	United States	100 %
weekengo GmbH	Sales and Marketing	Germany	100 %

trivago Group acquired 100% of weekengo GmbH on January 12, 2021. Refer to *Note 2. Acquisitions, other investments and divestitures* for additional details.

Balances and transactions with consolidated subsidiaries and any related income and expenses are eliminated in full in preparing the consolidated financial statements. Intercompany profits or losses on intra-group transactions and dividends paid within trivago Group are also eliminated in full. Deferred taxes on temporary differences related to the elimination of such balances and transactions are measured at the tax rate of the acquiring entity.

Foreign currency translation

Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is classified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Foreign entities

trivago Group presents its financial statements in Euros, trivago's functional currency. Assets, including goodwill, and liabilities of subsidiaries whose functional currency is not the Euro are translated at the spot rate at the end of the reporting period. The components of equity are translated at historical rates, and items in the consolidated financial profit or loss are translated at the weighted average rate for each reporting period. The resulting translation differences are recognized in OCI and reported in accumulated other comprehensive income. The impact of currency translation recognized in shareholders' equity is reversed to profit or loss when consolidation of the subsidiary ceases.

Items in the consolidated statement of cash flows are translated at the weighted average exchange rate for the period except for cash and cash equivalents, which are translated at the spot rate at the end of the reporting period.

The exchange rates of major currencies developed as follows:

	Closing rate		Average rate	
	12/31/2022	12/31/2021	2022	2021
U.S. dollar	1.0666	1.1326	1.0530	1.1829
British Pound (GBP)	0.8860	0.8407	0.8527	0.8600

Business combination and Goodwill

Business combination are accounted for using the acquisition method. This involves the recognition of all identifiable assets and liabilities of the acquired operation at fair value.

Goodwill arising from a business combination is initially measured at cost, being the excess of the acquisition cost of the operation over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is valued at cost less any accumulated impairment losses. Goodwill is subjected to an impairment test at a (group of) cash-generating units (CGUs) at least once annually or whenever there is any event or change in circumstance which might indicate impairment.

In order to test whether there is any impairment, goodwill acquired in the course of a business combination must be allocated from the date of acquisition to each of the CGUs of the trivago Group which are to profit from the synergy effects of the combination. This does not depend on whether other assets and liabilities of trivago Group are already allocated to these CGUs.

The impairment needs to be determined by comparing the recoverable amount of the CGUs to which goodwill refers with their carrying value. The recoverable amount of an asset or a CGU is the higher of fair value of the asset or CGU less costs of disposal and its value in use. In order to determine the value in use, expected future cash flows are discounted to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the specific risks of the asset. A suitable valuation model is used to determine fair value less costs of disposal. This is based on Discounted Cash Flow models, valuation multiples, quoted prices for publicly traded companies or other available indicators for fair value.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is regarded as impaired and is written down to the recoverable amount. An impairment loss recognized for goodwill may not be reversed in the following reporting periods. trivago Group performs its annual impairment test for goodwill as of September 30.

Intangible assets

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the statement of profit or loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

A summary of the policies applied to trivago Group's intangible assets is as follows:

	Amortization method used	Useful life
Technology	straight line	3
Software and software development costs	straight line	3
Trademarks / internet domains	straight line	5

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when trivago Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in selling and distribution costs, technology and content and general and administrative expenses. During the period of development, the asset is tested for impairment annually.

Property, plant, and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, trivago Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are the profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

A summary of the policies applied to trivago Group’s property, plant and equipment is as follows:

	Amortization method used	Useful life
Computer equipment	straight line	3-8
Furniture and fixtures	straight line	3-8
Leasehold Improvements	straight line	Lesser of useful life or lease term (1 - 20 years)

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases

trivago assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

trivago as a Lessee

trivago applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. trivago Group recognizes lease liabilities for future lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and decommissioning costs.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets, as follows:

Leased asset	Amortization method used	Useful life	Remaining useful life at December 31, 2022
Office space	straight line	Lesser of useful life or lease term	1 - 15 years
Office equipment	straight line	Lesser of useful life or lease term	Less than 1 year

If ownership of the leased asset transfers to trivago Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, trivago Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. trivago determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable
- variable lease payments that depend on an index or a rate
- amounts expected to be paid under residual value guarantees
- the exercise price of a purchase option reasonably certain to be exercised by trivago
- payments of penalties for terminating the lease, if the lease term reflects the trivago Group exercising the option to terminate

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

The company uses its estimated incremental borrowing rate ("IBR") as the discount rate in measuring the present value of lease payments given the rate implicit in our leases is not typically readily determinable. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Estimating the incremental borrowing rate requires assessing a number of inputs including an estimated synthetic credit rating, collateral adjustments and interest rates. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Reference is made to Note 5.9.

Short-term leases and leases of low-value assets

The trivago Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

trivago as a Lessor

Leases in which trivago does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

(i) Recognition and initial measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

(ii) Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade receivables, term deposits, certain current and non-current financial assets, and cash and cash equivalents.

Financial assets at fair value through OCI (debt instruments)

The trivago Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

No financial assets were classified as debt instruments at fair value through OCI in the reporting period.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

No financial assets were classified as equity instruments designated at fair value through OCI in the reporting period.

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for amortized cost or fair value through OCI are measured at fair value through profit or loss. This includes all derivative financial assets. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Provision for expected credit losses of trade receivables and contract assets

The trivago Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). We consider accounts outstanding longer than the contractual payment terms as past due.

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group assesses the correlation between historical observed default rates and forecasted economic conditions. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

Financial liabilities

trivago Group's financial liability mainly compromise trade payables and other liabilities.

Financial liabilities are classified, at initial recognition, into the following categories:

- Financial liabilities at amortized cost;
- Financial liabilities at fair value through profit or loss.

trivago Group determines the classification of its financial liabilities at initial recognition. Where permissible, any reclassifications deemed necessary are performed at the end of the reporting period.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, they are measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

Fair value measurement

In some cases, assets and liabilities are measured either on initial recognition or during subsequent valuations at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by trivago Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

trivago Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1**: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2**: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3**: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

An analysis of fair values of financial instruments and further details on how they are measured are provided in Note *6. Financial instruments.*

Cash and cash equivalents

Our cash and cash equivalents include cash and liquid financial instruments, consisting of money market funds, which are readily accessible mutual funds that invest in high-quality, short-term debt, and time deposit investments, with original maturities of three months or less when purchased.

Short-term investments

Our short-term investments consist of time deposit and term deposit accounts with original maturities of more than three but fewer than 12 months. These investments are initially recognized at fair value and are subsequently measured at amortized cost, as they are held solely to collect contractual cash flows and meet the liquidity requirements of the Company.

Other provisions

Provisions are recognized when trivago Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When trivago Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Share-based payment transactions

Share-based compensation expense relates to stock awards granted in connection with the Omnibus Incentive Plan, as further discussed in Note *8. Share-based Payment Plans.*

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes option pricing model or for awards which contain market-based vesting conditions, the Monte Carlo simulation pricing model. The expected volatility is based on historical volatility of our common stock. The expected term assumptions are based on the terms and conditions of the employee share option agreements, and scheduled exercise windows.

In addition to share options, the Company also grants Restricted Stock Units ("RSUs"), which are stock awards entitling the holder to shares of common stock as the award vests. For RSU awards with only service-based vesting conditions, we measure the fair value based on the quoted price of our common stock at the date of grant. For RSU awards which contain market conditions, we estimate the fair value using the Monte Carlo simulation model.

That cost is recognized in employee benefits expense, together with a corresponding increase in equity, over the period in which the service conditions and, where applicable, the performance conditions are fulfilled (the vesting period). Certain awards granted contain market conditions which vest upon achievement of certain market-based targets, in addition to containing service conditions.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. We recognize the effect of forfeitures in the period that the award was forfeited.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is canceled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The majority of share options and units vest between one and three years and have contractual terms that align with prescribed liquidation windows.

Cash-settled transactions

A liability is recognized for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognized in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

Significant estimates and assumptions for cash-settled transactions

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period.

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of services are transferred to the customer at an amount that reflects the consideration to which the trivago Group expects to be entitled in exchange for those services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Information about the Group's performance obligations are summarized below:

Referral Revenue

We earn Referral Revenue using cost-per-click ("CPC") and cost-per-acquisition ("CPA") models. Both relate to fees earned on the display of a customer‘s (advertiser‘s) link on the trivago website.

CPC revenue is recognized after the traveler makes the click-through to the related advertiser's website. Control is deemed to have transferred at a point in time, being when the link or advertisement has been displayed and the click-through to the customer's website has occurred.

CPA revenue is recognized when the click-through to the related advertiser's website results in a booking, as control is deemed to have transferred at that point in time. We consider the performance obligation to be satisfied when the booking has occurred. The price that an advertiser pays for a click that results in a booking is based on a percentage of the booking revenue.

The prices per click for an advertising campaign, which generally have a duration of one month or less, are negotiated in advance, thus, the amount to be recognized as revenue for the respective click is fixed and determinable when the performance obligation has been satisfied.

Most of trivago Group revenue is invoiced on a monthly basis after the performance obligation has been satisfied with payment terms between 10 to 90 days. For some advertisers we require prepayments.

Subscription Revenue

Revenue from subscription services is recognized ratably over the contract term, which is generally 12 months or less from the subscription commencement date. This revenue is recognized when trivago Business Studio Pro Apps Package services are performed over the subscription period with contract liabilities recognized upon receipt of payment in advance of revenue recognition. Customers may choose to be billed annually or monthly via SEPA or credit card. The price per subscription is fixed and determinable when the contract commences. This revenue is generated through subscription-based services earned through trivago Business Studio Pro Apps Package.

Other Revenue

We also earn revenue by offering our advertisers business-to-business (B2B) solutions, such as display advertisements, which are recognized as services are provided, and white label services, which are predominately recognized in accordance with CPC revenue. These revenues do not represent a significant portion of our revenue.

The trivago Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the trivago Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The trivago Group provides retrospective volume rebates to certain customers once the referrals generated during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the trivago Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The trivago Group then applies the requirements on constraining estimates of variable consideration and recognizes a refund liability for the expected future rebates.

Using the practical expedient in IFRS 15, the trivago Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group in general does not receive non-cash considerations from the customers.

A trade receivable represents the trivago Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Financial instruments – initial recognition and subsequent measurement.

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The trivago Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with by the Company. A government grant that compensates for expenses incurred is recognized in our consolidated statements of profit or loss as a deduction from relevant expenses on a systematic basis over the periods in which these expenses have been recognized. A government grant that becomes receivable for losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs is recognized as other operating income in the period in which it becomes receivable.

Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

a. Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

b. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Regarding leases, we consider the right-of-use asset and lease liability recognized at the commencement of a lease as a single transaction that gives rise to both a taxable temporary difference (on the asset) and a deductible temporary difference (on the liability).

Deferred tax assets are recognized for the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences. The carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized
- Deferred tax assets are recognized only if it is probable that sufficient taxable profit will be available to allow the deductible temporary difference to be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority or different entities that intend to realize the asset and settle the liability at the same time.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Treasury stock

The Company records repurchase of shares of its common stock at cost on the trade date of the transaction. These shares are considered treasury stock, which is a reduction to stockholders' equity.

Treasury stock is included in authorized and issued shares but is not considered outstanding for share count purposes, therefore is excluded from average common shares outstanding for basic and diluted earnings per share.

Treasury stock is held for the purpose of reissuance under share-based compensation plans or capital reduction (retirement). When treasury stock is either reissued or retired, any gains are included as part of additional paid-in capital. Losses upon reissuance or retirement reduce additional paid-in capital to the extent that previous net gains from the same class of stock have been recognized and any losses above that are recognized as part of retained earnings (accumulated deficit). We use the first-in-first-out purchase cost to determine the cost of the treasury stock that is reissued.

Investment in associates

We account for investments in associates which we exercise significant influence over but do not have control using the equity method. Under the equity method, investments are initially recognized at cost and adjusted to reflect the Company's interest in the investee's net earnings or losses, dividends received, changes in the investee's other comprehensive income and impairments. Investees' accounting policies are adjusted to align with those used by the whole Company. Losses are limited to the extent of the Company's investment in, advances to and commitments for the investee.

On an annual basis, we perform an assessment of impairment indicators to evaluate whether these investments are impaired. The impairment indicators considered include industry and market conditions, financial performance, business prospects, and other relevant events and factors. When our assessment indicates that an impairment exists, we write down our equity investments to their recoverable amount.

As at December 31, 2022 the following investment is accounted for as an equity method investment:

Name	Principle activities	Country of incorporation	Equity interest
UBIO Limited	Software Development	England and Wales	20.8 %

1.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of trivago Group's consolidated financial statements, and that are expected to have an impact on trivago Group's consolidated financial position or performance, are disclosure below. trivago Group has not early adopted these new or amended standards in preparing these consolidated financial statements and intends to adopt these standards, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (Open - Not yet adopted by the EU)

The amendments to IFRS 16 Leases explain how a company accounts for a sale and leaseback after the date of the transaction.

IFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place. However, IFRS 16 had not specified how to measure the transaction when reporting after that date. The issued amendments add to the sale and leaseback requirements in IFRS 16, thereby supporting the consistent application of the Accounting Standard. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. As of December 31, 2022, these amendments are not expected to have a significant impact on trivago Group's consolidated financial statements and are not yet adopted by the EU.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current (Open - Not yet adopted by the EU)

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting period beginning on or after 1 January 2024 and must be applied retrospectively. As of December 31, 2022, these amendments are not expected to have a significant impact on trivago Group's consolidated financial statements and are not yet adopted by the EU.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a significant impact on trivago Group's consolidated financial statements. The standard was adopted by the EU with the effective date of January 1, 2023.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. trivago Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures. The standard was adopted by the EU with the effective date of January 1, 2023.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The amendments apply for annual reporting periods beginning on or after 1 January 2023. trivago Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures. The standard was adopted by the EU with the effective date of January 1, 2023.

Other standards

The following new and amended standards are not expected to have an impact on the trivago Group's consolidated financial statements.

– IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts (Adopted by the EU) - effective for reporting periods beginning on or after 1 January 2023. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17

1.5 Changes in accounting policies and disclosures

Amended Standards and Interpretations Effective in 2022

Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37 (Adopted by the EU)

In May 2020, the IASB issued Amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

General and administrative costs do not relate directly to a contract and are excluded unless that are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. As of December 31, 2022 we recognized a liability in the amount of €0.5 million related to the licensing and hosting contract components of the dynamic packaging service cancelled following discontinuation of our Weekend product, see *Note 9.2. Acquisitions, other investments and divestitures.*

Other standards

The amendments to the following standards applied for the first time in 2022 did not have an impact on the trivago Group's consolidated financial statements:

– Amendments to IFRS 3, IAS 16, IFRS 1, IFRS 9 and IAS 41.

2. Acquisitions, other investments and divestitures

Acquisitions

Effective on January 12, 2021, we acquired 100% of weekengo GmbH ("Weekengo") shares for €6.7 million from former shareholders and the domain and related trademark for €0.7 million from a former shareholder, for an aggregate cash purchase price of €7.4 million. Weekengo is a company based in Germany that operates the online travel search website "weekend.com", which specializes in optimizing the delivery of search results for direct flights and hotel packages with a short-trip focus.

The acquisition was accounted for as a business combination using the acquisition method of accounting. Accordingly, we have allocated the consideration paid for Weekengo to the identifiable assets acquired and the liabilities assumed based on their estimated acquisition-date fair values. Goodwill represents the excess of the consideration transferred over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

The following table summarizes the final acquisition date fair values of the assets acquired and liabilities assumed:

(in mEUR)		Fair value recognised on acquisition
Assets		
Property and equipment		0.0
Intangible assets		2.3
Deferred tax assets		1.2
Other assets		0.1
Cash and cash equivalents		0.1
	€	**3.7**
Liabilities		
Trade payables		(0.1)
Other liabilities		(0.0)
		(0.1)
Total identifiable net assets at fair value	**€**	**3.6**
Goodwill arising on acquisition		3.8
Purchase consideration transferred	**€**	**7.4**

The Company applied variations of the cost approach to estimate the fair values of the acquired trademark and domain “WEEKEND.com” of €0.7 million with an estimated useful life of 5 years, and capitalized software and software development costs of €1.6 million with an estimated useful life of 3 years. These assets have been recognized within intangible assets on our consolidated statement of financial position.

The goodwill recognized of €3.8 million has been assigned to the Developed Europe and Americas segments in the amounts of €2.5 million and €1.3 million, respectively.

As of December 31, 2021, our accounting for the business combination is complete.

Revenues from Weekengo included in the Company's consolidated statement of profit or loss for the year ended December 31, 2021 were €0.2 million. Net loss from Weekengo included in the Company's consolidated statement of profit or loss for the same period was €2.3 million. The Company did not incur material transaction costs with respect to the Weekengo acquisition during the year ended December 31, 2021.

The Weekend product was discontinued during 2022 following a strategic shift in focus. As a result of the discontinuation, we recognized expenses of €0.5 million for costs related to software contracts that service the WEEKEND.com domain within operating expenses in our consolidated statement of profit or loss for the year ended December 31, 2022. A portion of this remains in other current liabilities in the consolidated statement of financial position as at December 31, 2022. Additionally, we recorded an impairment of €0.9 million within our operating expenses related to this discontinuation, see Note *5.1 Goodwill and intangible assets.*

Investment in associates

On April 28, 2022 (the "closing date"), we entered into an investment for a 20.8% (15.5% fully-diluted by share options) ownership interest in UBIO Limited ("UBIO") for €5.9 million. UBIO is a software company that develops robotic automation technology. trivago has the ability to exercise significant influence over UBIO through our representation on UBIO's Board of Directors, where we hold one of five seats. trivago does not have any rights, obligations or any relationships with regards to the other investors of UBIO.

Our investment in UBIO is accounted for as an equity method investment. As of the closing date, the carrying value of our equity method investment in UBIO was approximately €5.8 million higher than our share of interest in UBIO's underlying net assets. Of this basis difference, €2.2 million relates to intangible assets that will be amortized over the intangible assets' useful life, €(0.4) million relates to tax basis differences to be recovered where appropriate, and the remaining amount of €4.0 million relates to equity method goodwill recognized as part of the overall investment account balance. The equity method goodwill recognized is not amortized.

As of December 31, 2022 the Company's share of UBIO's losses amounted to €0.4 million.

Disposals

On January 28, 2021, we sold our minority interest (49%) in myhotelshop GmbH ("myhotelshop") for cash consideration of €70 thousand. One of the closing conditions of the agreement was for myhotelshop to repay the outstanding shareholder loan to us. As of December 31, 2020, the outstanding loan and accrued interest of €1.0 million with myhotelshop had been fully repaid. We recognized an impairment loss of €1.1 million for the year ended December 31, 2020 based on the difference between the consideration and the carrying amount of the minority interest. After the sale of myhotelshop closed, we derecognized the remaining equity method investment of €70 thousand as of December 31, 2023. Refer to *Note 11 - Related Party Disclosures* for related party considerations arising from myhotelshop.

3. Segment information

According to IFRS 8, the identification of operating segments to be included in the reporting process is based on the so-called management approach. External reporting should therefore be based on the Group's internal organization and management structure, as well as internal financial reporting to the Chief Operating Decision Maker. In the trivago Group, the managing directors are responsible for assessing and controlling the success of the various segments.

The managing directors focus on managing the business to reflect unique market opportunities and competitive dynamics inherent in the business within each of the operating segments. The managing directors identified the following three operating segments:

- Americas
- Developed Europe
- Rest of World

Our Americas segment is comprised of Argentina, Brazil, Canada, Chile, Colombia, Ecuador, Mexico, Peru, the United Sates and Uruguay. Our Developed Europe segment is comprised of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. Rest of World segment represents all regions outside of the Americas and Developed Europe.

The managing directors mainly monitor the operating segments on the basis of key earning figures, with performance primarily being measured on Return on Advertising Spend (“ROAS”), which compares Referral Revenue to advertising spend. ROAS includes the allocation of revenue by operating segment based on the location of the website, or domain name, regardless of where the consumer resides. This is consistent with how management monitors and runs the business.

trivago Group's financing (including finance expenses and finance income) and income taxes are not managed on an operating segment level.

Corporate and Eliminations also includes all corporate functions and expenses except for direct advertising. In addition, amortization of intangible assets and any related impairment, as well as share-based compensation expense, restructuring and related reorganization charges, legal reserves, occupancy tax and other, and other items excluded from segment operating performance were recorded in Corporate and Eliminations.

The following tables present the segment information:

2022 in mEUR	Developed Europe	Americas	Rest of World	Corporate and Eliminations	Total
Referral sales	237.7	216.4	67.7	—	521.8
Other sales	—	—	—	13.2	13.2
Total sales	237.7	216.4	67.7	13.2	535.0
Advertising Spend	149.8	131.6	35.9	—	317.3
ROAS contribution	87.9	84.8	31.8	13.2	217.7

2021 in mEUR	Developed Europe	Americas	Rest of World	Corporate and Eliminations	Total
Referral sales	163.7	140.1	45.6	—	349.4
Other sales	—	—	—	12.0	12.0
Total sales	163.7	140.1	45.6	12.0	361.4
Advertising Spend	107.0	94.1	22.5	—	223.6
ROAS contribution	56.7	46.0	23.1	12.0	137.9

Note: Some figures may not add due to rounding.

In 2022, the trivago Group generated sales of €435.7 million (prior year: €288.7 million) from the top three key customers, representing approximately 81% (prior year: 83%) of total group sales. Segment revenue is comprised entirely of Referral Revenue. The Referral Revenue contribution from the top three key customers to trivago Group generated sales, in terms of amounts and percentages based on operating segments is as follows:

- Developed Europe (2022: €189.5 million and 80%, 2021: €130.1 million and 79%)
- Americas (2022: €191.8 million and 89%, 2021: €122.6 million and 88%)
- Rest of World (2022: €54.4 million and 80%, 2021: €36.0 million and 79%)

Refer to *Note 9.7. Financial risk management* - *Credit risk* for additional discussion on trivago's top customers.

The following table shows the reconciliation from ROAS to profit for the year of trivago Group:

in mEUR	2022	2021
Referral sales	521.8	349.4
Other sales	13.2	12.0
Total sales	**535.0**	**361.4**
Advertising Spend	317.3	223.6
ROAS contribution	**217.7**	**137.9**
Cost of sales	12.7	11.5
Other selling and marketing	24.3	25.0
Technology and content	54.1	51.4
General and administrative expenses	41.1	58.4
Other operating income/(expense)	0.1	13.6
Operating profit/(loss)	**85.6**	**5.2**
Finance expense	1.7	2.2
Share of loss of an associate	(0.4)	—
Profit/(loss) before taxes	**83.4**	**3.1**
Income taxes expense	31.6	12.4
Profit/(loss) for the year	**51.8**	**(9.4)**

Note: Some figures may not add due to rounding.

Referral Revenue was allocated by country used in the same methodology as the allocation of segment revenue, while non-referral revenue was allocated either based upon the location of the customer using the service, or using the same methodology as the allocation of segment revenue, depending on the nature of the non-referral revenue stream.

The following table shows non-current assets by geographic area:

in mEUR	**2022**	**2021**
Property, plant and equipment	7.7	8.9
Intangible assets	5.8	7.5
Right-of-use assets	47.2	46.1
Other assets	7.9	2.9
Deferred taxes	—	10.2
Total	**68.5**	**75.6**
thereof: Germany	*68.2*	*75.2*
thereof: All other countries	*0.3*	*0.4*

Note: Some figures may not add due to rounding.

4. Notes to the statement of profit or loss

4.1. Revenue from contracts with customers

Revenue from contracts with customers

in mEUR	**2022**	**2021**
Referral revenue	521.8	349.4
Other revenue	13.2	12.0
Total	**535.0**	**361.4**

The term “referral” describes each time a visitor to one of trivago's websites or apps clicks on a hotel offer in search results and is referred to one of trivago's advertisers. trivago charges advertisers for each referral on a cost-per-click or on a cost-per-acquisition basis.

Referral Revenue for the year ended December 31, 2022 was €521.8 million, representing an increase of €172.4 million or 49.3%, compared to the year ended December 31, 2021. The increase in Referral Revenue was driven by increases in Qualified Referrals and RPQR year over year across all segments.

Other revenue is mainly related to offering our advertisers B2B solutions, such as display advertisements, white label services, and subscription fees earned from advertisers for the trivago Business Studio Pro Apps Package, which is sold on a subscription basis and allows hotels to enhance their profile with more advanced features and functionalities. Other revenue for the year ended December 31, 2022 was €13.2 million, representing an increase of €1.2 million or 10.0%, compared to the year ended December 31, 2021.

The following table presents revenue by geographic area. Referral sales were allocated by country using the same methodology as the allocation of segment sales, while non-referral sales were allocated based upon the location of the customer using the service.

Revenue by geographic area

in mEUR	**2022**	**2021**
United States	139.9	102.7
Germany	52.8	42.3
United Kingdom	68.6	41.4
All other countries	273.8	175.1
Total	**535.0**	**361.4**

Note: Some figures may not add due to rounding.

4.2. Cost of sales

Cost of sales consists of expenses that are directly or closely correlated to sales generation, including third-party cloud-related service provider costs, data center costs, personnel-related expenses and share-based compensation for our data center operations staff and our customer service team who are directly involved in sales generation.

Cost of sales for the year ended December 31, 2022 increased by €1.2 million, or 10.4%, compared to the year ended December 31, 2021. The increase was primarily driven by higher cloud-related service provider costs and higher personnel related costs, partly offset by lower data center-related depreciation expenses.

Cost of sales includes share-based compensation expenses in the amount of €0.2 million (2021: €0.2 million). For further explanation see *Note 8. Share-based Payment Plans.*

4.3. Selling and distribution expenses

Selling and distribution costs consists of all selling and marketing related costs and is divided into advertising expense and other selling and marketing expenses, as well as share-based compensation expense.

Advertising expense consists of fees that we pay for our various marketing channels like TV, search engine marketing, display and affiliate marketing, email marketing, online video, app marketing, content marketing, and sponsorship and endorsement.

Other selling and marketing expenses include personnel-related expenses for our marketing, sales and account management teams, as well as production costs for our TV spots and other marketing material, and other professional fees such as market research costs.

Selling and distribution costs **in mEUR**	**2022**	**2021**
Advertising expenses	317.3	223.6
Other selling and marketing expenses	24.3	25.0
thereof: Share-based compensation	0.5	0.9
Total	**341.6**	**248.6**

Selling and marketing expenses for the year ended December 31, 2022 increased by €93.0 million, or 37.4% compared to the year ended December 31, 2021, primarily driven by significant increases in Advertising Spend across all segments.

Advertising Spend increased by €93.7 million, or 41.9% in the year ended December 31, 2022 compared to the year ended December 31, 2021. We increased our Advertising Spend to €131.6 million, €149.8 million, and €35.9 million in Americas, Developed Europe, and RoW, respectively, compared to €94.1 million, €107.0 million and €22.5 million, respectively, in the year ended December 31, 2021. Advertising Spend was increased across all segments throughout the year in response to the increase in global travel demand.

Other selling and marketing expenses excluding share-based compensation for the year ended December 31, 2022 decreased by €0.3 million, or 1.2%, compared to the year ended December 31, 2021. The decrease was primarily driven by lower television advertisement production costs, partly offset by higher expenses incurred to acquire traffic and higher digital services taxes.

4.4. Technology and content expenses

Technology and content expense consists primarily of expenses for technology development, product development and hotel search personnel and overhead, depreciation and amortization of technology assets including hardware, purchased and internally developed software and other professional fees (primarily licensing and maintenance expense), including share-based compensation expense.

Technology and content **in mEUR**	**2022**	**2021**
Personnel costs	30.9	28.4
Share-based compensation	2.5	4.1
Depreciation and amortization	7.2	8.4
Other	13.5	10.5
Total	**54.1**	**51.4**

Technology and content expense for the year ended December 31, 2022 increased by €2.7 million, or 5.3%, compared to the year ended December 31, 2021, mainly due to higher personnel-related costs and higher other expenses.

Personnel expenses for the year ended December 31, 2022 increased by €2.5 million, or 8.8%, mainly due to higher salaries and direct employee benefits compared to the year ended December 31, 2021, partly offset by lower headcount and increased capitalization of our developers' salaries.

Other expenses increased by €3.0 million, or 28.6% mainly due to an impairment of capitalized software assets in the second quarter of 2022 and the non-recurrence of a gain realized in the first quarter of 2021 on the modification of the lease for our Düsseldorf campus, see *"Costs across multiple categories"* below.

These increases where partly offset by lower share-based compensation expense. Share-based compensation decreased by €1.6 million, or 39.0%, for the year ended December 31, 2022, which was mainly driven by higher forfeitures as a result of the lower headcount.

4.5. General and administrative expenses

General and administrative expense consists primarily of personnel-related costs including those of our executive leadership, finance, legal and human resource functions, as well as professional fees for external services including legal, tax and accounting. It also includes other overhead costs, depreciation and share-based compensation.

General and administrative expenses		
in mEUR	**2022**	**2021**
Personnel costs	13.1	12.4
Share-based compensation	11.7	12.8
Professional fees and other	16.3	33.2
Total	**41.1**	**58.4**

General and administrative expense for the year ended December 31, 2022 decreased by €17.3 million, or 29.6%, compared to the year ended December 31, 2021, mainly due to lower professional fees and other expenses and lower share-based compensation expense.

The decrease in professional fees and other expenses for the year ended December 31, 2022 was mostly driven by the non-recurrence of €20.7 million recognized in the prior year representing the incremental portion not covered by provisions we had previously established in relation to the proceeding against us brought by the ACCC (refer to Note 9. Commitments and Contingencies for further information).

Share-based compensation decreased by €1.1 million, or 8.6%, for the year ended December 31, 2022, which was mainly driven by higher forfeitures as a result of the lower headcount.

Costs across multiple categories

In the year ended December 31, 2021, we reduced our office space in Düsseldorf and recorded a €2.3 million gain on the campus lease modification. The non-recurrence of this gain led to an increase of technology and content expense by €1.3 million, general and administrative expense by €0.5 million and selling and marketing expense by €0.5 million in the year ended December 31, 2022, compared to the year ended December 31, 2021.

4.6. Other operating income and expense

During the year ended December 31, 2021, the Company took advantage of a COVID-19 subsidy program and received a €12 million grant from the German government. The German government provided this assistance to compensate for losses incurred in the fourth quarter of 2020 and the first half in 2021 as a result of the pandemic. As of December 31, 2021 the full amount was received and all conditions attached to the grant were met. The grant was recognized and presented within the line item other operating income and expense in the consolidated statement of profit or loss.

Other operating income and expense also includes net foreign exchange rate loss of €0.2 million and interest income resulting from cash and cash equivalents and short-term investments of €0.6 million for the year ended December 31, 2022 (prior year: foreign exchange rate gain of €1.6 million and interest income of €0.2 million).

4.7. Personnel expenses

Personnel expenses are divided among the various cost types as follows:

in mEUR	**2022**	**2021**
Wages and salaries	62.1	62.3
Social security costs	8.4	8.5
Pension expenses	0.1	0.1
Termination benefits	0.9	0.4
Total	**71.5**	**71.3**

With regard to company pension plans, trivago Group only has defined contribution plans. trivago Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. There are no other benefit obligations for trivago Group after payment of the contributions. The current contribution payments are disclosed as an expenses in the respective year. For further explanation of share-based compensation see Note *8. "Share-based payment plan"*.

The number of employees decreased from 809 in the prior year to 709 at the end of the reporting period. The average number of employees in the fiscal year 2022 amounted to 759 (prior year: 822), of which 749 (prior year: 814) were employed in Germany and 3 (prior year: 4) were employed in the Netherlands.

Personnel expenses are divided among the various divisions as follows:

Personnel expenses

in mEUR	2022	2021
Cost of sales	3.5	2.8
Selling and distribution expenses	9.7	10.7
Technology and content	33.4	32.5
General and administrative expenses	24.9	25.3
Total	**71.5**	**71.3**

4.8. Depreciation and amortization

Depreciation and amortization

in mEUR	2022	2021
Cost of sales	0.4	0.8
Selling and distribution	1.0	1.2
Technology and content	7.1	8.4
General and administrative	1.4	1.9
Total	**9.9**	**12.3**

4.9. Finance expense

Finance expenses

in mEUR	2022	2021
Interest on debts and borrowings	0.0	0.4
Interest on lease liabilities (Note 5.9)	1.7	1.8
Total	**1.7**	**2.2**

4.10. Income taxes

trivago is subject to unlimited tax liability for German corporate income tax (Körperschaftsteuer) and trade tax (Gewerbesteuer) purposes due to its effective place of management in Germany and notwithstanding the fact that it is incorporated in the Netherlands.

The rate of the corporate income tax is a standard 15% for both distributed and retained earnings, plus a solidarity surcharge (Solidaritätszuschlag) amounting to 5.5% on the corporate income tax (*i.e.* 15.825% in total). Trade tax is levied on a company´s taxable income adjusted for certain revenues which are not subject to such tax and for certain expenses which are not deductible for purposes of trade tax. The effective trade tax rate depends on the municipality in which the company operates. The trade tax rate in fiscal year 2022 amounts to approximately 15.4% (prior year: 15.4%). The group statutory tax rate corresponds to the tax rate of the parent company, trivago N.V., which is a German tax resident.

Income taxes

in mEUR	2022	2021
Current income tax	26.3	3.7
Deferred taxes	5.3	8.7
Total	**31.6**	**12.4**

Deferred tax expense relates to the origination and reversal of temporary differences in the amount of €5.3 million (deferred tax income in prior year of €8.7 million).

Deferred taxes result from the following items:

	as of December 31,	
in mEUR	**2022**	**2021**
Other receivables and assets	—	0.4
Trade payables and other liabilities	—	6.4
Tax losses carry-forward	—	4.3
Lease liabilities	13.8	14.9
Deferred tax assets	**13.8**	**26.0**
Intangible assets	2.0	0.7
Cash and cash equivalents	0.1	0.7
Right-of-use assets	12.7	14.4
Deferred tax liabilities	**14.8**	**15.8**
Net deferred tax asset/(liability) in financial position	(1.0)	10.2
Amount recognized in equity	**—**	**—**
Amount recognized in profit and loss	**5.3**	**8.7**

As of December 31, 2022, trivago Group did not record deferred tax assets resulting from net operating loss carryforwards ("NOLs"). The tax-effected NOL carryforwards decreased by €4.3 million from the amount recorded as of December 31, 2021 primarily due to the utilization of the losses at the level of the trivago N.V.

trivago N.V. is a Dutch listed entity, however has its tax residency in Germany. As of December 31, 2022, deferred tax assets of €1.3 million for accumulated tax loss carryforwards of domestic and foreign subsidiaries, of which €1.2 million do not expire due to local tax laws where the tax losses were generated, were not recognized as we have considered these tax loss carryforwards as not realizable. Accordingly, the valuation allowance decreased by €0.1 million from the amount recorded as of December 31, 2021.

The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period change, or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as our projections for growth.

The total cumulative amount of undistributed earnings related to investments in certain foreign subsidiaries where the foreign subsidiary has or will invest undistributed earnings indefinitely was €1.7 million at December 31, 2022. In terms of undistributed earnings of domestic investments, we have recognized deferred income taxes on taxable temporary difference of €18 thousand, as only 5% refer to a taxable temporary difference under German tax law. Any capital gains on the sale of participation would be 95% exempt under German tax law.

The aggregate tax rate is reconciled to the effective tax rate as follows:

in mEUR	2022	2021
Result before income tax	**83.4**	**3.1**
Group tax rate	31.23 %	31.23 %
Income taxes based on group statutory tax rate	**26.1**	**1.0**
Foreign rate differential	0.2	0.0
Non-deductible share-based compensation	4.7	5.6
Changes in uncertain tax positions	0.4	6.0
Losses for which no deferred tax is recognized	(0.1)	0.1
Income tax effect resulting from weekengo asset deal transaction	0.0	1.9
Initial recognition of tax deductible goodwill and intangibles	0.0	(1.9)
Other differences	0.3	(0.3)
Effective tax expenses as per income statement	**31.6**	**12.4**
Effective tax rate	37.9%	400.0%

Following the weekengo share deal in January 2021, an intragroup asset deal took place in August 2021. The asset deal resulted in deferred income tax benefit of €1.9 million on the level of trivago N.V. for tax deductible goodwill and intangible assets. Correspondingly, an income tax expense resulted on the level of weekengo split into deferred tax expense of €1.3 million (utilization of tax loss carry forwards) and current tax expense of €0.6 million (minimum taxation). The tax effects resulting from the acquisition of shares and assets of weekengo were separate transactions in the year 2021.

The uncertain tax positions as of December 31, 2022 and 2021 were as follows:

in mEUR	**2022**	**2021**
Balance, beginning of year	8.8	2.9
Increases to tax positions related to the current year	0.4	—
Increases to tax positions related to prior years	—	—
Interest and penalties	—	6.0
Balance, end of year	**9.2**	**8.8**

Note: Some figures may not add due to rounding.

An uncertain tax position in connection with tax benefits relating to the deductibility of expenses amounted to €9.2 million as of December 31, 2022. A liability for these tax benefits was included under other long-term liabilities in the consolidated financial statements.

4.11. Earnings per Share

Basic and diluted earnings per share of Class A and Class B common stock is computed by dividing profit/(loss) by the weighted average number of Class A and Class B common stock outstanding during the same period. Diluted earnings per share is calculated using our weighted-average outstanding common shares including the dilutive effect of stock awards as determined under the treasury stock method.

The following table presents our basic and diluted earnings per share:

(in thousands, except per share amounts)	2022	2021
Earnings per share attributable to trivago N.V. available to Class A and Class B common stockholders:		
Basic	0.15	(0.03)
Diluted	0.14	(0.03)
Weighted average number of outstanding shares in units		
Weighted average shares of Class A and Class B common stock outstanding - basic	357,551	357,525
Weighted average shares of Class A and Class B common stock outstanding - diluted	367,827	357,525

Diluted weighted average common shares outstanding for the year ended December 31, 2021 do not include the effects of the exercise of outstanding stock options and contingently issuable shares from market based awards granted as the inclusion of these instruments would have been anti-dilutive.

5. Notes to the statement of financial position

5.1 Goodwill and intangible assets

in mEUR	Goodwill	Capitalized Software	Other Intangibles	Total
Historical cost				
As of 01/01/2021	**3.2**	**24.8**	**0.5**	**28.5**
Additions	3.8	4.7	0.7	9.2
Disposals	—	—	—	—
Exchange rate differences	0.1	—	—	0.1
As of 12/31/2021	**7.1**	**29.5**	**1.2**	**37.8**
As of 01/01/2022	**7.1**	**29.5**	**1.2**	**37.8**
Additions	—	3.4	—	3.4
Disposals	—	—	—	—
Exchange rate differences	—	—	—	—
As of 12/31/2022	**7.1**	**32.9**	**1.2**	**41.2**
Accumulated amortization				
As of 01/01/2021	**—**	**(17.6)**	**(0.5)**	**(18.1)**
Additions	—	(5.0)	(0.1)	(5.1)
Impairments	—	—	—	—
Disposals	—	—	—	—
As of 12/31/2021	**—**	**(22.6)**	**(0.6)**	**(23.2)**
As of 01/01/2022	**—**	**(22.6)**	**(0.6)**	**(23.2)**
Additions	—	(4.2)	(0.1)	(4.3)
Impairments	—	(0.9)	—	(0.9)
Disposals	—	—	—	—
As of 12/31/2022	**—**	**(27.7)**	**(0.7)**	**(28.4)**
Net carrying amount as of 1/1/2021	3.2	7.2	—	10.4
Net carrying amount as of 12/31/2021	7.1	6.9	0.6	14.6
Net carrying amount as of 12/31/2022	7.1	5.2	0.5	12.8

Goodwill amounts to €7.1 million as of December 31, 2022 (€7.1 million as of December 31, 2021). Refer to *Note 9.2. Acquisitions, other investments and divestitures* for details on additions acquired through acquisitions.

Certain direct development costs associated with website and internal-use software are capitalized during the application development stage. Capitalized costs include external direct costs of services and payroll costs. The payroll costs are for employees devoting time to the software development projects principally related to website and mobile app development, including support systems, software coding, designing system interfaces and installation and testing of the software. These costs are generally amortized over a period of three years beginning when the asset is ready for use. Costs incurred that are expected to result in additional features or functionality are capitalized and amortized over the estimated useful life of the enhancements, which is generally a period of three years. Costs incurred during the preliminary project stage, as well as maintenance and training costs, are expensed as incurred.

During the year ended December 31, 2022, we recorded an impairment of €0.9 million (2021: nil) related to acquired software and internally capitalized software development costs (See *Note 9.2. Acquisitions, other investments and divestitures*). We recognized the loss on impairment within our operating expenses.

Goodwill

Goodwill is subjected to an impairment test at least annually as of September 30. Goodwill is allocated for impairment test purposes to cash-generating units ("CGUs"), which corresponds to the Group's three operating segments of Developed Europe, Americas and Rest of World. Refer to *Note 9.2. Acquisitions, other investments and divestitures* for goodwill acquired and allocated.

Carrying amount of goodwill allocated to each of the CGUs as of December 31::

in mEUR	2022	2021
Americas	2.6	2.6
Developed Europe	3.9	3.9
Rest of World	0.6	0.6
Total	**7.1**	**7.1**

The Group performed its annual impairment test of goodwill as of September 30, 2022 and determined there was no impairment at that time for the Group's goodwill balance as the recoverable amount for each of the three CGUs was in excess of their respective carrying amounts.

The recoverable amount is determined based on the higher of the value in use or fair value less costs of disposal calculations. The fair value less costs of disposal calculation resulted in a higher recoverable amount.

The recoverable amounts of the CGUs were determined to be their fair values less costs of disposal during the annual impairment test. Fair value less cost of disposal was calculated using various assumptions and estimates, including weighted average cost of capital, revenue growth rates, profitability of the business and long-term rate of growth. Within the scope of the impairment test, sensitivity analyses were considered in relation to the main value drivers. For this purpose, alternative calculations with consideration of an increase/decrease of the assumed free cash flow and in consideration of an reasonably possible increase/decrease in the discount factor (WACC) would not lead to a different result.

As of December 31, 2022, the Group's consolidated net asset value was approximately €323.1 million, and the Group's recoverable amount was in excess of this amount. In addition, since the market capitalization of the Group's publicity traded shares exceeded USD 461 million as of December 31, 2022, we concluded that there is no risk of impairment on allocated goodwill.

5.2 Property, plant and equipment

Development of property, plant and equipment

in mEUR	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Historical cost				
As of 01/01/2021	**17.3**	**5.4**	**15.0**	**37.7**
Additions	0.4	0.1	—	**0.5**
Disposals	(1.9)	(2.5)	(8.3)	**(12.7)**
As of 12/31/2021	**15.8**	**3.0**	**6.7**	**25.5**
As of 01/01/2022	**15.8**	**3.0**	**6.7**	**25.5**
Additions	0.5	0.0	—	**0.5**
Disposals	(0.4)	—	—	**(0.4)**
As of 12/31/2022	**15.9**	**3.0**	**6.7**	**25.7**
Accumulated depreciation				
As of 01/01/2021	**(14.0)**	**(2.7)**	**(1.8)**	**(18.5)**
Additions	(2.0)	(0.5)	(0.5)	**(3.0)**
Disposals	1.9	1.7	1.2	**4.8**
As of 12/31/2021	**(14.1)**	**(1.5)**	**(1.1)**	**(16.7)**
As of 01/01/2022	**(14.1)**	**(1.5)**	**(1.1)**	**(16.7)**
Additions	(1.0)	(0.4)	(0.4)	**(1.8)**
Disposals	0.4	—	—	**0.4**
As of 12/31/2022	**(14.7)**	**(1.9)**	**(1.5)**	**(18.0)**
Net carrying amount as of 12/31/2021	1.7	1.5	5.6	**8.8**
Net carrying amount as of 12/31/2022	1.2	1.1	5.2	**7.7**

Note: Some figures may not add due to rounding.

We record property and equipment at cost, net of accumulated depreciation and impairment. We compute depreciation using the straight-line method over the estimated useful lives of the assets, which is generally three to eight years for computer equipment and furniture and other equipment. We depreciate leasehold improvement using the straight-line method, over the shorter of the estimated useful life of the improvement or the remaining term of the lease.

As part of the amendment to the campus lease agreement on January 29, 2021, we transferred long-lived assets with a net book value of €7.5 million related to the terminated floor space to the landlord. We recognized a gain of €0.2 million on the sale of the fixed assets. Refer to *Note 5.9 Leases* for additional information on the campus lease modification transaction.

5.3 Trade receivables

Trade receivables

	As of December 31,	
in mEUR	**2022**	**2021**
Trade receivables (gross)	24.3	23.0
Expected credit losses	(0.4)	(0.7)
Trade receivables (net)	**23.9**	**22.3**

As of December 31, 2022 impairment allowances for trade receivables amounts to €0.4 million (2021: €0.7 million).

The development of allowance for expected credit losses in 2022 and impairment allowances for trade receivables in prior year can be seen below:

in mEUR	2022	2021
As of January 1	**0.7**	**0.3**
Additions	0.2	0.3
Utilisation	(0.5)	—
As of December 31	**0.4**	**0.7**

Note: Some figures may not add due to rounding.

Set out below is the information about the credit risk exposure on the trivago Group's trade receivables using a provision matrix:

	Days past due				
in kEUR	**Current or less than 30 days**	**Between 31 and 90 days**	**Between 91 and 180 days**	**More than 180 days**	**Total**
Trade receivables as of 12/31/2021	**22,329**	**173**	**502**	**—**	**23,004**
Expected credit loss rate	0.60 %	58.38 %	84.26 %	—	2.86 %
Estimated total gross carrying amount at default	**134**	**101**	**423**	**—**	**658**
Trade receivables as of 12/31/2022	**23,863**	**263**	**169**	**—**	**24,295**
Expected credit loss rate	0.82 %	31.18 %	82.84 %	—	1.72 %
Estimated total gross carrying amount at default	**196**	**82**	**140**	**—**	**418**

As of the reporting date, all receivables are due within one year.

5.4 Trade receivables, related parties

Trade receivables, related parties

	As of December 31,	
in mEUR	2022	2021
Trade receivables (gross)	**24.4**	**16.5**
Expected credit losses	0.0	0.0
Trade receivables (net)	**24.4**	**16.5**

Management believes that the credit quality of trade receivables from related parties that are not past due or impaired are not of a high risk as their credit risk is considered to be very low. Consequently, as none of the trade receivables from related parties are past due at period end, there is no material expected credit loss expected on these receivables.

5.5 Other assets

Other financial assets

in mEUR	As of December 31, 2022 Current	2022 Non-current	2022 Total financial assets	2021 Current	2021 Non-current	2021 Total financial assets
Restricted cash	0.3	1.4	1.7	—	1.7	1.7
Creditors with debit balances	0.1	—	0.1	0.2	—	0.2
Non-trade receivables	1.7	—	1.7	1.2	—	1.2
Deposits	—	0.1	0.1	—	0.1	0.1
Total	**2.1**	**1.5**	**3.6**	**1.4**	**1.8**	**3.2**

Other non-financial assets

in mEUR	As of December 31, 2022 Current	2022 Non-current	2022 Total assets	2021 Current	2021 Non-current	2021 Total assets
Prepaid expenses	2.2	—	2.2	5.1	—	5.1
Advance payments	6.3	0.8	7.1	5.1	1.1	6.2
Income tax receivable	0.5	—	0.5	3.5	—	3.5
VAT	0.5	—	0.5	0.2	—	0.2
Total	**9.5**	**0.8**	**10.3**	**13.9**	**1.1**	**15.0**

Restricted cash primarily consists of funds held as a guarantee in connection with our corporate lease. The carrying value of restricted cash approximates its fair value.

As of December 31, 2022 and as of December 31, 2021 no other financial assets and other assets are overdue. No significant impairment allowances for other financial assets and other assets were recognized.

5.6 Cash and cash equivalents

Cash and cash equivalents consist of cash at banks, time deposits with original maturities of three months or less when purchased and cash on hand amounting to €248.6 million as of December 31, 2022 and €256.4 million as of December 31, 2021. The development and application of cash and cash equivalents is stated in the consolidated statement of cash flows.

5.7 Equity

Class A and Class B common stock

As of December 31, 2022, we had ADSs representing 104,305,225 Class A shares outstanding and 237,476,895 Class B shares outstanding. Class A and Class B common stock has a par value of €0.06 and €0.60, respectively. Class B shares are entitled to ten votes per share, and holders of our Class A shares are entitled to one vote per share. All other terms and preferences of Class A and Class B common stock are the same. Each Class B share is convertible into one Class A share at any time by the holder. During the years ended December 31, 2022 and 2021, 24,485,793 and 36,225,279 Class B shares were converted into Class A shares, respectively.

As of December 31, 2022, Class B shares of trivago N.V. are only held by Expedia Group and Rolf Schrömgens, one of our founders. The Class B shares held by Mr. Schrömgens as of December 31, 2022 had an ownership interest and voting interest of 8.3% and 11.5%, respectively. Class B shares held as of December 31, 2021 by our founders had an ownership interest and voting interest of 14.8% and 19.5%, respectively.

On March 1, 2022, the Company's Supervisory Board authorized a program to repurchase up to 10 million of the Company's ADSs, each representing one Class A share. On March 7, 2022, the Company entered into a stock repurchase program which expired on May 30, 2022. No stock repurchases were made under this program. On May 31, 2022, the Company entered into another stock repurchase program which expired on July 29, 2022. As of December 31, 2022, the Company reacquired 205,457 Class A common shares on the open market at fair market value. The shares of stock purchased under the buyback program were held as treasury shares until they were all reissued to settle RSU awards vesting from our share-based compensation awards during the fourth quarter of 2022.

In November 2022, the Company acquired 20,000,000 Class A shares from Peter Vinnemeier valued at €19.9 million, which includes a foreign exchange gain of €0.6 million resulting from the fluctuation of the USD exchange rate between the trade and cash settlement dates. These shares are held as treasury shares as of December 31, 2022.

Other capital reserves

Other capital reserves primarily represents share premium as result of the corporate reorganization and IPO. Further effects to the other capital reserves are due to the merger of trivago GmbH with and into trivago N.V. in 2017, current period share-based compensation expense, exercises of employee stock options, the effect of the Founders' conversion of Class B shares to Class A shares, and the reissuance of treasury stock.

Accumulated other comprehensive income

Accumulated other comprehensive income represents foreign currency translation adjustments for our subsidiaries in foreign locations. As of December 31, 2022, we do not expect to reclassify any amounts included in accumulated other comprehensive income into earnings during the next 12 months.

Contribution from Parent

The beginning contribution from Parent balance relates to corporate expenses allocated to trivago by the Expedia Group.

5.8 Trade payables and other liabilities

Trade payables recognized at the reporting date are non-interest bearing and are settled within one month. The fair value therefore corresponds to the carrying amount.

As of the end of the year, trade payables and other liabilities consist of the following:

	As of December 31,					
	2022			2021		
in mEUR	Current	Non-current	Total	Current	Non-current	Total
Trade payables	19.9	—	19.9	14.1	—	14.1
Other financial liabilities	5.4	—	5.4	34.8	—	34.8
Other non-financial liabilities	7.4	0.2	7.6	6.8	0.2	7.0
Total	**32.7**	**0.2**	**32.9**	**55.7**	**0.2**	**55.9**

Other financial liabilities as of December 31, 2022 consisted primarily of various outstanding invoices in the amount of €3.5 million, received deposits of €0.7 million and payroll-related liabilities amounting to €0.6 million. As of December 31, 2021 other financial liabilities mainly included the accrual for the penalty of €28.5 million (AUD44.7 million) and the estimated amounts to cover the ACCC's costs arising from the proceeding as well as outstanding invoices amounting to €3.1 million.

Other non-financial liabilities is primarily comprised of €2.0 million current contract liabilities (2021: €2.2 million current contract liabilities) from subscription-based services earned through trivago Hotel Manager Pro applications, and other tax liabilities of €4.1 million (2021: €3.4 million). Revenue from subscription services is recognized ratably over the contract term, which is generally 12 months or less from the subscription commencement date.

5.9 Leases

trivago as lessee

For the year ended December 31, 2022, we have leases for office space and office equipment. Our leases have remaining terms of less than one year to 15 years, some of which include options to extend the leases for up to ten years, and some of which include options to terminate the leases within one year.

Variable lease costs for the year ended December 31, 2022 were insignificant. For the year ended December 31, 2021, variable lease costs of €0.4 million mainly includes short payment of rent to the landlord on account of defects identified in the office space in our corporate headquarters. The Company has sublease agreements for office spaces and has entered a sublease agreement for the office in Barcelona. Sublease income from such agreements was €0.1 million and €0.1 million for the years ended December 31, 2022 and 2021, respectively.

On January 29, 2021, we entered into an amendment to the lease agreement for office space in our corporate headquarters, whereby the landlord agreed to grant us partial termination of the lease related to certain floor spaces from January 1, 2021 for a penalty of €6.7 million, and from May 31, 2023 for a penalty of €2.3 million. The amendment was treated as a modification to the existing lease agreement with an effective date of January 29, 2021 and the termination penalties will be expensed over the remaining lease term. As part of the amendment, the landlord agreed to pay trivago €2.6 million as a settlement of prior claims for defects in the leased office space, which has been treated as a lease incentive and will reduce lease expense over the lease term. As a result of this lease modification, we recognized a gain of €2.3 million on the lease modification, agreed to pay €0.5 million as a settlement of prior claims for defects that had previously been accrued for and reduced our lease right-of-use assets and lease liability by €33.5 million and €36.4 million, respectively.

On September 1, 2022, the rent to our corporate headquarters increased due to a change in the Consumer Price Index. The change in lease payments was treated as a trigger to remeasure our lease asset and liability balance with an effective date of September 1, 2022. As a result, we increased our lease liability and right-of-use assets by €5.2 million and €5.1 million, respectively.

Right-of-use assets

The changes in the net book value of the Company's right-of-use assets, during the years ended December 31, 2021 and 2022, respectively, were as follows:

in mEUR	Office Space	Office Equipment	Total
Cost			
As of January 1, 2021	**94.8**	**1.2**	**96.0**
Additions	—	—	—
Derecognitions, remeasurements and other items	(45.4)	(0.3)	(45.7)
As of December 31, 2021	**49.4**	**0.9**	**50.3**
Cost			
As of January 1, 2022	**49.4**	**0.9**	**50.3**
Additions	—	—	—
Derecognitions, remeasurements and other items	5.1	(0.6)	4.5
As of December 31, 2022	**54.5**	**0.3**	**54.8**
Accumulated depreciation			
As of January 1, 2021	**10.8**	**0.7**	**11.6**
Additions	3.9	0.3	4.2
Derecognitions, remeasurements and other items	(11.3)	(0.3)	(11.6)
As of December 31, 2021	**3.4**	**0.7**	**4.2**
Accumulated depreciation			
As of January 1, 2022	**3.4**	**0.7**	**4.2**
Additions	3.8	0.1	3.9
Derecognitions, remeasurements and other items	0.1	(0.6)	(0.5)
As of December 31, 2022	**7.3**	**0.2**	**7.6**
Net book value			
As of January 1, 2021	84.0	0.5	84.4
As of December 31, 2021	46.0	0.2	46.1
As of December 31, 2022	47.2	0.1	47.2

Note: Some figures may not add due to rounding.

Amounts recognized in profit or loss

The following are the amounts recognized in profit or loss:

in mEUR	2022	2021
Depreciation expense	3.9	4.2
Gain on lease modification	0.0	(2.3)
Interest expense on lease liabilities	1.8	1.8
Amounts expensed in profit or loss	**5.7**	**3.7**

Lease liabilities

Below are the carrying amounts of lease liabilities and the movements during the period as of December 31:

in mEUR	2022	2021
Balance, beginning of year	**47.7**	**93.5**
Additions	—	—
Derecognitions, remeasurements and other items	5.2	(37.0)
Accretion of interest	1.6	1.8
Payments	(4.1)	(10.6)
Balance, end of year	**50.4**	**47.7**
Of which:		
Current	4.8	2.4
Non-current	45.6	45.3

Lease Payments

The required lease payments of the lease liability are as follows as of the year ended December 31:

in mEUR	2022
2023	6.4
2024	4.0
2025	4.0
2026	4.0
2027	4.0
2028 and thereafter	41.7
Total lease payments	**64.1**
Less: imputed interest	(13.7)
Total	**50.4**

The total cash outflow for leases in 2022 was €4.1 million (2021: €10.7 million), which includes redemptions of principal and interest payments.

6. Financial instruments

The carrying amounts and fair values of financial instruments by class of the consolidated statement of financial position and by category per IFRS 7.25 are summarized below. No financial instruments were reclassified between categories.

in mEUR	2022 Carrying amount	Amount recognised in balance sheet according to IFRS 9 Amortized cost	Fair value through OCI	Fair value recognized in profit and loss	Fair value
Financial Assets					
Trade receivables	23.9	23.9	—	—	23.9
Trade receivables, related parties	24.4	24.4	—	—	24.4
Other financial assets	3.6	3.6	—	—	3.6
Short-term investments	45.0	45.0	—	—	45.0
Cash and cash equivalents	248.6	248.6	—	—	248.6
Financial Liabilities					
Trade payables	19.9	19.9	—	—	19.9
Other financial liabilities	5.4	5.4	—	—	5.4

in mEUR	2021 Carrying amount	Amount recognised in balance sheet according to IFRS 9 Amortized cost	Fair value through OCI	Fair value recognized in profit and loss	Fair value
Financial Assets					
Trade receivables	22.3	22.3	—	—	22.3
Trade receivables, related parties	16.5	16.5	—	—	16.5
Other financial assets	3.2	3.2	—	—	3.2
Cash and cash equivalents	256.4	256.4	—	—	256.4
Financial Liabilities					
Trade payables	14.1	14.1	—	—	14.1
Other financial liabilities	34.8	34.8	—	—	34.8

Financial assets include non-current assets amounting to €1.5 million as of December 31, 2022 (prior year: €1.8 million).

Cash and cash equivalents, other financial assets as well as trade receivables mainly have short remaining maturities. For this reason, their carrying amounts at the reporting date approximate their fair values. Trade payables and other financial liabilities mostly have short terms. Their carrying values on the reporting date are thus similar to fair value. The same applies to current liabilities due to banks.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

Fair value measurement hierarchy for assets as at December 31 are as follows:

	2022		
in mEUR	**Level 1**	**Level 2**	**Level 3**
Other Assets			
Term deposits	—	1.4	—
Cash and cash equivalents			
Term deposits	—	159.0	—
Short-term investments			
Term deposits	—	45.0	—
Total	**—**	**205.4**	**—**

	2021		
in mEUR	**Level 1**	**Level 2**	**Level 3**
Other Assets			
Term deposits	—	1.4	—
Cash and cash equivalents			
Money market funds	19.9	—	—
Total	**19.9**	**1.4**	**—**

Net gains and losses by category of financial instruments in accordance with IFRS 7.20 are as follows as of December 31:

	2022						
	From subsequent measurement						
in mEUR	**From interest**	**From remuneration**	**At fair value recognized in OCI**	**At fair value recognized in profit and loss**	**Currency translation**	**Impairment**	**Net result**
Financial Assets	—	—	—	—	(0.2)	(0.2)	**(0.4)**
Financial Liabilities	1.7	—	—	—	—	—	**1.7**
Total	**1.7**	**—**	**—**	**—**	**(0.2)**	**(0.2)**	**1.3**

	2021						
	From subsequent measurement						
in mEUR	**From interest**	**From remuneration**	**At fair value recognized in OCI**	**At fair value recognized in profit and loss**	**Currency translation**	**Impairment**	**Net result**
Financial Assets	—	—	—	—	1.6	(0.3)	**1.3**
Financial Liabilities	2.2	—	—	—	—	—	**2.2**
Total	**2.2**	**—**	**—**	**—**	**1.6**	**(0.3)**	**3.5**

The components of the net result are recognized as finance income or finance expenses, except for impairments on trade receivables, which are reported under other operating expenses. Currency gains and losses in connection with trade receivables and trade payables, are reported under other operating income, net.

The interest result from financial liabilities of the category “Financial liabilities measured at amortized cost” primarily consists of interest expenses.

7. Financial risk management

As an internationally operating Group, trivago Group is exposed to a variety of risks. Management is aware of both the risks and the opportunities and deploys suitable measures to manage them so as to be able to react quickly to changes in the competitive environment and the general market environment.

As a group that does business internationally, trivago Group is exposed to both entrepreneurial and industry-specific risks. Consciously controlling opportunities and risks is an integral part of management and decision-making within the Group.

To be adequately prepared for changes in competitive and environmental conditions and to control value creation efficiently in trivago Group, the Management has implemented a risk management system.

Risk management processes, limits to be observed, and the use of financial instruments to manage risks are defined in the risk management manual and in supplementary guidelines for trivago Group. The aim of the risk management system is to identify and assess risks that arise. Identified risks are communicated, managed, and monitored in a timely manner.

The Group is mainly exposed to liquidity risks, credit risks, interest rate risks, and foreign currency risks. Our exposure to these risks includes our cash, accounts receivable, intercompany receivables, investments and accounts payable.

Liquidity risks

The Group's liquidity risk consists of being unable to meet existing or future payment obligations due to insufficient availability of funds. Limiting and managing the liquidity risk are among the primary tasks for trivago Group's management. trivago Group monitors the current liquidity situation on a daily basis. In order to manage future liquidity requirements, monthly liquidity plan is used. In addition, management continually evaluates key financial figures. trivago Group's financial liabilities mature within one year.

All instruments held as of the reporting date and for which payments were already contractually agreed were included. Planning data for future new liabilities is not included. Amounts in foreign currencies were translated at the year-end spot rate. Variable interest payments arising from the financial instruments were calculated using the most recent interest rates fixed before the reporting date. Financial liabilities that can be repaid at any time are always assigned to the earliest possible time period.

Credit risk

trivago Group's business is subject to certain risks and concentrations including dependence on relationships with our advertisers, dependence on third-party technology providers, and exposure to risks associated with online commerce security. Our concentration of credit risk relates to depositors holding our cash and customers with significant accounts receivable balances. The maximum exposure to credit risk is the carrying amounts of financial assets.

trivago works with several banks to mitigate credit risk exposure. The Company maintains cash deposits at multiple banks to mitigate the risk associated with a failure of any specific bank and mitigate credit risk exposure.

trivago Group's customer base includes primarily OTAs, hotel chains and independent hotels. trivago Group performs ongoing credit evaluations of the customers and maintain allowances for potential credit losses. trivago Group generally do not require collateral or other security from our customers. Expedia Group and affiliates represented 32% of our total revenue for the year ended December 31, 2022 and 49% of total accounts receivable as of December 31, 2022. Booking Holdings and its affiliates represented 49% of our revenue for the year ended December 31, 2022 and 30% of total accounts receivable as of December 31, 2022.

Management believes that the credit quality of trade receivables from related parties that are not past due or impaired are not of a high risk as their credit risk is considered to be very low.

Interest rate risk

At present, our investments consist primarily of cash and cash equivalents in short-term deposits. The primary objective of our investment activities is to preserve our capital to fund our operations. Our investments are exposed to market risk due to fluctuation in interest rates, which may affect our interest income and the fair market value of our investments, if any. We manage this exposure by performing ongoing evaluations of our investments. Due to the short-term maturities our investments, their carrying value approximates their fair value.

During 2022, cash has mostly been held in bank accounts in EUR and USD. While interest rates for these accounts have been negative in the past, in 2022, interest rates were positive and we generated a low level of interest income. We believe that our exposure to interest rate risk is not significant and a 1% change in market interest rates would not have a material impact on our assets.We did not experience any significant impact from changes in interest rates and had no outstanding loans during the year ended December 31, 2022.

Foreign currency risk

trivago Group conducts business in many countries throughout the world. Because trivago Group operates in markets globally, we have exposure to different economic climates, political arenas, tax systems and regulations that could affect foreign exchange rates. trivago Group's primary exposure to foreign currency risk relates to transacting in foreign currency and recording the activity in euros. Changes in exchange rates between the functional currency of consolidated entities and these other currencies will result in transaction gains or losses, which are recognized in profit or loss. The foreign exchange risk relates primarily to the exchange rate between the U.S. dollar and the euro. A meaningful portion of sales is generated in U.S. dollars, while expenses, other than advertising expenses denominated in U.S. dollars, are primarily incurred in euros.

Changes in foreign exchange rates can amplify or mute changes in the underlying trends in our revenues and RPQR. Although we have relatively little direct foreign currency translation with respect to our revenue, we believe that our advertisers' decisions on the share of their booking revenues they are willing to pay to us are based on the currency in which the hotels being booked are priced. Accordingly, we have observed that advertisers tend to adjust their CPC bidding based on the relative strengthening or weakening of the euro as compared to the local functional currency in which the booking with our advertisers is denominated.

Future net transaction gains and losses are inherently difficult to predict as they are reliant on how the multiple currencies in which we transact our business fluctuate in relation to the functional currency of the consolidated entities, the relative composition and denomination of current assets and liabilities for each period, and the effectiveness at forecasting and managing, through balance sheet netting, such exposures. As an example, if the foreign currencies in which trivago Group hold net asset balances were all to weaken by 10% against the euro and other currencies in which trivago Group hold net liability balances were all to strengthen by 10% against the euro, trivago Group would recognize foreign exchange losses of €1.4 million based on the net asset or liability balances of foreign denominated cash, accounts receivable, and accounts payable balances as of December 31, 2022. As the net composition of these balances fluctuate frequently, even daily, as do foreign exchange rates, the example loss could be compounded or reduced significantly within a given period.

During the years ended December 31, 2022, we had a net foreign exchange rate loss of €0.2 million compared to a gain of €1.6 million in the year ended December 31, 2021.

8. Share-based Payment Plans

2016 Omnibus Incentive Plan

In connection with our IPO, we established the trivago N.V. 2016 Omnibus Incentive Plan, which we refer to as the 2016 Plan, with the purpose of giving us a competitive advantage in attracting, retaining and motivating officers, employees, management board members, supervisory board members, and/or consultants by providing them incentives directly linked to shareholder value. The maximum number of Class A shares available for issuance under the 2016 Plan as of December 31, 2022 are 59,635,698 Class A shares, which does not include any Class B share conversions. Class A shares issuable under the 2016 Plan are represented by ADSs for such Class A shares.

The 2016 Plan is administered by a committee of at least two members of our supervisory board, which we refer to as the plan committee. The plan committee must approve all awards to directors. Our management board may approve awards to eligible recipients other than directors, subject to annual aggregate and individual limits as may be agreed by the supervisory board. Subject to applicable law or the listing standards of the applicable exchange, the plan committee may delegate to other appropriate persons the authority to grant equity awards under the 2016 Plan to eligible award recipients. Management board members, supervisory board members, officers, employees and consultants of the company or any of our subsidiaries or affiliates, and any prospective directors, officers, employees and consultants of the company who have accepted offers of employment or consultancy from the company or our subsidiaries or affiliates are eligible for awards under the 2016 Plan.

Awards include options, performance-based stock options, share appreciation rights, restricted stock units, performance-based stock units and other share-based and cash-based awards. Awards may be settled in stock or cash. The option exercise price for options under the 2016 Plan can be less than the fair market value of a Class A share as defined in the 2016 Plan on the relevant grant date. To the extent that listing standards of the applicable exchange require the company's shareholders to approve any repricing of options, options may not be repriced without shareholder approval.

Options and share appreciation rights shall vest and become exercisable at such time and pursuant to such conditions as determined by the plan committee and as may be specified in an individual grant agreement. The plan committee may at any time accelerate the exercisability of any option or share appreciation right. Restricted shares may vest based on continued service, attainment of performance goals or both continued service and performance goals. The plan committee at any time may waive any of these vesting conditions.

Options and share appreciation rights will have a term of not more than ten years. The 2016 Plan has a ten year term, although awards outstanding on the date the 2016 Plan terminates will not be affected by the termination of the 2016 Plan.

We issue new shares or reissue treasury shares to satisfy the exercise or release of share-based awards. The contractual term of the share options is seven years and there are no cash settlement alternatives. trivago does not have a past practice of cash settlement for these awards.

The expense recognized for employee services received during the year is shown in the following table:

in mEUR	2022	2021
Expense arising from equity-settled share-based payment transactions	15.0	18.0
Expense arising from cash-settled share-based payment transactions	—	—
Total expense arising from share-based payment transactions	**15.0**	**18.0**
Additional modification charges	—	—

The following table presents a summary of our share option activity during the year:

	Number	Weighted average exercise prices	Remaining contractual life (years)	Aggregate intrinsic value
Balance as of January 1, 2021	**26,347,149**			
Granted	5,979,438	0.06		
Exercised	3,960,319	0.32		
Cancelled	4,538,322	6.16		
Balance as of December 31, 2021	**23,827,946**	**2.64**	**11**	**30,237**
Granted	9,393,407	0.20		
Exercised	1,946,023	0.06		
Cancelled	3,917,532	1.13		
Balance as of December 31, 2022	**27,357,798**	**2.30**	**10**	**23,179**
Exercisable as of December 31, 2022	15,617,002	3.57	13	11,200

The following table summarizes information about share options vested and expected to vest as of December 31, 2022:

	Options	Weighted average exercise price	Remaining contractual life	Aggregate intrinsic value
Fully Vested and Expected to Vest		**(in €)**	**(in years)**	**(€ in thousands)**
Outstanding	26,104,057	2.41	10	21,672
Currently Exercisable	15,208,472	3.66	13	10,710

The range of exercise prices for options outstanding at the end of years 2022 and 2021 was 15.16 EUR to 0.06 EUR.

The following table presents a summary of our restricted stock units (RSUs):

	RSUs	Weighted average grant date fair value	Remaining contractual life in years
Balance as of January 1, 2021	**1,624,461**		
Granted	1,035,151	3.81	
Vested	553,241	2.08	
Cancelled	740,248	1.44	
Balance as of December 31, 2021	**1,366,123**	**2.92**	**6**
Granted	3,730,412	1.94	
Vested	1,400,669	2.43	
Cancelled	723,842	2.56	
Balance as of December 31, 2022	**2,972,024**	**1.94**	**6**

The RSUs are service-based awards which generally vest between one and three years. The fair value of the RSUs granted are based on the stock price on the day of grant.

Cash received from share-based award exercises for the years ended December 31, 2022 and 2021 was 118 kEUR and 1,270 kEUR, respectively.

The fair value of share awards granted during the years ended December 31, 2022 and 2021 were estimated at the date of grant using appropriate valuation techniques, including the Black-Scholes and Monte Carlo simulation pricing models, assuming the following weighted average assumptions:

	2022	2021
Weighted average fair values at the measurement date (€)	1	4
Dividend yield (%)	— %	— %
Expected volatility (%)	69 %	71 %
Risk–free interest rate (%)	1.04 %	(0.46)%
Expected life of share options (years)	4.31	4.41
Weighted average share price (US $)	1.46	4.02
Models used	Black-Scholes	Black-Scholes and Monte Carlo

The Monte Carlo simulation model, which simulated the probabilities of the potential outcomes of future stock prices of the Company over the performance period, was used to calculate the grant-date fair value for awards with market conditions.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

9. Commitments and Contingencies

trivago Group has purchase obligations, which could potentially require our payment in the event of demands by third parties or contingent events.

The below table presents the nominal value of future minimum purchase obligations as of December 31::

in mEUR	**2022**	**2021**
Remaining term of up to 1 year	22.4	19.1
Remaining term of more than 1 year and up to 5 years	26.1	29.7
Total	**48.5**	**48.8**

The purchase obligations represent minimum obligations under agreements with certain of vendors and marketing partners. These minimum obligations are less than our projected use for those periods. Payments may be more than the minimum obligations based on actual use.

The Company assessed its contingencies and concluded there were no other contingencies that management expects to have a material adverse effect on the group’s financial position as at December 31, 2022. A further description is included in the board report (section 2.4.14).

Legal proceedings

A number of regulatory authorities in Europe, Australia, and elsewhere have initiated litigation and/or market studies, inquiries or investigations relating to online marketplaces and how information is presented to consumers using those marketplaces, including practices such as search results rankings and algorithms, discount claims, disclosure of charges and availability and similar messaging.

For example, on August 23, 2018, the Australian Competition and Consumer Commission, or ACCC, instituted proceeding in the Australian Federal Court against us. The ACCC alleged a number of breaches of the Australian Consumer Law, or ACL, relating to certain advertisements in Australia concerning the hotel prices available on our Australian site, our Australian strike-through pricing practice and other aspects of the way offers for accommodation were displayed on our Australian website. The matter went to trial in September 2019 and, on January 20, 2020, the Australian Federal Court issued a judgment finding that we had engaged in conduct in breach of the ACL. On March 4, 2020, we filed a notice of appeal at the Australian Federal Court appealing part of that judgment. On November 4, 2020, the Australian Federal Court dismissed trivago’s appeal. On October 18 and 19, 2021, the Australian Federal Court heard submissions from the parties in relation to relief. On April 22, 2022, the Australian Federal Court issued a judgment ordering us to pay a penalty of AUD 44.7 million. The court also ordered us to cover the ACCC's costs arising from the proceeding and enjoined us from engaging in misleading conduct of the type found by the Australian Federal Court to be in contravention of the ACL. We have accrued the full amount of the legal penalty and the related legal costs in our 2021 financial statements. The penalty balance of €29.6 million (AUD 44.7 million) and the costs arising from the proceedings were paid in the second quarter of 2022 .

In addition, two purported consumer class actions have been filed in Israel and Ontario, Canada, making allegations about our advertising and/or display practices broadly similar to aspects of the case brought by the ACCC. Plaintiffs’ motion for class certification in the Ontario action was denied on November 28, 2022. Plaintiffs have since filed a notice of appeal asking that the motion for class certification be granted. The class action filed in Israel is at an early stage.

10. Cash Flow Statement

The cash flow statement was prepared in accordance with IAS 7 and classifies cash flow into operating, investing, and financing activities. Cash flow from operating activities was determined using the indirect method, whereas cash flow from investing activities was calculated on the basis of the direct method. Investing activities relate to the acquisition and disposal of non-current assets that are not included in cash equivalents. Cash flow from financing activities is also determined using the direct method. Financing activities that affect the extent and composition of equity items and the trivago Group borrowings.

11. Related Party Disclosures

The subsidiaries of trivago Group are listed in Note 1.3 “Summary of significant accounting policies”.

Related party transaction - management

As of December 31, 2022 the following members of the management board, whom we consider as "key management", were related parties within the meaning of IAS 24:

- Axel Hefer
- Matthias Tillmann

Please refer to note "14. Events after the Reporting Date" for changes in management after December 31, 2022.

We provided our management board with the following cash compensation with respect to their service as members of the management board during the fiscal year 2022:

(in kEUR)	**Hefer**	**Tillmann**
Amounts of periodically-paid remuneration	€500	€500
Profit Participation	31	—
Total cash compensation	**€531**	**€500**

For 2022, the compensation committee proposed a change of the cash compensation of our management board, which had been approved by the supervisory board. Compared to prior years, the cash compensation does not contain a cash bonus portion. In lieu of this, the management board's base salary has been increased. As of December 31, 2022, we had nothing set aside or accrued to provide pension, retirement or similar benefits to our management board members.

In 2022, Mr. Hefer exercised options at a strike price of €0.06 to receive 149,258 ADSs that were subsequently sold pursuant to a trading plan established pursuant to Rule 10b5-1 of the Exchange Act. In 2022, Mr. Tillmann exercised options at a strike price of €0.06 to receive 100,000 ADSs that were subsequently sold pursuant to a trading plan established pursuant to Rule 10b5-1 of the Exchange Act.

We provided our management board with the following cash compensation in the fiscal year 2021:

(in kEUR)	**Carter**(1)	**Hefer**	**Tillmann**
Amounts of periodically-paid remuneration	€240	€240	€240
Bonuses	168	192	216
Profit Participation	—	15	—
Total cash compensation	**€408**	**€447**	**€456**

(1) James Carter resigned from the management board with effect from December 31, 2021.

In each case, our management board met the objectives set forth as a condition for the awarding of the respective bonus paid to them. In 2021, the compensation committee approved, subject to supervisory board approval, an all-cash performance bonus to Messrs. Carter, Hefer and Tillmann, which amounts are included in the bonus line in the table above. As of December 31, 2021, we had nothing set aside or accrued to provide pension, retirement or similar benefits to our management board members.

In 2021, Mr. Tillmann exercised options at a strike price of €0.06 to receive 110,000 ADSs that were subsequently sold pursuant to a trading plan established pursuant to Rule 10b5-1 of the Exchange Act. In 2021 Mr. Carter acquired 304,633 ADSs from the vesting of his restricted units that were subsequently sold pursuant to a trading plan established pursuant to Rule 10b5-1 of the Exchange Act. In 2021 Mr. Hefer exercised options at a strike price of €0.06 to receive 350,000 ADSs that were subsequently sold pursuant to a trading plan established pursuant to Rule 10b5-1 of the Exchange Act.

Our management board held the following options (both vested and unvested) as of December 31, 2022:

Beneficiary	Grant date	Vesting date	Number of options outstanding[(1)]	Strike price	Expiration date[(2)]
Hefer	Sept. 23, 2016	May 1, 2017, 2018, 2019	45,830	€0.12	None
	Sept. 23, 2016	May 1, 2017, 2018, 2019	153,192	€11.75	None
	Mar. 6, 2017	Jan. 3, 2018, 2019, 2020	600,000	$12.14	Mar. 6, 2024
	Mar. 6, 2017	Jan. 2, 2019, 2020, 2021	224,000	$7.17	Mar. 6, 2024
	Dec. 20, 2017	Jan. 2, 2019, 2020, 2021	1,276,000	$7.17	Dec. 20, 2024
	Dec. 20, 2017	Jul. 2, 2020, Jan. 2, 2023	1,500,000	$7.17	Dec. 20, 2024
	Jun. 28, 2019	Three Year Vest[(3)]	618,348	€0.06	Jun. 28, 2026
	Mar. 11, 2020	Three Year Vest[(4)]	387,673	€0.06	Mar. 11, 2027
	Mar. 11, 2020	Three Year Vest[(5)]	863,601	€0.06	Mar. 11, 2027
	Mar. 2, 2021	Three Year Vest[(6)]	698,376	€0.06	Mar. 2, 2028
	Mar. 2, 2021	Three Year Vest[(7)]	917,372	€0.06	Mar. 2, 2028
	Jul 11, 2022	Three Year vest [(8)]	2,617,629	€0.06	Jul. 11, 2029
	Jul 11, 2022	Feb. 15, 2023, 2024, 2025	2,617,629	€0.06	Jul. 11, 2029
Tillmann	Mar. 6, 2017	Jan. 3, 2018, 2019, 2020	40,000	$12.14	Mar. 6 2024
	Mar. 21, 2018	Jan. 2, 2019, 2020, 2021	100,000	$7.01	Mar. 21, 2025
	Mar. 11, 2020	Three Year Vest[(4)]	57,591	€0.06	Mar. 11, 2027
	Mar. 11, 2020	Three Year Vest[(5)]	326,174	€0.06	Mar. 11, 2027
	Mar. 2, 2021	Three Year Vest[(6)]	110,101	€0.06	Mar. 2, 2028
	Mar. 2, 2021	Three Year Vest[(7)]	420,311	€0.06	Mar. 2, 2028
	Jul 11, 2022	Three Year vest [(8)]	850,729	€0.06	Jul. 11, 2029
	Jul 11, 2022	Feb. 15, 2023, 2024, 2025	850,729	€0.06	Jul. 11, 2029

(1) Share options granted before our IPO are calculated by converting options relating to units of trivago GmbH into options relating to shares of trivago N.V. by using the following conversion method (simplified): numbers of options were multiplied by the multiplier ratio 8,510.66824 used for purposes of our IPO. In case of trivago GmbH class B options, the result was divided by 1,000. Holders of trivago GmbH class A options with a former strike price of € 1.00 additionally received a portion of trivago N.V. options as compensation for the requirement of a higher strike price for trivago N.V. options due to corporate law requirements. In case the numbers relate to the time before the completion of our IPO, they are for illustrative purposes only and calculated using the method described above, as the actual option grants and exercises took place on the trivago GmbH level. Minor deviations can occur due to rounding.

(2) Unvested options lapse when the beneficiary leaves the Company.

(3) This award vests as follows: 1/3rd vested on January 2, 2020, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting dates.

(4) This award vested 1/3rd on January 2, 2021, and an additional 1/12th vested quarterly thereafter until the award was fully vested, subject to continued service on such vesting dates. The awards were not exercisable until the completion of the performance period. The award contains performance conditions which determined the number of shares earned at the end of the performance period pursuant to the respective vested stock options or restricted share units. The performance condition is based upon the two-year and three month compound annual growth rate (CAGR) of trivago's share price. Potential award levels range from 50-150% of the grant depending on the achievement of a share price CAGR ranging from ≥10-20% over a two-year and three month period (sliding scale). The start and end stock price is based on the 30-day trailing volume-weighted average share price. The initial performance measurement period at grant was January 2, 2020 to December 31, 2022. On October 22, 2020, the performance measurement start date was subsequently modified to October 2, 2020, which resulted in a lower anchor stock price and a shorter performance period to be used in determining the CAGR at the end of the performance period. On December 31, 2022 it was determined that 50% of the options granted are still outstanding based on the CAGR at the end of the performance measurement period.

(5) This award vests as follows: 1/3rd vested on January 2, 2021, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting dates.

(6) This award vested 1/3rd on January 2, 2022, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting dates. The awards are not exercisable until the completion of the performance period. The award contains performance conditions which will determine the number of shares earned at the end of the performance period pursuant to the respective vested stock options or restricted share units. The performance condition is based upon the three-year compound annual growth rate (CAGR) of trivago's share price. Potential award levels range from 0-200% of the grant depending on the achievement of a share price CAGR ranging from 10-20% over a three-year period (sliding scale). The start and end stock price is based on the 30-day trailing volume-weighted average share price.

(7) This award vests as follows: 1/3rd vested on January 2, 2022, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting dates.

(8) This award vests as follows: 16.6% vested on August 15, 2022 and an additional 8.3% will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting dates.

Our management board held the following options (both vested and unvested) as of December 31, 2021:

Beneficiary	Grant date	Vesting date	Number of options outstanding[1]	Strike price	Expiration date[2]
Carter	Jul. 18, 2019	Three Year Vest[7]	33,771	N/A[6]	N/A[6]
	Mar. 11, 2020[4]	Three Year Vest[4]	73,076	N/A[6]	N/A[6]
	Mar. 11, 2020	Three Year Vest[8]	182,275	N/A[6]	N/A[6]
	Mar. 2, 2021	Three Year Vest[10]	356,823	N/A[6]	N/A[6]
Hefer	Sept. 23, 2016	May 1, 2017, 2018, 2019	45,830	€0.12	None
	Sept. 23, 2016	May 1, 2017, 2018, 2019	153,192	€11.75	None
	Mar. 6, 2017	Jan. 3, 2018, 2019, 2020	600,000	$12.14	Mar. 6, 2024
	Mar. 6, 2017	Jan. 2, 2019, 2020, 2021	224,000	$7.17	Mar. 6, 2024
	Dec. 20, 2017	Jan. 2, 2019, 2020, 2021	1,276,000	$7.17	Dec. 20, 2024
	Dec. 20, 2017	Jul. 2, 2020, Jan. 2, 2023	1,500,000	$7.17	Dec. 20, 2024
	Jun. 28, 2019	Three Year Vest[3]	767,606	€0.06	Jun. 28, 2026
	Mar. 11, 2020[4]	Three Year Vest[4]	775,347	€0.06	Mar. 11, 2027
	Mar. 11, 2020[5]	Jan. 2, 2023	1,500,358	€0.06	Mar. 11, 2027
	Mar. 11, 2020	Three Year Vest[8]	863,601	€0.06	Mar. 11, 2027
	Mar. 2, 2021	Three Year Vest[9]	698,376	€0.06	Mar. 2, 2028
	Mar. 2, 2021	Three Year Vest[10]	917,372	€0.06	Mar. 2, 2028
Tillmann	Mar. 6, 2017	Jan. 3, 2018, 2019, 2020	40,000	$12.14	Mar. 6 2024
	Mar. 21, 2018	Jan. 2, 2019, 2020, 2021	100,000	$7.01	Mar. 21, 2025
	Feb. 8, 2019	Three Year Vest[3]	2,500	€0.06	Feb. 8, 2026
	Mar. 11, 2020[4]	Three Year Vest[4]	115,189	€0.06	Mar. 11, 2027
	Mar. 11, 2020[5]	Jan. 2, 2023	532,385	€0.06	Mar. 11, 2027
	Mar. 11, 2020	Three Year Vest[8]	423,674	€0.06	Mar. 11, 2027
	Mar. 2, 2021	Three Year Vest[9]	110,101	€0.06	Mar. 2, 2028
	Mar. 2, 2021	Three Year Vest[10]	420,311	€0.06	Mar. 2, 2028

(1) Share options granted before our IPO are calculated by converting options relating to units of trivago GmbH into options relating to shares of trivago N.V. by using the following conversion method (simplified): numbers of options were multiplied by the multiplier ratio 8,510.66824 used for purposes of our IPO. In case of trivago GmbH class B options, the result was divided by 1,000. Holders of trivago GmbH class A options with a former strike price of € 1.00 received certain a portion of trivago N.V. options in addition as compensation for the requirement of a higher strike price for trivago N.V. options due to corporate law requirements. In case the numbers relate to the time before the completion of our IPO, they are for illustrative purposes only and calculated using the method described above, as the actual option grants and exercises took place on the trivago GmbH level. Minor deviations can occur due to rounding.

(2) Unvested options lapse when the beneficiary leaves the Company.

(3) This award vests as follows: 1/3rd vested on January 2, 2020, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting dates.

(4) The award vests 1/3rd on January 2, 2021, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting dates. The awards are not exercisable until the completion of the performance period. The award contains performance conditions which will determine the number of shares awardable at the end of the performance period pursuant to the respective vested stock options or restricted share units. The performance condition is based upon the two-year and three month compound annual growth rate (CAGR) of trivago's share price. Potential award levels range from 50-150% of the grant depending on the achievement of a share price CAGR ranging from 10-20% over a two-year and three month period (sliding scale). The start and end stock price is based on the 30-day trailing volume-weighted average share price. The initial performance measurement period at grant was January 2, 2020 to December 31, 2022. On October 22, 2020, the performance measurement start date was subsequently modified to October 2, 2020, which resulted in a lower anchor stock price and a shorter performance period to be used in determining the CAGR at the end of the performance period.

(5) The award cliff vests on January 2, 2023 and is dependent on achieving a six or twelve month volume-weighted average share price ≥ USD $2.74 for the last 6 or 12 months of 2022. If this performance condition is not satisfied, the award will lapse immediately and cease to be exercisable in respect of all of the award. The performance condition at grant was a volume-weighted average share price of USD $5.00. On October 22, 2020, the performance condition was subsequently modified to a volume-weighted average share price of USD $2.74.

(6) Restricted stock units are granted at zero grant price and have no expiration date.

(7) This award vests as follows: 1/3rd vested on July 18, 2020, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting dates.

(8) This award vests as follows: 1/3rd vests on January 2, 2021, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting dates.

(9) The award vests 1/3rd on January 2, 2022, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting dates. The awards are not exercisable until the completion of the performance period. The award contains performance conditions which will determine the number of shares awardable at the end of the performance period pursuant to the

respective vested stock options or restricted share units. The performance condition is based upon the three-year compound annual growth rate (CAGR) of trivago's share price. Potential award levels range from 0-200% of the grant depending on the achievement of a share price CAGR ranging from 10-20% over a three-year period (sliding scale). The start and end stock price is based on the 30-day trailing volume-weighted average share price.

(10) This award vests as follows: 1/3rd vests on January 2, 2022, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting dates.

In connection with the share options and units granted to our management board above, we incurred the following expenses under IFRS in the fiscal years indicated:

in kEUR	2022	2021
Carter[(1)]	—	1,047
Hefer	6,396	6,622
Tillmann	1,908	1,814

(1) James Carter resigned from the management board with effect from December 31, 2021.

The primary objective of our senior management's compensation program is described in the *Compensation Principles - Senior management* section below.

Related party transaction - supervisory board

The amount of compensation, including benefits in kind, accrued or paid to our supervisory board members with respect to the year ended December 31, 2022 is described in the tables below. Our supervisory board received the following cash compensation with respect to service in the fiscal year 2022:

(in kEUR)	Breidenbach	De Schepper	Hart	Mankodi	Östberg	Total
Periodically-paid remuneration (base salary)	45	38	83	45	45	**256**
Total cash compensation	45	38	83	45	45	**256**

Our supervisory board held the following options and/or restricted stock units (RSUs) (both vested and unvested) as of December 31, 2022:

Beneficiary	Grant date	Vesting date	Number of options/ RSUs outstanding	Strike price	Expiration date
Breidenbach	Jul. 22, 2021	Three Year Vest[(1)]	39,820	€0.06	Jul. 22, 2028
	Mar. 1, 2022	Three Year Vest[(2)]	93,203	€0.06	Mar. 1, 2029
Dzielak	—	—	—	—	—
Hart	Sept 14, 2022	Three Year Vest[(3)]	1,000,000	$1.52	Sept 14, 2029
Kern	Mar. 6, 2017	Jan. 3, 2018, 2019, 2020	74,135	$12.14	Mar. 6, 2024
	Dec. 20, 2017	Jan. 2, 2019, 2020, 2021	125,520	$7.17	Dec. 20, 2024
	Mar. 11, 2020	Three Year Vest[(4)]	2,254	N/A[(6)]	N/A[(6)]
Mankodi	Aug. 17, 2018	Jul. 2, 2019, 2020, 2021	90,408	$4.42	Aug. 17, 2025
	Mar. 11, 2020	Three Year Vest[(4)]	8,287	N/A[(6)]	N/A[(6)]
	Mar. 2, 2021	Three Year Vest[(5)]	30,835	N/A[(6)]	N/A[(6)]
	Mar. 1, 2022	Three Year Vest[(2)]	78,488	N/A[(6)]	N/A[(6)]
Östberg	Mar. 6, 2017	Jan. 3, 2018, 2019, 2020	70,840	$12.14	Mar. 6, 2024
	Dec. 20, 2017	Jan. 2, 2019, 2020, 2021	119,944	$7.17	Dec. 20, 2024
	Jun. 28, 2019	Three Year Vest[(7)]	58,117	€0.06	Jun. 28, 2026
	Mar. 11, 2020	Three Year Vest [(4)]	95,982	€0.06	Mar. 11, 2027
	Mar. 2, 2021	Three Year Vest[(5)]	71,429	€0.06	Mar. 2. 2028
	Mar. 1, 2022	Three Year Vest[(2)]	100,000	€0.06	Mar. 1, 2029
De Schepper	Mar. 1, 2022	Three Year Vest[(2)]	83,333	€0.06	Mar. 1, 2029

(1)This award vests as follows: 1/3rd vests on July 1, 2023, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting date.

(2) This award vests as follows: 1/12 vested on May 15, 2022, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting date.

(3)This award vests as follows: 1/4 vests on June 30, 2023, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting date. Payment of this amount is pending the approval of trivago's annual general meeting of shareholders.

(4)This award vests as follows: 1/3rd vested on January 2, 2021, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting date.

(5)This award vests as follows: 1/3rd vested on January 2, 2022, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting date.

(6) Restricted stock units are granted at zero grant price and have no expiration date.

(7) This award vests as follows: 1/3rd vested on January 2, 2020, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting date.

As of December 31, 2022, we had nothing set aside or accrued to provide pension, retirement or similar benefits to our supervisory board members. In the year 2022, none of our supervisory board members exercised any options in trivago N.V. In 2022, 11,771 and 106,325 of Mr. Kern's and Mr. Mankodi's RSUs vested, respectively.

The amount of compensation, including benefits in kind, accrued or paid to our supervisory board members with respect to the year ended December 31, 2021 is described in the tables below. Our supervisory board received the following cash compensation with respect to service in the fiscal year 2021:

(in kEUR)	Breidenbach	Mazzella	Mankodi	Östberg	Total
Periodically-paid remuneration (base salary)	23	45	45	45	**158**
Total cash compensation	23	45	45	45	**158**

Mr. Kern, Mr. Dzielak, Ms. Gorin, Mr. Hart and Mr. Schrömgens were not provided with any compensation for their service on our supervisory board for the year ended December 31, 2021.

Our supervisory board held the following options and/or restricted stock units (RSUs) (both vested and unvested) as of December 31, 2021:

Beneficiary	Grant date	Vesting date	Number of options/ RSUs outstanding	Strike price	Expiration date
Breidenbach	Jul. 22, 2021	3 Year Vest(6)	39,820	€0.06	Jul. 22, 2028
Dzielak	—	—	—	—	—
Gorin	—	—	—	—	—
Hart	—	—	—	—	—
Kern	Mar. 6, 2017	Jan. 3, 2018, 2019, 2020	74,135	$12.14	Mar. 6, 2024
	Dec. 20, 2017	Jan. 2, 2019, 2020, 2021	125,520	$7.17	Dec. 20, 2024
	Feb. 8, 2019	3 Year Vest(2)	2,755	N/A(1)	N/A(1)
	Mar. 11, 2020	3 Year Vest(4)	11,270	N/A(1)	N/A(1)
Mankodi	Aug. 17, 2018	Jul. 2, 2019, 2020, 2021	90,408	$4.42	Aug. 17, 2025
	Feb. 8, 2019	3 Year Vest(2)	3,099	N/A(1)	N/A(1)
	Mar. 11, 2020	3 Year Vest(4)	41,434	N/A(1)	N/A(1)
	Mar. 2, 2021	3 Year Vest(5)	74,751	N/A(1)	N/A(1)
Mazzella	Mar. 6, 2017	Jan. 3, 2018, 2019, 2020	65,898	$12.14	Mar. 6, 2024
	Dec. 20, 2017	Jan. 2, 2019, 2020, 2021	111,576	$7.17	Dec. 20, 2024
	Jun. 28, 2019	3 Year Vest(2)	54,062	€0.06	Jun. 28, 2026
	Nov. 5, 2019	3 Year Vest(3)	831	€0.06	Nov. 5, 2026
	Mar. 11, 2020	3 Year Vest(4)	95,982	€0.06	Mar. 11, 2027
	Mar. 2, 2021	3 Year Vest(5)	71,429	€0.06	Mar. 2. 2028
Östberg	Mar. 6, 2017	Jan. 3, 2018, 2019, 2020	70,840	$12.14	Mar. 6, 2024
	Dec. 20, 2017	Jan. 2, 2019, 2020, 2021	119,944	$7.17	Dec. 20, 2024
	Jun. 28, 2019	3 Year Vest(2)	58,117	€0.06	Jun. 28, 2026
	Mar. 11, 2020	3 Year Vest (4)	95,982	€0.06	Mar. 11, 2027
	Mar. 2, 2021	3 Year Vest(5)	71,429	€0.06	Mar. 2. 2028

(1) Restricted stock units are granted at zero grant price and have no expiration date.

(2) This award vests as follows: 1/3rd vested on January 2, 2020, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting date.

(3) This award vests as follows: 1/3rd vested on November 5, 2020, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting date.

(4)This award vests as follows: 1/3rd vests on January 2, 2021, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting date.

(5)This award vests as follows: 1/3rd vests on January 2, 2022, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting date.

(6)This award vests as follows: 1/3rd vests on July 1, 2023, and an additional 1/12th will vest quarterly thereafter until the award is fully vested, subject to continued service on such vesting date

As of December 31, 2021, we had nothing set aside or accrued to provide pension, retirement or similar benefits to our supervisory board members. In the year 2021, none of our supervisory board members exercised any options in trivago N.V. In 2021, 27,070 and 71,408 RSUs vested and were released to Mr. Kern and Mr. Mankodi, respectively.

Compensation principles

Senior management

The primary objective of our senior management's compensation program is to attract, motivate, reward and retain the managerial talent needed to achieve our business objectives and drive sustainable business performance. We have mandated an external compensation specialist to benchmark our management's compensation, both in terms of their base cash compensation, cash bonus and equity incentive award, against that of the management of similarly situated companies in the United States and Europe including companies with a similar financial profile or those in the same sector (e.g., technology and online travel). Based on the information gathered by the compensation specialist, we increased the base salary of our management in 2022 and also provided equity awards that vest over a longer period of time in order to incentivize retention. The cash and any bonus payments and any equity award compensation are proposed by the CEO to our compensation committee. The proposal is then discussed (and amended, if needed) by the committee. The amount of compensation of the management board and those executives reporting to the CEO is then determined at the discretion of our supervisory board.

Employees

We believe in cultivating an inspiring environment where our employees can thrive and feel empowered to do their best. Our aim is to attract intrinsically motivated individuals, and nurture and retain the most capable and driven of them to support our culture of learning, authenticity and entrepreneurship.

Our remuneration policy is designed to attract and retain employees, and reward them for achieving our goals and objectives as a business, and working productively together in line with our corporate culture (see above *"Item 2: Company and Business Overview - 2.4. Business Overview - 2.4.9. Our employees and culture").*

We use an individualized approach to compensation that reflects the value contribution of each employee to our organization. We believe that employees who contribute significantly to our success should receive increased compensation and measures should be taken to retain them, for example through the award of stock options. The unique context of the position profile - in particular in relation to similar roles both at trivago and externally - as well as the scope of responsibilities taken on by that employee are other important factors for the development of employee compensation.

Salaried employees are rewarded on a total rewards basis, which includes fixed income and may include long-term incentive awards, such as stock options or restricted stock units. Compensation is awarded on a fixed rather than variable basis in order to emphasize intrinsic (rather than extrinsic) motivation. We aim to ensure that each employee's compensation is fair and is aligned to the scope and breadth of his or her activities as well as to the value that person creates. At trivago, we generally review our compensation decisions on a yearly basis. Additionally, we adopted an approach this year to enable a more fluid adjustment of compensation for employees who have been promoted or have had a significant increase in their scope of work. We believe that fairness is created by analyzing compensation at one point in time for all our employees. Rather than negotiating salary increases, we aim to run a fair, objective and merit-based process for compensation decisions.

Related party transactions - shareholder

Expedia Group Inc., the controlling shareholder, indirectly through its subsidiary Expedia, Inc., owns 61.2% of the shares. The Company and Expedia, Inc. are party to the Amended and Restated Shareholders' Agreement.

In 2013, Expedia Group completed the purchase of a 63% equity interest in the company, purchasing all outstanding equity not held by the Founders or employees for €477 million. During the second quarter of 2016, Expedia Group exercised its call right on certain shares held by non-Founder employees of the company, which were originally awarded in the form of stock options pursuant to the trivago employee stock option plan and subsequently exercised by such employees, and elected to do so at a premium to fair value resulting in a 63.5% ownership by Expedia Group.

Amended and Restated Shareholders’ Agreement of trivago N.V.

In connection with our IPO, travel B.V. (which subsequently converted into trivago N.V.), trivago GmbH, the Founders, Expedia Lodging Partner Services S.à.r.l. (ELPS) and certain other Expedia Group parties entered into an amended and restated shareholders’ agreement, which we refer to as the Amended and Restated Shareholders’ Agreement. On August 22, 2017, the parties thereto amended the Amended and Restated Shareholders’ Agreement to make a technical correction to the definition of "Secondary Shares" in the agreement. On February 7, 2019, the parties thereto amended the Amended and Restated Shareholders’ Agreement to reflect the change in number of members of the management board and the number of members of the Compensation Committee. On May 18, 2022, the parties entered into a third amendment of the Amended and Restated Shareholders' Agreement, whereby the parties agreed to lower the minimum number of management board members to two.

On November 1, 2022, we agreed to purchase from Peter Vinnemeier, one of our Founders, 20,000,000 Class A shares, representing 5.5% of our total common shares outstanding, for an aggregate price of €19.3 million (USD $20.0 million). The transaction closed on November 9, 2022, at which time, the Founders and their affiliates collectively held less than 15% of the total number outstanding of Class A and Class B shares (the “15% threshold”), including any securities convertible into or exchangeable for, or any option, warrant, or other right to purchase or otherwise acquire, any Class A or Class B share (calculated as if all such securities had been converted, exercised or exchanged), and as a result, the rights and obligations of the Founders under the Amended and Restated Shareholders’ Agreement terminated, including the right to designate members of our supervisory board for binding nomination. Pursuant to the terms of the Amended and Restated Shareholders’ Agreement, certain provisions in the Amended and Restated Shareholders’ Agreement, including certain restrictive covenants, registration rights and transfer restrictions, continue to apply to the Founders.

On November 14, 2022, the parties also executed a joinder, whereby ELPS ultimately transferred its shares to Expedia, Inc., thereby replacing ELPS as a party in the Amended and Restated Shareholders' Agreement.

Agreements regarding the supervisory board

The internal rules of our supervisory board (which we refer to as the "Supervisory Board Rules") provide that our supervisory board be comprised of seven members who will each serve for a three year term. In connection with the shareholdings of the Founders falling below the 15% threshold (see above), the Founders are no longer entitled to designate members of our supervisory board for binding nomination.

The Articles of Association, as well as the Supervisory Board Rules set forth agreements regarding the committees of the supervisory board and the rules of procedure.

Our supervisory board members were appointed by our shareholders acting at a general meeting of shareholders upon a binding nomination by the supervisory board as described in "5. Corporate Governance.”

Registration and other rights

Pursuant to the Amended and Restated Shareholders’ Agreement, Expedia, Inc. and the Founders continue to have certain demand registration rights, short-form registration rights and piggyback registration rights in respect of any Class A shares and Class B shares, and related indemnification rights from the company, subject to customary restrictions and exceptions. All fees, costs and expenses of registrations, other than underwriting discounts and commissions, are expected to be borne by us.

The Amended and Restated Shareholders’ Agreement also grants appropriate information rights to Expedia, Inc. and the Founders. Expedia, Inc. and the Founders also agreed in the Amended and Restated Shareholders’ Agreement that certain resolutions of the general meeting of shareholders require the consent of one Founder. These information and consent rights terminated in respect of the Founders upon their shareholdings having fell below the 15% threshold (see above).

Share transfer restrictions

The Amended and Restated Shareholders’ Agreement provides certain restrictions on the transferability of the Class A shares and Class B shares held by Expedia, Inc. and the Founders, including prohibitions on transfers by the Founders to our competitors. The Founders have tag-along rights on transfers of Class A or Class B shares to certain specified parties, and based on certain conditions. Expedia, Inc. has the right to drag the Founders in connection with a sale of all of its Class A shares and Class B shares. Expedia and the Founders agreed to grant each other a right of first offer on any transfers of Class A shares or Class B shares to a third party. These transfer restrictions continue to apply to the Founders after their shareholdings fell below the 15% threshold (see above).

Contribution Agreement

On August 21/22, 2017, the Founders, ELPS, trivago GmbH, trivago N.V. and certain other Expedia Group parties entered into a contribution agreement with respect to potential tax liability arising out of the cross-border merger, which we refer to as the contribution agreement. Following our IPO, we requested binding tax rulings from the German tax authorities regarding the tax neutrality to trivago GmbH, trivago N.V. and the Founders of the cross-border merger. Under the rulings, the German tax authorities have taken the opinion that trivago GmbH is liable for an immaterial tax amount. Under the contribution agreement, ELPS undertook, subject to the occurrence of a final, non-appealable and unchangeable tax assessment notice issued to us, to make an informal immaterial capital contribution (*informele kapitaalstorting*) on the Class B shares in cash in the amount of any (a) German Corporate Income Tax (*Körperschaftsteuer*), (b) German solidarity surcharge (*Solidaritätszuschlag*) thereon, and (c) German Trade Tax (*Gewerbesteuer*) that would not be made in exchange for any shares issued by us. In accordance with the terms and conditions of the contribution agreement, we and ELPS acknowledged that this contribution would be treated as share premium (*agio*) attached to the Class B shares and that the amount of this contribution would be attributed to our share premium reserve (*agioreserve*) attached to the Class B shares. The parties to the contribution agreement agreed that this contribution by ELPS shall be treated as a tax neutral shareholder contribution (*verdeckte Einlage*) at the trivago N.V. level for corporate tax purposes to the greatest extent possible. If and to the extent that German tax authorities challenge the neutral treatment of the contribution amount at the trivago N.V. level for corporate tax purposes, ELPS will contribute to us, in addition to the contribution amount referenced above, such additional amount as is necessary to ensure that the net amount actually received by us (after taking into account the payment by us of corporate taxes imposed on the contribution amount and any additional amounts payable to us pursuant the requiring payment of such additional amounts) that equals the full amount that we would have received had no such corporate taxes been imposed on the contribution amount.

Operating business

We have commercial relationships with Expedia Group, Inc. and many of its affiliated brands, including Brand Expedia, Hotels.com, Orbitz, Travelocity, Hotwire, Wotif, Vrbo and ebookers. These are arrangements terminable at will or upon fourteen to thirty days' prior notice by either party and on customary commercial terms that enable Expedia Group's brands to advertise on our platform, and we receive payment for users we refer to them. In 2020, we and Expedia Partner Solutions ("EPS") entered into an additional agreement pursuant to which EPS powers our platform with a template (hotels.com for partners). For the years ended December 31, 2022 and 2021, Expedia Group and its brands in each of the years accounted for €173.3 million, or 32% and €91.3 million, or 25% of our total revenues, respectively.

Service agreements

On May 1, 2013, we entered into an Asset Purchase Agreement, pursuant to which Expedia Group purchased certain computer hardware and software from us, and a Data Hosting Services Agreement, pursuant to which Expedia Group provides us with certain data hosting services relating to all of the servers we use that are located within the United States. Either party may terminate the Data Hosting Services Agreement upon 30 days' prior written notice. We have not incurred material expenses under this agreement.

Services and Support Agreement

On September 1, 2016, we entered into a Services and Support Agreement, pursuant to which ELPS agreed to provide us with certain services in connection with localizing content on our websites, such as translation services. Either party may terminate the Services and Support Agreement upon 90 days' prior notice. We have not incurred material expenses under this agreement. For each of the years ended December 31, 2022 and 2021, we incurred €0.2 million for these services, respectively.

Related party transactions - other

myhotelshop

Subsequent to the deconsolidation of myhotelshop GmbH ("myhotelshop") in December 2017, myhotelshop remained a related party to trivago until January 28, 2021, when we sold our minority interest. Related party revenue for the year ended December 31, 2021 was not significant. Related party revenue of €1.1 million for the year ended December 31, 2020, primarily consists of Referral Revenue.

In December 2020, we entered into an agreement to sell our minority interest in myhotelshop to its majority shareholder. As a result of the sale, we derecognized the remaining equity method investment of €70 thousand on our consolidated statement of financial position. The closing conditions were fulfilled on January 28, 2021, with myhotelshop not being a related party to us from that date on.

UBIO Limited

On April 28, 2022, we entered into an investment for a 20.8% (15.5% fully-diluted by share options) ownership interest in UBIO Limited ("UBIO") for €5.9 million. UBIO is a software company that develops robotic automation technology. trivago has the ability to exercise significant influence over UBIO through our representation on UBIO's Board of Directors, where we hold one of five seats. trivago does not have any rights, obligations or any relationships with regards to the other investors of UBIO. Our investment in UBIO is accounted for as an equity method investment.

On November 28, 2022, we entered into a commercial arrangement with UBIO to increase the number of directly bookable rates available on our website. The services will be provided for a period of 12 months. For the year ended December 31, 2022, our operating expenses include €0.5 million related to this commercial agreement.

12. Capital Management

The primary objective of the Group’s capital management activities is to ensure that the Company can discharge all of its financial obligations in the future and secure trivago Group as a going concern. trivago's capital management activities cover the whole Group. Policies for steering and optimizing the existing financing structure are based on earnings and cash flow developments.

The Group continues to operate without any loans or borrowings for the years ended December 31, 2022 and 2021.

Capital management

	As of December 31,	
in mEUR	**2022**	**2021**
Interest-bearing loans and borrowings	—	—
Less: Cash and cash equivalents	(248.6)	(256.4)
Net debt	**(248.6)**	**(256.4)**
Equity	323.1	276.5
Total capital	**323.1**	**276.5**
Capital and net debt	**74.5**	**20.1**

13. Auditors’ Fees

The following expenses incurred for services provided by the auditors and related companies of the auditors for the trivago Group:

in mEUR	**2022**	**2021**
Audit fees*	2.3	2.4
Total	**2.3**	**2.4**

** Thereof related to the audit of the financial statements included in the annual report by Ernst & Young Accountants LLP: €0.1 million (2021: €0.1 million).*

14. Events after the Reporting Date

Subsequent to the date of the balance sheet through the date of issuance of these consolidated financial statements,1,761,380 Class A shares were issued as a result of options exercised and RSUs released.

On May 9, 2023, the Company received the resignation of Axel Hefer as Managing Director and Chief Executive Officer of the Company. On the same day, the Company’s supervisory board approved his resignation, and elected Johannes Thomas to replace Mr. Hefer as a temporary member of the Company's management board, pending his appointment by the Company's next general meeting of shareholders. Upon his appointment as temporary member of the management board, Mr. Thomas has all powers and responsibilities of a management board member, as if he had been appointed by the general meeting of shareholders. In addition, the Company's management board designated Jasmine Ezz and Andrej Lehnert as temporary officers and members of the Company’s leadership team. The Company’s founder, Rolf Schrömgens, will also return to the Company, initially serving as an advisor. The supervisory board intends to nominate Ms. Ezz and Mr. Lehnert for appointment as managing directors and Mr. Schrömgens for appointment as supervisory director by the Company's next general meeting of shareholders.

Management is currently evaluating the impact of Mr. Hefer's resignation on his stock-based compensation awards and will determine the appropriate treatment in accordance with the applicable accounting standards. Any necessary adjustments, such as accelerated vesting or modification of the awards, will be recognized in the financial statements in the period in which the event occurred. These adjustments may impact the amount of stock-based compensation expense recognized in future periods.

10. trivago N.V.
Company Financial Statements
as of December 31, 2022

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trivago N.V.
Company Financial Statements
Statement of Profit or Loss
for the period from January 1 to December 31

in kEUR	Notes	2022	2021
Profit/(loss) from affiliated companies after taxation	1	(1,254)	(1,232)
Other income and losses after taxation	2	53,100	(8,135)
Profit/(loss) for the year after taxation		**51,846**	**(9,367)**

trivago N.V.
Company Financial Statements
Statement of Financial Position
before appropriation of results as of December 31

in KEUR	Notes	2022	2021
Fixed assets			
Intangibles			
Intangible assets	3	5,752	7,508
Goodwill	3	6,867	6,836
Total intangibles		12,619	14,344
Tangible fixed assets	4	7,594	8,770
Right-of-use assets		46,975	45,804
Financial fixed assets			
Participation in group companies	5	9,604	9,125
Investment in associates	5	5,551	—
Other long term receivables	5	2,898	3,337
Deferred tax assets	5	—	10,238
Total financial fixed assets		18,053	22,700
Non-current assets		**85,241**	**91,618**
Trade receivables		23,846	22,902
Trade receivables, related parties		24,432	16,506
Income tax receivables		483	3,509
Other assets		11,056	11,854
Short-term investments		45,000	—
Cash and cash equivalents	6	237,762	245,719
Current assets		**342,579**	**300,490**
Assets		**427,820**	**392,108**
Common stock A shares	7	7,458	5,802
Common stock B shares	7	142,486	157,178
Treasury stock at cost	7	(19,960)	—
Capital reserves	7	136,008	116,536
Legal reserves	7	5,294	6,325
Profit (loss) for the period	7	51,846	(9,367)
Total equity		**323,132**	**276,474**
Deferred tax liabilities	8	965	—
Provisions		**965**	**—**
Lease liabilities	9	45,443	45,057
Other liabilities		202	235
Non-current liabilities		**45,645**	**45,292**
Trade payables		20,025	13,997
Income tax liabilities		20,952	12,604
Lease liabilities	9	4,735	2,291
Other liabilities	10	12,366	41,450
Current liabilities		**58,078**	**70,342**
Equity and liabilities		**427,820**	**392,108**

Notes to the Company Financial Statements

General information & basis of preparation

The description of the activities and the structure of trivago N.V ("the Company" or "trivago") as included in the notes to the consolidated financial statements also apply to the Company Financial Statements.

The financial statements of trivago N.V included in this section are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. Section 2:362 (8) of the Dutch Civil Code, allows companies that apply IFRS as endorsed by the European Union in their consolidated financial statements to use the same measurement principles in their company financial statements. The Company has prepared these Company financial statements using this provision.

The accounting policies are described in the Summary of significant accounting policies of the consolidated financial statements and are deemed incorporated and repeated herein by reference.

In the company financial statements we apply section 2:402 of the Dutch Civil Code and will present the abridged statement of profit and loss. This is applied because the company only accounts have been processed in the consolidated financial statements.

In case single balance sheet line items and profit and loss accounts are not further disclosed in the company financial statements, we refer to the disclosure to the consolidated financial statements.

Summary of significant accounting policies

The accounting policies as included in the notes to the consolidated financial statements also apply to the company financial statements.

Investment in group companies

Investments in subsidiaries refers to contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. An investment in subsidiaries can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees. It includes the means by which an entity has control or joint control of, or significant influence over, another entity. An entity does not necessarily have an interest in another entity solely because of a typical customer supplier relationship.

Investments in subsidiaries are accounted at equity method. For an overview of subsidiaries refer to the consolidated financial statements.

Expected credit losses

Expected credit losses on intercompany receivables are eliminated against the intercompany receivables themselves.

Notes to the statement of Profit or Loss

1. Profit from affiliated companies after taxation

The profit in 2022 from affiliated companies is determined as follows:

in mEUR	**total**
Profit/(loss) other affiliated companies	(1.2)
Total	**(1.2)**

The profit in 2021 from affiliated companies is determined as follows:

in mEUR	**total**
Profit/(loss) other affiliated companies	(1.2)
Total	**(1.2)**

2. Other income and losses after taxation

With regard to company pension plans, trivago N.V. only has defined contribution plans. trivago N.V. pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. There are no other benefit obligations for trivago N.V. after payment of the contributions. The current contribution payments are disclosed as an expense in the respective year.

The number of employees as of reporting date is included in the consolidated financial statements.

For the remuneration of the members of both the Board of Management and the Supervisory Board, please refer to note *11. Related Party Disclosures* in the consolidated financial statements which is deemed incorporated and repeated herein by reference.

Notes to the statement of Financial Position

3. Goodwill and intangible assets

Disclosures related to the nature of the intangible assets and further information is included in note "5.1 Intangible assets" in the consolidated accounts.

The consolidated goodwill balance is fully comprised of trivago N.V. and further disclosures related to changes in the carrying amount of goodwill during the period is included in note "5.1 Intangible assets" in the consolidated accounts.

in mEUR	Other Intangibles	Capitalized Software	Total
Historical cost			
As of 01/01/2021	**0.5**	**24.7**	**25.1**
Additions	0.7	4.8	5.5
Disposals	(0.1)	—	(0.1)
As of 12/31/2021	**1.1**	**29.5**	**30.5**
As of 01/01/2022	**1.1**	**29.5**	**30.5**
Additions	—	3.4	3.4
Disposals	—	—	—
As of 12/31/2022	**1.1**	**32.9**	**33.9**
Accumulated amortization			
As of 01/01/2021	**(0.5)**	**(17.5)**	**(18.0)**
Additions	(0.1)	(5.0)	(5.1)
Disposals	—	—	—
Impairments	—	—	—
As of 12/31/2021	**(0.6)**	**(22.5)**	**(23.1)**
As of 01/01/2022	(0.6)	(22.5)	(23.1)
Addition	(0.1)	(4.2)	(4.3)
Disposals	—	(0.9)	(0.9)
Impairments	—	—	—
As of 12/31/2022	**(0.7)**	**(27.7)**	**(28.4)**
Net carrying amount as of 1/1/2021	**—**	**7.2**	**7.2**
Net carrying amount as of 31/12/2021	**0.6**	**6.9**	**7.5**
Net carrying amount as of 31/12/2022	**0.5**	**5.2**	**5.7**

Note: Some figures may not add due to rounding.

4. Property, plant and equipment

in mEUR	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Historical cost				
As of 01/01/2021	**16.8**	**5.4**	**14.6**	**36.8**
Additions	0.5	0.1	—	0.6
Disposals	(1.6)	(2.5)	(8.0)	(12.1)
As of 12/31/2021	**15.7**	**3.0**	**6.6**	**25.3**
As of 01/01/2022	**15.7**	**3.0**	**6.6**	**25.3**
Additions	0.5	—	0.0	0.5
Disposals	(0.4)	—	—	(0.4)
As of 12/31/2022	**15.8**	**3.0**	**6.6**	**25.4**
Accumulated depreciation				
As of 01/01/2021	**(13.8)**	**(2.7)**	**(1.7)**	**(18.2)**
Additions	(1.7)	(0.5)	(0.4)	(2.6)
Disposals	1.6	1.7	1.0	4.3
As of 12/31/2021	**(13.9)**	**(1.5)**	**(1.1)**	**(16.5)**
As of 01/01/2022	**(13.9)**	**(1.5)**	**(1.1)**	**(16.5)**
Additions	(1.0)	(0.4)	(0.3)	(1.7)
Disposals	0.4	—	—	0.4
As of 12/31/2022	**(14.5)**	**(1.9)**	**(1.4)**	**(17.8)**
Net carrying amount as of 01/01/2021	3.0	2.7	12.9	18.6
Net carrying amount as of 12/31/2021	1.8	1.5	5.5	8.8
Net carrying amount as of 12/31/2022	1.3	1.1	5.2	7.6

We record property and equipment at cost, net of accumulated depreciation and impairment. We compute depreciation using the straight-line method over the estimated useful lives of the assets, which is generally three to five years for computer equipment and furniture and other equipment. We depreciate leasehold improvement using the straight-line method, over the shorter of the estimated useful life of the improvement or the remaining term of the lease.

5. Financial fixed assets

As of December 31, 2022 trivago holds the following direct and indirect participating interests in subsidiaries:

Name, location		**Interest in %**
Fully consolidated		
base7booking.com S.à.r.l. (in liquidation)	Switzerland	100 %
base7Germany GmbH	Germany	100 %
Stichting trivago Warehousing	The Netherlands	100 %
TGO (Thailand) Ltd. (in liquidation)	Thailand	100 %
trivago Hong Kong Ltd.	Hong Kong	100 %
trivago Hotel Relations GmbH	Germany	100 %
Trivago Hotel Relations Spain S.L.U	Spain	100 %
trivago Service B.V.	The Netherlands	100 %
trivago Services US LLC	United States	100 %
weekengo GmbH	Germany	100 %

trivago Group acquired 100% of weekengo GmbH on January 12, 2021. Refer to *Note 9.2. Acquisitions, other investments and divestitures* in the consolidated financial statements.

On April 28, 2022, trivago entered into an investment for a 20.8% (15.5% fully-diluted by share options) ownership interest in UBIO Limited ("UBIO") accounted for as an equity method investee:

Investments in associates	
in mEUR	
Opening balance 1 January 2022	—
Capital transactions	6.0
Results from subsidiaries	(0.4)
Investments, ending balance 31 December 2022	**5.6**

For all consolidated subsidiaries trivago operates and controls all of the business and affairs of the subsidiary and its respective subsidiaries.

Investments in subsidiaries	
in mEUR	
Opening balance 1 January 2021	3.8
Capital transactions	6.5
Results from subsidiaries	(1.2)
Investments, ending balance 31 December 2021	**9.1**
Opening balance 1 January 2022	9.1
Capital transactions	1.4
Results from subsidiaries	(0.8)
Investments, ending balance 31 December 2022	**9.6**

Other long term receivables	
in mEUR	
Opening balance January 1, 2021:	4.0
Decrease various	(0.7)
Balance as of December 31, 2021:	**3.3**
Opening balance January 1, 2022:	3.3
Decrease various	(0.4)
Balance as of December 31, 2022:	**2.9**

For the year ended December 31, 2022, there were no impairment charges or revaluations charges related to investments in subsidiaries. Accumulated impairment charges on investments in subsidiaries totaled €1.1 million as of December 31, 2022 (prior year as of December 31, 2021: €1.1 million).

Deferred Tax Asset	
in mEUR	
Opening balance January 1, 2021:	11.8
Additions/(Reductions)	(1.6)
Balance as of December 31, 2021:	**10.2**
Opening balance January 1, 2022:	10.2
Additions/(Reductions)	(10.2)
Balance as of December 31, 2022:	**—**

6. Cash and cash equivalents

in mEUR	As of December 31,	
	2022	2021
Cash at banks and on hand	237.8	245.7
Total	**237.8**	**245.7**

The development and application of cash and cash equivalents is stated in the consolidated statement of cash flows. All cash at banks and on hand is available for immediate use by the group, without any restrictions.

7. Equity

	Issued capital	Capital reserves	Legal reserves	Unappropriated results	Retained earnings	Total equity
January 1, 2021	**182,271**	**135,510**	**6,475**	**(39,367)**	**(18,399)**	**266,490**
Appropriation of prior year's result	—	—	—	39,367	(39,367)	—
Other comprehensive income (net of tax)	—	32	—	—	—	32
Share-based compensation expense NV level	—	18,049	—	—	—	18,049
Conversion of Class B shares	(19,561)	19,561	—	—	—	—
Issued capital, options exercised	270	1,000	—	—	—	1,270
Transfer of reserves to legal reserve	—	150	(150)	—	—	—
Net profit (loss)	—	—	—	(9,367)	—	(9,367)
December 31, 2021	**162,980**	**174,302**	**6,325**	**(9,367)**	**(57,766)**	**276,474**
January 1, 2022	**162,980**	**174,302**	**6,325**	**(9,367)**	**(57,766)**	**276,474**
Appropriation of prior year's result				9,367	(9,367)	—
Other comprehensive income (net of tax)		18				18
Share-based compensation expense NV level		14,984				14,984
Conversion of Class B shares	(13,223)	13,223				—
Issued capital, options exercised, net	187	(118)				69
Repurchase of common stock	(20,259)					(20,259)
Reissuance of treasury stock	299	(299)				—
Transfer of reserves to legal reserve		1,031	(1,031)			—
Net profit (loss)				51,846		51,846
December 31, 2022	**129,984**	**203,141**	**5,294**	**51,846**	**(67,133)**	**323,132**

Capital stock

As of December 31, 2022, we had 104,305,225 Class A shares outstanding, 237,476,895 Class B shares outstanding. As of December 31, 2021, we had 96,704,815 Class A shares outstanding, 261,008,088 Class B shares outstanding.

Class A and Class B common stock has a par value of €0.06 and €0.60, respectively. Class B shares are entitled to ten votes per share, and holders of our Class A shares are entitled to one vote per share. All other terms and preferences of Class A and Class B common stock are the same. Each Class B share is convertible into one Class A share at anytime by the holder. During the years ended December 31, 2022 and 2021, 24,485,793 and 36,225,279 Class B shares were converted into Class A shares, respectively.

On March 1, 2022, the Company's Supervisory Board authorized a program to repurchase up to 10 million of the Company's ADSs, each representing one Class A share. On March 7, 2022, the Company entered into a stock repurchase program which expired on May 30, 2022. No stock repurchases were made under this program. On May 31, 2022, the Company entered into another stock repurchase program which expired on July 29, 2022. As of December 31, 2022, the Company reacquired 205,457 Class A common shares on the open market at fair market value. The shares of stock purchased under the buyback program were held as treasury shares until they were all reissued to settle RSU awards vesting from our share-based compensation awards during the fourth quarter of 2022.

In November 2022, the Company acquired 20,000,000 Class A shares from Peter Vinnemeier valued at €19.9 million, which includes a foreign exchange gain of €0.6 million resulting from the fluctuation of the USD exchange rate between the trade and cash settlement dates. These shares are held as treasury shares as of December 31, 2022.

Legal reserves

A legal reserve is included for internally developed capitalized software which is included in trivago N.V. as December 31, 2022.

Income for the period

An unappropriated income of €51.8 million and loss of €9.4 million exists for the year ended December 31, 2022 and December 31, 2021, respectively.

We plan to add our income/(loss) for the year to retained earnings.

8. Provisions

As of December 31, 2022 Provisions consisted of deferred tax liabilities in the amount of €965.0 kEUR (2021: nil).

9. Leases

Set out below are the carrying amounts of lease liabilities and the movements during the period:

in mEUR	2022	2021
Balance, beginning of year	**47.3**	**93.1**
Additions	—	—
Derecognitions and other items	5.0	(37.0)
Accretion of interest	1.8	1.8
Payments	(4.0)	(10.6)
Balance, end of year	**50.1**	**47.3**
Of which:		
Current	4.7	2.3
Non-current	45.4	45.1

10. Other liabilities

Other liabilities in the amount of €12.6 million (2021: €41.5 million) consists of both financial liabilities and non-financial liabilities which are specified in the table below.

Presented within other financial liabilities for the period ended December 31, 2021 in the table below, is the penalty amount and the costs rising from the legal proceedings initiated by the ACCC against us. The penalty balance of €29.6 million (AUD 44.7 million) and the costs arising from the proceedings as described in *Note 9.9. Commitments and Contingencies* within the consolidated financial statements have since been paid in the second quarter of 2022.

Other financial liabilities

	2022	2021
in mEUR	**Current**	**Current**
Deposit	0.7	0.7
Liabilities to employees	0.6	1.1
Invoices to be received	3.6	3.0
Other	0.4	30.0
Total	**5.3**	**34.8**

Other non-financial liabilities

	2022	2021
in mEUR	**Current**	**Current**
Deferred income	2.0	2.2
Other taxes liabilities	4.1	3.3
Liabilities to employees	0.5	1.1
Other	0.7	0.1
Total	**7.3**	**6.7**
Total other liabilities	**12.6**	**41.5**

11. Auditors' Fees

For the auditors' fees for the year refer to the consolidated financial statements.

12. Events after reporting date

For the events after the reporting date refer to the consolidated financial statements.

Signature page to the Dutch statutory board report and financial statements of trivago N.V. for the fiscal year ended 31 December 2022.

Düsseldorf, Germany May 23, 2023.

Management Board

/s/ T.J. Thomas	/s/ M. Tillmann

Supervisory Board

/s/ R. Dzielak	/s/ E. Hart
/s/ L.N. Östberg	/s/ P.M. Kern
/s/ M. De Schepper	/s/ H. Mankodi
/s/ J. Breidenbach	

11. Other Information

11.1. Profit appropriation

Under the Articles, subject to applicable law, the profits shown in the Company's annual accounts in respect of any fiscal year shall be appropriated as follows, and in the following order of priority:

a. subject to the approval of the Supervisory Board, the Management Board shall determine which part of the profits shall be added to the Company's reserves; and

b. any remaining profits shall be at the disposal of the General Meeting for distribution on the class A shares and the class B shares as if they are shares of the same class.

We plan to add our income to retained earnings.

11.2. Special rights of control under the Articles

As indicated in section 7 of the financial statements, the authorized share capital of the Company includes and the Company has issued class B shares, which are not listed and carry ten votes in the General Meeting each, whereas a class A shares (represented by the Nasdaq listed American Depositary Shares) carry only one vote in the General Meeting each. As at December 31, 2022, majority of class B shares were held by Expedia, Inc. and the minority of class B shares was held by Rolf Schrömgens.

As of December 31, 2022, Class B shares of trivago N.V. are only held by Expedia Group and Rolf Schrömgens, one of our founders. Expedia Group's ownership interest and voting interest in trivago N.V. is 61.2% and 84.3%, respectively. The Class B shares held by Mr. Schrömgens as of December 31, 2022 had an ownership interest and voting interest of 8.3% and 11.5%, respectively. The Founders may also own Class A shares (approximately 7.3% of our share capital as of December 31, 2022) in addition to the Class B shares held. The additional ownership of Class A shares by the Founders would not significantly change ownership or voting interest.

Other than the class B shares, the Articles do not grant any party special rights of control (*zeggenschap*) in respect of the Company.

11.3. Non-voting shares and shares carrying limited economic entitlement

Not applicable. The Company has not issued non-voting shares and all class A shares and all class B shares rank *pari passu* in respect of their economic entitlements.

11.4. Other establishments

The Company does not have any other establishments in addition to the Company's offices in Düsseldorf, Germany.

12. Independent Auditor's Report

Independent auditor's report

To: the shareholders and supervisory board of trivago N.V.

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended December 31, 2022 of trivago N.V. based in Amsterdam, the Netherlands. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of trivago N.V. as at December 31, 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of trivago N.V. as at December 31, 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated statement of financial position as at December 31, 2022
- The following statements for 2022: the consolidated statements of profit or loss, other comprehensive income or loss, changes of equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company statement of financial position as at December 31, 2022
- The company statement of profit or loss for 2022
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of trivago N.V. (the company) in accordance with the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

trivago N.V. and its subsidiaries offer online meta-search for hotel and accommodation, generally employing a "cost-per-click" pricing structure. The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€4,000,000 (2021: €2,650,000)
Benchmark applied	0.75% of revenue from contracts with customers (2021: 0.75% of revenue)
Explanation	Based on our professional judgment we have considered an activity-based measure as the appropriate benchmark to determine materiality. We consider revenue from contracts with customers to be the most relevant measure given the nature of the business, the strategy of the company and the expected focus of the users of the financial statements.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of €200,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

trivago N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

As processes at trivago N.V. are centralized, we have applied a centralized audit approach together with Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. Our audit mainly focused on the statutory entity trivago N.V., as the majority of the operations of the group take place within that entity.

Our audit coverage for total revenues and for total assets can be summarized as follows:

- For revenue from contracts with customers, our audit procedures achieved a coverage of 99%
- For (total) assets, our audit procedures achieved a coverage of 99%

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the technology industry. We included team members with specialized knowledge in amongst others the areas of IT audit and income tax.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the management board's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section 4 of the Dutch Statutory Board Report for the management board's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of business conduct and ethics, whistleblower policy and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in section Estimation uncertainty and management judgment of Note 1.2 to the consolidated financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions. We evaluated the business rationale of transactions with related parties and whether these were accounted for at-arm's length and in accordance with transfer pricing documentation. These risks did however not require significant auditor's attention during our audit.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition due to inappropriate modifications in the process of identifying and excluding invalid clicks from cost-per-click revenues. We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter Revenue recognition (cost-per-click).

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance and the supervisory board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures. We refer to Note 9 to the consolidated financial statements under "Legal proceedings" and section 2.4.14 of the Dutch Statutory Board Report.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit in particular relating to compliance of (international) advertisement practices with national consumer laws and privacy. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section Basis of preparation in Note 1.2 to the consolidated financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the management board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next twelve months.

We discussed and evaluated the specific assessment with the management board exercising professional judgment and maintaining professional skepticism. We considered whether the management board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the supervisory board. The key audit matter is not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matter did not change.

Revenue recognition (cost-per-click)	
Risk	Revenue from contracts with customers (hereinafter: revenue) is one of the key indicators of the company's performance and considered a main focus of the users of the financial statements. We refer to section 1.3 under "Revenue from contracts with customers" and Note 4.1 "Revenue from contracts with customers" to the consolidated financial statements. Cost-per-click (CPC) revenue accounts for the majority of the company's revenue, which is driven by each user's click on an offer in the search results. CPC revenue is recognized at a point in time, which relates to the moment when the user clicks on an advertisement and is referred to one of the advertisers. CPC revenue is processed within underlying IT systems at the company. As mentioned in the above section Our audit response related to fraud risks, we presumed that there are risks of fraud in revenue recognition. Given the main focus of users of the financial statements, the presumed fraud risk and the importance and complexity of the underlying IT systems for processing the CPC revenue, we identified revenue recognition as a key audit matter.

Revenue recognition (cost-per-click)	
Our audit approach	Our audit procedures included an evaluation of the appropriateness of company's revenue recognition policies in accordance with IFRS 15 "Revenue from Contracts with Customers" and understanding of the internal (IT) control environment with evaluation of design and testing of control effectiveness in the area of CPC revenue recognition. In addition, we performed a combination of substantive audit procedures to address the risk relating to revenue recognition. Our procedures included confirming clicks and revenue with key advertisers, testing of changes made to the process of identifying and excluding invalid clicks, analytical procedures, inquiring of account managers, inspection of new contracts with customers and analyzing entries including credit notes on specific accounts. Finally, we evaluated the adequacy of the disclosures.
Key observations	Based on the audit procedures performed, we did not identify any material misstatements in the revenue reported and conclude that the related disclosures in the financial statements are adequate.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of trivago N.V. on February 21, 2017, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

Description of responsibilities regarding the financial statements

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, not communicating the matters is in the public interest.

Eindhoven, May 23, 2023

Ernst & Young Accountants LLP

signed by J.R. Frentz