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Form 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR

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

For the fiscal year ended December 31, 2019

OR

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

OR

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

Date of event requiring this shell company report

Commission file number: 001-37959

trivago N.V.

(Exact name of Registrant as specified in its charter)

trivago Corporation

(Translation of Registrant's name into English)

The Netherlands

(Jurisdiction of incorporation or organization)

Kesselstraße 5 - 7, 40221 Düsseldorf, Federal Republic of Germany

(Address of principal executive offices)

Axel Hefer, +49 211 3876840000, Kesselstraße 5 - 7, 40221 Düsseldorf, Federal Republic of Germany

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading symbol	Name of each exchange on which registered
American Depositary Shares, each representing one Class A share, nominal value €0.06 per share	TRVG	The NASDAQ Stock Market LLC
Class A shares, nominal value €0.06 per share*		The NASDAQ Stock Market LLC*

* Not for trading, but only in connection with the registration of the American Depositary Shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

50,816,706 Class A shares

301,687,967 Class B shares

(as of December 31, 2019)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a "large accelerated filer," an "accelerated filer," a "non-accelerated filer" or an "emerging growth company."

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

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

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the
International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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General

As used herein, references to “we,” “us,” the “company,” or “trivago,” or similar terms in this Annual Report on Form 20-F shall mean trivago N.V. and, as the context requires, its subsidiaries.

Our financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles, or U.S. GAAP. 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.

We have historically conducted our business through trivago GmbH, and therefore our historical financial statements prior to our initial public offering, or IPO, present the results of operations and financial condition of trivago GmbH and its controlled subsidiaries. In connection with our IPO, trivago N.V. became the holding company of trivago GmbH, and the historical consolidated financial statements of trivago GmbH became the historical consolidated financial statements of trivago N.V. On September 7, 2017, the merger of trivago GmbH into and with trivago N.V. became effective. We refer to such merger as the cross-border merger. Pursuant to the cross-border merger, Messrs. Schrömgens, Vinnemeier and Siewert (whom we collectively refer to as our Founders) exchanged all of their units of trivago GmbH remaining after our pre-IPO corporate reorganization for Class B shares of trivago N.V.

The historical financial statements of trivago GmbH and its controlled subsidiaries made reference to the members’ equity as trivago GmbH Class A units and trivago GmbH Class B units. The equity of a GmbH is not unitized into shares under German corporate law. However, pursuant to the company’s articles of association, we unitized members’ equity into trivago GmbH Class A units and Class B units, with each trivago GmbH Class B unit having 1/1,000 of the voting rights and economic rights of a trivago GmbH Class A unit.

Special note regarding forward-looking statements

This annual report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, 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:

- we may not be able improve our profitability in future periods or may incur losses, even while our revenues decline;
- our dependence on a relatively small number of advertisers for our revenue and adverse impacts that could result from their reduced spending or changes in their bidding strategy;
- factors that contribute to our period-over-period volatility in our financial condition and result of operations;
- our dependence on general economic conditions and adverse impacts that could result from declines in travel or discretionary spending;
- the effectiveness of our Advertising Spend, including as a result of increased competition or inadequate or ineffective innovation in or execution of our advertising;
- the effectiveness of our measures to increase advertiser diversity on our marketplace;

- increasing competition in our industry;
- our focus on hotel and other accommodations if users expect other services;
- our ability to innovate and provide tools and services that are useful to our users and advertisers;
- our dependence on relationships with third parties to provide us consumer reviews;
- our reliance on search engines, particularly Google, which promote its own product and services that competes directly with our accommodation search and may negatively impact our business, financial performance and prospects;
- 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 of this annual report titled “*Item 3 D. Risk factors*” for a discussion of important 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 annual report and the documents that we reference in this annual report and have filed as exhibits to 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.

PART I

Item 1: Identity of directors, senior management and advisers

Not applicable.

Item 2: Offer statistics and expected timetable

Not applicable.

Item 3: Key information

A. Selected financial data

We have derived the data we present in the tables below from our audited consolidated financial statements for the years presented. You should read all of the data in the tables below together with the consolidated financial statements and notes included in “Item 18 Financial statements” and the information we provide in “Item 5 Operating and financial review and prospects.” For fiscal years ended December 31, 2015, 2016 and 2017, refer to our previously filed annual reports on Form 20-F. Our financial statements are prepared in accordance with U.S. GAAP.

Statement of operations data

(in thousands, except per share data)	Year ended December 31,				
	2015	2016	2017	2018	2019
Consolidated statement of operations:					
Total revenue	€ 493,083	€ 754,169	€1,035,383	€ 914,816	€ 838,617
Operating income/(loss)	(47,870)	(44,445)	(20,368)	(19,166)	38,151
Net income/(loss)	(39,366)	(51,391)	(13,049)	(21,489)	17,161
Net income/(loss) attributable to trivago N.V.	(39,127)	(50,681)	(12,481)	(21,489)	17,161
Earnings per share attributable to trivago N.V. available to common stockholders⁽¹⁾					
Basic	€ 0.00	€ (0.05)	€ (0.06)	€ 0.05	€ 0.05
Diluted	€ 0.00	€ (0.05)	€ (0.06)	€ 0.05	€ 0.05
Shares used in computing earnings per share⁽⁴⁾					
Basic	237,811	274,666	350,852	351,991	
Diluted	237,811	274,666	350,852	356,738	
Key performance indicator:					
Adjusted EBITDA ⁽²⁾	€ (1,062)	€ 28,217	€ 6,679	€ 14,590	€ 70,025

(1) Represents earnings per share of Class A and Class B common stock and weighted-average shares of Class A and Class B common stock outstanding for the period from December 16, 2016 to December 31, 2016, the period following the capitalization of the parent company and IPO, and for the period from January 1, 2017 to December 31, 2019 (see Note 13 - Earnings per share).

(2) We define adjusted EBITDA as net income/(loss) plus: (1) income/(loss) from equity method investment (2) expense/(benefit) for income taxes; (3) total other income/(expense), net; (4) depreciation of property and equipment, including amortization of internal use software and website development; (5) amortization of intangible assets; and (6) share-based compensation.

Adjusted EBITDA is a non-GAAP financial measure. A “non-GAAP financial measure” refers to a numerical measure of a company’s historical or future financial performance, financial position, or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in such company’s financial statements. We present this non-GAAP financial measure because it is used by management to evaluate our operating performance, formulate business plans, and make strategic decisions on capital allocation. We also believe that this non-GAAP financial measure provides useful information to investors and others in understanding and evaluating our operating performance and consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods.

Our use of adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results reported in accordance with GAAP, including net loss. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; and
- Other companies, including companies in our own industry, may calculate adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

We have provided a reconciliation below of adjusted EBITDA to net income/loss, the most directly comparable GAAP financial measure.

(in thousands) (unaudited)	Year ended December 31,				
	2015	2016	2017	2018	2019
Net income/(loss)	€ (39,366)	€ (51,391)	€ (13,049)	€ (21,489)	€ 17,161
Income from equity method investment	—	—	—	63	453
Income/(loss) before equity method investment	(39,366)	(51,391)	(13,049)	(21,552)	16,708
Expense/(benefit) for income taxes	(11,318)	6,670	(4,764)	1,086	20,982
Income/(loss) before income taxes	(50,684)	(44,721)	(17,813)	(20,466)	37,690
Add/(less):					
Interest expense	147	137	44	1,839	(33)
Gain on deconsolidation of entity	—	—	(2,007)	—	—
Other, net ⁽ⁱ⁾	2,667	139	(592)	(539)	(428)
Operating income/(loss)	(47,870)	(44,445)	(20,368)	(19,166)	38,151
Add:					
Depreciation (property and equipment, internal-use software and website development)	2,649	5,083	7,802	11,370	10,298
Amortization of intangible assets	30,030	13,857	3,220	1,684	1,685
EBITDA	(15,191)	(25,505)	(9,346)	(6,112)	50,134
Add:					
Share-based compensation	14,129	53,722	16,025	20,702	19,891
Adjusted EBITDA	€ (1,062)	€ 28,217	€ 6,679	€ 14,590	€ 70,025

(i) Consists primarily of foreign exchange gain/loss for the respective year, and the non-recurring reversal of a €1.6 million indemnification asset in 2015 related to the 2013 acquisition by Expedia Group, Inc. (formerly Expedia, Inc.).

Balance sheet data

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

(in thousands)	As of December 31,				
	2015	2016	2017	2018	2019
Cash and cash equivalents	€ 17,556	€ 227,298	€ 190,201	€ 161,871	€ 218,106
Total assets	760,255	1,007,246	1,078,454	1,095,543	1,108,011
Total current liabilities	72,009	61,103	78,387	60,921	63,348
Net assets	624,356	854,071	853,975	853,583	894,787
Retained earnings (accumulated deficit)	(129,156)	(179,837)	(192,318)	(213,664)	(192,704)
Total stockholders' equity	622,280	654,258	853,975	853,583	894,787

As of December 31, 2019, we had American Depositary Shares, or ADSs, representing 50,816,706 Class A shares outstanding. As of December 31, 2019 we had 301,687,967 Class B shares outstanding. Prior to our corporate reorganization in connection with our IPO on December 16, 2016, we operated as trivago GmbH, a limited liability company formed under the laws of the Federal Republic of Germany. The equity of a GmbH is not unitized into shares under German corporate law. However, pursuant to the company's articles of association, we unitized members' equity into trivago GmbH Class A units and Class B units, with each trivago GmbH Class B unit having 1/1,000 of the voting rights and economic rights of a trivago GmbH Class A unit. The subscribed capital of trivago GmbH as of December 31, 2015 was €0.05 million and the issued capital of trivago N.V. as of December 31, 2016, 2017, 2018 and 2019 was €127.2 million, €193.7 million, €187.8 million and €184.1 million, respectively.

Selected consolidated cash flow statement data

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

(in thousands)	Year Ended December 31,				
	2015	2016	2017	2018	2019
Cash provided by (used in):					
Operating activities	€ (831)	€ 31,346	€ (8,521)	€ (4,584)	€ 74,221
Investing activities	(6,510)	(8,995)	(18,286)	(24,145)	(17,981)
Financing activities	18,971	187,644	(7,216)	161	(99)
Effect of exchange rate changes on cash	(32)	(54)	(1,259)	(24)	94

B. Capitalization and indebtedness

Not applicable.

C. Reasons for the offer and use of proceeds

Not applicable.

D. Risk factors

Our business faces significant risks. You should carefully consider all of the information set forth in this annual report and in our other filings with the United States Securities and Exchange Commission, or the SEC, including the following risks that 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 annual 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 annual report and our other SEC filings. See “Special note regarding forward-looking statements” above.

Risks related to our industry and business

We may not be able improve our profitability in future periods or may incur losses, even while our revenues decline.

Although we achieved positive net income in 2019, our revenue declined for the year 2019 compared to 2018. We believe the degree to which we can improve our profitability and eventually return to revenue growth will be an important factor in how our business will be valued by the market. We may not be able to increase our profits or may incur losses, even while our revenue declines. This may occur for any number of reasons, and may reflect:

- the likelihood that our advertisers continue to prioritize profitability over traffic growth when they set their return-on-investment targets for their spend on our marketplace;
- continued intense competition in the online travel industry, particularly as a result of Google's investment into its own accommodation search;
- a continued slow-down in the growth of the online travel industry and any resulting decline in the emphasis that our advertisers wish to place on our hotel metasearch as an advertising channel;
- reductions in performance marketing spend or possible declines in the marginal returns from our Advertising Spend reflecting changes in the effectiveness of our advertising over time, and our brand awareness in light of the strategies of our competitors as they may choose to increase their Advertising Spend;
- a slowdown or reduction in our ability to attract and retain users as a result of not delivering satisfactory search results, transaction experiences or high-quality services;
- the maturation of our business such that future growth rates could be muted unless we reduce our profits or incur losses from increased Advertising Spend; and
- other negative effects on the online travel industry, for example, as a result of market saturation in more mature markets, deteriorating general or local economic conditions.

In addition, we plan to focus on aggressively optimizing our traditional performance marketing spend in 2020, and are conducting a series of large-scale tests in the first half of 2020 to refine our strategy with respect to our performance marketing spend. We anticipate that these tests will have a significant negative impact on our revenues in Developed Europe in the first half of 2020. If these tests and resulting changes to our performance marketing spend do not result in the benefits we anticipate, our business, results of operations, financial condition and prospects could be adversely affected.

In any event, we do not expect our revenue growth rate in coming years to be as high as those we experienced in years prior to 2017 and, accordingly, we expect the variability, cyclicity and seasonality in our business to continue to be more pronounced or at least more apparent. 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 ADSs and increase their trading volatility. If our revenue continues to decline, our business, results of operations, financial condition and prospects may be adversely affected, and the price of our ADSs may decline.

We derive a large portion of our revenue from a relatively small number of advertisers. A reduction in spending or any change in the bidding strategies by one or more 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. Although we aim to improve advertiser diversification and competition on our marketplace in the long term, we continue to generate the great majority of our revenue from our largest online travel agency, or OTA, advertisers, including brands affiliated with Booking Holdings, such as Booking.com and Agoda, and those affiliated with our majority shareholder, Expedia Group, Inc., or, together with its subsidiaries, Expedia Group, such as Brand Expedia and Hotels.com. The loss of any of our major advertisers, including Booking Holdings, Expedia Group or their affiliated brands, on some or all of our platforms, or a reduction in the amount they spend, could result in significant decreases in our revenue and profit, as well as an increase in credit losses if such advertisers or affiliated brands fail to pay us, as was the case when Amoma filed for insolvency in 2019. The realization of any of these risks could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our industry has historically benefited from a strong migration of travel from offline to online. We believe the industry dynamic has changed as growth has slowed. We believe the declining share of first-time users of online travel websites has, in turn, reduced the value of our referrals to our largest OTA advertisers. As 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 them on a basis they deem to be cost-effective, this reduction in value may have, in turn, negatively affected CPC bids on our marketplace. Our advertisers' spend on our platforms may also be adversely affected by factors not related to the value we can deliver to them, 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. We believe our largest OTA advertisers have in recent periods focused more on growing their profitability, which has negatively affected CPC levels on our marketplace. Our advertisers may also change their CPC bidding on our marketplace in response to changes we may make to our sorting and ranking algorithm, which may, in turn, negatively impact our revenue levels and profitability or increase the volatility on our marketplace. For example, advertiser bidding levels were impacted in the second half of 2019 when we rolled out more granular bidding on our marketplace, such as time-to-travel and length of stay, and advertisers needed time to adjust CPC bids to the new bidding parameters, and in 2017, we experienced a sudden slowdown in revenue growth as our largest advertisers changed their bidding strategies on our marketplace.

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. In particular, 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 revenue 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.

If we are unable to increase the diversity of our advertiser base, we will continue to be subject to the risks that advertiser concentration could lead to the adverse effects described above. The manifestation of any

of these risks is likely to have a material adverse effect on our business, results of operations, financial condition and prospects.

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 2019. 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. Resulting changes in Referral Revenue, especially as a result of changes in CPC bidding levels by our largest advertisers, can 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 had, a sudden and significant adverse effect on our profitability and results of operations as was the case in the third quarter of 2017. We also expect the large-scale tests in the first half of 2020 to refine our strategy with respect to our performance marketing spend to add further volatility to our financial condition and results of operations. Any resulting inability to meet financial guidance that we have communicated or may communicate to the market in the future may have a material adverse effect on our business, results of operations, financial condition and prospects.

We are dependent on general economic conditions, and declines in travel or discretionary spending generally could reduce the demand for our services.

Our results of operations and financial prospects are significantly dependent upon users of our services and the prosperity and solvency of the OTAs, hotel chains and independent hotels that have relationships with us. Travel, including hotel room reservations, is dependent on personal and business discretionary spending levels. Demand for travel services tends to decline, along with the advertising budgets spent by hotels and other accommodation aggregators, during general economic downturns and recessions. Events and developments that cause deteriorations in economic conditions on a national, regional or global level, or are perceived as likely to lead to such deteriorations, can quickly affect our business. In particular, our financial results may be adversely impacted by economic uncertainty arising from the United Kingdom's withdrawal from the European Union, or Brexit, and any future cooperation it may have with the European Union. Conditions that reduce disposable income or consumer confidence, such as an increase in interest rates (which, among other things, could cause consumers to incur higher monthly expenses under mortgages), unemployment rates, direct or indirect taxes, fuel prices or other costs of living, may lead users to reduce or stop their spending on travel or to opt for lower-cost products and services, and these conditions may be particularly prevalent during periods of recession, economic downturn or market volatility and disruption. International travel may also be affected by changes in exchange rates among significant origin and destination countries and may contribute to increased volatility in our business, results of operations, financial condition and prospects.

Any significant decline in travel, consumer discretionary spending or the occurrence of any of the foregoing conditions may reduce demand for our services. They can also cause advertisers to become financially distressed, insolvent or fail to pay us for services we have already provided. The occurrence of any of the above could have a material adverse effect on our business, results of operations, financial condition and prospects, especially when considered together with the inherent attributes of our business discussed above that also contribute to period-to-period volatility.

Our ability to maintain and increase brand awareness in order to improve our financial performance is dependent on the effectiveness of our Advertising Spend. Increased competition, or inadequate or ineffective innovation in and execution of our advertising could 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. Many of our competitors have more resources than we do and can spend more on advertising their brands and services. As a result, we are required to spend considerable amounts of money and other resources to preserve and increase our brand awareness. Competition for top-of-mind awareness and brand preference is intense among online hotel search services, globally and in key geographies. If we are unable to effectively preserve and increase our brand awareness, we may be unable to successfully maintain or enhance the strength of our brand.

In particular, our competitors may increase their spending on advertisement campaigns, which could cause the marginal returns on our advertisements to decline. This may occur even if we make substantial investments in innovative technologies and concepts in our advertising. Increased Advertising Spend by our competitors 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.

TV advertising accounts for a large percentage of our Advertising Spend, and often has higher costs than other channels. In recent years, we have engaged in successful broad-reaching TV marketing campaigns. We expect to continue to invest in TV 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. In addition, our advertising efforts may become less cost-effective or less efficient than they have been historically.

Our marginal returns from TV advertising may also be negatively affected over time by 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 TV advertisements, we may need to develop new creative concepts in our advertisements, and these advertisements may not be as effective in terms of Return on Advertising Spend as those we have used in the past. If TV advertising becomes less effective or if we experience diminishing returns from TV advertising overall or in key markets, we may instead invest in other channels that may have a lower marginal Return on Advertising Spend. For example, we may, in order to maintain our brand awareness, need to invest in other advertising formats, such as online video, with which we have less experience and which may be less effective than TV advertising. 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.

We are currently taking steps to increase advertiser diversity on our marketplace. If these measures are unsuccessful and we are unable to integrate additional inventory to our platform, or to monetize that inventory to a sufficient degree, our financial performance could be materially adversely affected.

We continue to take steps to increase advertiser diversity on our marketplace, including increasing the representation of new advertisers in our marketplace and integrating alternative accommodations, including the vacation rental and private apartment inventory of several advertisers onto our search platform. We face challenges in integrating alternative accommodations onto our platform since those properties have attributes substantially different from hotel rooms, our traditional area of focus. In addition, the online vacation rental market is rapidly evolving, and if we fail to predict the manner in which that market develops or if large vacation rental providers, OTA or other accommodation search engines are able to acquire a larger share of the alternative accommodation market at our expense, our financial performance may be harmed. The great majority of our revenue continues to be derived from brands affiliated with Booking Holdings and Expedia Group. If our efforts to integrate additional inventory and

diversify our marketplace are unsuccessful or if our competitors can provide more attractive advertising terms to potential advertisers, we may be unable to provide as broad a set of search results and as detailed pricing information to our users as our competitors are able to provide, which 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, Trip.com and Google Hotel Ads, locally focused metasearch engines, such as Qunar, OTAs, such as Booking.com, Ctrip 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 Hotel Ads has invested into its own hotel metasearch product, trying to capture more of the available profit margin in the online travel industry and thereby grow its own profit base. In addition, relatively new industry participants, such as Airbnb and Trip.com, have recently increased their activities across Western markets, which has further intensified competition. 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. If fewer advertisers choose to advertise on our website, we will have less information available to display, which makes our services less valuable to users.

In addition, many of these competitors may be able to devote significantly greater resources to marketing and promotional campaigns; attracting and retaining key employees; securing participation of hotels and access to hotel information, including proprietary or exclusive content; website and systems development; research and development; and enhancing the speed at which their services return user search results. Our competitors may also be able to adjust their marketing spend more quickly or allocate it more efficiently than we can or improve their product more quickly and effectively, especially since they have more complete information about their users than we do about ours. Many of these competitors may also offer user incentives, such as loyalty awards or priority access to services, which may not be available if users book through third-party sites or services.

As a result, competition, individually or in the aggregate, could result in higher traffic acquisition costs, reduced operating margins, loss of market share, reduced user traffic to our websites and reduced advertising by OTAs and hotels on our websites, which could have an adverse impact on our CPCs. This, in turn, may have a material adverse effect on our business, results of operations, financial condition and prospects. In addition, competition among our advertisers may cause some of them to have financial difficulties, default on or materially delay their obligations to pay us for services we have already provided or become insolvent. As a result, we may not be able to compete successfully against current and future competitors, and competition among advertisers may have a material adverse effect on our business, results of operations, financial condition and prospects.

We so far have chosen to focus exclusively on providing search services for hotels and other types of accommodation. If users expect to be able to book other services when they book accommodation, they may choose to utilize the websites of our competitors rather than ours, which would negatively impact our financial condition and results of operations.

We have historically focused exclusively on helping users find their ideal hotel room, with an increasing focus on other types of accommodation. Because we believe this focus will help us develop a platform that displays hotels that match individual users' ideal hotel characteristics, we have decided that our search engine should not cover services that are outside our core area of focus. As a result, users cannot use our platform to book 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 our users demand to see more comprehensive offers akin to those of our competitors, we may not realize the anticipated benefits of this strategy, which could negatively impact our competitiveness, business, results of operations, financial condition and prospects.

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

Our success depends on continued innovation to provide features and services that make our websites and apps useful for users. Our ability to attract users to our services depends in large part on providing a comprehensive set of search results and a broad range of offers across price ranges. To do so, we maintain relationships with OTAs, hotel chains and independent hotels to include their data in our search results. Although we maintain a very large searchable database of hotels 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. In addition, consolidation among advertisers, 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. In recent periods, the large OTAs have moderated their performance marketing spend and have publicly emphasized their desire to increase the efficiency of their performance marketing spend. The reduced participation by existing advertisers in our marketplace or our inability to continue to add more accommodation inventory to our platform may reduce the comprehensiveness of our search results, which could reduce user confidence in the search results we provide, making us less popular and could, because there are fewer offers made on our marketplace, enable advertisers to bid less for offers.

In addition, our competitors are constantly developing innovations in online hotel-related services and features. As a result, we must continue to invest significant resources in research and development in order to continuously improve the speed, accuracy and comprehensiveness of our services. The emergence of alternative platforms and the emergence of niche competitors who may be able to optimize services or strategies such platforms 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. For example, one of our strategic initiatives for 2020 is to focus on product development to improve transparency and the usability of our product while improving the value perception as a comparison site. Some of the changes we are implementing may prioritize the quality of user experience over short-term monetization. These strategies and services may not succeed, and, even if successful, our revenue may not increase. In addition, we may fail to adopt and adapt to new technology, especially as Internet search, including through Google and Amazon, potentially moves from a text to voice interface 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.

One of our product features depends, in part, on our relationship with third parties to provide us with consumer reviews.

Certain third parties provide us with consumer reviews that we provide to our users along with our proprietary rating score. If these 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 our users' perception of the value of our product and our reputation.

The measures we implement that are designed to maximize the lifetime value of our users may not generate the long-term financial benefits that we anticipate.

In recent periods, we have implemented and may continue to implement changes to our product and change how we allocate Advertising Spend among marketing channels that are designed to focus less on the click-based revenue generated by our users in each session and more on the booking value that our users generate for our advertisers over multiple sessions (or over the "lifetime" of the user). These measures have included and may include, changes to how we make decisions about allocating Advertising Spend to our performance marketing campaigns by tracking how likely a user that comes to us from a channel is to book a hotel with an advertiser (which we refer to our "attribution model"). These measures have also, from time to time, involved enhancements to our site that encourage users to spend more time exploring and interacting with our site and its features before being referred to one of our advertisers.

Although we have aimed for these measures to have a long-term positive effect on our profitability and revenue by focusing on traffic quality instead of volume, they may not produce the long-term financial benefits that we expect. We rely on assumptions, estimates and test data to determine whether these changes to our product and Advertising Spend are effective, particularly in terms of booking conversion. In particular, we assume that our advertisers will ultimately be willing to pay more for referrals that are more likely, in our view, to lead to a completed booking. However, this assumes that our definition of value matches that of our advertisers, who may instead perceive value in referrals that do not result in an immediate hotel booking but have the potential to deliver repeat users of their websites in the future. If our advertisers do not perceive added value for them from enhancements we make, they may be unwilling to pay us more after we have introduced these enhancements, in which case our user retention, business, results of operations, financial condition and prospects could be negatively impacted.

In addition, while we expect these initiatives may lead to short to medium-term reductions in our revenue and profitability, the extent of these effects is difficult to predict, and the initiatives could cause revenue to grow more slowly than we anticipate or lead to revenue declines, and could lead to losses. They may also lead to increased volatility in our quarterly results.

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. Any of these developments may inhibit our ability to use cookies to better understand and track our users' preferences to improve our platform, to optimize our marketing campaigns and our advertisers' campaigns and to detect and prevent fraudulent activities. 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 also already unilaterally adopted digital services taxes, with other countries planning to adopt such taxes in the future. In addition to increasing our operational expenses, digital service taxes are likely to make it more difficult for us to measure the marginal efficiency of our Advertising Spend among marketing channels as such taxes will affect not only how we allocate our spend but also how these marketing channels and our advertisers make decisions about their businesses.

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.

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 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 "Hotel Ads") at the expense of traditional keyword auctions and organic search results. This, in turn, has negatively impacted the search ranking of our website. We have introduced Hotel Ads as a marketing channel in many markets, but our placement in its results is dependent on factors used by Hotel Ads' algorithm to rank and display our offers, resulting in dynamics significantly different from search engine marketing in the form that we have historically been familiar with. This may present a challenge since we may 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 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.

In addition, a significant amount of traffic is directed to our websites through our participation in DEA campaigns on search engines, advertising networks, affiliate websites and social networking sites. Pricing and operating dynamics for these traffic sources can experience rapid change, both technically and competitively. Any of these providers could also, for competitive or other purposes, alter their search algorithms or results, causing our websites to place lower in search results, which may reduce our user traffic and may have a material adverse effect on our business, results of operations, financial condition and prospects.

The litigation in Australia could increase our expenses and will subject us to significant monetary penalties.

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. The court has yet to set a date for the appeal or a separate trial regarding penalties and other orders.

In establishing a provision in respect of the ACCC matter, management took into account the information currently available, including historical precedents for conduct prior to September 1, 2018. However, there is considerable uncertainty regarding how the Australian Federal Court would calculate the penalties that will be ultimately assessed on us. In particular, the Australian Federal Court determined that we engaged in certain conduct after September 1, 2018 that will result in the applicability of the new penalty regime under the ACL, which significantly increased the maximum penalty applicable to parts of our conduct. No case has yet been decided assessing penalties for contraventions of the ACL under the new regime. When assessing penalties, the Court does not apply any mathematical formula, but rather considers and weighs “all relevant matters”. Certain statutory maximum penalties serve, when balanced with all other relevant factors, as a yardstick for the court to assess penalties. In order to determine such maximum penalties under the new penalty regime, the court will need to consider whether the “value of the benefit received” by us can be determined and, if so, multiply it by three. Should the court determine that such benefit is not ascertainable, we would be subject to a maximum penalty per contravention equaling 10% of the turnover of the “body corporate”, and any related body corporate, for the preceding 12 months. It is unclear how a court might interpret these statutory provisions or how the court might otherwise exercise its considerable discretion in respect of these matters. Any penalty amount could substantially exceed the level of provision that we established for this litigation. The ultimate penalties assessed in this case could have a material adverse effect on our business, results of operations, financial condition and prospects.

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.

Regulators continue to increase their focus on the consumer facing business practices of companies active in the Internet search and e-commerce sector, including with respect to the providers of online travel search and booking services. A number of regulators in various countries have been investigating marketing and selling practices in the sector generally as well as of individual companies. For example, in 2018, the U.K. Competition & Markets Authority, or CMA, opened an investigation into certain of our display practices in the United Kingdom that the CMA questioned under U.K. consumer law. On January 31, 2019, we submitted voluntary undertakings to the CMA to make changes to certain disclosure and other display practices in the United Kingdom. The undertakings resolved the CMA's investigation into our practices in the United Kingdom without any admission or finding that our practices violated U.K. law. On January 20, 2020, the Australian Federal Court issued a judgment in the Australian Competition and Consumer Commission (ACCC)'s case against us regarding our advertising and website display practices in Australia. Parts of the court's opinion 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. 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 brought about by 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 in respect or as a result of 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. For example, in the European Union a new Directive as regards the better enforcement and modernization of Union consumer protection rules (the "New Deal for Consumers") recently came into force, and a regulation of the European Parliament and of the Council for business users of online intermediary services (the P2B Regulation) has been recently adopted. In parallel, the national competent authorities of the EU and EEA countries have coordinated their actions, through the Consumer Protection Cooperation (CPC) network, in order to address potential infringements of consumer protection legislation. EU regulators have also been cooperating with international counterparts on consumer protection issues internationally, such as within the International Consumer Protection and Enforcement Network ("ICPEN"), e.g., the CMA has been co-leading an ICPEN project on digital platforms in the travel and tourism sector, which may lead to further coordinated enforcement activities in the sector. 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. Furthermore, the growth and development of online commerce may prompt calls for additional or more complex consumer protection laws and higher levels of regulatory review and enforcement activities, which may impose additional burdens, costs or limitations on online businesses generally.

Moreover, our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing laws, rules and regulations or the promulgation of new laws, rules and regulations applicable to us and our businesses, including those relating to those discussed above as well as anti-corruption, anti-trust and competition, economic and trade sanctions, tax, banking, data security and privacy. In addition, there is uncertainty regarding the future terms of trade following the U.K. exit from the European Union, and the transition period thereafter, and regulations and policies in the United Kingdom may diverge from those of the European Union giving rise to greater regulatory complexity and

additional compliance costs. Regulatory authorities or courts could prevent or temporarily suspend us from carrying on some or all of our activities or otherwise penalize us (including imposing financial penalties and restricting our conduct going forward) if our practices were found not to comply with applicable legal, regulatory or licensing requirements or any binding interpretation of such requirements. Changes we might be required to make to our practices as a result of regulatory or judicial action, could decrease demand for our services, limit marketing methods and capabilities available to us, affect our margins and increase our costs, which could decrease demand for services, reduce revenue, increase costs or subject the company to additional liabilities.

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

The SEC, U.S. Department of Justice and U.S. Office of Foreign Assets Control, or OFAC, as well as other foreign regulatory authorities, have continued to increase the enforcement of economic and trade regulations and anti-corruption laws, across industries. U.S. trade sanctions restrict transactions involving designated foreign countries and territories, including the Crimea region of the Ukraine, Cuba, Iran, North Korea and Syria, as well as certain specifically targeted individuals and entities. We believe that our activities comply with applicable OFAC trade regulations and anti-corruption regulations, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. As regulations are amended and the interpretation of those regulations evolves, we cannot guarantee that our programs and policies will be deemed compliant by all applicable regulatory authorities. In the event that our controls should fail or are found to be not in compliance for other 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.

The U.S. Government announced that, effective May 2, 2019, it will no longer suspend the right of private parties to bring litigation under Title III of the Cuban Liberty and Solidarity (*Libertad*) Act of 1996, popularly known as the Helms-Burton Act, allowing certain individuals whose property was confiscated by the Cuban government beginning in 1959 to sue in U.S. courts anyone who "traffics" in the property in question. Five purported class actions were filed against us (and other defendants) in 2019. Since then, the plaintiffs in all five cases have dropped trivago as a defendant (while the cases continue against other defendants). These actions seek remedies including the value of the expropriated property (on which the applicable hotel is located), plus interest, treble damages, attorneys' fees and costs. If trivago were to be named again as a defendant in these cases, or in other similar cases, we believe that we have meritorious defenses to such potential claims and that the results of any related litigation would not be material to our business, financial condition or results of operations. However, litigation is uncertain and there is little judicial history or interpretation of the relevant claims and defenses, in particular as applied to businesses like ours. As a result, there can be no assurance that there will not be an adverse outcome to any such litigation or that such an outcome would not result in an adverse impact on our business, results of operations, financial condition and prospects.

We process, store and use personal data which exposes us to risks of internal and external security breaches and could give rise to liabilities, including as a result of governmental regulation and differing legal obligations applicable to data protection and privacy rights.

We may acquire personally identifiable information or confidential information from users of our websites and apps and from advertisers. Breaches or intrusions to our systems or the systems of external service providers, including cloud-based systems, upon which we have been increasingly relying, whether resulting from internal or external sources, could significantly harm our business. It is possible that advances in computer circumvention capabilities, new discoveries or other developments, including our own acts or omissions, could result in a compromise or breach of personally identifiable information and/or confidential user information.

We cannot guarantee that our existing security measures or the security measures of external service providers will prevent all security breaches, intrusions or attacks. A party, whether internal or external, that is able to circumvent our security systems or the systems of an external service provider could improperly

obtain user information or proprietary information or cause significant disruptions to our operations. In the past, we have experienced “denial-of-service” type of attacks on our system, which have made portions of our website unavailable for periods of time. In early 2020, we were the victim of cyber-related fraud that involved electronic communications impersonating one of our vendors, resulting in our paying several outstanding invoices together totaling less than €1 million to foreign accounts controlled by the impersonator. We may need to expend significant resources to protect against security breaches, intrusions, attacks or other threats or to address problems caused by breaches. 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 could result in reputational harm and impact negatively our ability to attract new customers and/or retain existing ones. The risk of security breaches, intrusions and other attacks is likely to increase as the tools and techniques used in these types of attacks become more advanced. The European data protection laws (described in detail below), have introduced mandatory breach reporting to regulators and individuals across Europe. Security breaches could result in negative publicity, damage to our reputation, expose us to risk of loss or litigation and possible liability and subject us to regulatory penalties and sanctions as well as civil litigation. Security breaches could also cause users and potential users to lose confidence in our security, which would have a negative effect on the value of our brand.

We also face risks associated with security breaches affecting third parties conducting business over the Internet. Users generally are increasingly concerned with security and privacy on the Internet, and any publicized security problems impacting other companies could inhibit the growth of our business. Additionally, security breaches at third parties upon which we rely, such as hotels, could result in negative publicity, damage to our reputation, expose us to risk of loss or litigation and possible liability and subject us to regulatory or criminal penalties and sanctions as well as civil litigation. We currently provide users with the functionality to book directly with certain hotels, by completing a form on our website which enables users’ details to be transferred directly to the hotel’s booking forms. In connection with facilitating these transactions, we receive and store certain personally identifiable information, including credit card information. This information is increasingly subject to legislation and regulations in numerous jurisdictions around the world, including throughout the member states of the European Union as a result of the EU’s General Data Protection Regulation 2016/679, or GDPR, which has been in effect since May 25, 2018, and of national GDPR implementation acts on an EU member state level. In particular, EU laws regulate transfers of EU personal data to third countries, such as the United States, that have not been found to provide adequate protection to such personal data. A considerable number of our service providers and hotels operate in such jurisdictions. There are recent regulatory concerns about certain measures that can be used to validate such data export, as well as litigation challenging some of the mechanisms for adequate data transfer (i.e., the standard contractual clauses and the EU-U.S. Privacy Shield). We could be impacted by changes in law as a result of the current challenges to these mechanisms by regulators and in the European courts which may lead to governmental enforcement actions, litigation, fines and penalties or adverse publicity which could have an adverse effect on our reputation, business, results of operations, financial condition and prospects.

Government regulation of privacy and data security is typically intended to protect the privacy of personally identifiable information that is collected, processed and transmitted in or from the governing jurisdiction. Since we collect, process and transmit personally identifiable information in and from numerous jurisdictions around the world, we are subject to privacy, data protection and data security legislation and regulations in a number of countries around the world. We are in particular affected by the GDPR. The GDPR applies to any company established in the European Union as well as to those outside the European Union if they collect and use personal data in connection with offering goods or services to individuals in the European Union or the monitoring of their behavior (for example, trip booking services). The GDPR enhances data protection obligations for processors and controllers of personal data, including, for example, expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data breach notification requirements and onerous new obligations on services providers. Non-compliance with the GDPR can trigger significant fines of up to €20 million or 4% of total worldwide annual turnover per case of violation, whichever is higher. We may incur substantial further expense in ensuring and maintaining compliance with the new obligations imposed by the GDPR

and by national GDPR implementation acts and we may be required to make significant further changes in our business operations and product and services development, all of which may adversely affect our business, results of operations, financial condition and prospects. We may have to undertake substantial effort to comply with new data protection laws in the United Kingdom, Brazil and California or may need do so as a result of changes in U.S. federal, state or other national data protection laws. We may also incur costs to comply with new requirements and restrictions for data transfers between the European Union and the United Kingdom based on applicable regulations following that the United Kingdom exit from the European Union. We could be adversely affected if we fail to comply fully with all of these requirements and other laws in jurisdictions where we operate or target users. In addition, we could be adversely affected if legislation or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that may have a material adverse effect on our business, results of operations, financial condition and prospects.

In recent years, U.S. and European lawmakers and regulators have expressed concern over the use of third-party cookies, web beacons and similar technology for online advertising, which is fundamental to our business model. The current European laws that cover the use of cookies and similar technology and marketing online or by electronic means are under reform and changing rapidly as a result of decisions delivered by courts. Unlike the current law, the new proposed e-Privacy Regulation will apply directly in each EU member state, without the need for further enactment at the member state level. When effective, the e-Privacy Regulation is expected to alter rules on third-party cookies, web beacons and similar technology for online behavioral advertising and to impose stricter requirements on companies using these tools. The current draft also extends the strict opt-in marketing rules with limited exceptions to business-to-business communications, and significantly increases penalties. Regulation of cookies and web beacons may lead to broader restrictions on our advertising activities, including efforts to understand users' Internet usage. Such regulations may have a detrimental effect on businesses, such as ours, that collect and use online usage information in order to attract and retain advertisers and may increase the cost of maintaining a business that collects or uses online usage information, increase regulatory scrutiny and increase the potential for civil liability under consumer protection laws. Whereas it is currently still unclear if and when the proposed e-Privacy Regulation will enter into effect, European regulators and courts tend to apply the current law more restrictively in a way which would effectively anticipate opt-in requirements under the proposed e-Privacy Regulation. European regulators increasingly take efforts to enforce their positions.

Any significant disruption in service on our websites and apps or in our computer systems, some 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 fully migrated to our new back-end infrastructure and 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.

Substantially all of the communications, network and computer hardware used to operate our website are located at facilities in Germany, the United States, Hong Kong and China, while also leveraging cloud-hosted services. We either lease or own our servers and have service agreements with data center providers. 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 and hardware 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, 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.

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, 2017, 2018 or 2019, 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 our new systems to our internal processes. With respect to these systems, certain 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.

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 2019, our certain changes to our back-end infrastructure for our accommodation search platform became fully operational. 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 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, the independent actors we have relied on in various countries where we advertise have come to represent our brand, such as "Mr. trivago" in the United States and "the trivago girl" in Australia. The actions of such actors are not in our control, and negative publicity about such actors could affect our brand image. Also, it is possible that the use of testimonials in the advertising and promotion of our brands could have a negative impact on customer retention and acquisition if the reputation of the testimonial provider is damaged. 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.

Many events beyond our control 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, a novel strain of coronavirus first identified in Wuhan, Hubei Province, as well as other pandemics and epidemics, have disrupted normal travel patterns and levels in the past. We believe that the Wuhan coronavirus outbreak will have a negative impact on our global business volumes in 2020. The travel industry is also sensitive to events that may discourage travel, such as work stoppages or labor unrest, political instability, regional hostilities, 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 involve additional risks.

Our platform is available in a number of jurisdictions. We face complex, dynamic and varied risk landscapes in the jurisdictions in which our platform is available. We must tailor our services and business models to the unique circumstances of each of the many countries and markets in which our platform is available. This can be complex, difficult, costly and divert management and personnel resources. In addition, we may face competition in other countries from companies that may have more experience with operations in such countries or with global operations in general. Laws and business practices that favor local competitors or prohibit or limit foreign ownership of certain businesses or our failure to adapt our practices, systems, processes and business models effectively to the user and supplier preferences in each country in which our platform is available, could slow our growth. Certain markets in which we operate are characterized by lower margins in our business and related businesses than is the case in more mature markets, which could have a negative impact on our overall margins as our revenue from these markets grows over time.

In addition to the risks outlined elsewhere in this section, our global operations are subject to a number of other risks, including:

- changing political conditions, including risk of rising protectionism, restrictions on immigration or imposition of new trade barriers, including the added uncertainty resulting from the United Kingdom's withdrawal from the European Union;
- local political or labor conditions, including being individually targeted by local regulators or being adversely affected by national labor strikes;
- compliance with various regulatory laws and requirements relating to anti-corruption, antitrust or competition, economic sanctions, data content and privacy, consumer protection, employment and labor laws, health and safety, and advertising and promotions;
- differences, inconsistent interpretations and changes in various laws and regulations, including international, national and local tax laws;
- weaker or uncertain enforcement of our contractual and intellectual property rights;
- preferences by local populations for local providers;
- slower adoption of the Internet as an advertising, broadcast and commerce medium and the lack of appropriate infrastructure to support widespread Internet usage in those markets;
- our ability to support new technologies that may be more prevalent in certain local markets; and
- uncertainty regarding liability for services and content, including uncertainty as a result of local laws and lack of precedent.

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 revenue and Revenue per Qualified Referral. 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 risks associated with a corporate culture that promotes entrepreneurialism among our employees, decentralized decision making 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. In addition, at the core of our culture is allowing our employees to grow, ensuring that they continuously accept new challenges and take on new responsibilities. This is reflected by our approach to the career development of our employees. We encourage our employees to move into and out of internally defined leadership roles, and we rotate experienced employees to other jobs and different leadership roles within the company. 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, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We rely on the performance of highly skilled personnel, including senior management and our technology professionals, and if we are unable to retain or motivate key personnel or hire, retain and motivate qualified personnel, 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. The loss of the services of any key individual could negatively affect our business. In particular, the contributions of certain key senior management are important to our overall success.

The small size of our leadership team increases our exposure to the risk that we would lose the services of one or more of the remaining members of the team. Should one or more of our senior managers leave our company, we might experience dislocations while a replacement or replacements are located and they are integrated into our company. Any phase of transition to new senior managers may be accompanied by slower or inconsistent decision-making, or to the diversion of management attention to

matters relating to executive recruitment and integration. This could have a material adverse effect on our business, results of operations, financial condition and prospects or could damage our reputation.

The amended and restated shareholders' agreement entered into by 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 (the "Amended and Restated Shareholders' Agreement") in connection with our IPO contains certain provisions that could affect the composition of our senior management. Pursuant to the Amended and Restated Shareholders' Agreement, certain transition arrangements have been agreed for succession of our Chief Executive Officer. Mr. Schrömgens ceased to serve as our Chief Executive Officer on December 31, 2019, on which date a "Transition Period" of three years commenced. During the first eighteen months of the Transition Period, and unless a Founder is serving as our Chief Executive Officer (which is presently not the case), ELPS has the right to select for binding nomination two management board members and our Chief Executive Officer has the right to select all other management board members for binding nomination, subject to approval by the supervisory board. Also, during the Transition Period, the Amended and Restated Shareholders' Agreement stipulates certain arrangements for the appointment of our (successor) Chief Executive Officer, including by expanding our supervisory board by two seats (one of which to be filled on the basis of a selection by the Founders and the other on the basis of a selection by ELPS) and the formation of a three-person nomination committee of the supervisory board which shall be entitled to nominate a successor Chief Executive Officer, subject to the approval of ELPS, and thereafter, the supervisory board.

Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Competition for highly qualified employees in all aspects of our business, including software engineers and other technology professionals who are key to designing code and algorithms necessary to our business, is intense globally. We may be unable to 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 highly qualified employees or retaining and motivating existing employees and key senior management, it may 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 potential acquisitions and subsequent integrations 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 timelines 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.

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. In addition, as we seek to diversify our advertiser base to include additional advertisers, including alternative accommodation providers, beyond our core OTA base, we may increase our exposure to our counterparties that may fail to pay us. These 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 three to seven days' prior notice 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.

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, 2019, Expedia Group owned Class B shares representing 59.3% of our issued share capital and 68.1% of the voting power in us. As long as Expedia Group owns a majority of the voting power in us, and pursuant to certain rights it has under the Amended and Restated Shareholders' Agreement, 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.

The Founders have contractual rights to exert control over certain aspects of our business.

Pursuant to the Amended and Restated Shareholder's Agreement, the Founders have contractual rights to exert control over certain aspects of our business. For example, subject to certain exceptions, as long as the Founders collectively maintain holdings of at least 15% of our outstanding Class A shares and Class B shares (taking into account, for purposes of determining such percentage, each security convertible into or exchangeable for, and any option, warrant, or other right to purchase or otherwise acquire, any share), a Founder must consent to certain corporate matters. This requirement limits the ability of ELPS to control certain corporate matters and, as a result, we may fail to take actions that other shareholders may view as beneficial. This contractual control may also discourage transactions involving a change of control or sale of substantially all assets 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 or dividend of proceeds representing a premium price for such assets. Furthermore, subject to certain exceptions, so long as the Founders collectively maintain holdings of at least 15% of our outstanding Class A and Class B shares (taking into account, for purposes of determining such percentage, each security convertible into or exchangeable for, and any option, warrant, or other right to purchase or otherwise acquire, any share), the Founders have the ability to nominate three members of the supervisory board.

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 revenues.

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 and also has the right to acquire companies that may directly compete with us. Expedia Group may choose to pursue these corporate opportunities other 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 with an unaffiliated third party.

Risks related to our intellectual property

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 as critical to our success, and we rely on trademark and confidentiality and license agreements 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 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. 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 and www.trivago.co.uk. 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 top-level domain name “trivago,” or spelling variations on this, is 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.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.

A substantial amount of our processes and technologies is protected by trade secrecy laws. In order to protect these technologies and processes, we rely in part on confidentiality agreements with our employees, licensees, independent contractors and other advisors. These agreements may not effectively prevent disclosure of confidential information, including trade secrets, and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover our trade secrets and proprietary information, and in such cases we could not assert any trade secrecy rights against such parties. To the extent that our employees, contractors or other third parties with which we do business may use intellectual property owned by others in their work for us without our authorization, disputes may arise as to the rights in related or resulting know-how and inventions. Laws regarding trade secrecy rights in certain markets in which we operate may afford little or no protection to our trade secrets. The loss of trade secret protection could make it easier for third parties to compete with our services by effectively replicating our services. In addition, any changes in, or unexpected interpretations of, the trade secret and other intellectual property laws in any country in which we operate may compromise our ability to enforce our trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our use of “open source” software could adversely affect our ability to offer our services and subject us to possible litigation.

We use open source software in connection with our development. From time to time, companies that use open source software have faced claims challenging the use of open source software or compliance with open source license terms. We could be subject to suits by third parties claiming ownership of what we believe to be open source software, or claiming non-compliance with open source licensing terms. Some open source licenses require users who distribute software containing open source to make available all or part of such software, which in some circumstances could include valuable proprietary code of the user. While we monitor the use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, in part because open source license terms are often ambiguous. Any requirement to disclose our proprietary source code or pay damages for breach of contract may have a material adverse effect on our business, results of operations, financial condition and prospects and could help our competitors develop services that are similar to or better than ours.

Risks related to ownership of our Class A shares and ADSs

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 have been relatively few ADSs outstanding. 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 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. 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.

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 depository 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 depository 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 depository. However, the depository 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 depository may refuse to deliver, transfer or register transfers of your ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository 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.

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.

Our dual-class share structure with different voting rights, and certain provisions in the Amended and Restated Shareholders' Agreement, 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, 2019, Expedia Group owned Class B shares representing 59.3% of our share capital and 68.1% of the voting power in us, and the Founders owned Class B shares representing 26.3% of our share capital and 30.2% of the voting power in us due to the disparate voting powers associated with our dual-class share structure. See "*Item 7 A. Major shareholders.*" As a result of the dual-class share structure and the concentration of ownership, as well as the terms of the Amended and Restated Shareholders' Agreement, Expedia Group (through ELPS) and the Founders have 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, Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 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 a 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.

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

We are incorporated in the Netherlands. Most members of our management board and supervisory board are non-residents of the United States. The majority of our assets and the assets of these persons are located outside the United States. As a result, it may not be possible, or may be very difficult, to serve process on such persons or us in the United States or to enforce judgments obtained in U.S. courts against them or us based on civil liability provisions of the securities laws of the United States.

There is no treaty between the United States and the Netherlands for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would not be enforceable in the Netherlands unless the underlying claim is relitigated before a Dutch court of competent jurisdiction. Under current practice, however, a Dutch court will generally, subject to compliance with certain procedural requirements, grant the same judgment without a review of the merits of the underlying claim if such judgment (i) is a final judgment and has been rendered by a court which has established its jurisdiction vis-à-vis the relevant Dutch companies or Dutch company, as the case may be, on the basis of internationally accepted grounds of jurisdiction, (ii) has not been rendered in violation of elementary principles of fair trial, (iii) is not contrary to the public policy of the Netherlands, and (iv) is not incompatible with (a) a prior judgment of a Dutch court rendered in a dispute between the same parties, or (b) a prior judgment of a foreign court rendered in a dispute between the same parties, concerning the same subject matter and based on the same cause of action, provided that such prior judgment is capable of being recognized in the Netherlands. Dutch courts may deny the recognition and enforcement of punitive damages or other awards. Moreover, a Dutch court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. Enforcement and recognition of judgments of U.S. courts in the Netherlands are solely governed by the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

Based on the foregoing, there can be no assurance that U.S. investors will be able to enforce any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws, against us or members of our management board and supervisory board, officers or certain experts named herein who are residents of the Netherlands or countries other than the United States. In addition, there is doubt as to whether a Dutch court would impose civil liability on us, the members of our management board and supervisory board, our officers or certain experts named herein in an original action predicated solely upon the U.S. federal securities laws brought in a court of competent jurisdiction in the Netherlands against us or such members, officers or experts, respectively.

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 "*Item 16 G. 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.

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 intend to have, 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. By reason of our incorporation under Dutch law, we are also deemed tax resident in the Netherlands under Dutch national tax laws. However, given that substantially all of our operations (along with all employees 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 tax laws, tax treaties or interpretations thereof applicable to us 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 circumstances, rather than a question of law, which facts and degree may also change. 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 Internet and e-commerce. 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, in October 2015, the Organization for Economic Co-Operation and Development (OECD) released a final package of measures to be implemented by member nations in response to a 2013 action plan calling for a coordinated multi-jurisdictional approach to “base erosion and profit shifting” (BEPS) by multinational companies. Multiple member jurisdictions, including the countries in which we operate, have begun implementing recommended changes, such as proposed country-by-country reporting beginning as early as 2016. By December 2019, 93 member jurisdictions, including Germany, have signed the “Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting” (MLI), which allows member jurisdictions to amend existing bilateral double taxation treaties according to results from the OECD BEPS project. Out of these 93 jurisdictions, 38 have also ratified the MLI. As of December 2019, Germany has, however, not ratified the MLI and, as a result, the MLI has not entered into force in Germany. Additionally, several countries have unilaterally adopted digital services taxes, with other countries planning to adopt such taxes in the future. There have also been other initiatives at the level of the OECD that may impact the digital economy through the reallocation of taxing rights in respect of income attributable to countries where digital enterprises have their target markets or digital presence. Such digital services taxes and other 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.

Any changes to national or international tax laws could impact the tax treatment of our revenues or earnings and adversely affect our profitability. We continue to work with relevant authorities and legislators to clarify our obligations under existing, new and emerging tax laws and regulations.

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, changes in the valuation of deferred tax assets and liabilities, or the discontinuation of beneficial tax arrangements in certain jurisdictions.

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, 2019 or in the foreseeable future. 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. Therefore, there can be no assurance that we will not be classified as a

PFIC for the taxable year ended December 31, 2019 or for any future taxable year. We would be classified as a PFIC for any taxable year 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 (as defined in “*Item 10 E. Taxation—Material U.S. federal income tax considerations*”) 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 depository 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. See “*Item 10 E. Taxation—German taxation—German taxation of ADS holders*”).

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

As an entity incorporated under Dutch law, but with its place of effective management in Germany (and not in the Netherlands), our dividends are generally subject to German dividend withholding tax and not Dutch dividend withholding tax. However, Dutch dividend withholding tax is 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, 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 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 assessed upon a payment of dividend, withholding of both German and Dutch dividend tax from such dividend may occur.

Item 4: Information on the company

A. History and development of the company

trivago was conceived by graduate school friends Rolf Schrömgens, Peter Vinnemeier and Stephan Stubner, who initially operated trivago out of a garage in Düsseldorf, Germany. trivago GmbH was incorporated in 2005, and its business eventually developed into a leading global hotel and accommodation search platform. Mr. Stubner left the company in 2006 and another graduate school friend, Malte Siewert, joined the founding team.

Between 2006 and 2008, several investors invested €1.4 million in trivago. In 2010, Insight Venture Partners acquired 27.3% of the equity ownership of trivago for €42.5 million. Expedia Group acquired 63.0% of the equity ownership in trivago in 2013, purchasing all outstanding equity from non-Founders and some outstanding equity from the Founders and subscribing for a certain number of newly issued shares for a total of €477 million. Expedia Group subsequently increased its shareholdings slightly in the second and fourth quarter of 2016 through the purchase of shares held by certain employees who had previously exercised stock options.

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 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.

Our agent in the United States is Cogency Global Inc., and its address is 122 East 42nd Street, 18th Floor, New York, NY 10168.

Principal capital expenditures and divestitures

Since January 1, 2017, we have made no material capital expenditures or divestitures, and there are currently none in progress.

Public takeover offers

Since January 1, 2018, there have been no public takeover offers by third parties with respect to our shares, and we have not made any public takeover offers in respect of any other company's shares.

Segment reporting

Management has identified three reportable segments, which correspond to our three operating segments: the Americas, Developed Europe and Rest of World. Our Americas segment is comprised of Argentina, Barbados, Brazil, Canada, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Puerto Rico, the United States and Uruguay. Our Developed Europe segment is comprised of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. Our Rest of World segment is comprised of all other countries, the most significant by revenue of which are Australia, Japan, India, Turkey and Israel. Other revenue is included in Corporate and eliminations, along with all corporate functions and expenses except for direct advertising.

We determined our operating segments based on how our chief operating decision makers manage our business, make operating decisions and evaluate operating performance. Our primary operating metric is

return on advertising spend, or ROAS, for each of our segments, which compares Referral Revenue to Advertising Spend.

For additional information relating to the development of our company, see “*Item 4 B. Business overview.*”

B. Business overview

Overview

trivago is a global hotel and accommodation search platform. 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, 2019, we had 522.0 million Qualified Referrals and, as of that date, offered access to more than 4.5 million hotels and other types of accommodation, including 3.3 million units of alternative accommodation such as vacation rentals and private apartments, in over 190 countries. See “*Item 5. Operating and financial review and prospects*” for a further description of Qualified Referrals.

We have positioned our brand as a key part of the process for travelers in finding their “ideal hotel,” vacation rental or private apartment. Our fast and intuitive search platform enables travelers to find their ideal hotel or other accommodation by matching individual traveler preferences with detailed accommodation characteristics, such as price, location, availability, amenities and ratings, across a vast global supply.

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 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. We generate revenues primarily on a “cost-per-click,” or CPC, basis, whereby an advertiser is charged when a user clicks on an advertised rate for a hotel or other accommodation and is referred to that advertiser’s website where the user can complete the booking. The CPC bids submitted by our advertisers play an important role in determining the prominence given to offers and their placement in our search results. Our CPC bidding function enables our advertisers to influence their own return on investment and the volume of referral traffic we generate for them. 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 54 localized websites and apps available in 32 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, 2019, our revenue share from mobile websites and apps continued to exceed 60%.

In the year ended December 31, 2019, we generated revenue of €838.6 million, net income of €17.2 million, and adjusted EBITDA of €70.0 million. See “*Item 5 A. Operating review—Results of operations—Revenue*” for Referral Revenue by segment, representing a breakdown according to principal geographic markets. See “*Item 3 A. Selected financial data*” for an additional description of adjusted EBITDA and a reconciliation of adjusted EBITDA to net income/(loss).

trivago's search platform

We believe that we continue to reshape hotel and other accommodation discovery for our users, while changing the way hotel and other accommodation advertisers identify, engage with and acquire travelers. Our search platform forms the core of our user experience. As we provide a search website, 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 hotels in the world. As of December 31, 2019, our

database included more than 4.5 million (2018: 3.0 million) hotels and other types of accommodation, gathered through OTAs, hotel chains, independent hotels and providers of alternative accommodations.

Our users initially search via a text-based search function, which supports searches across a broad range of criteria. This leads through to a listings page that displays search results and allows for further refinement based on more nuanced filters. Our platform organizes a large amount of information from multiple sources and gives each user what we believe to be the optimal basis to make a decision. We help users to convert initial interest into a clear and specific booking intention.

Additionally, we enhance our users' experience by giving them the choice to display their search results in listings or map formats. Users can search our platform on desktop and mobile devices and benefit from a familiar user interface, resulting in a consistent user experience.

Initial search bar parameters	Subsequent search filters
Location (City, Region, Country, Point of Interest)	Hotel stars (1 star to 5 stars)
	Popularity/Our recommendations
Check-in date	trivago ratings (Below average, Satisfactory, Good, Very Good, Excellent)
Check-out date	Price range
Room type (single, double, family, multiple)	Distance from landmarks
Accommodation name	Top amenities options (Pets, Beach, Free WiFi, Breakfast, Pool)
	Accommodation name or address

Performing a search shows a user a hotel listing page. This page contains broad, 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 "*Marketplace*" below.

Our products are accessible anytime and anywhere, online and on mobile devices. We provide our services through mobile websites and apps. m.trivago.com (or its localized versions) is our mobile-optimized website available on mobile device browsers, and our full-featured native mobile app is available on iPhone, iPad, Android Phone and Android Tablet.

Product changes in 2019

During 2019, we launched new features to identify unique characteristics about a hotel or other accommodation to make it easier for users to find them, as well as features to group hotel prices by key attributes to enable an easier comparison by our users.

Alternative accommodation

As of December 31, 2019, we offered access on our search platform to more than 3.3 million (2018: 1.5 million) units of alternative accommodation, such as vacation rentals and private apartments. We are focused on empowering our users to compare across multiple different accommodation types. For more information, see below "*Our Strategy*."

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.

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 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 and our online magazine. Mobile app marketing remains important given the high usage of that device type.

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! (commonly referred to as Search Engine Marketing, or SEM) and through display advertising campaigns on advertising networks, affiliate websites, social media sites and email marketing (commonly referred to as Display, Email and Affiliate Advertising, or DEA).

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 continue to focus on whether a user who comes to us from a given marketing channel proceeds to book a hotel in order to estimate how much revenue originated from a given marketing channel (or how revenue is "attributed" to that channel in our internal metrics). In 2019, we observed improved traffic quality in terms of booking conversion that we believe resulted from an improved allocation of Advertising Spend among channels and accordingly saw a positive impact on advertisers' CPC bids and Revenue per Qualified Referral, or RPQR. For more information on Qualified

Referrals and RPQR, see "*Item 5 A. Operating results—Key factors affecting our financial condition and results of operations.*"

Advertiser relations

Our advertiser relations team seeks to provide tailored advice to each of our existing and prospective OTAs, providers of alternative accommodation, hotel chains and independent hotel advertisers. We have dedicated sales teams that manage the process of onboarding advertisers, maintain ongoing relationships with advertisers, work with advertisers to help them optimize their outcomes from the trivago platform and provide guidance on additional tools and features that could further enhance advertisers' experience. We aim to remain in close dialogue with OTAs and hotel chains to better understand each advertiser's specific needs and objectives in order to offer optimal solutions through our marketplace.

Relationship building with smaller advertisers, including some independent hotels, differs from those with OTAs and sophisticated hotel chains as they are often less familiar with CPC bidding models and online advertising more broadly. This typically ensures a longer sales cycle where the starting point can be building awareness of the relevance of our marketplace or articulating the opportunities that our platform offers. It often requires onboarding by encouraging the optimization of such advertisers' information and profiles on our site, upselling products to further enhance their profiles, and encouragement to start bidding directly on our marketplace. This often multi-stage process requires our sales team to develop close relationships with each hotel.

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. The following 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. Our tools include:

trivago Business Studio (previously branded as "Hotel Manager"), a marketing platform that gives each hotelier control over its hotel profile.

- *trivago Business Studio "Basic Apps,"* a free administration tool specifically for hotels, helping them build and manage a unique hotel profile on trivago to enhance their presence. This includes the ability to manage visual and static content, including adjusting contact details, pictures, amenities and service listings, as well as refining descriptions. Using the Business Studio tool, each hotel can ensure that our marketplace accurately captures its offerings, helping attract guests.
- *trivago Business Studio "Pro Apps Package,"* which is sold on a one-year subscription basis and allows hotels to enhance their profile with more advanced features and functionalities. With Business Studio Pro, hotels can increase promotion with exclusive news about their hotel and prominent contact details, helping them stand out and drive more bookings. Furthermore, we provide hoteliers with additional analytics about who searches for their hotels as well as benchmarking against their competition.
- *trivago Business Studio "Rate Connect Apps,"* which enables hotels to publish their website rates directly on their profiles, helping them to increase direct bookings and their prominence on our marketplace. Hotels set a monthly budget, and we create an optimized marketing campaign, automatically calculating CPC bids that are competitive with other advertisers and targeted to increase referrals. A dedicated team of marketing experts is available via email or phone to support hotels.

trivago Intelligence, a marketing platform for multi-property management that enables OTAs and hotel chains to manage their inventory and CPCs.

- *trivago Intelligence* provides holistic control for our advertisers that wish to closely manage and analyze their advertising on our marketplace. It allows them to bid on individual hotels with a high

degree of granularity and control, provides metrics and feedback on specific advertising campaigns and offers advice to optimize bidding strategies and drive additional referrals.

- *Automated Bidding* allows OTAs, hotel chains and independent hotels to bid efficiently on listings. Advertisers are able to decide the traffic volumes or return on advertising investment they wish to reach and the tool will automatically set and adjust bids according to the target. We believe this is an especially valuable tool for advertisers that are less familiar with online bidding models, although it is our belief that larger, more experienced advertisers will also value the efficiency Automated Bidding provides.
- *Express Booking* helps our advertisers drive bookings by providing the option of an easy booking method within our marketplace. Although the booking information is completed on our site, the advertiser processes payments directly, confirms the booking and provides any booking support. We also prominently feature the brand of the advertiser taking the booking, allowing our advertisers to continue to build their own brand within our marketplace.

Direct Connect for Chains, which enables hotel chains to publish rates from their website directly on their inventory using their existing central reservation system and Internet booking engine. This helps them increase direct bookings and their prominence on our marketplace. Hotel chains that run direct connect campaigns also are provided access to Automated Bidding and Express Booking tools.

Marketplace

We design our algorithm to showcase the hotel room and other accommodation rate offers that we believe will be of most interest to our users, emphasizing those offers that 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 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. Advertisers do this by submitting hotel room and other accommodation rates on our marketplace and CPC bids for each user click on an advertised rate for a hotel or other accommodation. 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. In 2019, we rolled out more granular bidding capabilities on our marketplace by allowing our advertisers to modify their bids depending on the context of a particular user search. With this new functionality, which we refer to as "bid modifiers", advertisers can adjust their bids according to two time-based dimensions: time-to-travel and length-of-stay. We intend to introduce additional dimensions for bid modifiers in the future.

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 likely booking conversion and the CPC bids submitted by our advertisers.

The CPC bids submitted by our advertisers 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. Generally, 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 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 for some period of time withdrawn from its active inventory on trivago.

In 2019, we implemented a rate accuracy score across a number of geographic markets, which is based on a check of the accuracy of hotel and accommodation rates delivered to us compared to those displayed on our advertisers platforms, and operates as an upward or downward adjustment of advertisers' CPCs. We are continuously optimizing our proprietary algorithm through initiatives such as the rate accuracy score in order to promote an optimal user experience on our website. In this context, we worked in 2019 with our largest advertisers on a large, multi-market test to help us better understand the end-to-end impact of the aspect of our algorithm that adjusts CPC bids based on our assessment of the quality of users' experience after clicking out to an advertiser from our website (or, relevance assessment). We considered how the relevance assessment affected our users' experience as they discover and book hotels and other accommodations. After jointly analyzing the test results, we decided to phase out the relevance assessment. We intend to continue to cooperate closely with our advertisers to promote a seamless user experience across platforms.

By managing their CPC bids 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 tools and services, such as our Automated Bidding tool, 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.

Our market opportunity

As the process for discovering, evaluating, and booking accommodations increasingly moves online, travelers and advertisers face distinct challenges.

Challenges for travelers

With the continuing digitalization of the hotel and accommodation industry, there is an ever-increasing quantum of information available online about hotels and other types of accommodations including amenities, style, reviews, location and pictures. Additionally, details on pricing and availability are continually updated in or near real-time. This information has empowered travelers, providing a level of insight that was previously unavailable. However, this information is often delivered via multiple fragmented sources, including OTAs, hotel chains, independent hotels, providers of alternative accommodations, internet search engines and other review sites. Also, many websites, including those that aggregate disparate information, are often slow, confusing to navigate, and may not display the most relevant accommodation information for travelers. Furthermore, many local OTAs and smaller hotels only display information in their local language, which creates an additional layer of complexity for travelers looking to find accommodations in a foreign destination. These developments can make booking a hotel or an alternative accommodation a frustrating experience for travelers.

Challenges for our advertisers

Hotel and other accommodation advertisers operate in a competitive market with a broad range of participants, each having specific needs. OTAs need to drive high volumes of traffic to their websites to generate revenues, while hotel chains, independent hotels and alternative accommodation providers who operate high fixed cost models focus on ensuring their inventory is filled. These market participants aspire to reach a targeted audience of travelers with their marketing.

Traditional offline advertising media, including TV, radio, print and outdoor, focus on reaching a broad audience and can be an expensive media for reaching the few travelers seeking hotels in a specific location on specific dates.

There are challenges with online advertising as well. Many advertisers spend an increasing amount of their marketing budgets on online advertising where it is possible to economically reach a very broad audience through a website. However, the fragmentation of travelers online makes it difficult for advertisers to scale up their spend effectively in an efficient manner. Furthermore, OTAs, smaller hotel chains and hotels may not have the resources to develop sophisticated websites and as a result, provide a limited user experience in terms of attractiveness, comprehensiveness of information and ease of booking. Such websites often only publish information in local languages, limiting their reach to a local market.

Benefits for our users

Global aggregation of real-time accommodation supply

We aggregate availability of multiple types of accommodations, such as hotels, vacation rentals and private apartments, from a broad range of advertisers globally. This supply is continually updated, so users can view current availability from a broad range of advertisers. We believe travelers use our search platform as their entry point for research on where to stay, confident that they receive comprehensive coverage of their options to book a hotel, vacation rental or private apartment.

Increased price competition and reduced search costs

Enhanced price competition results in the display of rooms with a broad range of pricing options available from our advertisers.

Tailored search function

Our search function is designed to enable individual users to find their "ideal hotel," vacation rental or private apartment. We personalize results based on a user's search terms, selected filters and other interactions with trivago's platform. In addition, we aggregate and analyze multiple sources of information to build a profile for each individual hotel. trivago's search algorithms, which are refined by millions of searches every day, create matches among the sets of information.

Deep content and easy-to-use information on hotels and other types of accommodation

We obtain accommodation information from many sources, such as travel booking sites, hotel websites, review sites, directly from hotels and internal resources. This information includes pictures, descriptions, reviews, ratings and amenities. We synthesize and enrich this information. For example, our rating score distills review information from multiple sources into a single easy-to-use score for the traveler.

Key benefits for advertisers

Broad traveler reach

We offer advertisers a highly scalable channel of travelers, given our broad presence across multiple geographies and languages. Additionally, for many travelers, we believe we are the entry point to their search, enabling advertisers to engage with potential new customers.

Delivery of transaction-ready referrals

We provide advertisers with motivated travelers who have proactively expressed their specific intent via our search platform. Due to the breadth of accommodation information we provide and our personalized matching algorithms, travelers referred by trivago often already have a comprehensive understanding of their accommodation choice and its value proposition for them, which we believe makes them more likely to complete a booking on the advertiser's site.

Market-driven, referral-based pricing structure

We believe our advertisers value the flexibility to control the pricing and volume of referrals they generate from our marketplace. Our CPC bidding model makes it easy for advertisers to evaluate the performance of their spend and influence their own return on investment.

Improve advertisers' competitiveness

Hotel advertisers have varying levels of experience, scale and resources to dedicate to their marketing efforts. We provide our advertisers with advice, actionable data insights and advertiser tools to help them optimize their investment on our marketplace by improving the quality of available content about their hotels.

Our strengths

We believe that our competitive advantages are based on the following key strengths:

Industry-leading product and user experience

We believe that we provide the most effective and intuitive hotel and other accommodation search platform for travelers. We have invested in our product over many years and continue to spend significant time and resources on further refining our websites and apps to provide the best possible user experience. We regularly test and enhance multiple aspects of our websites and apps, believing that incremental advancements over time add up to improvements in overall user experience. This approach benefits both our users and advertisers by enabling more satisfying and effective engagement with our platform.

Significant scale

We have achieved significant scale, with more than 4.5 million hotels and other types of accommodation available on our platform as of December 31, 2019, including over 3.3 million units of alternative accommodation units, such as vacation rentals and private apartments. We are supported by 54 localized versions of our websites and apps available in 32 languages. Additionally, we believe we work with almost all significant international, regional and local OTAs. Our business benefits from our engaged and often long-established relationships with local advertisers globally. In the year ended December 31, 2019, we had 522.0 million Qualified Referrals. Bringing together advertisers and users at this scale creates powerful network effects, improving the quality of the trivago experience for all parties.

High brand recognition

We have continuously invested in our brand over many years and have achieved strong brand recognition globally. Our brand drives traffic to our site by underpinning the connection travelers make between trivago and hotel and accommodation search.

Powerful data and analytics

We capture large amounts of data across our platform, including traveler data, advertiser data, publicly available content and insights on how travelers and advertisers interact with our platform. As our business has grown, the volume of information we can analyze has also correspondingly increased. We take a data-driven, testing-based approach, 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 this data enables us to continuously improve our platform.

Our strategy

Key developments and achievements in 2019

In 2019, our main strategic focus was to strengthen our collaboration with our large advertisers. We believe this has opened the door to a much greater pace of innovation, benefiting not only our users but also all our advertisers. We remain focused on maintaining a healthy marketplace that connects our broad and deep supply of hotels and other accommodations with our user base. We have invested significant time and effort in strengthening our relationships with our large advertisers, identifying where we can additionally meet their needs while promoting an experience on our website that we believe is optimal for our users. Key developments and achievements in 2019 have been:

- We added bid modifiers, allowing advertisers to target and optimize their spend towards their key user groups.

- We phased out the relevance assessment that adjusted cost-per-click bids based on our assessment of the quality of users' experience after clicking out to an advertiser from our website.
- We focused our brand messaging towards our core value proposition of price and comparison, emphasizing that we help consumers compare offers for accommodation from many websites.
- We accelerated the integration of alternative accommodations from multiple additional providers. Our work includes not only sourcing and integrating inventory across all types of accommodations, including hotels, vacation rentals and apartments, but also building tools to make offers for different types of accommodation easily comparable for our users so that they can tackle this inherently more complex comparison. Over the last two years, we have integrated the inventory of multiple additional alternative accommodation providers, including Airbnb, and as of December 31, 2019, now offer more than 3.3 million units of alternative accommodation on our search platform.
- We strengthened our management team by hiring James Carter as Chief Product and Technology Officer. Mr. Carter is a seasoned industry veteran who previously led the engineering teams at Google Hotel Ads.

Strategy update 2020

Our industry has historically benefited from a strong migration of travel from offline to online as the leading players focused primarily on growth, resulting in significant increases in users and revenue. In recent years, market dynamics have changed. This lead us to adapt to the new market dynamics by adjusting and optimizing our Advertising Spend. For 2020, we do not expect the industry dynamics to change significantly.

In 2020, we anticipate a recalibration of our marketing mix, improvement of our profitability in performance marketing channels and a reduction in advertiser concentration through the introduction of alternative revenue streams. To do so, we will conduct a series of large-scale tests in the first half of 2020, allowing us to fine-tune our strategy for the second half of 2020.

For the full year 2020, our areas of strategic focus include the following:

- Leveraging the learnings from our branded campaigns in Americas to other markets and further sharpening our brand messaging.
- Aggressively optimizing our traditional performance marketing spend to ensure that we are efficiently spending at a level that is right for us and sustainable in the long term.
- Focusing on product development to improve transparency and usability of our product while improving the value perception as a comparison site by helping users compare offers for hotels and other accommodations across a broad spectrum of providers to find the best value deal based on their individualized needs and preferences. Our teams continue to focus on sourcing great hotel deals, and in 2020 plan to develop more tools to help users understand how offers for accommodation vary in terms of amenities and other factors to enable them to discover which items have the best value for them. In 2020, we also plan to continue building upon our work so far to make it easier to compare hotels, vacation rentals and apartments in one search.
- Continuing to evolve our marketplace to allow advertisers to target their users better, leading to a better result both for our users and advertisers. We intend to continue to cooperate closely with our advertisers to promote a seamless user experience across platforms.
- Adding new revenue streams to diversify our revenue base and reduce the dependency on our top advertisers.

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 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 34% of our total revenue for the year ended December 31, 2019. Booking Holdings and its affiliated brands, Booking.com and Agoda, accounted for 40% of our total revenue for the year ended December 31, 2019.

Nearly all of our agreements with advertisers, including our agreements with our largest advertisers, may be terminated at will or upon three to seven days' prior notice by either party. For more information on risks related to the concentration of our revenue and our relationship with our largest advertisers, see "*Item 3 D. Risk factors.*"

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.

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, Qunar, 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 and Brand Expedia; and
- Alternative accommodation providers, such as Airbnb and Vrbo.

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 Kayak, Qunar, TripAdvisor and Google Hotel Ads;
- 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.

Our employees and culture

We believe that our entrepreneurial corporate culture, flexible working hours and flat organizational structure are key ingredients to our success. These have 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. We encourage our employees to take on new challenges within the company regularly to broaden their perspective, accelerate their learning, ensure a high level of motivation and foster communication. 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. We regard failure as an opportunity to learn and inform improved approaches going forward.

Internally, we distill our values into six core qualities:

- *Trust:* We want to build an environment in which mutual trust can develop to give us the comfort and safety to discuss matters openly and to act freely.
- *Authenticity:* We aim to be authentic by staying true to ourselves and welcoming discussion and controversy as we believe that there is no progress without friction.
- *Entrepreneurial Passion:* We aim to be passionate drivers of change, motivated to question the status quo - for both the organization and ourselves. We believe intrinsic motivation empowers us to take on ownership, to take appropriate risks and to be confident to make decisions.
- *Power of Proof:* We believe empirical data enables us to make sensible decisions. We want to explore and understand the driving forces behind why our projects succeed or fail.
- *Unwavering Focus:* We are focused on providing our users with an amazing, five-star experience. We aim to set our priorities based on the added value we believe is generated for trivago. We believe that multiple small, incremental improvements towards this goal add up to long-term success.
- *Fanatic Learning:* We aim to improve our competitive position by reacting quickly to findings based on our collective experiences, successes and failures. We strongly believe that power comes from sharing knowledge, not from keeping it to ourselves. We are open to continuously changing our beliefs and processes based on changing evidence. We see change as an opportunity to improve.

Under our leadership framework, we have broken up the traditional reporting lines into different dimensions, allowing each employee to progress on the dimensions he or she is most excited about and suitable for. We envision that different individuals will often take on different leadership roles and will move into different roles as they learn what interests them and what role is most suitable for them. As our employees move into different roles within trivago, we intend for them to have one constant mentor, who generally works on a different team.

We believe that moving employees into different leadership roles will help him or her use the expertise they have gained at trivago to challenge our thinking in different areas and to promote innovation. Our leadership framework is intended to prevent us from forcing employees into pre-determined career development paths, which they did not actively choose to follow, and to create an environment where each employee can naturally come across opportunities to help them learn and grow. We believe this helps us retain our employees since it offers them the opportunity to diversify their professional experience.

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.

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," Room5, Youzhan and our trivago logo. These trademarks are registered in various jurisdictions.

Government regulation

trivago provides and receives data and information to and from its users and advertisers 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 (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 Internet 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. The EU's General Data Protection Regulation 2016/679, or GDPR, has been in effect since May 25, 2018. The GDPR and national GDPR implementation acts on an EU member state level provide for a number of changes to the EU data protection regime. The GDPR applies to any company established in the European Union, as well as to those outside the European Union if they collect and use personal data in connection with the offering of goods or services to individuals in the European Union or the monitoring of their behavior (for example, trip booking services). The GDPR enhances data protection obligations for processors and controllers of personal data, including, for example, expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data breach notification requirements and onerous new obligations on services providers. Non-compliance with the GDPR can trigger steep fines of up to €20 million or 4% of total worldwide annual turnover, whichever is higher. We may incur substantial expense in complying with the obligations imposed by the GDPR and we may be required to make significant further changes in our business operations and product and services development, all of which may adversely affect our revenues and our business overall.

In addition, EU laws regulate transfers of EU personal data to third countries, such as the United States, that have not been found to provide adequate protection to such personal data. A number of our service providers and hotels operate in such jurisdictions. There are regulatory concerns about certain measures that can be used to validate such data export, as well as litigation challenging some of the mechanisms for adequate data transfer (i.e., the standard contractual clauses). We could be impacted by changes in law as a result of the current challenges to these mechanisms by regulators and in the European courts which may lead to governmental enforcement actions, litigation, fines and penalties or adverse publicity which could have an adverse effect on our reputation and business.

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 (for example, the P2B Regulation in the European Union's New Deal for Consumers).

Many governmental authorities in the markets in which we operate are also considering alternative legislative and regulatory proposals that would increase regulation on Internet display, disclosure and advertising activities. For example, the EU legislators are preparing a new ePrivacy Regulation which is supposed to amend and replace the ePrivacy Directive (2002/58/EC) as amended and respective EU member state implementation laws. This change in the law on an EU level may have significant impact on the legal requirements for electronic communication including the operation of and user interaction with websites and may require relevant financial effort to implement the new laws. Whereas it is currently still unclear if and when the proposed ePrivacy Regulation will enter into effect, European regulators and courts tend to apply the current law more restrictively in a way which would effectively anticipate opt-in requirements under the proposed ePrivacy Regulation. European regulators increasingly take efforts to enforce their positions.

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.

Technology and infrastructure

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.

Infrastructure

We host our platform at five different locations in Germany, the United States, Hong Kong and China, while also leveraging cloud-hosted 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 are 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.

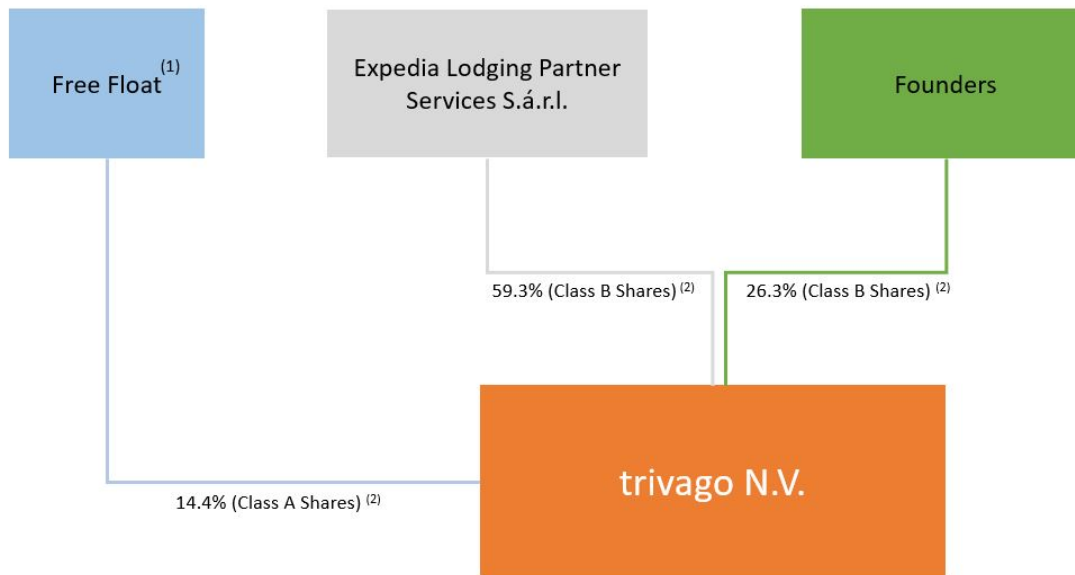
Software

We develop our own software through our teams based in Germany, the Netherlands and Spain, employing a rigorous iterative approach. This includes the proprietary algorithm underlying our search function, internal management tools, data analytics and advertiser tools.

C. Organizational structure

trivago N.V. historically acted as a holding company of trivago GmbH, the historical operating company of the trivago group. The cross-border merger of trivago GmbH into and with trivago N.V. became effective on September 7, 2017. In this annual report, unless the context otherwise requires, the terms “we,” “us,” “our,” “trivago” and the “company” refer to trivago GmbH, travel B.V. and trivago N.V., and their respective consolidated subsidiaries, as applicable.

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, 2019:



(1) The free float total includes 13,000,000 shares purchased by PAR Investment Partners, L.P. from Mr. Vinnemeier and Mr. Siewert in private transactions. For more information, see "Item 7 A. Major shareholders—Significant changes in ownership by major shareholders." The free-float total also includes a number of Class B shares that were converted into Class A shares by Mr. Siewert.

(2) 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. For more information about the voting rights of our Class A and Class B shares, see Exhibit 2.6 hereto. 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. As of December 31, 2019, we do not own, directly or indirectly, any subsidiaries that we consider to be "significant".

D. Property, plant and equipment

In June 2018, we moved into our new headquarters located in Düsseldorf's media harbor. The building comprises 26,107 square meters of office space and 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. trivago N.V. is the sole tenant of the building, and it has been built to our specifications.

We have additional 7,142 square meters of leased office space in Germany and 4,409 square meters of leased office space in Spain and the Netherlands.

Item 4A: Unresolved staff comments

None.

Item 5: Operating and financial review and prospects

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with "Item 3 A. Selected financial data" of this annual report and our consolidated financial statements and related notes appearing elsewhere in this annual report. In addition to historical information, this discussion contains forward-looking statements based on our current expectations that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in "Item 3 D. Risk factors" and "Special note regarding forward-looking statements" sections and elsewhere in this annual report.

For a discussion of the year ended December 31, 2018 compared to December 31, 2017, refer to the section contained in our Annual Report on Form 20-F for the fiscal year ended December 31, 2018, "Item 5: Operating and financial review and prospects".

A. Operating results

Overview

Our total revenue for the years ended December 31, 2018 and 2019 was €914.8 million and €838.6 million, respectively, representing a decrease of 8%. Our Referral Revenue for the years ended December 31, 2018 and 2019 was €899.8 million and €823.6 million, respectively, representing a decrease of 8%. Our Rest of World segment exhibited the highest decrease in Referral Revenue, with a year-over-year decrease of 16% from 2018 to 2019, while Referral Revenue in Americas and Developed Europe declined by 3% and 8%, respectively, year-over-year.

Our net loss for the year ended December 31, 2018 was €21.5 million, while our net income for the year ended December 31, 2019, was €17.2 million, representing an increase of €38.7 million from 2018 to 2019.

Adjusted EBITDA for the years ended December 31, 2018 and 2019 was €14.6 million and €70.0 million respectively. This resulted in an Adjusted EBITDA margin (calculated as Adjusted EBITDA divided by total revenue) of 1.6% and 8.3%, respectively.

Key factors affecting our financial condition and results of operations

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 earn subscription fees for certain services we provide to advertisers, such as trivago Business Studio Pro Apps Package, although such subscription fees do not represent a significant portion of our revenue.

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.

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 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 hotel 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, site usability and personalization for each visitor.

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

(in millions) (unaudited)	Year ended December 31,			% Change	
	2017	2018	2019	2018 vs 2017	2019 vs 2018
Americas	203.4	182.3	146.1	(10.4)%	(19.9)%
Developed Europe	295.5	246.7	195.4	(16.5)%	(20.8)%
Rest of World	228.3	239.3	180.5	4.8 %	(24.6)%
Total	727.1	668.3	522.0	(8.1)%	(21.9)%

Note: Some figures may not add due to rounding.

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:

$$RPQR = RPR \times \text{click-out rate}$$

where

$$RPR = \text{revenue per referral}$$

$$\text{click-out rate} = \text{referrals} / \text{Qualified Referrals}$$

RPQR is determined by the CPC bids our advertisers submit on our marketplace as the CPC bids submitted by our advertisers 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. We refer to the degree to which we are able to capture our share in the overall estimated booking revenues generated by our advertisers from our referrals as "commercialization." 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. While we believe that the quality of the traffic we referred to our advertisers improved in 2019 compared to 2018, the information we used as the basis for this analysis is subject to a number of uncertainties, including those related to the accuracy of the information we receive from certain of our advertisers and the methodologies we and our advertisers use to track and analyze whether a user ultimately completes a booking. 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. 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 believe our attribution model and product optimization measures have contributed to continuous improvement in our referred traffic quality, which have had a positive effect on our RPQR notably in the first half of 2019. However, 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):

RPQR in € (unaudited)	Year ended December 31,			% Change	
	2017	2018	2019	2018 vs 2017	2019 vs 2018
Americas	1.93	1.73	2.09	(10.4)%	20.8%
Developed Europe	1.44	1.54	1.78	6.9%	15.6%
Rest of World	0.89	0.86	0.95	(3.4)%	10.5%
Total	1.40	1.35	1.58	(3.6)%	17.0%

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,	
	2018 vs 2017	2019 vs 2018
Americas	2.6 %	32.1 %
Developed Europe	19.6 %	26.9 %
Rest of World	6.3 %	23.5 %
Total	5.6 %	29.8 %

% decrease in number of referrals (unaudited)	Year ended December 31,	
	2018 vs 2017	2019 vs 2018
Americas	(21.2)%	(26.4)%
Developed Europe	(24.7)%	(28.2)%
Rest of World	(5.2)%	(31.0)%
Total	(17.3)%	(28.8)%

% increase (decrease) in Qualified Referrals (unaudited)	Year ended December 31,	
	2018 vs 2017	2019 vs 2018
Americas	(10.4)%	(19.9)%
Developed Europe	(16.5)%	(20.8)%
Rest of World	4.8 %	(24.6)%
Total	(8.1)%	(21.9)%

% decrease in click-out (unaudited)	Year ended December 31,	
	2018 vs 2017	2019 vs 2018
Americas	(12.1)%	(8.2)%
Developed Europe	(9.8)%	(9.4)%
Rest of World	(9.6)%	(8.5)%
Total	(10.0)%	(8.8)%

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. We believe the development of our ROAS among the reportable segments is primarily related to the different stages of development of our markets. For example, in Developed Europe, where we have operated the longest on average, we have historically experienced the highest average ROAS. Our ROAS in the Rest of World segment, where we have the lowest average ROAS, is also impacted significantly by the number of markets in the segment, including markets that have the lowest brand awareness and thus require significant Advertising Spend to reach scale. Over time, as our brand awareness in these markets continues to increase, we believe that we will experience further increases in the efficiency of our Advertising Spend and thus improvements in our average ROAS. Given that Advertising Spend accounts for the significant majority of our total expenses, we believe this will have a direct impact on our operating margins and Adjusted EBITDA.

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 and content marketing.

Our ROAS by reportable segment for the years ended December 31, 2017, 2018 and 2019 was as follows:

ROAS by segment (unaudited)	Year ended December 31,		
	2017	2018	2019
Americas	115.9%	120.8%	130.4%
Developed Europe	131.0%	143.0%	150.7%
Rest of World	91.7%	99.6%	112.5%
Consolidated ROAS	115.3%	122.8%	133.6%

In 2019, Consolidated ROAS improved to 133.6% compared to 122.8% in the same period in 2018. ROAS improved by 9.6ppts, 7.7ppts and 12.9ppts in Americas, Developed Europe and RoW, respectively, compared to the same period in 2018. As we continued to optimize our Advertising Spend, we observed positive period-over-period improvements in ROAS across all segments. The increase in ROAS was primarily driven by significant period-over-period improvement in ROAS in the first half of 2019, while it was partly offset by a period-over-period decline in ROAS in the second half of 2019. The significant improvement in ROAS in the first half of 2019 was driven by a significant period-over-period reduction in Advertising Spend across all segments compared to the first half of 2018 as our optimization of Advertising Spend only began to have an impact starting late in the second quarter of 2018.

Marketplace dynamics

Our advertisers regularly adjust the CPC 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 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, such as bid modifiers.

Recent trends in our business

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

Industry outlook

The online travel industry has historically benefited from a strong migration of travel from offline to online. As our industry gradually consolidated, our large OTA advertisers, such as Booking Holdings and Expedia Group, focused primarily on growth, resulting in significant increases in users and revenue. However, in the past few years the industry dynamic has changed as industry growth has slowed, and our large OTA advertisers have focused more on their profitability. As a result, we believe that our large OTA advertisers have continuously reviewed their Advertising Spend on our platform and on other advertising channels, and accordingly increased, particularly starting in 2018, their return on investment targets for their spend on our marketplace. At the same time, competition has increased as Google has invested into its own hotel metasearch product, trying to capture more of the value in the industry and grow its profit base. Our largest OTA advertisers have moderated their performance marketing spend and put more focus on branded advertisement and direct traffic acquisition. More recently, new players, such as Airbnb and

Trip.com, have increased their activities across Western markets, which has further intensified competition.

We have been negatively impacted by the slowdown in industry growth, growing competition, and the reduced spend of our large OTA advertisers. We believe that the slowed industry growth has led to a lower share of first-time users of online travel websites, reducing the value of metasearch leads to the large OTA advertisers.

As a result, we have adjusted our marketing strategy to adapt to the new market dynamics and continued to optimize our Advertising Spend across all segments and all marketing channels in order to improve our ROAS, primarily in the first half of 2019. The optimizations were reflected in reduced brand marketing expenditure and increased return on investment targets for our performance marketing campaigns. While these measures improved our profitability, they also led to a reduction in traffic to our platform attributable to all marketing channels and accordingly resulted in a reduction in the number of Qualified Referrals, which was particularly evident in the first half of 2019.

We do not expect the industry dynamics to change significantly in the coming year. Google is likely to continue to try to increase its share of total industry profit while large OTAs are likely to continue optimizing their advertising spend and other expenses. However, we believe the positive impact on our business resulting from new entrants, such as Trip.com and Airbnb, will continue but will have a small financial impact on us in 2020.

Increased volatility on our marketplace

In mid-2019, we rolled out more granular bidding, such as bidding according to time-to-travel and length of stay, which we refer to as "bid modifiers". The advertising bidding dynamics on our marketplace in 2019 were impacted by the introduction of bid modifiers as advertisers needed time to adjust their CPC bids to the new bidding parameters. Going forward we plan to use the more flexible auction bidding to add modifiers where we believe they can add value to our users and advertisers. In addition, we observed a general softness in CPC bids in Developed Europe of our largest advertisers during the peak summer travel season, which contributed to volatility in CPC bids in that segment. We also believe that the Wuhan coronavirus outbreak will have a negative impact on our global business volumes in 2020, which may also impact the way our advertisers bid on our marketplace.

Impact of strategic initiatives

In 2020, we plan to focus on aggressively optimizing our traditional performance marketing spend to ensure that we are efficiently spending at a level that is right for us and sustainable in the long term. We also plan to test adding new revenue streams to diversify our revenue base and reduce our dependency on our largest OTA advertisers. With respect to our performance marketing optimization efforts, we are conducting a series of large-scale tests in the first half of 2020, allowing us to further develop our strategy with respect to our marketing spend. We believe these tests could lead to a double-digit revenue decline in Developed Europe for the first and second quarter of 2020. However, it is very difficult to forecast the results of our tests and, even more so, predict the impact they may have on our advertising spend in the second half of 2020 and on our financial condition.

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, 2019, our revenue share from mobile websites and apps continued to exceed 60%.

Visitors to our search platform via mobile phone and tablet 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 bidding 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.

Advertiser structure

We generate most of our 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 34% of our total revenue for the year ended 2019. Booking Holdings and its affiliated brands, Booking.com and Agoda, accounted for 40% of our total revenue for the year ended 2019. 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. We believe that our business success in the long term will be enhanced by diversification among our advertisers, in particular by means of expanding our relationships with hotel chains and providers of alternative accommodation as well as independent hotels. We plan to continue act as a platform that enables travelers to compare hotel rooms that are offered by smaller and local OTAs or independent hotels or by the leading international brands.

In 2019, we continued to take steps to increase advertiser diversity on our marketplace, including integrating vacation rental inventory onto our search platform, with the aim of integrating more inventory of alternative accommodation going forward. Advertiser diversification allows us to improve the user experience by expanding the depth of our hotel and other accommodation offerings to facilitate price transparency as well as to improve the content quality, availability and usability of our advertisers' offers, thereby increasing the value our users derived from our websites and apps.

Despite our efforts at advertiser diversification, we believe consolidation could over time reduce the number of offers we have available on our platform for each hotel, which could cause our services to become less valuable to users. Correspondingly, with fewer bids for offers from a consolidated group of advertisers, RPQR could decrease. We believe that as a result of the number of marketplace participants and the competition among various brands within consolidated OTAs, there has historically been sufficient liquidity on our marketplace to sustain competitive bid levels in our most relevant markets, such that if the top bidder leaves the platform, the next highest bidder moves into position to partially sustain our revenue. In less liquid geographic markets, our initiative to connect hotels directly to our platform may mitigate, at least in small part, a potential decrease in OTA marketplace participants.

Results of Operations

Comparison of the years ended December 31, 2017, 2018 and 2019:

(in thousands)	Year ended December 31,			% Change	
	2017	2018	2019	2018 vs 2017	2019 vs 2018
Consolidated statement of operations:					
Revenue	€ 667,802	€ 583,395	€ 554,046	(12.6)%	(5.0)%
Revenue from related party	367,581	331,421	284,571	(9.8)%	(14.1)%
Total revenue	1,035,383	914,816	838,617	(11.6)%	(8.3)%
Costs and expenses:					
Cost of revenue	5,930	5,435	9,159	(8.3)%	68.5 %
Selling and marketing	946,925	805,633	664,155	(14.9)%	(17.6)%
Technology and content	52,232	66,904	69,924	28.1 %	4.5 %
General and administrative	47,444	54,326	55,543	14.5 %	2.2 %
Amortization of intangible assets	3,220	1,684	1,685	(47.7)%	0.1 %
Operating income/(loss)	(20,368)	(19,166)	38,151	5.9 %	n.m.
Other income/(expense)					
Interest expense	(44)	(1,839)	(33)	n.m.	98.2 %
Gain on deconsolidation of entity	2,007	—	—	(100.0)%	— %
Other, net	592	539	(428)	(9.0)%	(179.4)%
Total other income/(expense), net	2,555	(1,300)	(461)	(150.9)%	64.5 %
Income/(loss) before income taxes	(17,813)	(20,466)	37,690	(14.9)%	n.m.
Expense/(benefit) for income taxes	(4,764)	1,086	20,982	122.8 %	n.m.
Income/(loss) before equity method investment	(13,049)	(21,552)	16,708	(65.2)%	177.5 %
Income from equity method investment	—	63	453	n.m.	n.m.
Net income/(loss)	(13,049)	(21,489)	17,161	(64.7)%	179.9 %
Net loss attributable to noncontrolling interests	568	—	—	(100.0)%	— %
Net income/(loss) attributable to trivago N.V.	€ (12,481)	€ (21,489)	€ 17,161	(72.2)%	179.9 %

n.m. not meaningful

	Year ended December 31,		
	2017	2018	2019
Consolidated statement of operations as a percent of total revenue:			
Revenue	64.5 %	63.8 %	66.1 %
Revenue from related party	35.5 %	36.2 %	33.9 %
Total revenue	100.0 %	100.0 %	100.0 %
Costs and expenses:			
Cost of revenue	0.6 %	0.6 %	1.1 %
Selling and marketing	91.5 %	88.1 %	79.2 %
Technology and content	5.0 %	7.3 %	8.3 %
General and administrative	4.6 %	5.9 %	6.6 %
Amortization of intangible assets	0.3 %	0.2 %	0.2 %
Operating income/(loss)	(2.0)%	(2.1)%	4.5 %
Other income/(expense)			
Interest expense	— %	(0.2)%	— %
Gain on deconsolidation of entity	0.2 %	— %	— %
Other, net	0.1 %	0.1 %	(0.1)%
Total other income/(expense), net	0.2 %	(0.1)%	(0.1)%
Income/(loss) before income taxes	(1.7)%	(2.2)%	4.5 %
Expense/(benefit) for income taxes	(0.5)%	0.1 %	2.5 %
Income/(loss) before equity method investment	(1.3)%	(2.4)%	2.0 %
Income from equity method investment	— %	— %	0.1 %
Net income/(loss)	(1.3)%	(2.3)%	2.0 %
Net loss attributable to noncontrolling interests	0.1 %	— %	— %
Net income/(loss) attributable to trivago N.V.	(1.2)%	(2.3)%	2.0 %

Revenue

Our total revenue in the year ended December 31, 2019 consisted of Referral Revenue of €823.6 million and other revenue of €15.0 million.

Total revenue for the year ended December 31, 2019 was €838.6 million, representing a decrease of €76.2 million, or 8.3%, compared to the year ended December 31, 2018. Revenue from related parties for the year ended December 31, 2019 decreased by €46.8 million, or 14.1%, compared to the year ended December 31, 2018, while revenue from third parties decreased by €29.4 million, or 5.0% for the same period.

Referral revenue for the year ended December 31, 2019 was €823.6 million, representing a decrease of €76.2 million, or 8.5%, compared to the year ended December 31, 2018. Referral Revenue was negatively impacted by a decline in Qualified Referrals, which was partly offset by an increase in RPQR. The number of Qualified Referrals decreased by 21.9% in the year ended December 31, 2019 compared to the same period in 2018, while RPQR increased by 17.0%.

The year-over-year decline in Qualified Referrals was broadly similar among all segments. The decline in Americas was primarily driven by our ongoing marketing and products optimizations, while the decline in Developed Europe and RoW was negatively impacted by reductions in Advertising Spend and subdued traffic volumes towards the end of the year.

RPQR increased in all segments in the year ended December 31, 2019 primarily driven by improved traffic quality in all segments, especially in Americas and Developed Europe.

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

(in millions)	Year ended December 31,			% Change	
	2017	2018	2019	2018 vs 2017	2019 vs 2018
Americas	€ 391.7	€ 316.0	€ 305.1	(19.3)%	(3.4)%
Developed Europe	425.0	378.9	347.1	(10.8)%	(8.4)%
Rest of World	203.6	204.9	171.5	0.6 %	(16.3)%
Total	€ 1,020.3	€ 899.8	€ 823.6	(11.8)%	(8.5)%

Note: Some figures may not add due to rounding.

Referral Revenue in Americas in the year ended December 31, 2019 decreased by €10.9 million, or 3.4%, compared to the year ended December 31, 2018. The year-over year decline in Referral Revenue in this segment was mainly driven by a decline in Qualified Referrals, which was partly offset by an increase in RPQR. The decline in Referral Revenue in Americas was the least pronounced among our segments due to the growth in the second half of 2019 compared to the same period in 2018. RPQR increased by €0.36, or by 20.8% in the year ended December 31, 2019 compared to the same period in 2018 primarily driven by improved traffic quality. RPR for the period increased by 32.1%, partly offset by a reduction in the click-out rate of 8.2% in this segment compared to the same period in 2018.

Referral Revenue in Developed Europe in the year ended December 31, 2019 decreased by €31.8 million, or 8.4%, compared to the year ended December 31, 2018 which was mainly driven by a decrease in Qualified Referrals, reflecting subdued traffic volumes towards the end of the year 2019. This was partly compensated by an increase in RPQR. RPQR increased by €0.24, or by 15.6% in the year ended December 31, 2019 compared to the year ended December 31, 2018 due to improved traffic quality. The RPR for the period increased by 26.9%, partly offset by a reduction in the click-out rate only of 9.4% in this segment compared to the same period in 2018.

Referral Revenue in RoW in the year ended December 31, 2019 decreased by €33.4 million, or 16.3%, compared to the year ended December 31, 2018, which was mainly driven by a decrease in Qualified Referrals, reflecting subdued traffic volumes and softer advertiser bidding dynamics in certain geographic markets towards the end of the year 2019, which was partly offset by an increase in RPQR, particularly in the first half of 2019. The decline in Referral Revenue in this segment was also driven by a continued reduction in Advertising Spend throughout the year 2019. We believe that our performance in RoW was negatively impacted by our relatively shorter operational history, which in turn amplified the effect of year-over-year reductions in Advertising Spend on ROAS. RPQR, increased by €0.09, or 10.5% in the year ended December 31, 2019 compared to the year ended December 31, 2018 due to improved traffic quality. The RPR for the period increased by 23.5%, partly offset by a reduction in the click-out rate of 8.5% in this segment compared to the same period in 2018.

Cost of Revenue and Expenses

Cost of revenue

Our cost of revenue consists primarily of our data center costs, third-party cloud-related service provider expenses, personnel-related expenses and share-based compensation for our data center operations staff and our customer service team. Cost of revenue, was €9.2 million for the year ended December 31, 2019.

Cost of revenue for the year ended December 31, 2019 increased by €3.8 million, or 70%, compared to the year ended December 31, 2018 primarily driven by higher expenses for third-party cloud-related

service providers of €3.4 million. Our personnel-related costs increased by €0.2 million due to an increase in headcount, and share-based compensation increased by €0.1 million.

Selling and marketing

Selling and marketing 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 and content marketing.

Other selling and marketing expenses include research costs, production costs for our TV spots and other marketing material, as well as personnel-related expenses for our marketing, sales and hotel relations teams.

(in millions)	Year ended December 31,			% Change	
	2017	2018	2019	2018 vs 2017	2019 vs 2018
Advertising expense	€ 884.7	€ 732.5	€ 616.7	(17.2)%	(15.8)%
% of total revenue	85.4%	80.1%	73.5%		
Other selling and marketing	58.7	69.9	45.1	19.1 %	(35.5)%
% of total revenue	5.7 %	7.6 %	5.4 %		
Share-based compensation	3.5	3.3	2.4	(5.7)%	(27.3)%
% of total revenue	0.3 %	0.4 %	0.3 %		
Total selling and marketing expense ⁽¹⁾	€ 946.9	€ 805.6	€ 664.2	(14.9)%	(17.6)%
% of total revenue	91.5%	88.1%	79.2%		

Selling and marketing expenses for the year ended December 31, 2019 decreased by €141.4 million, or 17.6%, compared to the year ended December 31, 2018, primarily driven by significant reductions in Advertising Spend across all segments in the first half of 2019.

Advertising Spend decreased by €115.8 million or 15.8% in the year ended December 31, 2019 compared to the year ended December 31, 2018.

We continued to optimize our Advertising Spend across all marketing channels in order to improve our ROAS, primarily in the first half of 2019. Consequently, we reduced brand and performance marketing expenditures and increased return on investment targets for our brand marketing campaigns across all segments. This led to reductions in Advertising Spend to €233.9 million, €230.3 million and €152.5 million in Americas, Developed Europe and RoW, respectively, compared to €261.6 million, €265.0 million and €205.8 million, respectively, compared to the year ended December 31, 2018.

The decrease in Americas was the least pronounced among our segments since we increased the Advertising Spend in the second half of 2019, especially in the third quarter of 2019, as we observed evidence of attractive marginal returns from our marketing activities in this segment. The decrease in Developed Europe was due to a reduction in Advertising Spend in the first half of 2019 and in the fourth quarter of 2019. In RoW, where the decrease in 2019 was the most pronounced among our segments compared to the same period in 2018, we observed a continued reduction in Advertising Spend throughout the year.

Other selling and marketing expenses excluding share-based compensation for the year ended December 31, 2019 decreased by €24.8 million, or 35.5%, compared to the year ended December 31, 2018, primarily driven by a decrease in personnel-related costs and a decrease in production costs for TV advertisement. Personnel-related costs for the year ended December 31, 2019 decreased by €13.1 million, or 39.5%, mainly due to lower headcount compared to the year ended December 31, 2018. Also,

our social security expense was higher in the year ended December 31, 2018, resulting from an audit assessment by the German Social Security authorities of €0.9 million. We reduced our investments in the production of television advertisements and in the development of new creative concepts by €10.2 million. Professional fees and other expenses for the year ended December 31, 2019 decreased by €1.5 million, compared to the same period in 2018, mainly driven by lower telecommunication and service fees, reflecting our reduced investments in online marketing and in the recruiting of new hoteliers for our website. Additionally, our depreciation decreased in the year ended December 31, 2019, mostly due to a lower cost allocation of depreciation expenses. These were partly offset by additional advertising taxes in certain geographic markets in 2019.

Share-based compensation decreased by €0.9 million, or 27.3% in the year ended December 31, 2019 compared to the year ended December 31, 2018, mainly driven by award forfeitures partly offset by new grants during the year.

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,			% Change	
	2017	2018	2019	2018 vs 2017	2019 vs 2018
Personnel	€ 34.0	€ 39.1	€ 40.0	15.0 %	2.3 %
Share-based compensation, net of capitalized internal use software and website development costs	3.6	5.3	6.0	47.2 %	13.2 %
Depreciation of technology assets	4.0	6.1	6.2	52.5 %	1.6 %
Professional fees and other	10.6	16.4	17.8	54.7 %	8.5 %
Total technology and content	€ 52.2	€ 66.9	€ 69.9	28.2 %	4.5 %
% of total revenue	5.0%	7.3%	8.3 %		

Technology and content expense for the year ended December 31, 2019 increased by €3.0 million, or 4.5%, compared to the year ended December 31, 2018, mainly due to increased professional fees and other expenses and personnel-related costs. Professional fees and other expenses increased by €1.4 million, or 8.5%, mainly due to a €1.2 million increase in costs for third-party IT service providers, as our data center expense increased, and as we continued to invest in our platform to improve our users' experience. For the year ended December 31, 2019, office expense allocated to technology and content increased by €1.9 million, or 28.9%, compared to the year ended December 31, 2018, mainly due to the move to our new corporate headquarters in June 2018. Additionally, the share of technology and content headcount was higher in the year ended December 31, 2019 compared to the year ended December 31, 2018, leading to higher allocation of office expense. This was partly offset by a decrease in our external content development costs as we reduced our investment in external service providers for hotel descriptions. The increase in technology and content expense for the year ended December 31, 2019 was also driven by an increase in personnel-related costs of €0.9 million, or 2.3%, mainly due to higher compensation expense and related social security amounts, as well as lower capitalization of our developers' salaries in the first half of the year 2019, compared to the year ended December 31, 2018. This was partly offset by higher social security expense in the year ended December 31, 2018, resulting from an audit assessment by the German Social Security authorities. Our share-based compensation increased by €0.7 million for the year ended December 31, 2019 driven by new grants that were partly offset by forfeitures during the year. Depreciation increased by €0.1 million, or 1.6%, compared to the year ended December 31, 2018, as the depreciation of capitalized software increase relating to a larger

underlying asset was partly offset by the decrease in depreciation for our campus, previously accounted for as a failed sale-leaseback. See *Note 2 - Significant accounting policies*.

General and administrative

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

(in millions)	Year ended December 31,			% Change	
	2017	2018	2019	2018 vs 2017	2019 vs 2018
Personnel	€ 15.3	€ 19.1	€ 18.6	24.8 %	(2.6)%
Share-based compensation	8.8	12.0	11.3	36.4 %	(5.8)%
Related party shared services allocation	0.1	0.0	0.0	(100.0)%	— %
Professional fees and other	23.2	23.2	25.6	— %	10.3 %
Total general and administrative	€ 47.4	€ 54.3	€ 55.5	14.6 %	2.2 %
% of total revenue	4.6%	5.9%	6.6%		

General and administrative expense for the year ended December 31, 2019 increased by €1.2 million, or 2.2%, compared to the year ended December 31, 2018, primarily due to an increase in professional fees and other expenses of €2.4 million, or 10.3%. The increase was mainly driven by a provision recognized in the fourth quarter of 2019 resulting from the recent judgment in Australia, as well as higher charitable contributions and insurance expenses in the year ended December 31, 2019, compared to the same period in 2018. These increases were partly offset by a reduction in consulting, audit and professional legal fees compared to the same period in 2018, as well as the impairment of an internal-use software in the second quarter of 2018. Share-based compensation decreased by €0.7 million, or 5.8%, which was mainly driven by forfeitures during the year ended December 31, 2019 partly offset by new grants. Personnel-related costs decreased by €0.5 million, or 2.6%, mostly due to an audit assessment by the German Social Security authorities in the year ended December 31, 2018.

Amortization of intangible assets

Amortization of intangible assets remained unchanged at €1.7 million in the year ended December 31, 2019. These amortization costs relate predominantly to intangible assets recognized by Expedia Group upon the acquisition of a majority stake in trivago GmbH in 2013. The financial statements reflect Expedia Group's basis of accounting due to this change in control in 2013.

Operating income (loss)

Our operating income was €38.1 million for the year ended December 31, 2019 compared to an operating loss of €19.2 million for the year ended December 31, 2018. This improvement was mainly driven by a significant increase in our ROAS as we reduced our Advertising Spend to adapt to the changing dynamics on our marketplace, especially in the first half of 2019. Reductions in other selling and marketing expenses further contributed to the improvement in operating income in the year ended December 31, 2019. This reduction were partly offset by higher cost of revenue, technology and content and an increase in general and administrative expenses.

Other, net

Other, net was €(0.4) million for the year ended December 31, 2019, compared to €0.5 million in the year ended December 31, 2018. Other, net is primarily comprised of foreign exchange rate gains (losses).

Expense (benefit) for income taxes

(in millions)	Year ended December 31,			% change	
	2017	2018	2019	2018 vs 2017	2019 vs 2018
Expense/(benefit) for income taxes	€ (4.8)	€ 1.1	€ 21.0	122.9 %	n.m.
Effective tax rate	26.7 %	(5.3)%	55.7 %		

n.m. not meaningful

The income tax expense/(benefit) is mainly driven by income/(loss) before income taxes of €37.7 million in 2019 and €(20.5) million in 2018. Our effective tax rate was 55.7% in 2019 compared to (5.3)% in 2018. Non-deductible share-based compensation of (pre-tax) €19.9 million in 2019 and €20.7 million in 2018 had an impact on the effective tax rates of 16.5% and (31.6)% in the years ended December 31, 2019 and 2018, respectively. In 2019, €2.9 million of the impact relates to movements in uncertain tax positions (nil in 2018) with an impact of 7.6% on the effective tax rate. Prior period taxes of €0.1 million and €0.1 million in 2019 and 2018, respectively, relate primarily to the results of tax audits for fiscal years 2013 to 2015 of trivago GmbH (the legal predecessor of trivago N.V.). Movement in valuation allowance resulted in €(0.2) million in 2018 and €0.0 million in 2019. In 2018, €0.8 million related to foreign withholding tax deductions (nil in 2019). Other differences relate to one-off items during the year, such as non-deductible expenses which are individually insignificant.

Quantitative and qualitative disclosures about market risk

Market risk is the potential loss from adverse changes in interest rates, foreign exchange rates and market prices. Our exposure to market risk includes our credit facility, cash, accounts receivable, intercompany receivables, investments and accounts payable. We manage our exposure to these risks through established policies and procedures. Our objective is to mitigate potential income statement, cash flow and market exposures from changes in interest and foreign exchange rates.

Interest rate risk

Because the interest rate on our credit facility is tied to a market rate, we will be susceptible to fluctuations in interest rates if, consistent with our practice to date, we do not hedge the interest rate exposure arising from any advances under our credit facility. For the year ending December 31, 2019 we had no amounts outstanding under our credit facility. Expedia Group currently guarantees our credit facility. If Expedia Group does not continue to guarantee our credit in the future, our borrowing costs could increase.

We did not experience any significant impact from changes in interest rates for the year ended December 31, 2019.

Foreign exchange risk

We conduct business in many countries throughout the world. Because we operate in markets globally, we have exposure to different economic climates, political arenas, tax systems and regulations that could affect foreign exchange rates. Our primary exposure to foreign currency risk relates to transacting in foreign currency and recording the activity in euro. 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. The vast majority of our revenue is denominated in euro. Changes in exchange rates between the functional currency of our consolidated entities and these other currencies will result in transaction gains or losses, which we recognize in our consolidated statements of operations. Our foreign exchange risk relates primarily to the exchange rate between the U.S. dollar and the euro.

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 fluctuate in relation to the functional currency of our consolidated entities, the relative composition and denomination of current assets and liabilities for each period, and our effectiveness at forecasting and managing, through balance sheet netting, such exposures. As an example, if the foreign currencies in which we hold net asset balances were to depreciate by 10% against the euro and other currencies in which we hold net liability balances were to appreciate by 10% against the euro, we would recognize foreign exchange losses of €0.4 million based on the net asset or liability balances of our foreign denominated cash, accounts receivable, and accounts payable balances as of December 31, 2019. 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 year ended December 31, 2019 we reduced our net foreign exchange rate losses to €0.4 million compared to €0.6 million in the year ended December 31, 2018.

Concentration of credit risk

Our 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.

Our customer base includes primarily OTAs, hotel chains and independent hotels. We perform ongoing credit evaluations of our customers and maintain allowances for potential credit losses. We generally do not require collateral or other security from our customers. Expedia Group and affiliates represented 34% of our total revenue for the year ended December 31, 2019 and 45% of total accounts receivable as of December 31, 2019. Booking Holdings and its affiliates represented 40% of our revenue for the year ended December 31, 2019 and 28% of total accounts receivable as of December 31, 2019.

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are those that we believe are important in the preparation of our consolidated financial statements because they require that we use judgment and estimates in applying those policies. We prepare our consolidated financial statements and accompanying notes in accordance with generally accepted accounting principles in the United States. Preparation of the consolidated financial statements and accompanying notes requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, as well as revenue and expenses during the periods reported. We base our estimates on historical experience, where applicable, and other assumptions that we believe are reasonable under the circumstances. Actual results may differ from our estimates under different assumptions or conditions.

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

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

For more information on each of these policies, see *Note 2 - Significant accounting policies*, in the notes to our consolidated financial statements. We discuss information about the nature and rationale for our critical accounting estimates below.

Recoverability of goodwill and indefinite-lived intangible assets

Goodwill is assigned to our three reporting units, which correspond to our three operating segments, on the basis of their relative fair values as of the date of change in reporting units. We assess goodwill and indefinite-lived assets, neither of which are amortized, for impairment annually in the fourth quarter of the year, or more frequently, if events and circumstances indicate that an impairment may have occurred. In the evaluation of goodwill for impairment, we typically first perform a qualitative assessment to determine whether it is more likely than not that the fair value of each reporting unit is less than its carrying amount, followed by performing a quantitative assessment by comparing the fair value of the reporting unit to the carrying value, if necessary. Effective October 1, 2017, we prospectively adopted accounting guidance that simplified our goodwill impairment testing by eliminating the requirement to calculate the implied fair value of goodwill (formerly "Step 2") in the event an impairment is identified. Instead, an impairment charge is recorded based on the excess of the reporting unit's carrying amount over its fair value.

We generally base the measurement of fair value of our three reporting units on a blended analysis of the present value of future discounted cash flows and market valuation approach. The discounted cash flows model indicates the fair value of the reporting unit based on the present value of the cash flows that we expect the reporting unit to generate in the future. Our significant estimates in the discounted cash flows model include our weighted average cost of capital, long-term rate of growth and profitability of our business. The market valuation approach indicates the fair value of the business based on a comparison of the reporting unit to comparable publicly traded firms in similar lines of business. Our significant estimates in the market approach model include identifying similar companies with comparable business factors, such as size, growth, profitability, risk and return on investment and assessing comparable revenue and operating income multiples in estimating the fair value of the reporting unit.

We believe the weighted use of discounted cash flows and market approach is the best method for determining the fair value of our reporting units because these are the most common valuation methodologies used within the travel and Internet industries and the blended use of both models compensates for the inherent risks associated with either model if used on a stand-alone basis.

In addition to measuring the fair value of our reporting units as described above, we consider the combined fair values of our reporting units in relation to the company's total fair value.

In our evaluation of our indefinite-lived intangible assets, we typically first perform a qualitative assessment to determine whether the fair value of the indefinite-lived intangible assets is more likely than not impaired. If so, we perform a quantitative assessment and an impairment charge is recorded for the excess of the carrying value of the indefinite-lived intangible assets over the fair value. We base our measurement of the fair value of our indefinite-lived intangible assets, which consist of trade name, trademarks, and domain names using the relief-from-royalty method. This method assumes that the trade name and trademarks have value to the extent that their owner is relieved of the obligation to pay royalties for the benefits received from them. As with goodwill, periodically, we may choose to forgo the initial qualitative assessment and perform a quantitative analysis in our annual evaluation of indefinite-lived intangible assets.

The use of different estimates or assumptions in determining the fair value of our goodwill may result in different values, which could result in an impairment, or in the period in which an impairment is recognized, could result in a materially different impairment charge.

Recoverability of intangible assets with definite lives and other long-lived assets

Intangible assets with definite lives and other long-lived assets are carried at cost and are amortized on a straight-line basis over their estimated useful lives of generally less than seven years. We review the carrying value of long-lived assets or asset groups, including property and equipment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Factors that would necessitate an impairment assessment include a significant adverse change in the extent or manner in which an asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset, or a significant decline in the observable market value of an asset, among others. If such facts indicate a potential impairment, we would assess the recoverability

of an asset group by determining if the carrying value of the asset group exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the assets over the remaining economic life of the primary asset in the asset group. If the recoverability test indicates that the carrying value of the asset group is not recoverable, we will estimate the fair value of the asset group using appropriate valuation methodologies, which would typically include an estimate of discounted cash flows. Any impairment would be measured as the difference between the asset group's carrying amount and its estimated fair value.

The use of different estimates or assumptions in determining the fair value of our intangible assets with definite lives and other long-lived assets may result in different values, which could result in an impairment, or in the period in which an impairment is recognized, could result in a materially different impairment charge.

Income taxes

We record income taxes under the liability method. Deferred tax assets and liabilities reflect our estimation of the future tax consequences of temporary differences between the carrying amounts of assets and liabilities for book and tax purposes. We determine deferred income taxes based on the differences in accounting methods and timing between financial statement and income tax reporting. Accordingly, we determine the deferred tax asset or liability for each temporary difference based on the enacted tax rates expected to be in effect when we realize the underlying items of income and expense. We consider many factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience by jurisdiction, expectations of future taxable income, and the carryforward periods available to us for tax reporting purposes, as well as other relevant factors. We may establish a valuation allowance to reduce deferred tax assets to the amount we believe is more likely than not to be realized. Due to inherent complexities arising from the nature of our businesses, future changes in income tax law, tax sharing agreements or variances between our actual and anticipated results of operations, we make certain judgments and estimates. Therefore, actual income taxes could materially vary from these estimates.

We account for uncertain tax positions based on a two-step process of evaluating recognition and measurement criteria. The first step assesses whether the tax position is more likely than not to be sustained upon examination by the tax authority, including resolution of any appeals or litigation, based on the technical merits of the position. If the tax position meets the more likely than not criteria, the portion of the tax benefit greater than 50% likely to be realized upon settlement with the tax authority is recognized in the financial statements. Interest and penalties related to uncertain tax positions are classified in the financial statements as a component of income tax expense.

Legal and tax contingencies

We record liabilities to address potential exposures related to business and tax positions we have taken that have been or could be challenged by taxing authorities. In addition, we record liabilities associated with legal proceedings and lawsuits. These liabilities are recorded when the likelihood of payment is probable and the amounts can be reasonably estimated. The determination for required liabilities is based upon analysis of each individual tax issue, or legal proceeding, taking into consideration the likelihood of adverse judgments and the range of possible loss. In addition, our analysis may be based on discussions with outside legal counsel. The ultimate resolution of these potential tax exposures and legal proceedings may be greater or less than the liabilities recorded.

Business combinations

We allocate the value of the consideration to acquire a business to tangible assets and identifiable intangible assets acquired and liabilities assumed on the basis of their fair values at the date of acquisition. Any excess purchase price over the fair value of the net tangible and intangible assets acquired is allocated to goodwill. When determining the fair value of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets. Critical estimates in valuing certain intangible assets include but not limited to future expected cash flows from customer relationships and trade names, and discount rates. Management's

estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Share-based compensation

Our share-based compensation expense is comprised of employee options replaced with new trivago employee stock option awards exercisable into trivago Class A shares, in connection with the controlling-interest acquisition of trivago by the Expedia Group (formerly Expedia, Inc.) in 2013. Between 2017 and 2019, there were additional awards granted in connection with the Omnibus Incentive Plan to employees of trivago and restricted stock units (RSUs) awards. Our employee stock options consist of service based awards, some of which also had performance based conditions. We measure the fair value of share options at the grant date using the Black-Scholes option pricing model. We amortize the fair value over the vesting term on a straight-line basis and for performance based awards we assess as probable of achieving the performance targets, over the service period using the accelerated method. We account for forfeitures as they occur.

The pricing model incorporates various highly judgmental assumptions including volatility and expected option term. If any of the assumptions used in the models change significantly, share-based compensation expense may differ materially in the future from that recorded in the current period.

B. Liquidity and capital resources

On September 5, 2014, we entered into an uncommitted credit facility with Bank of America Merrill Lynch International Ltd. with a maximum principal amount of €10.0 million. Advances under this facility bear interest a rate of LIBOR, floored at zero, plus 1.0% *per annum*. This facility may be terminated at any time by the lender. Our obligations under this facility are guaranteed by Expedia Group. On December 19, 2014, we entered into an amendment to this facility pursuant to which the maximum principal amount was increased to €50.0 million. We did not utilize the credit facility during the year ended December 31, 2019.

For the year ended December 31, 2019, total cash, cash equivalents and restricted cash increased by €56.2 million to €220.5 million, of which €218.2 million were included in current assets and €2.3 million of long-term restricted cash were included in other long-term assets in the balance sheet primarily relating to the new campus building. The increase in total cash, cash equivalents and restricted cash was mainly driven by positive cash flows provided by operating activities due to positive effects from net income, partly offset by negative cash flows from investing activities and negative cash flows used in financing activities.

Our known material liquidity needs for periods beyond the next twelve months are described below in “Item 5 F. Tabular disclosure of contractual obligations.” We believe that our cash from operations, together with our credit facility and 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, 2017, 2018 and 2019:

(in millions)	Year Ended December 31,		
	2017	2018	2019
Cash flows provided by/(used in) operating activities	€ (8.5)	€ (4.6)	€ 74.2
Cash flows used in investing activities	(18.3)	(24.1)	(18.0)
Cash flows provided by/(used in) financing activities	(7.2)	0.2	(0.1)

Cash Flows Provided by/(Used in) Operating Activities

For the year ended December 31, 2019, net cash provided by operating activities increased by €78.8 million to €74.2 million. In the year ended December 31, 2019 net cash provided by operating activities was mainly driven by net income of €17.2 million including non-cash expenses for share-based compensation of €19.9 million and depreciation of €10.3 million.

Changes in operating assets and liabilities further contributed to an increase in cash and cash equivalents of €22.7 million primarily due to decreasing Accounts receivable. Accounts receivable decreased by €25.8 million, of which €8.5 million were related party receivables, in the year ended December 31, 2019 mainly due to delayed payments from advertisers as of December 31, 2018.

Accounts payable decreased by €0.3 million in the year ended December 31, 2019 compared to the year ended December 31, 2018.

Cash Flows Used in Investing Activities

For the year ended December 31, 2019, cash used in investing activities decreased by €6.2 million to €18.0 million, primarily due to lower capital expenditures including internal-use software and website development.

Cash Flows Provided by/(Used in) Financing Activities

For the year ended December 31, 2019, cash used in financing activities increased by €0.3 million to cash used in financing activities of €0.1 million resulting from repayments of other non-current liabilities.

C. Research and development expenses, patents and licenses, etc.

See “*Item 4 B. Business overview.*”

D. Trend information

See “*Item 5 A. Operating results.*”

E. Off-balance sheet arrangements

Other than the items described below under “*—Tabular disclosure of contractual obligations,*” as of December 31, 2019, we do not have any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

F. Tabular disclosure of contractual obligations

The following table summarizes our contractual obligations as of December 31, 2019:

(in millions)	Payments due by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	More than 5 years
Operating leases, including imputed interest ⁽¹⁾⁽²⁾	€ 137.1	€ 8.7	€ 17.2	€ 15.6	€ 95.6
Finance lease obligations	0.7	0.3	0.4	—	—
Purchase obligations ⁽³⁾	11.9	11.9	—	—	—
Total ⁽⁴⁾	€149.7	€20.9	€17.6	€15.6	€95.6

(1) Operating lease obligations include leases for office space, apartments and office equipment. Refer to Note 2 - Significant accounting policies for detailed discussion on our accounting for operating leases. The lease obligations have not been reduced by minimum sublease rental income of €2.7 million due in the future under non-cancelable sublease agreements for unoccupied leased office space.

(2) Currently recognized on our balance sheet as of December 31, 2019 is an asset retirement obligation of €0.6 million for the cost to decommission office space. We have certain operating lease agreements that require us to decommission physical space for which we have not yet recorded an asset retirement obligation. Due to the uncertainty of specific decommissioning obligations, timing and related costs, we cannot reasonably estimate an asset retirement obligation for these properties and we have not recorded a liability at this time for such properties.

(3) Our purchase obligations represent the minimum obligations we have under agreements with certain of our 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.

(4) Excludes €2.9 million of net unrecognized tax benefits for which we cannot make a reasonably reliable estimate of the period of payment.

G. Safe Harbor

See “Special note regarding forward-looking statements.”

H. Non-GAAP financial measures

See “Item 3 A. Selected financial data” for a description of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income/(loss).

Item 6: Directors, senior management and employees

A. Directors and senior management

Senior management and supervisory board

The following tables present information about our senior management and our supervisory board members including their ages and position as of the date of this annual report. The current business addresses for the members of our management and supervisory boards is c/o trivago N.V., Kesselstraße 5 - 7, 40221 Düsseldorf, Germany.

Management board and chief financial officer

Name	Age	Position
Axel Hefer	42	Managing Director for Finance, Legal, International, Marketing, Marketplace, Product, People and Culture (Chief Executive Officer)
Johannes Thomas	32	Managing Director for Advertiser Relations
Matthias Tillmann	36	Chief Financial Officer*

*Mr. Tillmann's appointment as Chief Financial Officer became effective on December 31, 2019. He will not be a member of our management board until he is nominated to such position by the supervisory board and is appointed at our annual general meeting of shareholders.

The following paragraphs set forth biographical information regarding our management board members as well as our chief financial officer.

Axel Hefer currently serves as chief executive officer of the company. He was initially appointed as managing director and chief financial officer of the company in 2016. He also serves as a non-executive director of Spark Networks SE. Prior to joining trivago GmbH, Mr. Hefer was CFO and COO of Home24 AG, an online home furniture and decor company, and managing director of One Equity Partners, the former Private Equity Division of J.P. Morgan Chase. Mr. Hefer holds a diploma in management from Leipzig Graduate School of Management (HHL) and an M.B.A. from INSEAD.

Johannes Thomas was initially appointed as a managing director of the company in 2016. He joined trivago GmbH in 2011 as Global Head of SEM and served as a managing director of trivago GmbH from 2015 until our cross-border merger. Before joining trivago GmbH, Mr. Thomas worked as a Marketing Executive at isango! (TUI today), a website for booking travel experiences from 2009 to 2010. He later founded his own company, which operated travel sites in Germany, Italy and Spain.

Matthias Tillmann joined trivago in 2016 and has held a variety of leadership responsibilities in the finance department. He most recently 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).

Changes to our management board in 2019; appointment of chief financial officer

- On December 31, 2019, Rolf Schrömgens's resignation as chief executive officer and managing director became effective and, on that date, Mr. Schrömgens was designated by our supervisory board as temporary member of our supervisory board (see below under "*Changes to our supervisory board in 2019*" below).
- On December 31, 2019, Axel Hefer, who previously served as our chief financial officer, succeeded Mr. Schrömgens as chief executive officer. Matthias Tillmann, who previously served as Senior Vice President and Head of Corporate Finance, became our chief financial officer.

Supervisory board

Name	Age	Year of appointment	Expiration of current term
Robert Dzielak	49	2018	2021
Ariane Gorin*	45	*	*
Peter M. Kern	52	2019	2022
Hiren Mankodi	46	2019	2022
Frédéric Mazzella	43	2019	2022
Niklas Östberg	39	2019	2022
Rolf Schrömgens*	43	*	*

*Ariane Gorin and Rolf Schrömgens were designated as temporary members of our supervisory board, pending their appointments by our general meeting of shareholders in 2020. For more information, see “—Changes to our supervisory board in 2019” below.

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

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 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.

Ariane Gorin is President of Expedia Business Services (EBS). In 2019, EBS was formed by combining two of Expedia Group’s B2B businesses – Expedia Partner Solutions (EPS) and Egencia. The former, EPS, leverages the best of Expedia Group’s partner facing API and template products to power thousands of travel partners around the world. The latter, Egencia, is Expedia Group’s corporate travel brand and helps businesses large and small across more than 60 countries reimagine business travel management. Ms. Gorin joined Expedia in 2013 as Vice President of Market Management for EMEA and led the EMEA team in rapidly expanding the hotel network in the region. Prior to joining Expedia, Ms. Gorin spent 10 years at Microsoft in various sales, distribution and marketing roles. Before joining Microsoft, she was a consultant with the Boston Consulting Group, both in San Francisco and in Paris. Ms. Gorin received an M.B.A. from the Kellogg Graduate School of Management, Northwestern University and a B.A. in economics from the University of California at Berkeley. She currently serves on the board of directors of Adecco Group, and is on the advisory council of the Royal Philharmonic Orchestra in London.

Peter M. Kern has been a director of Expedia Group since completion of the IAC/Expedia Group spin-off and has served as Vice Chairman of Expedia Group since June 2018. 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 also currently serves as Chairman of the Board of Directors of Hemisphere Media Group, Inc., a publicly-traded Spanish-language media company and as Chairman of the supervisory board of trivago N.V., a majority-owned subsidiary of Expedia Group, as well as on the boards of several of 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 as 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 19 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.

Frédéric Mazzella is the Founder and Chairman of BlaBlaCar and was its CEO during the first decade until 2016. Since 2018, Mr. Mazzella is Co-President of France Digitale, the largest startup association in Europe representing 1,500 startups. Mr. Mazzella holds an M.B.A. from INSEAD, a Master's degree in Computer Science from Stanford University and a Master's degree in Physics from École Normale Supérieure.

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.

Rolf Schrömgens was CEO of trivago N.V. until the end of 2019. Prior to joining trivago GmbH, Mr. Schrömgens was founder and VP at ciao.com, a consumer review website, from 1999 to 2001. Mr. Schrömgens holds a diploma in management from Leipzig Graduate School of Management (HHL).

Agreements regarding the supervisory board and the management board

Members of our supervisory board and members of our management board have been appointed pursuant to the terms of Amended and Restated Shareholders' Agreement. See "*Item 6 C. Board practices*" and "*Item 7 B. Related party transactions*".

Changes to our supervisory board in 2019

- On June 28, 2019, Hiren Mankodi was appointed to our supervisory board after initially being designated as a temporary member of the supervisory board in 2018.
- In October 2019, David Schneider resigned from our supervisory board and audit committee.
- On November 5, 2019, Frédéric Mazzella was appointed to the audit committee.
- On December 12, 2019, Mark Okerstrom resigned from our supervisory board and compensation committee. On the same date, the supervisory board designated Ariane Gorin as temporary member of our supervisory board and appointed her to our compensation committee.
- On December 12, 2019, Peter Kern was appointed chairman of the supervisory board, and Robert Dzielak was appointed chairman of our compensation committee.
- On December 31, 2019, our supervisory board's designation of Rolf Schrömgens as temporary member of our supervisory board became effective.

Mr. Schrömgens' and Ms. Gorin's designations as temporary members of the supervisory board are pending their respective appointments to our supervisory board by our general meeting of shareholders in 2020. Upon his or her designation as temporary member of the supervisory board, Mr. Schrömgens and Ms. Gorin each have all powers and responsibilities of a supervisory board member, as if he or she had been appointed by the general meeting of shareholders.

B. Compensation

Compensation of members of our management board and supervisory board

The amount of compensation, including benefits in kind, accrued or paid to our management board members with respect to the year ended December 31, 2019 is described in the tables below. Our management board received the following cash compensation with respect to service in the fiscal year 2019:

(€ in thousands)	Hefer	Schrömgens⁽¹⁾	Thomas
Periodically-paid remuneration	€240	€40	€240
Bonuses	204	—	204
Profit participation	—	—	—
Total cash compensation	€444	€40	€444

(1) on December 31, Rolf Schrömgens resigned as member of our management board.

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 2019, the compensation committee approved, subject to supervisory board approval, an all-cash performance bonus to Messrs. Hefer and Thomas, which amounts are included in the bonus line in the table above. As of December 31, 2019, we have nothing set aside or accrued to provide pension, retirement or similar benefits to our management board members. In 2019, Mr. Thomas exercised options at a strike price of €0.06 to receive 50,000 ADSs. Mr. Hefer exercised options at a strike price of €0.12 to receive 18,000 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, 2019:

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 ⁽³⁾	Three Year Vest ⁽³⁾	810,927	€0.06	Jun. 28, 2026
Schrömgens	Mar. 6, 2017	Jan. 3, 2018, 2019, 2020	400,000	\$12.14	Mar. 6, 2024
	Mar. 6, 2017	Jan. 2, 2019, 2020, 2021	224,000	\$7.17	Mar. 6, 2024
Thomas	Mar. 18, 2014	Jun. 7, 2015, 2017	170,213	€2.11	None
	May 15, 2015	Mar. 8, 2016, 2017, 2018	110,639	€2.11	None
	May 15, 2015	Jul. 31, 2017	36,948	€0.06	None
	Jul. 16, 2015	Jul. 16, 2015	25,678	€0.06	None
	Mar. 6, 2017	Jan. 3, 2018, 2019, 2020	400,000	\$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	476,000	\$7.17	Dec. 20, 2024
Jun. 28 2019 ⁽³⁾	Three Year Vest ⁽³⁾	337,886	€0.06	Jun. 28, 2026	

(1) As described further in this annual report, 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: 1/3^d 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.

The amount of compensation, including benefits in kind, accrued or paid to our supervisory board members with respect to the year ended December 31, 2019 is described in the tables below. Our supervisory board received the following cash compensation with respect to service in the fiscal year 2019:

(\$ in thousands)	Kern	Mazzella	Mankodi	Östberg	Schneider ⁽¹⁾
Periodically-paid remuneration	45	45	45	45	36.5
Bonuses	—	—	—	—	—
Profit participation	—	—	—	—	—
Total cash compensation	45	45	45	45	36.5

(1) In October 2019, David Schneider resigned as member of our supervisory board and as a member of our audit committee.

Mr. Dzielak, Ms. Gorin and Mr. Okerstrom were not provided with any compensation for their service on our supervisory board for the year ended December 31, 2019.

Our supervisory board held the following options and/or restricted stock units (RSU) (both vested and unvested) as of December 31, 2019:

Beneficiary	Grant date	Vesting date	Number of options/RSUs outstanding	Strike price	Expiration date
Dzielak	—	—	—	—	—
Gorin	—	—	—	—	—
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 ⁽⁴⁾	33,389	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 ⁽⁴⁾	37,563	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 ⁽⁴⁾	54,062	€0.06	Jun. 28, 2026
	Nov. 5, 2019	3 Year Vest ⁽⁵⁾	831	€0.06	Nov. 5, 2026
Okerstrom⁽²⁾	—	—	—	—	—
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 ⁽⁴⁾	58,117	€0.06	Jun. 28, 2026
Schneider⁽³⁾	Mar. 6, 2017	Jan. 3, 2018, 2019	47,227	\$12.14	Jan. 24, 2020
	Dec. 20, 2017	Jan. 2, 2019	39,982	\$7.17	Jan. 24, 2020

(1) Restricted stock units are granted at zero grant price and have no expiration date.

(2) In December 2019, Mark Okerstrom resigned as member of the supervisory board.

(3) In October 2019, David Schneider resigned as member of the supervisory board. His unvested options were forfeited and he has a three-month grace period following his resignation to exercise his vested options. The expiration date for the vested options was January 24, 2020.

(4) 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.

(5) 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.

As of December 31, 2019, we had nothing set aside or accrued to provide pension, retirement or similar benefits to our supervisory board members. In the year 2019, none of our supervisory board members exercised any options in trivago N.V. Mr. Schrömgens' temporary appointment to the supervisory board was effective on December 31, 2019. We included information regarding the options he held as of December 31, 2019 in the table covering the management board above.

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 shall be 34,711,009 Class A shares, which does not include any Class B share conversions. Class A shares issuable under the 2016 Plan will be represented by ADSs for such Class A shares. The 2016 Plan was amended on March 6, 2017 to permit the delegation of certain responsibilities to the management board. The Plan was amended on August 3, 2017 to permit supervisory board members to be eligible for awards under the 2016 Plan. The 2016 Plan was amended on June 28, 2019 to permit the granting to management and supervisory board members an option to purchase Class A shares at less than fair market value of the underlying Class A shares. The 2016 Plan was also amended on July 18, 2019 to permit additional mechanics to settle transactions.

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, share appreciation rights, restricted 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 will also have 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.

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. In addition, compensation arrangements for our senior management have been designed to align a portion of their compensation with the achievement of our business objectives and strategy. Bonus payments for our senior management are determined with respect to a given year based on quantitative and qualitative goals set for our company, as well as on an individual basis. Once the results of the year are known, bonus payments and any equity award compensation are determined at the discretion of our board and, with respect to senior management reporting to the CEO, considering recommendations made by the CEO.

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 based on the “core values” (see above “*Item 4 B. Business overview—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 long-term incentive awards, such as stock options. 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 review our compensation decisions on a yearly basis. 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.

Short-term remuneration policy

An important component of our remuneration policy is the use of the short-term incentive remuneration, which supports our results-focused culture and the engagement of our employees. We believe in making appropriate and meaningful distinctions in recognizing and rewarding our employees' performance. We complement the base compensation of our employees by offering ad-hoc bonuses (rewarded by a responsibility lead for creating extraordinary value) and peer bonuses (a special and unexpected thanks for extraordinary efforts, awarded by other employees). We believe it is essential that these incentives are not expected by our employees as part of their compensation and that they are awarded only after the performance of extraordinary work.

C. Board practices

Management board and supervisory board

We have a two-tier board structure consisting of our management board (*bestuur*) and a separate supervisory board (*raad van commissarissen*). Each management board and supervisory board member owes a duty to us to properly perform the duties assigned to him or her and to act in our corporate interest. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees, customers and suppliers.

Management board

Our management board is responsible for the day-to-day management of our company, subject to certain limitations as set out in the articles of association and the internal rules of our management board (which we refer to as the Management Board Rules), and for our strategy, policy and operations subject to the Amended and Restated Shareholders' Agreement and under the supervision of our supervisory board.

Our management board is required to keep our supervisory board informed, and to consult with our supervisory board, on important matters and to submit certain important decisions to our supervisory board for its approval as set out below. Except as agreed in our annual business plan, which is subject to the approval of our supervisory board, prior to entering into the following transactions or making the

following decisions with respect to the company or any subsidiary, our management board shall obtain the prior consent of the supervisory board:

1. sale, transfer, lease (as lessor or in respect of real property) or other disposition of assets (including equity interests in a subsidiary) other than such sales, transfers, leases or other dispositions with a value for accounting purposes (i) less than \$1,000,000, or (ii) between \$1,000,000 and \$10,000,000 except to the extent prior notice is provided to Expedia Group and such sale, transfer, lease or other disposition would be permitted under Expedia Group's credit facilities; or any merger of, or sale of all or substantially all of the assets of, any subsidiary (except to the extent prior notice is provided to Expedia Group and such merger or sale is permitted under Expedia Group's credit facilities);
2. liquidating or dissolving the company or any subsidiary;
3. granting loans, payment guarantees (*Bürgschaften*), indemnities, or incurring other liabilities to third parties outside the ordinary course of business in excess of €10,000,000;
4. taking out loans, borrowings or other debt (or providing any guarantee of such obligations of any other person or entity) or granting any liens other than liens securing the foregoing, which permitted debt and liens at any time outstanding exceed €25,000,000;
5. entering into joint-venture, partnership and/or similar agreements which cannot be terminated without penalty within (i) three years and which could result in the company or any subsidiary being liable for the obligations of a third party, (ii) five years, or (iii) agreements pursuant to Article 7.1(h) of the Amended and Restated Shareholders' Agreement;
6. entering into non-compete or exclusivity agreements or other agreements that restrict the freedom of the business and which agreements are terminable later than two years after having been entered into;
7. entering into agreements (i) which cannot be terminated without penalty within (a) three years and involving annual expenditures in excess of €10,000,000 or (b) five years, except for supplementary lease agreements with (x) an annual rent of not more than €1,000,000, (y) substantially comparable terms to the relevant existing lease agreement, and (z) a term of ten years or less, or (ii) for annual expenditures in excess of €15,000,000, save that the threshold for expenditures for brand marketing shall be €50,000,000;
8. entering into agreements under which we or any subsidiary binds or purports to bind any of our shareholders or our shareholders' affiliates (other than our subsidiaries) or to cause such shareholders or affiliates to take or forbear from taking action;
9. entering into, amending or terminating agreements between us (or any subsidiary) and any managing director of the company or any subsidiary, any companies affiliated with such managing director, or third parties represented by such managing director;
10. entering into or amending any agreements or other arrangements with any third party that restrict in any fashion the ability of the company (or any subsidiary), which ability shall be subject to the terms of the Management Board Rules (a) to pay dividends or other distributions with respect to any shares in the capital of the company (or any subsidiary) or (b) to make or repay loans or advances to, or guarantee debt of, any of the company's shareholders or such shareholders subsidiaries;
11. entering into, amending or terminating domination agreements (*Beherrschungsverträge*), profit and loss pooling agreements (*Gewinnabführungsverträge*), business leasing contracts (*Unternehmenspachtverträge*) or tax units (*Organschaften*);
12. entering into any transaction with any affiliate or shareholder of the company which is outside the ordinary course of business and not at arms' length terms;

13. issuing shares in the capital of the company or any subsidiary (including phantom stock and profit participation rights) or granting options (including phantom options) or subscription rights for shares of the company or any subsidiary, except pursuant to the company's 2016 Plan, any successor incentive plan, and any predecessor phantom option and profit sharing bonus agreements in existence as of the date hereof or amended pursuant to forms of amendment approved by the general meeting of shareholders of the company, in each case as amended, supplemented or otherwise modified from time to time, which we refer to as the Incentive Plan;
14. share repurchases by the company or any subsidiary (other than in connection with conversion of Class B shares into Class A shares);
15. amendments, modifications or waivers to, or the exercise of any rights under, any stock option, phantom option or similar program of the company or any subsidiary, except to the extent provided in the Incentive Plan;
16. making changes to regulatory or tax status or classification of the company or any subsidiary;
17. change of material accounting standards not required by applicable law or Dutch or U.S. GAAP policy;
18. entering into, amending or terminating employment contracts with founding managing directors, the chief executive officer of the company or the chief financial officer of the company;
19. entering into any collective bargaining agreements (*Tarifverträge*); and
20. initiating or settling material litigation in excess of €1,000,000.

The management board shall, in due course at least 30 days before the end of each fiscal year of the company, prepare and submit to the supervisory board an annual business plan for the following fiscal year. The annual business plan shall become effective upon the approval of the supervisory board, and the annual business plan may be amended by the management board by a quarterly plan with the consent of the supervisory board. The annual business plan will address, in reasonable detail, any anticipated transactions of the type described in Item 1 above. The fiscal year of the company is the calendar year.

If, at the beginning of a fiscal year, no new annual business plan is in effect because the supervisory board did not approve the annual business plan submitted by the management board or the management board did not submit an annual business plan as and when required under the management board rules, the annual business plan for the previous business year shall stay in effect until such time when the supervisory board approves a new annual business plan for the running fiscal year, provided that the target figures for revenue and adjusted EBITDA shall increase by 15% to the previous annual business plan and expense items shall be adjusted accordingly.

Pursuant to the Amended and Restated Shareholders' Agreement, our management board must consist of three to six members. Our management board members have been appointed pursuant to our deed of incorporation. The composition of our management board is subject to the rights of the Founders and Expedia Group (through ELPS) under the Amended and Restated Shareholders' Agreement.

Under our articles of association, the supervisory board may elect one management board member to be the chief executive officer and another management board member to be the chief financial officer subject to the terms of the Amended and Restated Shareholders' Agreement. The supervisory board may revoke the title chief executive officer or chief financial officer subject to the terms of the Amended and Restated Shareholders' Agreement, provided that such management board member shall subsequently continue his term of office as a management board member without having the title of chief executive officer or chief financial officer, respectively.

Our management board members were appointed by our general meeting of shareholders upon the binding nomination by the supervisory board. Under Dutch law, a management board member may, subject to compliance with certain Dutch statutory procedures, be removed with or without cause by a 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.

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, the Amended and Restated Shareholders' Agreement 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, including two temporary board members (pending appointments at the general meeting). Pursuant to the Amended and Restated Shareholders' Agreement, four supervisory board members were selected by Expedia Group (through ELPS) and three supervisory board members were selected by the Founders. Each supervisory board member (other than the temporary members) was appointed for a term of three years.

Our current supervisory board members (other than Ms. Gorin and Mr. Schrömgens who have not yet been appointed at the general meeting) were appointed at our general meetings of shareholders upon the binding nomination by our supervisory board. Pursuant to the Amended and Restated Shareholders' Agreement, ELPS and the Founders have agreed that any new supervisory board member will be proposed for nomination by either ELPS or the Founders as applicable, depending on which supervisory board member resigns, is not reappointed to, or is removed from the supervisory board. ELPS and the Founders have agreed to consult one another on their respective proposals. 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. Pursuant to the Amended and Restated Shareholders' Agreement, ELPS and the Founders have agreed that ELPS may designate the chairman of the supervisory board. The chairman will be entitled to cast a tie-breaking vote.

Management board member services agreements

We have entered into services agreements with each of the members of our management board. These agreements contain customary provisions regarding noncompetition, nonsolicitation, confidentiality of information and assignment of inventions.

Supervisory board member services agreements

We have entered into services agreements with each of the members of our supervisory board for an indefinite period of time, provided that the agreements will terminate upon dismissal, resignation or expiry of term of office (subject to reappointment) of the supervisory board member concerned. These agreements provide for the compensation awarded to the independent supervisory board members.

Director independence

As a foreign private issuer under the SEC rules, we are not required to have independent directors on our supervisory board, except to the extent that our Audit Committee is required to consist exclusively of independent supervisory board members. However, our supervisory board has determined that, under current Nasdaq listing standards regarding independence, and taking into account any applicable committee standards, Messrs. Mankodi, Mazzella and Östberg would be considered independent supervisory board members.

Under the independence criteria of the DCGC (which requires that our supervisory board be composed of independent members, except for no more than one member who is not independent), Messrs. Mankodi,

Mazzella and Östberg are considered independent supervisory board members. See *“Item 16 G. Corporate governance.”*

Committees of the supervisory board

Our supervisory board has established an audit committee and a compensation committee.

Audit Committee

The audit committee currently consists of Messrs. Mankodi, Östberg and Mazzella 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.

During 2019, Mr. Alan Pickerill had observer status on our Audit Committee until his resignation on December 4, 2019 as the Chief Financial Officer of Expedia Group, Inc., our indirect majority shareholder. He relied on an exemption of the Nasdaq listing standards relating to Audit Committees of Rule 10A-3 promulgated under the Exchange Act. See *“Item 16 D. Exemptions from the listing requirements and standards for audit committees.”*

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 accountant, without members of our management board being present.

Compensation committee

The compensation committee currently consists of Mr. Dzielak and Ms. Gorin, 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.

D. Employees

The overview of employees at the end of each respective period is summarized in the following table.

	Year ended December 31,		
	2017	2018	2019
Cost of revenue	60	41	53
Selling and marketing	606	439	313
Technology and content	652	620	623
General and administrative	291	254	258
Total	1,609	1,354	1,247
thereof employed in Germany	1,448	1,243	1,139

None of our employees are covered under a collective bargaining agreement. We consider our employee relations to be good.

E. Share ownership

See "Item 7 A. Major shareholders," and see "Item 6 B. Compensation—2016 Omnibus Incentive Plan."

Item 7: Major shareholders and related party transactions

A. Major Shareholders

The following table sets forth information relating to the beneficial ownership of our shares as of March 1, 2020, by:

- each person, or group of affiliated persons, known by us to beneficially own 5% or more of our outstanding Class A shares and 5% or more of our outstanding Class B shares;
- each member of our management board and our supervisory board; and
- each member of our management board and our supervisory board as a group.

For further information regarding material transactions between us and principal shareholders, see “*B. Related party transactions*” below.

The number of shares (or share capital) beneficially owned by each entity, person, management board member and supervisory board member is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power or from which the individual has the right to receive the economic benefit as well as any shares that the individual has the right to acquire within 60 days of March 1, 2020 through the exercise of any option, warrant or other right. Such shares are deemed outstanding for the purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all managing directors and supervisory board members as a group. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power and the right to receive the economic benefit with respect to shares held by that person.

The following table is presented as of March 1, 2020. See “*Item 4 C. Organizational structure*” for additional information regarding the corporate reorganization. Unless otherwise indicated below, the address for each beneficial owner listed is c/o trivago N.V., Kesselstraße 5 - 7, 40221 Düsseldorf, Germany.

Name of beneficial owner	Ordinary shares beneficially owned ⁽¹⁾				% Voting power ⁽²⁾
	Class A		Class B		
	Shares	%	Shares	%	
5% or greater shareholders					
Expedia Group, Inc. ⁽³⁾			209,008,088	69.3 %	68.1 %
Peter Vinnemeier ⁽⁴⁾	—	—	30,610,793	10.1 %	10.0 %
Greenhouse Funds LLLP ⁽⁵⁾	5,392,703	10.6 %			
PAR Investment Partners, L.P. ⁽⁶⁾	20,673,796	40.7 %	—	—	**
Altimeter Capital Management General Partner LLC ⁽⁷⁾	5,221,028	10.3 %	—	—	**
Management board members					
Axel Hefer	2,141,640	4.2 %	—	—	**
Johannes Thomas	1,312,903	2.6 %	—	—	**
Supervisory board members					
Robert J. Dzielak	—	—	—	—	—
Anne Gorin	—	—	—	—	—
Peter M. Kern	160,570	*	—	—	**
Hiren Mankodi	33,235	*	—	—	**
Frédéric Mazzella	163,123	*	—	—	**
Niklas Östberg	175,357	*	—	—	**
Rolf Schrömgens	549,334	1.1 %	57,597,012	19.1 %	18.8 %
All management board and supervisory board members as a group (10 persons)					
	4,536,162	8.9 %	57,597,012	19.1 %	18.8 %

* Indicates beneficial ownership of less than 1% of the total outstanding Class A shares.

** Indicates voting power of less than 1%.

(1) Percentages based on 50,816,706 Class A shares outstanding and 301,687,967 Class B shares outstanding as of December 31, 2019. Where the respective individual has the right to acquire within 60 days of March 1, 2020 through the exercise of any option, warrant or other right, such shares are deemed outstanding for the purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all managing directors and supervisory board members as a group. For more information on the stock options held by our management and supervisory boards, see "Item 6 B. Compensation."

(2) Percentage of total voting power represents voting power with respect to all of our Class A and Class B shares, as a single class. 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. For more information about the voting rights of our Class A and Class B shares, see Exhibit 2.6 hereto. 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.

(3) As reported on Schedule 13G filed by Expedia Lodging Partner Services S.à r.l. (ELPS), Expedia Group holds its interest in the company through ELPS, an indirect wholly owned subsidiary of Expedia Group. 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. Assuming conversion of all Class B shares beneficially owned by ELPS into Class A shares, ELPS would own 59.3% of our Class A shares. This percentage does not reflect the ten for one voting power of our Class B shares. Because each Class B share is entitled to ten votes per share and each Class A share is entitled to one vote per share, ELPS may be deemed to beneficially own equity securities representing approximately 68.1% of the voting power of the company. The address of Expedia Group is 1111 Expedia Group Way W., Seattle, WA 98119.

(4) As reported on Schedule 13D/A filed by Peter Vinnemeier, Mr. Vinnemeier beneficially owned 30,610,793 Class B Shares.

(5) As reported on Schedule 13G filed by Greenhouse Funds LLLP, a Delaware limited liability limited partnership ("Greenhouse"), Greenhouse GP LLC, a Delaware limited liability company ("Greenhouse GP"), and Mr. Joseph Milano, the principal of Greenhouse and Greenhouse GP (collectively with Greenhouse and Greenhouse GP, the "Greenhouse Entities"). The Schedule 13G relates to Class A Shares purchased by Greenhouse through the accounts of certain private funds and managed accounts (collectively, the "Greenhouse Accounts"). Greenhouse serves as the investment adviser to the Greenhouse Accounts and may direct the vote and disposition of the 5,392,703 Class A Shares (inclusive of 500,000 Class A Shares underlying call options) held by the Greenhouse Accounts. Greenhouse GP serves as the general partner of Greenhouse and may direct Greenhouse to direct the vote and

disposition of the 5,392,703 Class A Shares (inclusive of 500,000 Class A Shares underlying call options) held by the Greenhouse Accounts. As the principal of Greenhouse and Greenhouse GP, Mr. Milano may direct the vote and disposition of the 5,392,703 Class A Shares (inclusive of 500,000 Class A Shares underlying call options) held by the Greenhouse Accounts. The principal business address of the Greenhouse Entities is 650 S. Exeter St., Suite 1080, Baltimore, MD 21202.

(6) As reported on Schedule 13D/A filed by PAR Investment Partners, L.P., a Delaware limited partnership ("PAR Investment Partners"), PAR Group II, L.P., a Delaware limited partnership ("PAR Group"), and PAR Capital Management, Inc., a Delaware corporation ("PAR Capital Management" and, together with PAR Investment Partners and PAR Group, the "PAR Capital Entities"), PAR Investment Partners used approximately \$94,844,203 (including brokerage commissions) of the working capital of PAR Investment Partners in the aggregate to purchase Class A Shares reported in its Schedule 13D. A portion of the ADSs PAR Investment Partners purchased were pursuant to a stock purchase agreements described below under "—Significant changes in ownership by major shareholders." The principal business address of the PAR Capital Entities is 200 Clarendon Street, 48th Floor, Boston, MA 02116.

(7) As reported on Schedule 13G filed by Altimeter Capital Management General Partner LLC (the "General Partner"), Altimeter Capital Management, LP (the "Investment Manager"), Altimeter General Partner, LLC (the "Fund General Partner"), Altimeter Partners Fund, L.P. (the "Fund") and Brad Gerstner (together with the General Partner, the Investment Manager, the Fund General Partner and the Fund, the "Altimeter Entities"). As of December 31, 2019, the Altimeter Entities beneficially owned 5,221,028 Class A Shares. The beneficial ownership of each Altimeter Entities as follows: (i) the Fund beneficially owns 5,221,028 Class A Shares; and (ii) each of the General Partner (as the general partner of the Investment Manager), the Investment Manager (as the investment manager of the Fund), the Fund General Partner (as the general partner of the Fund) and Mr. Gerstner (as the sole managing principal of the General Partner, the Investment Manager and the Fund General Partner) beneficially owns 5,221,028 Class A Shares. The principal business address of the Altimeter Entities is One International Place, Suite 4610, Boston, MA 02110.

Significant changes in ownership by major shareholders

On December 16, 2016, we completed our IPO, in which we and the Founders sold, in the aggregate, 30,026,635 Class A shares primarily to new investors. As of December 31, 2019, assuming that all of our Class A shares represented by ADSs are held by residents of the United States, approximately 100% of our outstanding ADSs were held in the United States by one holder of record. At such date, there were 50,816,706 ADSs outstanding, each representing one of our Class A shares, and in the aggregate representing 14% of our outstanding ordinary shares. At such date, there was one holder of record registered with Deutsche Bank Trust Company Americas, depositary of the ADSs. The actual number of holders is greater than these numbers of holders and includes beneficial owners whose ADSs are held in street name by brokers and other nominees. This number of holders of record also does not include holders whose shares may be held in trust by other entities.

On September 14, 2018, PAR Investment Partners entered into a stock purchase agreement, pursuant to which it agreed to purchase 7,000,000 ADSs from Peter Vinnemeier and Malte Siewert. The ADSs were purchased at a price of \$4.47 per ADS in a private transaction that was exempt from registration under the Securities Act. On June 13, 2019, PAR Investment Partners entered into an additional stock purchase agreement, pursuant to which it agreed to purchase an additional 6,000,000 ADSs from Peter Vinnemeier. The ADSs were purchased at a price of \$3.74 per ADS in a private transaction that was exempt from registration under the Securities Act. In connection with this private placement, Mr. Vinnemeier concurrently terminated a Rule 10b5-1 sales plan that was entered into with a broker to sell 6,000,000 ADSs and was the subject of an amendment to a beneficial ownership report on Schedule 13D that was filed on May 10, 2019 and was subsequently amended. In each transaction, no shares were sold by trivago, and trivago received no proceeds. The respective selling shareholders in each case received all of the proceeds from each respective sale. The securities sold in the transactions were not registered under the Securities Act, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The ADSs sold to PAR Investment Partners were restricted securities and were subject to a six-month lock-up period.

B. Related party transactions

The following is a description of related party transactions between us and any of the members of our management board or supervisory board and the holders of more than 5% of our shares in the period since January 1, 2019.

Relationship with Expedia Group

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.

Agreements regarding the supervisory board

The Amended and Restated Shareholders' Agreement provides that our supervisory board be comprised of seven members who will each serve for a three year term. Subject to applicable law, including applicable Nasdaq standards: (a) for so long as the Founders and their affiliates hold, collectively, at least 15% of the total number outstanding of Class A and Class B shares, which are deemed to include 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), the Founders will be entitled to designate for binding nomination three members to our supervisory board, all of whom must be independent; and (b) ELPS is entitled to designate for binding nomination all other members of our supervisory board, one of whom will be the chairperson of the board with a tie breaking vote and, if the nominee is qualified, one of whom will be the chairman of our audit committee. ELPS is entitled to increase or decrease the size of the supervisory board, provided that the number of members who the Founders are entitled to appoint is not less than three-sevenths (rounded to the nearest whole number) of the members of the supervisory board.

The Amended and Restated Shareholders' Agreement also sets forth agreements regarding the committees of the supervisory board and the rules of procedure. See "*Item 6 C. Board practices.*"

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 "*Item 6 C. Board practices.*" Therefore, ELPS and each Founder is required to vote the shares held by them at the general meeting of shareholders in accordance with the voting arrangements set forth in the Amended and Restated Shareholders' Agreement.

Agreements regarding the management board

Pursuant to the Amended and Restated Shareholders' Agreement, certain transition arrangements have been agreed for succession of our Chief Executive Officer. Mr. Schrömgens ceased to serve as our Chief Executive Officer on December 31, 2019, on which date a "Transition Period" of three years commenced. During the first eighteen months of the Transition Period, and unless a Founder is serving as our Chief Executive Officer (which is presently not the case), ELPS has the right to select for binding nomination two management board members and our Chief Executive Officer has the right to select all other

management board members for binding nomination, subject to approval by the supervisory board. Also, during the Transition Period, the Amended and Restated Shareholders' Agreement stipulates certain arrangements for the appointment of our (successor) Chief Executive Officer, including by expanding our supervisory board by two seats (one of which to be filled on the basis of a selection by the Founders and the other on the basis of a selection by ELPS) and the formation of a three-person nomination committee of the supervisory board which shall be entitled to nominate a successor Chief Executive Officer, subject to the approval of ELPS, and thereafter, the supervisory board.

Registration and other rights

Pursuant to the Amended and Restated Shareholders' Agreement, ELPS and the Founders 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 ELPS and the Founders.

ELPS 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.

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 ELPS 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. ELPS 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.

Call and put rights

Pursuant to the Amended and Restated Shareholders' Agreement, if a Founder is removed for reasonable cause, ELPS will have the right to purchase, and the Founder will be obligated to sell, all, but not less than all, of the Class A shares and Class B shares owned by such Founder, at a price based on a volume-weighted average of the trading price of our Class A shares.

If the general meeting of shareholders resolves to remove a Founder as a management board member without reasonable cause or if the supervisory board revokes the title of chief executive officer from a Founder then serving as chief executive officer without either (i) reasonable cause or (ii) the consent of another Founder, and the Founder terminates his services as management board member within 30 days thereof, then, the Founder will have the right to sell, and ELPS will be obligated to buy, all, but not less than all, of such Founder's shares, at a price based on a volume-weighted average of the trading price of our Class A shares, unless a fact or circumstance exists which would be reasonably likely to result in the occurrence of any of the events in clauses (a) through (g) in the definition of reasonable cause set forth below. In such a case, no right to sell will be triggered by the removal of such management board member.

Reasonable cause for purposes of the Amended and Restated Shareholders' Agreement means, with respect to a management board member, the occurrence of any of the following: (a) the willful or gross neglect by the management board member of his or her fiduciary duties owed to the company or its subsidiaries; (b) the plea of guilty or nolo contendere to, or conviction for, the commission of a felony (or equivalent) offense by the management board member; provided, that for purposes of this clause (b) if a management board member is removed following being formally accused or charged with the commission of such an offense, and such management board member subsequently is convicted of (or pleads guilty or nolo contendere to) such offense, there will be deemed to have been reasonable cause at the time of the removal; (c) a material breach (or breaches which, when aggregated with any prior breach or

breaches, are material) by the management board member of his or her fiduciary duties owed to the company or any of its subsidiaries, or of the company's organizational documents; (d) a material breach by the management board member of any nondisclosure, non-solicitation, or non-competition obligation owed to the company or any of its subsidiaries; (e) a material failure (or failures which, when aggregated with any prior failure or failures, are material) to meet reasonable individual expectations in respect of his individual management duties in respect of the execution of his or her employment or duties as a management board member; (f) a material failure (or failures which, when aggregated with any prior failure or failures, are material) by the company to perform pursuant to the annual business plan, except to the extent that the failure results from unforeseen circumstances and is responded to reasonably and appropriately by such management board member, and (g) any other fact or circumstance or action or inaction by such management board member, in each case constituting good cause under German law as interpreted by German courts.

If the Founders have to sell ordinary shares to pay taxes realized in connection with the cross-border merger or to repay a loan obtained by the Founders to pay such taxes, the ownership levels at which they lose certain rights in the Amended and Restated Shareholders' Agreement shall be equitably adjusted such that, in effect, all or a portion of the shares so sold are treated as having been retained by the Founders.

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 (informelle Kapitalstorting) 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 to 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.

Credit facility Guarantee

On September 5, 2014, we entered into an uncommitted credit facility with Bank of America Merrill Lynch International Ltd., one of the underwriters of our IPO, with a maximum principal amount of €10.0 million. Advances under this facility bear interest at a rate of LIBOR plus 1.0% per annum. This facility may be terminated at any time by the lender. Our obligations under this facility are guaranteed by Expedia Group. On December 19, 2014, we entered into an amendment to this facility pursuant to which the maximum principal amount was increased to €50.0 million. We utilized €20.0 million of our €50.0 million credit facility to fund capital requirements in 2015. During the year ended December 31, 2016, we utilized an additional €20.0 million under our credit facility, and subsequently repaid a total of €40.0 million of this

obligation. As of December 31, 2018 and 2019, €0.0 million was drawn from our €50.0 million credit facility.

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.

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.

Commercial relationships

We currently have commercial relationships with many Expedia Group affiliated brands, including Brand Expedia, Hotels.com, Orbitz, Travelocity, Hotwire, Wotif, Vrbo and ebookers. These are arrangements terminable at will or upon three to seven 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. We are also party to a letter agreement pursuant to which Expedia Group refers traffic to us when a particular hotel or region is unavailable on the applicable Expedia Group website. For the years ended December 31, 2017, 2018 and 2019, Expedia Group and its brands in each of the years accounted for 36%, 36% and 34% of our total revenues, respectively.

See "*Item 5 Operating and financial review and prospects*" for additional information.

Shared services arrangements

Pursuant to certain informal shared services arrangements, we have recorded expenses incurred by Expedia Group on behalf of us as a non-cash charge and treated as a contribution from parent in equity. This shared services fee, which is comprised of allocations from Expedia Group for legal, tax, treasury, audit and corporate development costs and also includes an allocation of employee compensation within these functions in certain instances. These allocations were determined on a basis that we and Expedia Group considered to be a reasonable, including number of factors such as headcount, estimated time spent, and operating expenses and is a reflection of the cost of services provided or the benefit received by us. It is not practicable to determine the amounts of these expenses that would have been incurred had we operated as an unaffiliated entity, and in the opinion of our management, the allocation method is reasonable. For the year ended December 31, 2017, the shared service fee was €0.1 million. No expenses have been allocated to us from Expedia Group since the year ended December 31, 2017.

myhotelshop

Subsequent to the deconsolidation of myhotelshop in December 2017, myhotelshop remains a related party to trivago. Related-party revenue from myhotelshop of €2.3 million and €2.8 million for the years ended December 31, 2018 and 2019, respectively, primarily consists of referral revenue.

Agreements with management board or supervisory board members

For a description of our agreements with our management board and supervisory board members, please see "*Item 6 C. Board Practices—Management board member services agreements*" and "*Item 6 C. Board Practices—Supervisory board member services agreements*."

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.

C. Interests of Experts and Counsel

Not applicable.

Item 8: Financial information

A. Consolidated statements and other financial information

See the financial statements beginning on page F-1.

Legal Proceedings

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations.

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. The court has yet to set a date for the appeal or a separate trial regarding penalties and other orders. Management recorded an estimate of the probable loss as of December 31, 2019 in connection with these proceedings.

In establishing a provision in respect of the ACCC matter, management took into account the information currently available, including historical precedents for conduct prior to September 1, 2018. However, there is considerable uncertainty regarding how the Australian Federal Court would calculate the penalties that will be ultimately assessed on us. In particular, the Australian Federal Court determined that we engaged in certain conduct after September 1, 2018 that will result in the applicability of the new penalty regime under the ACL, which significantly increased the maximum penalty applicable to parts of our conduct. No case has yet been decided assessing penalties for contraventions of the ACL under the new regime. As a result, an estimate of the reasonable possible loss or range of loss in excess of the amount reserved cannot be made.

A consolidated class action was filed in the United States District Court for the Southern District of New York against us and other defendants, alleging securities law violations in our IPO registration statement and certain later disclosures. On February 26, 2019, the district court granted the motion to dismiss as to all defendants, without granting plaintiffs leave to further amend the complaint. On December 16, 2019, the United States Court of Appeals for the Second Circuit issued a summary order affirming the dismissal of the action.

The U.K. Competition & Markets Authority, or CMA, announced the launch of a consumer law investigation into online hotel booking sites in the United Kingdom in October 2017. On July 26, 2018, the CMA informed us of its decision to open an investigation into certain of our display practices in the United Kingdom that the CMA considers may violate U.K. consumer law. On January 31, 2019, we submitted voluntary undertakings to the CMA to make changes to certain disclosure and other display practices in the United Kingdom. The undertakings provided for an implementation period of six months and resolved the CMA's investigation into our practices in the United Kingdom without any admission or finding of liability.

Dividends

We do not at present plan to pay cash dividends on our Class A shares. Under Dutch law, we may only pay dividends to the extent that our shareholders' equity (*eigen vermogen*) exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained under Dutch law or by our articles of association (although we note that, presently, we are not required by our articles of association to maintain reserves in addition to those which we must maintain under Dutch law). Subject only to such restrictions, any future determination to pay dividends will be at the discretion of our management board (in some instances, subject to approval by a Founder). In making a determination to pay dividends, the management board must act in the interests of our company and its business, taking into account

relevant interests of our shareholders and other factors that our management board considers relevant, including our results of operations, financial condition, and future prospects.

B. Significant Changes

See *Note 18: Subsequent events* to the audited consolidated financial statements included elsewhere in this annual report.

Item 9: Offer and listing

A. Offering and Listing Details

The ADS have been listed on The NASDAQ Global Select Market under the symbol “TRVG” since December 16, 2016. Prior to that date, there was no public trading market for ADSs or our Class A shares. Our IPO was priced at \$11.00 per ADS on December 15, 2016.

B. Plan of Distribution

Not applicable.

C. Markets

The ADS have been listed on The NASDAQ Global Select Market under the symbol “TRVG” since December 16, 2016.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10: Additional information

A. Share capital

Not applicable.

B. Memorandum and articles of association

Our shareholders adopted the Articles of Association filed as Exhibit 3.1 to our Registration Statement on Form F-1 filed with the SEC on November 14, 2016.

The information set forth in our registration statement on Form F-3 dated April 5, 2018, filed with the SEC, under the headings “*Description of share capital and articles of association—Amendment of articles of association*,” “*Description of share capital and articles of association—Comparison of Dutch corporate law and our articles of association and U.S. corporate law*” is incorporated herein by reference.

C. Material contracts

Lease of our headquarters

On July 23, 2015, we entered into a Lease Agreement with Jupiter EINHUNDERTVIERUNDFÜNFZIG GmbH (now IMMOFINANZ Medienhafen GmbH) for office space in the Media Harbor area in Düsseldorf with a monthly rent of €585,587. The handover of the premises took place on May 30, 2018. The initial lease term of ten years will end on May 31, 2028, and we have two options to extend the lease term for another five years each.

Except as otherwise disclosed in this annual report (including the Exhibits), we are not currently, nor have we been for the past two years, party to any material contract, other than contracts entered into in the ordinary course of business.

D. Exchange controls

There are no governmental laws, decrees or regulations in the Netherlands, the Company's jurisdiction of organization, that restrict the Company's export or import of capital in any material respect, including, but not limited to, foreign exchange controls.

There are no limitations imposed by Dutch law or the Company's charter documents on the right of non-resident or foreign owners to hold or vote Class A shares.

E. Taxation

The following summary contains a description of material German, Dutch and U.S. federal income tax consequences of the acquisition, ownership and disposition of ADSs, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase ADSs. The summary is based on the tax laws of Germany and the regulations thereunder, on the tax laws of the Netherlands and regulations thereunder and on the tax laws of the United States and regulations thereunder as of the date hereof, which are subject to change.

German taxation

The following section presents a number of key German taxation principles which are or can be relevant to the acquisition, holding or transfer of ADSs both by an ADS holder (an individual, a partnership or corporation) that has a tax domicile in Germany (that is, whose place of residence, habitual abode, registered office or place of management is in Germany) not being subject to a specific or special German tax regime and by an ADS holder without a tax domicile in Germany. The information is not exhaustive and does not constitute a definitive explanation of all possible aspects of taxation that could be relevant

for ADS holders. The information is based on the tax law in force in Germany as of the date of this annual report (and its interpretation by administrative directives and courts) as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax law can change, sometimes retrospectively. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative assessment to be correct that differs from the one described in this section.

This section cannot serve as a substitute for tailored tax advice to individual ADS holders. ADS holders are therefore advised to consult their tax advisers regarding the tax implications of the acquisition, holding or transfer of ADSs and regarding the procedures to be followed to achieve a possible reimbursement of German withholding tax (*Kapitalertragsteuer*). Only such advisers are in a position to take the specific tax-relevant circumstances of individual ADS holders into due account.

Taxation of the company (trivago N.V.)

General

The company, trivago N.V., has three German tax resident individuals serving as managing directors and operates its business from Germany on the basis of arrangements that are aimed to ensure to have its effective place of management in Germany. We, therefore, take the view that the effective place of management of trivago N.V. should be in Germany, and that trivago N.V. is subject to unlimited tax liability for German corporate income tax (*Körperschaftsteuer*) and trade tax (*Gewerbesteuer*) notwithstanding the fact that it is incorporated in the Netherlands as described in “-Tax treatment of corporate reorganization.” Nevertheless, the effective place of management test depends upon facts and circumstances. The company intends to have its effective place of management in Germany and has made arrangements that are aimed to keep its effective place of management in Germany. The organizational rules provide that, subject to certain exemptions, (a) management decisions are to be taken in principle in Germany and (b) supervisory board meetings shall be held in Germany. In accordance with the organizational rules the supervisory board has issued to the management board “Best-Practice Guidelines” giving recommendations on how to deal with certain aspects of the management of the company to ensure a German place of management of the company.

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 liability (i.e., 15.825% in total).

Unless there is a specific exception, dividends (*Dividenden*) or other profit shares that the company derived from domestic or foreign corporations are effectively 95% exempt from corporate income tax, as 5% of such receipts are treated as non-deductible business expenses, and are therefore subject to corporate income tax (and solidarity surcharge). One of the exceptions applies to dividends that the company receives or received from domestic or foreign corporations (since February 28, 2013), being subject to corporate income tax (including solidarity surcharge thereon), if the company holds a direct participation of less than 10% in the share capital of such corporation at the beginning of the calendar year (hereinafter in all cases, a “Portfolio Participation” -*Streubesitzbeteiligung*). Participations of at least 10% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations in the share capital of other corporations which the company holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the company only on a *pro rata* basis at the ratio of the interest share of the company in the assets of relevant partnership.

The company’s gains from the disposal of shares in a domestic or foreign corporation are effectively 95% exempt from corporate income tax (including solidarity surcharge thereon), regardless of the size of the participation and the holding period. 5% of the gains are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus solidarity surcharge thereon) at a rate of 15.825%. Conversely, losses incurred from the disposal of such shares are not deductible for corporate income tax purposes. Currently, there are no specific rules for the taxation of gains arising from the disposal of Portfolio Participations.

The company is subject to German trade tax (*Gewerbesteuer*) with respect to its taxable trade profit (*Gewerbeertrag*) generated at its permanent establishments maintained in Germany (*inländische Betriebsstätte*). Depending on the municipal trade tax multiplier applied by the relevant municipal authority (*Hebesatz*), in most cases trade tax ranges from approximately 7% to 18.2% of the taxable trade profit. When determining the income of the corporation that is subject to corporate income tax, trade tax must not be deducted as a business expense. In principle, profits derived from the sale of shares in another domestic and foreign corporation are treated in the same way for trade tax purposes as for corporate income tax purposes. Contrary to this, profit shares derived from domestic and foreign corporations are only effectively 95% exempt from trade tax, if the company either held an interest of at least 15% in the share capital of the company making the distribution at the beginning of the relevant assessment period (*Erhebungszeitraum*) or - in the case of foreign corporations - if the company has held a stake of this size since the beginning of such period and provided that certain further requirements are fulfilled (trade tax participation exemption privilege - *gewerbesteuerliches Schachtelprivileg*). With respect to participations in a foreign corporation as per Article 2 of Council Directive 2011/96/EU of November 30, 2011, or the Parent-Subsidiary Directive, with its registered office in another member state of the European Union, the threshold for the trade tax participation exemption privilege has been increased to 15% in the share capital of the foreign corporation at the beginning of the relevant assessment period (*Erhebungszeitraum*) as well since January 2020 pursuant to the so-called annual tax bill 2019 (*Jahressteuergesetz*). Otherwise, the profit shares will be subject to trade tax in full. Additional restrictions apply for profit shares originating from foreign corporations which do not fall under Article 2 of the Parent-Subsidiary Directive.

The provisions of the so-called interest barrier (*Zinsschranke*) limit the degree to which interest expenses are deductible from the tax base. As a rule, interest expenses exceeding interest income are deductible in an amount of up to 30% of the EBITDA as determined for tax purposes in a given financial year, although there are exceptions to this rule. Non-deductible interest expenses must be carried forward to subsequent financial years. EBITDA that has not been fully utilized can, under certain circumstances, be carried forward and may be considered, within the limitations as set out above, over the following five years. For trade tax purposes, in principle 25% of the interest expenses deductible after applying the interest barrier are added back when calculating the taxable trade profit. Therefore, for trade tax purposes, the amount of deductible interest expenses is in principle only 75% of the interest expenses deductible for purposes of corporate income tax.

Under certain conditions, negative income of the company that has not been offset against current year positive income can be carried forward or back into other assessment periods. Loss carry-backs to the immediately preceding assessment period are only permissible up to €1,000,000 for corporate income tax but not at all for trade tax purposes. Negative income not offset against positive income for corporate income and trade tax purposes can be carried forward to following taxation periods (tax loss carry-forward). If in such following taxation period the taxable income or the taxable trade profit exceeds the €1,000,000 threshold (up to which such income can be offset with the tax loss carry-forward in full), only 60% of the excess amount can be offset by tax loss carry-forwards. The remaining 40% of the taxable income is subject to tax in any case (minimum taxation - *Mindestbesteuerung*). Unused tax loss carry-forwards can, as a rule, be carried forward indefinitely and deducted pursuant to the rules set out regarding future taxable income or trade income. However, if more than 50% of the company's share capital or voting rights respectively is/are transferred to a purchaser or group of purchasers within five years, directly or indirectly, or if a similar situation arises (harmful share acquisition - *schädlicher Beteiligungserwerb*), the company's unutilized losses and interest carry-forwards (possibly also EBITDA carry-forwards) will be forfeited in full and cannot be offset against future profits, unless one of the specific exceptions under section 8c or 8d of the German Corporate Income Tax Act applies.

Expenses incurred by trivago N.V. in connection with our IPO may be regarded as incurred for the benefit of the Founders. In such case, the tax authorities may take the view to treat such expenses as not deductible for tax purposes and assess withholding tax at a rate of 26.375% on the respective amounts.

Tax treatment of corporate reorganization

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 cross-border merger. Based on the facts presented in the requests for the tax rulings, the tax rulings confirmed the tax neutrality of the cross-border merger for trivago GmbH, trivago N.V. and the Founders under German tax law in all material respects. Following receipt of such tax rulings, we consummated the cross-border merger, which became legally effective as of September 7, 2017. However, for income tax purposes the cross-border merger has to be treated with retroactive effect as of December 31, 2016. Pursuant to the cross-border merger, the Founders exchanged all of their units of trivago GmbH remaining after the pre-IPO corporate reorganization for Class B shares of trivago N.V.

German taxation of ADS holders

General

Based on the interpretation circular (*Besteuerung von American Depository 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 the ADR Tax Circular, for German tax purposes, ADRs referring to shares issued by a German stock corporation (*Aktiengesellschaft*) represent a beneficial ownership interest in the underlying ordinary shares.

The ADSs should qualify as ADRs under the ADR Tax Circular, and dividends would accordingly be attributable to the holders of the ADSs for German tax purposes as if they would hold Class A shares, and not to the legal owner of the underlying Class A shares (which is the depository holding the Class A shares for the ADS holders). Therefore, the ADS holders should, for German tax purposes, be treated as directly holding an interest in the company's Class A shares. With respect to German tax risks with respect to the ADSs please refer to "Item 3 D. Risk factors" above.

Income tax implications of the holding, sale and transfer of ADSs

In terms of the income taxation of ADS holders, a distinction must be made between taxation in connection with the holding of ADSs ("*German taxation of the distributions from ADSs*") and taxation in connection with the sale of ADSs ("*German taxation of capital gains from ADSs*").

German taxation of the distributions from ADSs

Withholding tax-General

The full amount of a dividend distributed by the company is subject to German withholding tax (*Kapitalertragsteuer*) at a rate of 25% plus a solidarity surcharge of 5.5% on the withholding tax, resulting in an aggregate tax rate of 26.375%. This, however, will not apply if and to the extent that dividend payments are funded from the company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz*, or KStG)); in this case, no withholding tax will be withheld. The basis for the withholding tax is the dividend approved for distribution by the company's shareholders' meeting. The amount of the relevant taxable income is based on the gross amount in euro; any currency differences should be irrelevant.

In general, withholding tax on dividends distributed by a company to its shareholders is withheld and discharged for the account of the shareholders by the company. However, if and when shares are admitted for collective custody by a securities custodian bank (*Wertpapiersammelbank*) pursuant to Section 5 of the German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such bank for collective custody (*Sammelverwahrung*) in Germany, the withholding tax is withheld and passed on for the account of the shareholders by the domestic credit or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including domestic branches of such foreign enterprises), by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps or administers the shares and disburses or credits the dividends or disburses the dividends to a foreign agent or by the central securities depository to which the shares were entrusted for collective custody if the dividends are disbursed to a

foreign agent by such central securities depository, each a Paying Agent. The company in which shares are held does not assume any responsibility for the withholding of the withholding tax. In general, the withholding tax must be withheld regardless of whether and to which extent the distribution is exempt from tax at the level of a shareholder and whether the shareholder is domiciled in Germany or abroad.

As the ADS holders should, for German tax purposes, be treated as directly holding an interest in the company's Class A shares, the description in the paragraph above should apply accordingly.

More specifically as regards to the distributions from ADSs, the German withholding tax will be withheld either by (i) the German financial institution that holds or administers the underlying Class A shares in custody and disburses or credits the dividend income from the underlying Class A shares or (ii) the German collective securities custodian, i.e., on the payment made to the depository (in both cases (i) or (ii), a Paying Agent). Further, a withholding tax certificate should be issued which entitles the addressee of such certificate to a refund or tax credit of the German taxes withheld. The ADS holder should be entitled to any refund or tax credit (and not the legal owner which is the depository) as it is treated for German tax purposes as the beneficial owner of the Class A shares. Consequently, the German taxes levied on the payments under the ADSs should be the same as if the ADS holder invested directly in the Class A shares because the ADS holder is either entitled to a refund or a tax credit. The ADS holders would be treated as if they hold Class A shares directly and withholding tax would be charged only once.

Taxation of the distributions from ADSs for investors not domiciled in Germany

ADS holders without a tax domicile in Germany whose ADSs are attributable to a German permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed, are also subject to tax in Germany on their dividend income. In this respect, the provisions outlined below for ADS holders with a tax domicile in Germany whose ADS are held as business assets apply accordingly ("*Taxation of the distributions from ADSs for investors domiciled in Germany—ADSs held as business assets*"). The withholding tax (including the solidarity surcharge thereon) withheld and passed on will be credited against the income or corporate income tax liability or refunded in the amount of any excess.

In all other cases, ADS holders are only subject to German taxation with respect to specific German source income (*beschränkte Steuerpflicht*), in particular, dividends distributed by a German tax resident corporation. Dividend payments that are funded from the company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) are not taxable in Germany (provided the respective certification requirements are properly fulfilled). According to the ADR Tax Circular, dividend income from the underlying shares should be attributed to the holder of the ADSs for German tax purposes and not to the legal owner of the shares. As a consequence thereof, dividend income derived from ADSs should be treated as German source income (*beschränkte Steuerpflicht*).

Any German limited tax liability on dividends is discharged by withholding tax. Withholding tax is only reimbursed in the cases and to the extent described below.

However, withholding tax on dividends distributed to an ADS holder being a company domiciled in another EU Member State within the meaning of Article 2 of the Parent-Subsidiary Directive may be refunded or exempted upon application and subject to further conditions. This also applies to dividends distributed to a permanent establishment in another EU Member State of such a parent company or to a permanent establishment in another EU Member State of a parent company that is subject to unlimited tax liability in Germany, provided that the participation in the company actually forms part of such permanent establishment's business assets. As further requirements for a refund or exemption of withholding tax under the Parent-Subsidiary Directive, the ADS holder needs to hold ADSs that represent at least a 10% direct stake in the company's registered capital for one year and to file a respective application with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*, Hauptdienstszitz Bonn-Beuel, An der Kuppe 1, 53225 Bonn) using an official form.

Based on the double taxation treaty concluded between Germany and the jurisdiction where an investor is tax resident for purposes of the respective double taxation treaty, which we refer to in the following as the Treaty, German withholding tax may be reduced to a lower tax rate usually amounting to 15% of the gross

dividend on the basis of an applicable Treaty. In this event, the excess of the total withholding tax, including the solidarity surcharge, over the maximum rate of withholding tax permitted by the Treaty should be refunded to the investors upon application. A U.S. investor for example initially should receive a net payment of €73.625 from a gross dividend amounting to €100 (i.e., €100 minus the 26.375% withholding tax). Such U.S. investor may, subject to fulfilling procedural requirements, be entitled to a partial refund from the German tax authorities in the amount of 11.375% of the gross dividend. As a result, the U.S. investor may ultimately receive a payment of €85 in total (85% of the gross dividend amount), provided that it is entitled to Treaty benefits.

On December 1, 2016, the German Federal Parliament (*Bundestag*) approved a new provision (section 50j EStG) to limit the entitlement of non-resident shareholders to a refund or a reduction of German dividend withholding tax under a double taxation treaty under certain circumstances. The new rule came into force for assessment periods starting January 1, 2017. Under the new rule, a refund or a reduction of German dividend withholding tax under a double taxation treaty will, in principle, only be granted, if (i) the non-resident ADS holder is not obliged to forward the dividend proceeds received from the company to any other person, the non-resident shareholder has continuously held beneficial ownership in the shares of the company during the 45-day-period prior to the due date of the distribution (*Pre-Holding Period*), the non-resident shareholder continuously holds beneficial ownership in the shares of the company during the 45-day-period after the due date of the distribution (*Post-Holding Period*), and the non-resident shareholder has continuously borne the market risk exposure during both the Pre-Holding Period and the Post-Holding Period, taking hedging or comparable transaction into account. On the other hand, the new rule shall not apply (and the entitlement of a non-resident ADS holder to a refund or a reduction of German dividend withholding tax is not limited by this rule), if (i) the applicable double taxation treaty of the non-resident shareholder provides for a withholding tax rate of at least 15%, or (ii) the non-resident ADS holder is subject to income taxation in its state of residency (without being tax exempt) and holds directly at least 10% in the share capital of the company paying the dividend or (iii) the non-resident ADS holder has continuously been holding the beneficial ownership in the shares of the company for a period of at least twelve months prior to the date on which the income accrued (*Zufluss*).

Investors should note that the aforementioned refund or reduction of German withholding tax under a Treaty requires the investor to make tax filings with the competent German tax office using a withholding tax certificate issued under German law by the agent, who has withheld and remitted the withholding tax (the Paying Agent). If the depository operates an interface with DTC, it should have under regular circumstances sufficient information about the identity of the ADS holder so that a tax reclaim process can be filed with the competent German tax office and a withholding tax certificate can be issued to the ADS holder. In the absence of such withholding tax certificate, an ADS holder will not be entitled to receive a tax refund from the German tax authorities and may not credit the German withholding tax against its tax liability.

Claims for refunds may be made on a separate form, which must be filed with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*, An der Küppe 1, 53225 Bonn, Germany). The form is available at the same address, on the German Federal Central Tax Office's website (www.bzst.de). The refund claim becomes time-barred after four years following the calendar year in which the dividend is received unless the commencement starts later, the period is interrupted or suspended. As described above, an investor must submit to the German tax authorities the original withholding tax certificate (or a certified copy thereof) issued by the Paying Agent and documenting the tax withheld. Furthermore, an official certification of tax residency must be submitted.

Under a simplified refund procedure based on electronic data exchange (*Datenträgerverfahren*), a paying or disbursing agent that is registered as a participant in the electronic data exchange procedure with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) may file an electronic collective refund claim on behalf of all of the ADS holders for whom it holds the company's ADSs in custody. However, the simplified refund procedure only allows for a refund up to the regular tax rate provided in the Treaty. It is not possible to use the simplified refund procedure to claim a further refund, for example based on special privileges under a Treaty.

If dividends are distributed to corporations subject to a limited tax liability in Germany, i.e. corporations with no statutory seat or place of management in Germany, and if the shares neither belong to the assets of a permanent establishment or fixed place of business in Germany nor form part of business assets for which a permanent representative in Germany has been appointed, two-fifths of the tax withheld at the source can be, subject to national anti-treaty shopping provisions, refunded even if the prerequisites for a refund under the Parent-Subsidiary Directive or the relevant Treaty are not fulfilled. The relevant application forms are available at the German Federal Central Tax Office at the address specified above.

The exemption from withholding tax under the Parent-Subsidiary Directive as well as the aforementioned possibilities for a refund of withholding tax depend on certain other conditions being met (particularly the fulfillment of so-called substance requirements - *Substanzerfordernisse*).

Taxation of the distributions from ADSs for investors domiciled in Germany

Based on the assumption that the ADS holder should be treated, in line with the ADR Tax Circular, as the beneficial owner of the Class A shares for German tax purposes, German ADS holders should be subject to German taxation as if they owned the Class A shares directly.

ADSs held as non-business assets

Dividends distributed to ADS holders with a tax domicile in Germany whose ADSs are held as non-business assets form part of their taxable capital investment income, which is subject to a flat tax at a rate of 25% plus solidarity surcharge of 5.5% thereon (i.e. 26.375% in total plus church tax, if applicable). The income tax owed for this dividend income is in general discharged by the withholding tax levied by the company (flat tax - *Abgeltungsteuer*) unless the ADS holder applies for the regular, progressive tax rate. Income-related expenses cannot be deducted from the capital investment income, except for an annual lump sum deduction (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly). However, the ADS holder may request that its capital investment income (including dividends) along with its other taxable income is taxed at the progressive income tax rate (instead of the flat tax on capital investment income) if this results in a lower tax burden (*Günstigerprüfung*). In this case, the withholding tax will be credited against the progressive income tax and any excess amount will be refunded. Pursuant to the view of the German tax authorities (which has been confirmed by a decision by the German Federal Tax Court (*Bundesfinanzhof*)), in this case as well, income-related expenses cannot be deducted from the capital investment income, except for the aforementioned annual lump sum deduction.

Exceptions from the flat tax apply upon application for ADS holders with underlying shares of at least 25% in the company and for ADS holders with underlying shares of at least 1% in the company and who work for the company in a professional capacity.

With regard to dividends received after December 31, 2014, an automatic procedure for deducting church tax applies unless the ADS holder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office. The church tax payable on the dividend is withheld and passed on by the Paying Agent. In this case, the church tax for dividends is satisfied by the Paying Agent withholding such tax. Church tax withheld at source may not be deducted as a special expense (*Sonderausgabe*) in the course of the tax assessment, but the Paying Agent may reduce the withholding tax (including the solidarity surcharge) by 26.375% of the church tax to be withheld on the dividends. If the ADS holder has filed a blocking notice and no church tax is withheld by a Paying Agent, an ADS holder subject to church tax is obliged to declare the dividends in his income tax return. The church tax on the dividends is then levied by way of a tax assessment.

As an exemption, dividend payments that are funded from the company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) and are paid to ADS holders with a tax domicile in Germany with ADSs held as non-business assets, do, contrary to the above, not form part of the ADS holder's taxable income (provided the respective certification requirements are properly fulfilled). If the dividend payment funded from the company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) exceeds the ADS holder's acquisition costs, negative acquisition costs

will arise which can result in a higher capital gain in case of the ADSs' or shares' disposal. This will not apply if (i) the ADS holder or, in the event of a gratuitous transfer, its legal predecessor, or, if the ADSs have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the (deemed, as the case may be) disposal, directly or indirectly held ADSs (and/or shares) that represent at least 1% of the underlying share capital of the company (a "Qualified Holding"), and (ii) the dividend payment funded from the company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) exceeds the acquisition costs of the ADSs. In such a case of a Qualified Holding, a dividend payment funded from the company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) is deemed a sale of the ADSs and is taxable as a capital gain if and to the extent the dividend payment funded from the company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) exceeds the acquisition costs of the ADSs. In this case, the taxation corresponds with the description in "*—German taxation of capital gains from ADSs—ADS holder with a domicile in Germany*" made with regard to ADS holders maintaining a Qualified Holding.

The Paying Agent which keeps or administers the ADSs and pays or credits the capital income is required to create so-called pots for the loss set-off (*Verlustverrechnungstöpfe*) to allow for setting-off of negative capital income with current and future positive capital income. A set-off of negative capital income administrated by one Paying Agent with positive capital income administrated by another Paying Agent is not possible and can only be achieved in the course of the income tax assessment at the level of the respective investor. In this case, the taxpayer has to apply for a certificate confirming the amount of losses not offset with the Paying Agent where the pots for the loss set off exist. The application is irrevocable and has to reach the Paying Agent before December 15th of the respective year; otherwise the losses will be carried forward to the following year by the Paying Agent.

Withholding tax will not be withheld by a Paying Agent if the taxpayer provides the Paying Agent with an application for exemption (*Freistellungsauftrag*) to the extent that the capital income does not exceed the annual lump sum allowance (*Sparerpauschbetrag*) of €801 (€1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) as outlined on the application for exemption. Furthermore, no withholding tax will be levied if the taxpayer provides the Paying Agent with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office of the investor.

ADSs held as business assets

Dividends from ADSs held as business assets by an ADS holder with a tax domicile in Germany are not subject to the flat tax. The taxation depends on whether the ADS holder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). The withholding tax (including the solidarity surcharge thereon and church tax, if applicable) withheld and paid will be credited against the ADS holder's income tax or corporate income tax liability (including the solidarity surcharge thereon and church tax, if applicable) or refunded in the amount of any excess.

Dividend payments that are funded from the company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) and are paid to ADS holders with a tax domicile in Germany whose ADSs are held as business assets are fully tax-exempt in the hands of such ADS holder (provided the respective certification requirements are properly fulfilled). To the extent the dividend payments funded from the company's contribution account for tax purposes exceed the acquisition costs of the ADS, a taxable capital gain should occur. The taxation of such gain corresponds with the description in "*—German taxation of capital gains from ADSs*" made with regard to ADS holders whose ADSs are held as business assets (however, as regards the application of the 95% exemption in case of a corporation this is not undisputed).

Corporations

If the ADS holder is a corporation with a tax domicile in Germany, the dividends are effectively 95% exempt from corporate income tax and the solidarity surcharge unless an exception is applicable thereto. 5% of the dividends are treated as non-deductible business expenses and are therefore subject to

corporate income tax (plus the solidarity surcharge thereon) at a total tax rate of 15.825%. In other respects, business expenses actually incurred in direct relation to the dividends may be deducted. However, dividends are not exempt from corporate income tax (including solidarity surcharge thereon), if the ADS holder only held (or holds) a direct participation of less than 10% in the underlying share capital of the distributing corporation at the beginning of the calendar year (hereinafter in all cases, a “Portfolio Participation” (*Streubesitzbeteiligung*)). Underlying participations of at least 10% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Underlying participations that an ADS holder holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the ADS holder only on a *pro rata* basis at the ratio of the interest share of the ADS holder in the assets of the relevant partnership.

However, the dividends (after deducting business expenses economically related to the dividends) are subject to trade tax in the full amount, unless the requirements of the trade tax participation exemption privilege are fulfilled. In this latter case, the dividends are not subject to trade tax; however, trade tax is levied on amounts considered to be non-deductible business expenses (amounting to 5% of the dividend). Depending on the municipal trade tax multiplier applied by the relevant municipal authority, in most cases trade tax ranges from 7% to approximately 18%.

Sole proprietors

If the ADSs are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the dividends are subject to progressive income tax (plus the solidarity surcharge thereon) at a total tax rate of up to approximately 47.5% (plus church tax, if applicable), under the so-called partial income method (*Teileinkünfteverfahren*). Only 60% of the business expenses economically related to the dividends are tax-deductible. If the ADSs belong to a domestic permanent establishment in Germany of a business operation of an ADS holder, the dividend income (after deducting business expenses economically related thereto) is fully subject to trade tax, unless the prerequisites of the trade tax participation exemption privilege are fulfilled. In this latter case, the net amount of dividends, i.e. after deducting directly related expenses, is exempt from trade tax. As a rule, trade tax can be credited against the ADS holder’s personal income tax, either in full or in part, by means of a lump sum tax credit method, depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

Partnerships

If the ADS holder is a genuine business partnership or a deemed business partnership (co-entrepreneurship) with a permanent establishment in Germany, the income tax or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation of every partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, the dividends contained in the profit share of the partner will be taxed in accordance with the rules applicable for corporations (see “—Corporations” above). If the partner is an individual, the taxation follows the rules described for sole proprietors, (see “—Sole proprietors” above). Upon application and subject to further conditions, an individual as a partner can have his personal income tax rate reduced for earnings retained at the level of the partnership.

In addition, the dividends are subject to trade tax in the full amount at the partnership level if the ADSs are attributed to a German permanent establishment of the partnership, unless the requirements of the trade tax participation exemption privilege are fulfilled. If a partner of the partnership is an individual, the portion of the trade tax paid by the partnership pertaining to his profit share will be credited, either in full or in part, against his personal income tax by means of a lump sum method, depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer. Due to a lack of case law and administrative guidance, it is currently unclear how the rules for the taxation of dividends from Portfolio Participations (see “—Corporations” above) might impact the trade tax treatment at the level of the partnership. ADS holders are strongly recommended to consult their tax advisors. Under a literal reading of the law, if the partnership qualifies for the trade tax exemption privilege at the beginning of the relevant assessment period, the dividends should not be subject to trade tax. However, in this case, trade tax should be levied on 5% of the dividends to the extent they are attributable to the profit share of such

corporate partners to whom at least 10% of the underlying shares in the company are attributable on a look-through basis, since such portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to other than such specific corporate partners (which includes individual partners and should, under a literal reading of the law, also include corporate partners to whom, on a look-through basis, only Portfolio Participations are attributable) should (after the deduction of business expenses economically related thereto) not be subject to trade tax.

Special treatment of companies in the financial and insurance sectors and pension funds

If credit institutions (*Kreditinstitute*) or financial services institutions (*Finanzdienstleistungsunternehmen*) hold ADSs that are allocable to their trading book pursuant to Section 340e para. 3 of the German Commercial Code (*Handelsgesetzbuch*), they will neither be able to use the partial income method nor have 60% of their dividend income exempt from taxation nor be entitled to the effective 95% exemption from corporate income tax plus the solidarity surcharge and any applicable trade tax. Thus, dividend income is fully taxable. The same applies to financial institutions (*Finanzunternehmen*) in the meaning of the German Banking Act if they have acquired the ADSs prior to January 1, 2017 for the purpose of generating profits from short-term proprietary trading or if they have acquired the ADSs after December 31, 2016 and are predominantly owned by banks or financial services providers and have to book the ADSs as current assets (*Umlaufvermögen*) upon acquisition. The preceding sentences apply accordingly for ADSs held in a permanent establishment in Germany by foreign credit institutions, financial services institutions, and financial institutions. Likewise, the tax exemption described earlier afforded to corporations from ADSs does not apply to ADSs that qualify as a capital investment in the case of life insurance and health insurance companies, or those which are held by pension funds. However, an exemption to the foregoing, and thus a 95% effective tax exemption, applies to dividends obtained by the aforementioned companies, to which the Parent-Subsidiary Directive applies.

Withholding tax-ADSs held in a German custody account

If and when the ADSs are held in a German custody account withholding tax may apply at different levels:

- at a first level, there will be German withholding tax of 26.375% (including solidarity surcharge) on trivago N.V.'s dividend payment made to the ADS Agent; this withholding tax may be reduced to 15% or to a lower tax rate;
- at a second level, the German paying agent that holds the ADSs in custody for the investor, or the German Distribution Paying Agent, is required to withhold again German withholding tax of 26.375% (including solidarity surcharge) plus church tax, if any. The German Distribution Paying Agent is the German domestic credit or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including German domestic branches of such foreign enterprises), the German domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or the German domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps or administers the ADSs and disburses or credits the ADS distributions.

Consequently, a higher tax burden may arise if the respective withholding tax certificate cannot be issued and therefore neither the German investor nor the ADS agent are able to use the withholding tax withheld at the first level or the second level as a tax credit or apply for a respective tax refund. The German Federal Ministry of Finance (*Bundesministerium der Finanzen*) has suggested and described a procedural solution to avoid such potential double taxation in an interpretation circular dated October 26, 2011 (BMF IV C 1 - S 2400/11/10002:003). However, from a procedural perspective, it is not entirely clear whether this circular also applies to ADSs. According to our German tax counsel's opinion, this should be the case since ADSs are representing the underlying Class A shares (see above).

Especially if the ADS are not held with a German Distribution Paying Agent, a German investor should be required to include any payment from the ADSs in its German tax return and may not be entitled to credit taxes withheld at the first or second level against its German tax liability for the reason that the required withholding tax certificate has not been issued.

Further, the refund or credit of the withholding tax may be denied in a portion of three-fifths under certain circumstances as further described in more detail in Section 36a German Income Tax Act (*Einkommensteuergesetz*), *inter alia*, if and when the ADS holder is not the beneficial owner of the ADSs within a time frame of 45 days around the ex-date of the underlying Class A shares.

German taxation of capital gains from ADS

Taxation of capital gains from ADSs-ADS holder not tax resident in Germany

The capital gains from the disposition of ADSs realized by an ADS holder who is not a German tax resident should be subject to German tax only if such investor held ADSs that directly or indirectly represent 1% or more in the underlying company's ordinary shares (i.e., a Qualified Holding as defined in "*-Taxation of the distributions from ADS for investors domiciled in Germany-ADSs held as non-business assets*") at any time during a five-year-period preceding the disposition or if the ADSs or underlying shares belong to a domestic permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed. If such holder had acquired the ADSs without consideration, the previous owner's holding period and amount of the holding would also be taken into account.

In case of a Qualified Holding, 5% of the gains from the disposal of the ADSs could, under German domestic tax law, currently be subject to corporate income tax plus solidarity surcharge thereon if the ADS holder is a corporation. However, the German Federal Tax Court (*Bundesfinanzhof*) has, in a recent decision, ruled against the application of the 5% rule in case of foreign corporations which have neither a permanent establishment nor a permanent representative in Germany. If the ADS holder is an individual, only 60% of the gains from the disposal of the ADSs are subject to the progressive income tax rate plus solidarity surcharge thereon (partial income method). However, most Treaties provide for an exemption from German taxation and attribute the right of taxation to the ADS holder's state of residence. According to German tax authorities there is no obligation to levy withholding tax at source in the case of a Qualified Holding if the ADS holder submits to the Paying Agent a certificate of residence issued by the competent foreign tax authority.

In case of a Qualified Holding, the relevant ADS holder has to file a German tax return. Please note that a tax return is also required if Germany does not have the right to tax such capital gains pursuant to the individual applicable Treaty.

With regard to capital gains or losses from ADSs attributable to a domestic permanent establishment or fixed place of business or which form part of business assets for which a permanent representative in Germany has been appointed, the above-mentioned provisions pertaining to ADS holders with a tax domicile in Germany whose ADSs are business assets apply *mutatis mutandis* (see "*-Taxation of capital gains from ADSs—ADS holder with a domicile in Germany—ADSs held as business assets*"). The Paying Agent can refrain from deducting the withholding tax if the ADS holder declares to the Paying Agent on an official form that the ADSs form part of domestic business assets and certain other requirements are met.

German statutory law requires the disbursing agent to levy withholding tax on capital gains from the sale of ordinary shares or other securities, including ADSs, held in a custodial account in Germany. With regard to the German taxation of capital gains, disbursing agent means a credit institution, a financial services institution, a securities trading company or a securities trading bank (each as defined in the German Banking Act (*Kreditwesengesetz*) and, in each case including a German branch of a foreign enterprise, but excluding a foreign branch of a German enterprise) that holds the ADSs in custody or administers the ADSs for the investor or conducts sales or other dispositions and disburses or credits the income from the ADSs to the holder of the ADSs. The German statutory law with the exception of ADSs held by an ADS holder holding directly or indirectly through ADSs and shares at least 1% in the company's ordinary share capital, does not create a limited tax liability in Germany so that there should be no obligation to withhold taxes on such capital gains. Further, it is not entirely clear by the German statutory law whether a withholding should be made if and when the (share) ADS holder creates a limited tax liability in Germany with its holding. However, an interpretation circular (*Einzelfragen zur Abgeltungsteuer*) issued by the German Federal Ministry of Finance (*Bundesministerium der Finanzen*)

dated January 18, 2016 (reference number IV C 1-S2252/08/10004:017) provides that taxes need not to be withheld when the holder of the custody account is not a resident of Germany for German tax purposes and the income is not subject to German taxation. The interpretation circular further states that there is no obligation to withhold such tax even if the non-resident holder holds 1% or more of the share capital of a German company through ADSs and shares. Although this circular is not binding on German tax courts, in practice, the disbursing agents are required to follow the guidance contained in such interpretation circulars. But even if there is no withholding in Germany, the ADS holder is required to make a tax filing with the German tax authorities if and when it is subject to a limited tax liability in Germany with its capital gains under German domestic tax law.

Taxation of capital gains from ADSs-ADS holder with a domicile in Germany

The capital gain from the disposition of ADSs realized by an ADS holder who is tax resident in Germany should be subject to German tax as if the ADS holder owned the underlying Class A shares directly. This is supported by an interpretation circular (*Einzelfragen zur Abgeltungsteuer*) issued by the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) dated January 18, 2016 (reference number IV C 1-S2252/08/10004:017) with respect to the limitation on the offsetting of capital loss from ADRs with capital gains from shares and/or ADRs and the exchange of the ADRs into the respective (represented) shares.

ADSs held as non-business assets

Gains from the disposal of ADSs by an ADS holder with a tax domicile in Germany and held as non-business assets are, regardless of the holding period, subject to a flat tax on capital investment income at a rate of 25% (plus the solidarity surcharge of 5.5% thereon, i.e. 26.375% in total plus any church tax if applicable) unless the ADS holder applies for the regular, progressive tax rate regime.

The taxable capital gain is computed as the difference between (a) the sale proceeds and (b) the acquisition costs of the ADS and the expenses related directly and economically to the disposal. Dividend payments that are funded from the company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) reduce the original acquisition costs; if dividend payments that are funded from the company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) exceed the acquisition costs, negative acquisition costs, which can increase a capital gain, can arise in case of ADS holders, whose ADS are held as non-business assets and do not qualify as Qualified Holding.

Only an annual lump sum deduction of €801 (€1,602 for married couples filing jointly) may be deducted from the entire capital investments income. It is not possible to deduct income-related expenses in connection with capital gains, except for the expenses directly related in substance to the disposal which can be deducted when calculating the capital gains. Losses from disposals of ADSs or shares may only be offset against capital gains from the disposal of ADSs or shares.

If the disposal of the ADSs is executed by a domestic credit institution, domestic financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including domestic branches of foreign credit and financial services institutions), domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a domestic securities trading bank (*inländische Wertpapierhandelsbank*), and such office pays out or credits the capital gains (a Paying Agent), the tax on the capital gains will under regular circumstances be discharged for the account of the seller by the Paying Agent imposing the withholding tax on investment income at the rate of 26.375% (including the solidarity surcharge thereon) on the capital gain.

However, the ADS holder can apply for his total capital investment income together with his other taxable income to be subject to his progressive income tax rate as opposed to the flat tax on investment income, if this results in a lower tax liability. In this case, the withholding tax is credited against the progressive income tax and any resulting excess amount will be refunded. Pursuant to the current view of the German tax authorities (which has been confirmed by a decision by the German Federal Tax Court (*Bundesfinanzhof*)), in this case as well, income-related expenses cannot be deducted from the capital

investment income, except for the aforementioned annual lump sum deduction. Further, the limitations on offsetting losses are also applicable under the income tax assessment.

If the withholding tax or, if applicable, the church tax on capital gains is not withheld by a Paying Agent, the ADS holder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

An automatic procedure for deducting church tax applies unless the ADS holder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office; church tax on capital gains is then withheld by the Paying Agent and is deemed to have been paid when the tax is deducted. A deduction of the withheld church tax as a special expense is not permissible, but the withholding tax to be withheld (including the solidarity surcharge) is reduced by 26.375% of the church tax to be withheld on the capital gains.

Regardless of the holding period and the time of acquisition, gains from the disposal of ADSs are not subject to the flat tax but to progressive income tax if an ADS holder domiciled in Germany, or, in the event of a munificent transfer, their legal predecessor, or, if the ADSs have been munificently transferred several times in succession, one of his legal predecessors at any point during the five years preceding the disposal, directly or indirectly held ADSs (and/or shares) that represent at least 1% of the underlying share capital of the company (i.e., a Qualified Holding). In this case the partial income method applies to gains from the disposal of ADSs, which means that only 60% of the capital gains are subject to tax and only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. Even though withholding tax has to be withheld by a Paying Agent in the case of a Qualified Holding, this does not discharge the tax liability of the ADS holder. Consequently, an ADS holder must declare his capital gains in his income tax return. The withholding tax (including the solidarity surcharge thereon and church tax, if applicable) levied and paid will be credited against the ADS holder's income tax liability as assessed (including the solidarity surcharge thereon and any church tax if applicable) or refunded in the amount of any excess.

ADSs held as business assets

Gains from the sale of ADSs held as business assets of an ADS holder with a tax domicile in Germany are not subject to the flat tax. The taxation of the capital gains depends on whether the ADS holder is a corporation, a sole proprietor or a partnership (co-entrepreneurship).

Corporations

If the ADS holder is a corporation with a tax domicile in Germany, the gains from the disposal of ADSs are, effectively 95% exempt from corporate income tax (including the solidarity surcharge thereon) and trade tax, regardless of the size of the participation and the holding period unless an exception is applicable thereto. 5% of the gains are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge thereon) at a rate of 15.825% and trade tax (depending on the municipal trade tax multiplier applied by the municipal authority, in most cases between 7% and approximately 18%). As a rule, capital losses and other profit reductions in connection with ADSs (e.g. from a write-down) cannot be deducted for tax purposes. Currently, there are no specific rules for the taxation of gains arising from the disposal of Portfolio Participations.

Sole proprietors

If the ADSs are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the gains from the disposal of the ADSs are subject to progressive income tax (plus the solidarity surcharge thereon) at a total tax rate of up to approximately 47.5%, and, if applicable, church tax (partial income method). Only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. If the ADSs belong to a German permanent establishment of a business operation of the sole proprietor, 60% of the gains of the disposal of the ADSs are, in addition, subject to trade tax.

Trade tax

Trade tax can be credited against the ADS holder's personal income tax liability, either in full or in part, by means of a lump sum tax credit method depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

Partnerships

If the ADS holder is a genuine business partnership or a deemed business partnership (co-entrepreneurship) with a permanent establishment in Germany, the income or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation depends on whether the partner is a corporation or an individual. If the partner is a corporation, the capital gains from the ADSs as contained in the profit share of the partner will be taxed in accordance with the rules applicable to corporations (see “—Corporations” above). For capital gains in the profit share of a partner that is an individual, the principles outlined above for sole proprietors apply accordingly (partial income method, see above under “—Sole proprietors”). Upon application and subject to further conditions, an individual as a partner can obtain a reduction of his personal income tax rate for earnings retained at the level of the partnership.

In addition, capital gains from the ADSs are subject to trade tax at the level of the partnership if the ADSs are attributed to a domestic permanent establishment of a business operation of the partnership, (i) at 60% as far as they are attributable to the profit share of an individual as the partner of the partnership, and, (ii) currently, at 5% as far as they are attributable to the profit share of a corporation as the partner of the partnership. Capital losses and other profit reductions in connection with the ADSs are currently not deductible for trade tax purposes if they are attributable to the profit share of a corporation; however, 60% of the capital losses are deductible subject to general limitations to the extent such losses are attributable to the profit share of an individual.

If the partner of the partnership is an individual, the portion of the trade tax paid by the partnership attributable to his profit share will be credited, either in full or in part, against his personal income tax by means of a lump sum method, depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

Special treatment of companies in the financial and insurance sectors and pension funds

If credit institutions (*Kreditinstitute*) or financial services institutions (*Finanzdienstleistungsunternehmen*) sell ADSs that are allocable to their trading book pursuant to Section 340e para. 3 of the German Commercial Code (*Handelsgesetzbuch*), they will neither be able to use the partial income method nor have 60% of their gains exempted from taxation nor be entitled to the effective 95% exemption from corporate income tax plus the solidarity surcharge and any applicable trade tax. Thus, capital gains are fully taxable. The same applies to financial institutions (*Finanzunternehmen*) in the meaning of the German Banking Act if they have acquired the ADSs prior to January 1, 2017 for the purpose of generating profits from short-term proprietary trading or if they have acquired the ADSs after December 31, 2016 and are predominantly owned by banks or financial services providers and have to book the ADSs as current assets (*Umlaufvermögen*) upon acquisition. The preceding sentences apply accordingly for ADSs held in a permanent establishment in Germany by foreign credit institutions, financial service institutions and financial institutions or if the ADSs reflect at least 1% of the share capital of the company. Likewise, the tax exemption described earlier afforded to corporations for dividend income and capital gains from the sale of ADSs does not apply to ADSs that qualify as a capital investment in the case of life insurance and health insurance companies, or those which are held by pension funds.

Withholding tax

If the disposal of the ADSs is executed by a domestic credit institution, or domestic financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including domestic branches of foreign credit and financial services institutions), domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a domestic securities trading bank (*inländische Wertpapierhandelsbank*), and such office pays out or credits the capital gains (a Paying Agent), a

withholding tax, if applicable, at the rate of 26.375% (including the solidarity surcharge) plus church tax, if any, on the capital gains for the account of the seller will be withheld by the Paying Agent. No withholding tax should become due, however, if the investor held directly or indirectly 1% or more in the share capital of the company through ADSs and/or shares at any time during a five-year-period preceding the disposition. In this event, the relevant investor has to file a German tax return.

In case of a Paying Agent, capital gains from ADSs held as business assets are not subject to withholding tax in the same way as ADSs held as non-business assets by an ADS holder (see “—*Taxation of capital gains from ADSs—ADS holder with a domicile in Germany—ADSs held as non-business assets*”). Instead, the Paying Agent will not levy the withholding tax, provided that (i) the ADS holder is a corporation, association of persons or estate with a tax domicile in Germany, or (ii) the ADSs belong to the domestic business assets of an ADS holder, and the ADS holder declares so to the Paying Agent using the designated official form and certain other requirements are met. If withholding tax is imposed by a Paying Agent, the withholding tax (including the solidarity surcharge thereon and church tax, if applicable) imposed and discharged will be credited against the income tax or corporate income tax liability (including the solidarity surcharge thereon and church tax, if applicable) or will be refunded in the amount of any excess.

Taxation of capital gains from ADSs—Class A shares in exchange of the ADSs

An ADS holder may request from the issuer of the ADSs to receive the Class A shares in exchange for the ADSs. This kind of exchange should not be qualified as a sale of the ADSs followed by an acquisition of the Class A shares, because ADSs should represent a beneficial ownership interest in the underlying shares and the holders of ADSs should for German tax purposes be treated as if they held the shares directly (please refer to “*Item 3 D. Risk factors*” above). This treatment is supported by an interpretation circular (*Einzelfragen zur Abgeltungsteuer*) issued by the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) dated January 18, 2016 (reference number IV C 1-S2252/08/10004:017). The income taxation of Class A shares follows the same basic principles as described for the ADSs.

German inheritance and gift tax

It is unclear whether the German inheritance or gift tax applies to the transfer of ADSs, as the ADR Tax Circular does not refer explicitly to the German Inheritance and Gift Tax Act (*Erbschaftsteuer- und Schenkungsteuergesetz*). However, if German inheritance or gift tax is applicable to ADSs, then, under German law, this transfer would be subject to German gift or inheritance tax if:

- (a) the decedent or donor or heir, beneficiary or other transferee (i) maintained his or her residence or a habitual abode in Germany or had its place of management or registered office in Germany at the time of the transfer, or (ii) is a German citizen who has spent no more than five consecutive years outside Germany without maintaining a residence in Germany or (iii) is a German citizen who serves for a German entity established under public law and is remunerated for his or her service from German public funds (including family members who form part of such person’s household, if they are German citizens) and is only subject to estate or inheritance tax in his or her country of residence or habitual abode with respect to assets located in such country (special rules apply to certain former German citizens who neither maintain a residence nor have their habitual abode in Germany), or
- (b) at the time of the transfer, the ADSs are held by the decedent or donor as business assets forming part of a permanent establishment in Germany or for which a permanent representative in Germany has been appointed, or
- (c) the ADSs subject to such transfer form part of a portfolio that represents at the time of the transfer 10% or more of the registered share capital of the company and that has been held directly or indirectly by the decedent or donor, either alone or together with related persons.

Generally, the transferee may be subject to inheritance or gift tax in Germany and in the jurisdiction where he or she is tax resident if such jurisdiction levies such kind of tax. There are only limited treaties that intend to avoid the potential double taxation. Under the treaty between the Federal Republic of Germany

and the United States of America for the avoidance of double taxation with respect to taxes on inheritances and gifts (*Abkommen zwischen der Bundesrepublik Deutschland und den Vereinigten Staaten von Amerika zur Vermeidung der Doppelbesteuerung auf dem Gebiet der Nachlass-, Erbschaft- und Schenkungsteuern in der Fassung vom 21. Dezember 2000*), or the United States-Germany Inheritance and Gifts Tax Treaty, and assuming that this treaty applies to ADSs, a transfer of ADSs by gift or upon death is not subject to German inheritance or gift tax if the donor or the transferor is domiciled in the United States within the meaning of the United States-Germany Inheritance and Gift Tax Treaty and is neither a citizen of Germany nor a former citizen of Germany and, at the time of the transfer, the ADSs are not held by the decedent or donor as business assets forming part of a permanent establishment in Germany or for which a permanent representative in Germany has been appointed. Notwithstanding the foregoing, in case the heir, transferee or other beneficiary (i) has, at the time of the transfer, his or her residence or habitual abode in Germany, or (ii) is a German citizen who has spent no more than five (or, in certain circumstances, ten) consecutive years outside Germany without maintaining a residence in Germany or (iii) is a German citizen who serves for a German entity established under public law and is remunerated for his or her service from German public funds (including family members who form part of such person's household, if they are German citizens) and is only subject to estate or inheritance tax in his or her country of residence or habitual abode with respect to assets located in such country (or special rules apply to certain former German citizens who neither maintain a residence nor have their habitual abode in Germany), the transferred ADSs are subject to German inheritance or gift tax.

If, in this case, Germany levies inheritance or gift tax on the ADSs with reference to the heir's, transferee's or other beneficiary's residence in Germany or his or her German citizenship, and the United States also levies federal estate tax or federal gift tax with reference to the decedent's or donor's residence (but not with reference to the decedent's or donor's citizenship), the amount of the U.S. federal estate tax or the U.S. federal gift tax, respectively, paid in the United States with respect to the transferred ADSs is credited against the German inheritance or gift tax liability, provided the U.S. federal estate tax or the U.S. federal gift tax, as the case may be, does not exceed the part of the German inheritance or gift tax, as computed before the credit is given, which is attributable to the transferred ADSs. A claim for credit of the U.S. federal estate tax or the U.S. federal gift tax, as the case may be, may be made within one year of the final determination (administrative or judicial) and payment of the U.S. federal estate tax or the U.S. federal gift tax, as the case may be, provided that the determination and payment are made within ten years of the date of death of the decedent or of the date of the making of the gift by the donor. Similarly, U.S. state-level estate or gift tax is also creditable against the German inheritance or gift tax liability to the extent that U.S. federal estate or gift tax is creditable.

Other German taxes

There are no transfer, stamp or similar taxes which would apply to the purchase, sale or other disposition of ADSs in Germany. Further, no value added tax is currently levied on the purchase or disposal or other forms of transfer of the ADSs; however, an entrepreneur may opt to subject disposals of ADSs, which are in principle exempt from value added tax, to value added tax if the sale is made to another entrepreneur for the entrepreneur's business. Net worth tax (*Vermögensteuer*) is currently not levied in Germany. By the end of 2019, there have been further discussions on the financial transaction tax (*Finanzstransaktionssteuer*) among members States of the European Union, including Germany, but it is still unclear and not yet decided if and when such financial transaction tax (based on a potential EU Directive) will be introduced. Such financial transaction tax may also be applicable on the sales and/or transfer of ADSs.

Material Netherlands tax considerations

General

The following is a summary of material Netherlands tax consequences of the acquisition, holding and disposal of our ADSs or Class A shares. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of our ADSs or

Class A shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special treatment under applicable law (such as trusts or other arrangements). In view of its general nature, it should be treated with corresponding caution. To the extent this summary relates to legal conclusions under current Netherlands tax law, and subject to the qualifications it contains, it represents the opinion of NautaDutilh N.V., our special Dutch counsel. Holders should consult with their tax advisors with regard to the tax consequences of investing in the ADSs or Class A shares in their particular circumstances. The discussion below is included for general information purposes only. For purposes of Dutch tax law, a holder of ADSs or Class A shares may include an individual or entity who does not have the legal title of these ADSs or Class A shares, but to whom nevertheless the ADSs or Class A shares or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the ADSs or Class A shares or the income thereof.

Please note that this summary does not describe the tax considerations for:

(i) holders of ADSs or Class A shares if such holders, and in the case of individuals, his or her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in us under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). A holder of securities in a company is considered to hold a substantial interest in such company if such holder alone or, in the case of individuals, together with his or her partner (as defined in the Netherlands Income Tax Act 2001), directly or indirectly holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;

(ii) a holder of ADSs or Class A shares that is not an individual for which its shareholding qualifies or qualified as a participation (*deelneming*) for purposes of the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*). A taxpayer's shareholding of 5% or more in a company's nominal paid-up share capital qualifies as a participation. A holder may also have a participation if such holder does not have a shareholding of 5% or more but a related entity (statutorily defined term) has a participation or if the company in which the shares are held is a related entity (statutorily defined term);

(iii) holders of ADSs or Class A shares who are individuals for whom the ADSs or Class A shares or any benefit derived from the ADSs or Class A shares are a remuneration or deemed to be a remuneration for (employment) activities performed by such holders or certain individuals related to such holders (as defined in the Netherlands Income Tax Act 2001); and

(iv) pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) and other entities that are, in whole or in part, not subject to or exempt from corporate income tax in the Netherlands, as well as entities that are exempt from corporate income tax in their country of residence, such country of residence being another state of the European Union, Norway, Liechtenstein, Iceland or any other state with which the Netherlands have agreed to exchange information in line with international standards.

Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and published regulations, whereby the Netherlands and Dutch law means the part of the Kingdom of the Netherlands located in Europe and its law respectively, as in effect on the date hereof and as interpreted in published case law until this date as available in printed form, without prejudice to any amendment introduced (or to become effective) at a later date and/or implemented with or without retroactive effect. The applicable tax laws or interpretations thereof may change, or the relevant facts and circumstances may change, and such changes may affect the contents of this section, which will not be updated to reflect any such changes.

Dividend withholding tax

We are required to withhold Dutch dividend withholding tax at a rate of 15% from dividends distributed by us (which withholding tax will not be borne by us, but will be withheld by us from the gross dividends paid on the Class A shares). However, as long as we continue to have our place of management in Germany, and not in the Netherlands, under the convention between the Federal Republic of Germany and the Netherlands for the avoidance of double taxation with respect to taxes on income of 2012, we will be considered to be exclusively tax resident in Germany and we should not be required to withhold Dutch dividend withholding tax. This exemption from withholding does not apply to dividends distributed by us to a holder who is resident or deemed to be resident in the Netherlands for Dutch income tax purposes or Dutch corporation tax purposes or to holders of ADSs or Class A shares that are neither resident nor deemed to be resident of the Netherlands if the ADSs or Class A shares are attributable to a Netherlands permanent establishment of such non-resident holder, in which events the following applies. See “*Item 3 D. Risk factors—If we pay dividends, we may need to withhold tax on such dividends payable to holders of our ADSs in both Germany and the Netherlands.*”

Dividends distributed by us to individuals and corporate legal entities who are resident or deemed to be resident in the Netherlands for Netherlands tax purposes (“Netherlands Resident Individuals” and “Netherlands Resident Entities” as the case may be) or to holders of ADSs or Class A shares that are neither resident nor deemed to be resident of the Netherlands if the ADSs or Class A shares are attributable to a Netherlands permanent establishment of such non-resident holder are subject to Netherlands dividend withholding tax at a rate of 15%. The expression “dividends distributed” includes, among other things:

- distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital not recognized for Netherlands dividend withholding tax purposes;
- liquidation proceeds, proceeds of redemption of Class A shares, or proceeds of the repurchase of Class A shares by us or one of our subsidiaries or other affiliated entities to the extent such proceeds exceed the average paid-in capital of those Class A shares as recognized for purposes of Netherlands dividend withholding tax, unless, in case of a repurchase, a particular statutory exemption applies;
- an amount equal to the par value of Class A shares issued or an increase of the par value of Class A shares, to the extent that it does not appear that a contribution, recognized for purposes of Netherlands dividend withholding tax, has been made or will be made; and
- partial repayment of the paid-in capital, recognized for purposes of Netherlands dividend withholding tax, if and to the extent that we have net profits (*zuivere winst*), unless the holders of Class A shares have resolved in advance at a general meeting to make such repayment and the par value of the Class A shares concerned has been reduced by an equal amount by way of an amendment of our articles of association.

Netherlands Resident Individuals and Netherlands Resident Entities can generally credit the Netherlands dividend withholding tax against their income tax or corporate income tax liability. The same applies to holders of ADSs or Class A shares that are neither resident nor deemed to be resident of the Netherlands if the ADSs or Class A shares are attributable to a Netherlands permanent establishment of such non-resident holder.

Pursuant to legislation to counteract “dividend stripping,” a reduction, exemption, credit or refund of Netherlands dividend withholding tax is denied if the recipient of the dividend is not the beneficial owner (*uiteindelijk gerechtigde*) as described in the Netherlands Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*). This legislation targets situations in which a shareholder retains its economic interest in shares but reduces the withholding tax costs on dividends by a transaction with another party. It is not required for these rules to apply that the recipient of the dividends is aware that a dividend stripping transaction took place. The Netherlands State Secretary of Finance takes the position that the definition of beneficial ownership introduced by this legislation will also apply in the context of a double taxation convention.

Taxes on income and capital gains

Netherlands Resident Individuals

If a holder of ADSs or Class A shares is a Netherlands Resident Individual, any benefit derived or deemed to be derived from the ADSs or Class A shares is taxable at the progressive income tax rates (with a maximum of 49.50%, rate for 2020), if:

- a. the ADSs or Class A shares are attributable to an enterprise from which the Netherlands Resident Individual derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co-entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise, without being an entrepreneur or a shareholder in such enterprise, as defined in the Netherlands Income Tax Act 2001; or
- b. the holder of the ADSs or Class A shares is considered to perform activities with respect to the ADSs or Class A shares that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the ADSs or Class A shares that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the above-mentioned conditions (a) and (b) do not apply to the individual holder of ADSs or Class A shares, such holder will be taxed annually on a deemed return (with a maximum of 5.33% in 2020) on the individual's net investment assets (*rendementsgrondslag*) for the year, insofar the individual's net investment assets for the year exceed a statutory threshold (*heffingvrij vermogen*). The deemed return on the individual's net investment assets for the year is taxed at a rate of 30%. Actual income, gains or losses in respect of the ADSs or Class A shares are as such not subject to income tax in the Netherlands.

The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on January 1 of the relevant calendar year. The ADSs or Class A shares are included as investment assets.

For the net investment assets on January 1, 2020, the deemed return ranges from 1.80% to 5.33% (depending on the aggregate amount of the net investment assets on January 1, 2020). The deemed return will be adjusted annually on the basis of historic market yields.

Netherlands Resident Entities

Any benefit derived or deemed to be derived from the ADSs or Class A shares held by Netherlands Resident Entities, including any capital gains realized on the disposal thereof, will be subject to Netherlands corporate income tax at a rate of 16.5% with respect to taxable profits up to €200,000 and 25% with respect to taxable profits in excess of that amount (rates and brackets for 2020).

Non-residents of the Netherlands

A holder of ADSs or Class A shares that is neither a Netherlands Resident Entity nor a Netherlands Resident Individual will not be subject to Netherlands taxes on income or on capital gains in respect of any payment under ADSs or the Class A shares or any gain realized on the disposal or deemed disposal of the ADSs or Class A shares, provided that:

- i. such holder does not have an interest in an enterprise or a deemed enterprise (as defined in the Netherlands Income Tax Act 2001 and the Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the ADSs or Class A shares are attributable; and
- ii. in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the ADSs or Class A shares that go beyond ordinary asset management and does not derive benefits from the ADSs or Class A shares that are taxable as benefits from other activities in the Netherlands.

Gift and inheritance taxes

Residents of the Netherlands

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the ADSs or Class A shares by way of a gift by, or on the death of, a holder of ADSs or Class A shares who is resident or deemed to be resident in the Netherlands at the time of the gift or the holder's death.

Non-residents of the Netherlands

No gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the ADSs or Class A shares by way of gift by, or on the death of, a holder of ADSs or Class A shares who is neither resident nor deemed to be resident in the Netherlands, unless:

- i. in the case of a gift of ADSs or Class A shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident of the Netherlands; or
- ii. the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident of the Netherlands.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident of the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or the holder's death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding the Netherlands nationality will be deemed to be resident of the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

Other taxes and duties

No Netherlands value added tax (*omzetbelasting*) and no Netherlands registration tax, stamp duty or any other similar documentary tax or duty will be payable by a holder of ADSs or Class A shares on any payment in consideration for the acquisition, ownership or disposal of the ADSs or Class A shares (other than a payment for financial services that are not exempt from Netherlands value added tax and that are rendered to the holder of ADSs or Class A shares that is resident in Netherlands for Netherlands tax purposes).

Material U.S. federal income tax considerations

The following is a discussion of the material U.S. federal income tax consequences to U.S. Holders (as defined below) under present law of the ownership and disposition of our ADSs. This discussion applies only to U.S. Holders that acquired ADSs in a prior offering, hold such ADSs as "capital assets" (within the meaning of Section 1221 of the Code) and that have the U.S. dollar as their functional currency. This discussion is based on the Internal Revenue Code of 1986, as amended, the Code, the U.S. Treasury regulations promulgated thereunder, administrative rulings of the IRS and judicial decisions, each as in effect as of the date hereof. All of the foregoing authorities are subject to change or differing interpretations, possibly with retroactive effect, and any such change or differing interpretation could affect the tax consequences described below. This discussion does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may be relevant to holders with respect to their ownership and disposition of ADSs. Accordingly, it is not intended to be, and should not be construed as, tax advice. This summary does not address any consequences under any U.S. federal tax laws other than those pertaining to the income tax (e.g., estate or gift taxes), any alternative minimum tax consequences, any consequences under the Medicare tax imposed at 3.8% on certain investment income, any withholding required pursuant to the Foreign Account Tax Compliance Act of 2010 (including the U.S. Treasury regulations promulgated thereunder and intergovernmental agreements entered into in connection therewith) or any state, local or non-U.S. tax consequences.

The following discussion also does not address U.S. federal income tax consequences that may be relevant to a U.S. Holder in light of such holder's particular circumstances or to U.S. Holders subject to special rules under the U.S. federal income tax laws such as:

- banks and other financial institutions;
- regulated investment companies, real estate investment trusts and grantor trusts;
- insurance companies;
- broker-dealers;
- traders in securities that elect to mark to market;
- tax-exempt entities or any individual retirement account or Roth IRA as defined in Sections 408 and 408A of the Code, respectively;
- U.S. expatriates;
- persons holding our ADSs as part of a straddle, hedging, constructive sale, conversion or other integrated transaction;
- persons that actually or constructively own 10% or more of the voting power or value of our stock;
- persons that are resident or ordinarily resident in or have a permanent establishment in a jurisdiction outside the United States or persons that are not U.S. Holders (as defined below);
- persons subject to special tax accounting rules as a result of any item of gross income with respect to our ADSs being taken into account in an applicable financial statement;
- persons who acquired our ADSs pursuant to the exercise of any employee share option or otherwise as compensation; or
- partnerships or other pass-through entities or arrangements treated as such (or persons holding our ADSs through partnerships or other pass-through entities or arrangements treated as such).

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR ADSs.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of an ADS that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation) created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust if (1) the administration of the trust is subject to the primary supervision of a court within the United States and one or more U.S. persons have authority to control all substantial decisions of the trust, or (2) a valid election is in effect under applicable U.S. Treasury regulations to treat the trust as a U.S. person.

The tax treatment of a partner in a partnership or other entity or arrangement taxable as a partnership for U.S. federal income tax purposes that holds our ADSs will depend on such partner's status and the activities of the partnership.

The discussion below assumes the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement have been and will be complied with in accordance with their terms. For U.S. federal income tax purposes, a U.S. Holder of ADSs should be treated as the beneficial owner of the underlying Class A shares represented by the ADSs. Accordingly,

no gain or loss should be recognized if a U.S. Holder exchanges ADSs for the underlying shares represented by those ADSs.

The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying security. Accordingly, the creditability of any foreign taxes paid and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. Holders, including individual U.S. Holders (as discussed below), could be affected by actions taken by intermediaries in the chain of ownership between the holders of ADSs and us if as a result of such actions the holders of ADSs are not properly treated as beneficial owners of underlying Class A shares.

Distributions

Subject to the passive foreign investment company, or PFIC, rules discussed below, the gross amount of distributions made with respect to our ADSs (including the amount of any foreign taxes withheld therefrom, if any, and excluding certain pro rata distributions of our Class A Shares or other similar equity interests) will be includable in a U.S. Holder's gross income, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes, as dividend income, to the extent that such distributions are paid out of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. So long as we do not compute earnings and profits under U.S. federal income tax principles, all such distributions made with respect to our ADSs should be treated as dividends. Dividends on our ADSs will not be eligible for the dividends-received deduction allowed under the Code to U.S. Holders that are corporations.

With respect to non-corporate U.S. Holders, dividends on our ADSs may qualify as "qualified dividend income" which is eligible for reduced rates of taxation provided that (1) we are eligible for the benefits of the income tax treaty between the United States and the federal republic of Germany or with respect to any dividend paid on ADSs which are readily tradable on an established securities market in the United States, (2) we are not a PFIC (as discussed below) for either the taxable year in which the dividend was paid or the preceding taxable year, (3) the U.S. Holder satisfies certain holding period requirements, and (4) the U.S. Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. U.S. Holders should consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to our ADSs. Our ADSs are listed on Nasdaq, which is an established securities market in the United States. The ADSs should be considered readily tradable on Nasdaq. However, there can be no assurance that the ADSs will be considered readily tradable on an established securities market in the United States in later years.

The amount of any distribution on our ADSs paid in foreign currency will be equal to the U.S. dollar value of such currency on the date such distribution is includable in income by the recipient, regardless of whether the payment is in fact converted into U.S. dollars at that time. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

Sale or other taxable disposition of our ADSs

Subject to the PFIC rules discussed below, upon a sale or other taxable disposition of ADSs, a U.S. Holder will recognize a capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on such disposition and such U.S. Holder's adjusted tax basis in such ADSs. Any such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period for such ADSs exceeds one year. Non-corporate U.S. Holders (including individuals) are currently subject to U.S. federal income tax on long-term capital gain at preferential rates. The deductibility of capital losses is subject to significant limitations.

If the consideration received for our ADSs is paid in foreign currency, the amount realized will be the U.S. dollar value of the payment received translated at the spot rate of exchange on the date of disposition. If our ADSs are treated as traded on an established securities market and the relevant U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the Internal

Revenue Service), such holder will determine the U.S. dollar value of the amount realized in a foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. If our ADSs are not treated as traded on an established securities market, or the relevant U.S. Holder is an accrual basis taxpayer that is not eligible to or does not elect to determine the amount realized using the spot rate on the settlement date, such U.S. Holder will recognize foreign currency gain or loss to the extent of any difference between the U.S. dollar amount realized on the date of disposition (as determined above) and the U.S. dollar value of the currency received at the spot rate on the settlement date. A U.S. Holder's initial tax basis in our ADSs will equal the cost of such ADSs. If a U.S. Holder used foreign currency to purchase our ADSs, the cost of our ADSs will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. If our ADSs are treated as traded on an established securities market and the relevant U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described above, such holder will determine the U.S. dollar value of the cost of such ADSs by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

Foreign taxes

Foreign taxes (if any) withheld or paid on dividends on, or upon the sale or other taxable disposition of, our ADSs may, subject to limitations and conditions, be treated as foreign income tax eligible for credit against such U.S. Holder's U.S. federal income tax liability under the U.S. foreign tax credit rules or, at such holder's election, eligible for deduction in computing such holder's U.S. federal taxable income. If a refund of any such foreign tax is available to a U.S. Holder under the laws of the country imposing such tax or under an applicable income tax treaty, the amount of such tax that is refundable will not be eligible for the credit or deduction against the U.S. Holder's U.S. federal income tax liability. Subject to the following sentence, dividends paid on our ADSs will constitute foreign source income and generally will be considered "passive category" income in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. However, if we are a "United States-owned foreign corporation," solely for foreign tax credit purposes, a portion of the dividends allocable to our U.S. source earnings and profits may be re-characterized as U.S. source. A "United States-owned foreign corporation" is any foreign corporation in which U.S. persons own, directly or indirectly, 50% or more (by vote or by value) of the stock. United States-owned foreign corporations with less than 10% of earnings and profits attributable to sources within the United States are excepted from these rules. We are currently a United States-owned foreign corporation. As a result, so long as 10% or more of our earnings and profits are attributable to sources within the United States, a portion of the dividends allocable to our U.S. source earnings and profits will be treated as U.S. source for foreign tax credit purposes. In addition, any gain from the sale or other taxable disposition of ADSs by a U.S. Holder will constitute U.S. source income. A U.S. Holder may not be able to offset any foreign tax withheld or paid as a credit against U.S. federal income tax imposed on that portion of any dividends or gain that is U.S. source unless the U.S. Holder has foreign source income or gain in the same category from other sources. The rules governing the treatment of foreign taxes imposed on a U.S. Holder and foreign tax credits are complex, and U.S. Holders should consult their tax advisors about the impact of these rules in their particular situations.

Passive Foreign Investment Company

Notwithstanding the foregoing, 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. We would be classified as a PFIC for any taxable year 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 Code), 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. For this purpose, "passive income" includes, subject to certain exceptions, dividends, interest, royalties, rents, annuities, gains from commodities and securities transactions, net gains from the sale or exchange of property producing such passive income, net foreign currency gains and amounts derived by reason of the temporary investment of funds.

Based on the market price of our ADSs and the composition of our income, assets and operations, we do not expect to be treated as a PFIC for U.S. federal income tax purposes for the taxable year ended December 31, 2019 or in the foreseeable future. However, the application of the PFIC rules to us may be subject to ambiguity. In addition, this is a factual determination that must be made annually after the close of each taxable year. Therefore, there can be no assurance that we will not be classified as a PFIC for the taxable year ended December 31, 2019 or for any future taxable year. Furthermore, because PFIC status is a factual determination based on actual results for the entire taxable year, our U.S. counsel expresses no opinion with respect to our PFIC status and expresses no opinion with respect to our expectations contained in this paragraph.

If we were classified as a PFIC for any taxable year during which a U.S. Holder held ADSs, such holder would be subject to special tax rules with respect to any “excess distribution” that it receives in respect of our ADSs and any gain it realizes from a sale or other disposition (including a pledge) of our ADSs, unless such holder makes a “mark-to-market” election as discussed below. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder’s holding period for our ADSs;
- the amount allocated to the current taxable year, and any taxable year in such holder’s holding period prior to the first taxable year in which we became a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

In addition, dividend distributions made to such holder will not qualify for the lower rates of taxation applicable to long-term capital gains discussed above under “—Distributions.”

A U.S. Holder will be required to make an annual filing with the Internal Revenue Service if such holder holds our ADSs in any year in which we are classified as a PFIC.

If we are a PFIC for any year during which a U.S. Holder holds our ADSs, we will continue to be treated as a PFIC with respect to such holder for all succeeding years during which the holder holds our ADSs. If we cease to be a PFIC, such a U.S. Holder may be able to avoid some of the adverse effects of the PFIC regime by making a deemed sale election with respect to our ADSs. If such election is made, the U.S. Holder will be deemed to have sold the ADSs it holds at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain from such deemed sale would be subject to the consequences described above. After the deemed sale election, the U.S. Holder’s ADSs with respect to which the deemed sale election was made will not be treated as ADSs in a PFIC unless we subsequently become a PFIC.

If a U.S. Holder is eligible to and does make a mark-to-market election, such holder will include as ordinary income the excess, if any, of the fair market value of our ADSs at the end of each taxable year over their adjusted basis, and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted basis of our ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). Any gain recognized on the sale or other disposition of our ADSs will be treated as ordinary income. The mark-to-market election is available only for “marketable stock,” which is stock that is traded in other than *de minimis* quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable U.S. Treasury regulations. U.S. Holders should consult their tax advisors regarding the potential application of the PFIC rules to their ownership of our ADSs.

A timely election to treat us as a qualified electing fund under the Code would result in an alternative treatment. However, we do not intend to prepare or provide the information that would enable U.S. Holders to make a qualified electing fund election.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. investors are urged to consult their tax advisors with respect to the application of the PFIC rules to their investment in the ADSs.

U.S. information reporting and backup withholding

Dividend payments with respect to our ADSs and proceeds from the sale, exchange or redemption of our ADSs may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number on a properly completed Internal Revenue Service Form W-9 or otherwise properly establishes an exemption from backup withholding. U.S. Holders who are required to establish their exempt status may be required to provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability, if any, and such holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund and furnishing any required information to the Internal Revenue Service.

Foreign financial asset reporting

Individuals that own "specified foreign financial assets" with an aggregate value in excess of certain threshold amounts are required to file an information report with respect to such assets with their tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (1) stocks and securities issued by non-U.S. persons, (2) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties, and (3) interests in foreign entities. Our ADSs may be subject to these rules. Additionally, under certain circumstances, an entity may be treated as an individual for purposes of these rules. U.S. Holders are urged to consult their tax advisors regarding the application of this requirement to their ownership of our ADSs.

THE DISCUSSION ABOVE DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN OUR ADSS UNDER THE INVESTOR'S CIRCUMSTANCES.

F. Dividends and paying agents

Not applicable.

G. Statements by experts

Not applicable.

H. Documents on display

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year, which is December 31. The SEC maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. Our filings made with the SEC are available on the SEC's website. We also make available on the investor relations section of our website, free of charge, our annual reports on Form 20-F and the text of our reports on Form 6-K, including any amendments to these reports, as well as certain other SEC filings, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our website address is www.ir.trivago.com. The information contained on or through our website is not incorporated by reference in this document.

As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and major

shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

I. Subsidiary information

Not applicable.

Item 11: Quantitative and qualitative disclosures about market risk

See “Item 5 Operating and financial review and prospects—Quantitative and qualitative disclosures about market risk.”

Item 12: Description of securities other than equity securities

A. Debt securities

Not applicable.

B. Warrants and rights

Not applicable.

C. Other securities

Not applicable.

D. American Depositary Shares

Deutsche Bank Trust Company Americas, as depositary, registers and delivers American Depositary Shares, also referred to as ADSs. Each ADS represents one Class A share (or a right to receive one Class A share) deposited with Deutsche Bank AG, or any successor, as custodian for the depositary. A deposit agreement among us, the depositary and you the ADS holders sets out ADS holder rights as well as the rights and obligations of the depositary. A copy of the Agreement is incorporated by reference as an exhibit to this annual report.

Fees and Expenses

Pursuant to the terms of the deposit agreement, the holders of ADSs will be required to pay the following fees:

Service	Fees
<ul style="list-style-type: none">To any person to which ADSs are issued or to any person to which a distribution is made in respect of ADS distributions pursuant to stock dividends or other free distributions of stock, bonus distributions, stock splits or other distributions (except where converted to cash)	Up to US\$0.05 per ADS issued
<ul style="list-style-type: none">Cancellation of ADSs, including the case of termination of the deposit agreement	Up to US\$0.05 per ADS cancelled
<ul style="list-style-type: none">Distribution of cash dividends	Up to US\$0.02 per ADS held
<ul style="list-style-type: none">Distribution of cash entitlements (other than cash dividends) and/or cash proceeds from the sale of rights, securities and other entitlements	Up to US\$0.02 per ADS held
<ul style="list-style-type: none">Distribution of ADSs pursuant to exercise of rights.	Up to US\$0.02 per ADS held
<ul style="list-style-type: none">Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to US\$0.02 per ADS held
<ul style="list-style-type: none">Depositary services	Up to US\$0.02 per ADS held on the applicable record date(s) established by the depositary bank

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing Class A shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide for-fee services until its fees for those services are paid.

From time to time, the depositary may make reimbursements to us or waive fees and expenses for services provided generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In addition, the depositary has agreed to provide us reimbursements based on certain fees payable to the depositary by holders of the ADSs. For the year ended December 31, 2019, the depositary reimbursed us \$0.7 million. In performing its duties under the deposit agreement, the depositary may use brokers, dealers or other service providers that are affiliates of the depositary and that may earn or share fees or commissions.

PART II

Item 13: Defaults, dividend arrearages and delinquencies

None.

Item 14: Material modifications to the rights of securities holders

None.

Item 15: Control and procedures

A. Disclosure controls and procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under 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, 2019. Based upon that evaluation, our chief executive officer and chief financial officer concluded that, as of December 31, 2019, the design and operation of our disclosure controls and procedures were effective to accomplish their objectives.

B. Management's annual 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, 2019, the Company's internal control over financial reporting was effective. Management has reviewed its assessment with the Audit Committee.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2019, as stated in their report which is included below.

Limitations on Controls

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.

C. Attestation report of the registered public accounting firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of trivago N.V.

Opinion on Internal Control Over Financial Reporting

We have audited trivago N.V.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, trivago N.V. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and our report dated March 6, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's 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 for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ André Mirzaian
Wirtschaftsprüfer
(German Public Auditor)

/s/ Nicole Dietl
Wirtschaftsprüferin
(German Public Auditor)

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Düsseldorf, Germany

March 6, 2020

D. Changes in internal control over financial reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal year ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16A: Audit committee financial expert

Mr. Hiren Mankodi, an independent director and a member of the Audit Committee, qualifies as an “audit committee financial expert,” as defined in Item 16 A. of Form 20-F and as determined by our supervisory board.

Item 16B: Code of ethics

We have adopted a code of business conduct and ethics that applies to all of our employees, members of our senior management and members of our management board and supervisory board, including those members of our senior management responsible for financial reporting. Our code of ethics is posted on our company website at: <http://ir.trivago.com/phoenix.zhtml?c=254450&p=irol-govHighlights>. We will disclose any substantive amendments to the code of business conduct and ethics, or any waiver of its provisions, on our website. The reference to our website does not constitute incorporation by reference of the information contained at or available through our website.

Item 16C: Principal accountant fees and services

The following table sets forth, for each of the years indicated, the fees billed by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, our independent registered public accounting firm and the percentage of each of the fees out of the total amount billed. Audit fees also include fees for services rendered for the audit of our financial statements but charged to our controlling shareholder.

(in thousands)	Year ended December 31,			
	2018	%	2019	%
Audit Fees	€ 2,866	99.9 %	€ 2,682	98.4 %
Audit-related Fees				
Tax Fees	3	0.1 %	43	1.6 %
All Other Fees				
Total	€ 2,869		€ 2,725	

Audit Fees are defined as the standard audit work that needs to be performed each year in order to issue opinions on our consolidated financial statements and to issue reports on our local statutory financial statements. Also included are services that can only be provided by our auditor, such as reviews of quarterly financial results, consents and comfort letters and any other audit services required for SEC or other regulatory filings.

Audit Related Fees include those other assurance services provided by the independent auditor but not restricted to those that can only be provided by the auditor signing the audit report.

Tax Fees relate to the aggregate fees for services rendered on tax compliance.

All Other Fees are any additional amounts billed for products and services provided by the independent auditor.

Pre-Approval Policies and Procedures

Our Audit Committee has adopted a policy that requires pre-approval of all services performed for us by our independent registered public accounting firm, effective for the period following the completion of our IPO. The policy was adopted on December 9, 2016. The Audit Committee pre-approval function can be delegated to the Audit Committee Chairman or another Audit Committee member outside of meetings. All services provided by our independent registered public accounting firm during the years ended December 31, 2019 and December 31, 2018 were approved in advance by either the Audit Committee or members thereof to whom authority had been delegated, in accordance with the Audit Committee's pre-approval policy.

Item 16D: Exemptions from the listing requirements and standards for audit committees

During 2019, Mr. Alan Pickerill had observer status on our Audit Committee until his resignation on December 4, 2019 as the Chief Financial Officer of Expedia Group, Inc., our indirect majority shareholder. He relied on the exemption provided in Rule 10A-3(b)(1)(iv)(D) of the Exchange Act. We do not believe that his status as an affiliate materially adversely affected the ability of our Audit Committee to act independently or to satisfy the other requirements of the Nasdaq listing standards relating to audit committees contained in Rule 10A-3 under the Exchange Act.

Item 16E: Purchases of equity securities by the issuer and affiliated purchasers

None.

Item 16F: Change in registrant's certifying accountant

None.

Item 16G: Corporate governance

The Sarbanes-Oxley Act of 2002, as well as related rules subsequently implemented by the SEC, requires foreign private issuers, including our company, to comply with various corporate governance practices. In addition, Nasdaq rules provide that foreign private issuers may follow home country practice in lieu of the Nasdaq corporate governance standards, subject to certain exceptions and except to the extent that such exemptions would be contrary to U.S. federal securities laws. In addition to the home country practices described under Item 6C. of this annual report, the home country practices followed by our company in lieu of Nasdaq rules are described below:

- We do not intend to follow the requirement of Nasdaq Listing Rule 5620(c), which requires an issuer to provide in its bylaws for a generally applicable quorum, and that such quorum may not be less than one-third of the outstanding voting stock. Although we must provide shareholders with an agenda and other relevant documents for the general meeting of shareholders, Dutch law does not have a regulatory regime for the solicitation of proxies and the solicitation of proxies is not a generally accepted business practice in the Netherlands, thus our practice will vary from the requirement of Nasdaq Listing Rule 5620(b).
- We do not intend to follow the requirements of Nasdaq Listing Rule 5605(d), which requires an issuer to have a compensation committee that, inter alia, consists entirely of independent directors, and Nasdaq Listing Rule 5605(e), which requires an issuer to have independent director oversight of director nominations.
- We do not intend to follow the requirements of Nasdaq Listing Rule 5635, which generally requires an issuer to obtain shareholder approval for the issuance of securities in connection with certain events, such as the acquisition of stock or assets of another company, the establishment of or amendments to equity-based compensation plans for employees, a change of control of us and certain private placements.

Because we are a foreign private issuer, our management board members, supervisory board members and senior management are not subject to short-swing profit and insider trading reporting obligations under Section 16 of the Exchange Act. They will, however, be subject to the obligations to report changes in share ownership under Section 13 of the Exchange Act and related SEC rules.

The Dutch Corporate Governance Code, or DCGC, contains both principles and best practice provisions for management boards, supervisory boards, shareholders and general meetings, financial reporting, auditors, disclosure, compliance and enforcement standards. As a Dutch company, we are subject to the DCGC and are required to disclose in our annual report, filed in the Netherlands, whether we comply with the provisions of the DCGC. If we do not comply with the provisions of the DCGC (for example, because of a conflicting Nasdaq requirement or otherwise), we must list the reasons for any deviation from the DCGC in our Dutch annual board report.

We acknowledge the importance of good corporate governance. However, at this stage, we do not comply with all the 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 best practice provisions we do not apply include the following. We may deviate from additional best practice provisions in the future. Such deviations will be disclosed in our Dutch annual board report.

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

- 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;
- 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

- 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 is independent. 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 4 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 are a "controlled company" within the meaning of the corporate governance standards of The NASDAQ Global Select Market, we do not believe that a selection and appointment committee will be beneficial for our governance structure. We have not established and do not intend to 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 United States, the terms of office of our supervisory directors run and end simultaneously. Our supervisory board continuously monitors succession of its members as well as the managing directors. In light of this, we have not drawn up a retirement schedule. Under our articles of association, 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 strips the binding nature of the nomination (in which case a new nomination shall be prepared for a subsequent general meeting of shareholders). Our articles of association will provide that the general meeting of shareholders 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 our articles of association, members of the management board and the supervisory board can only be dismissed by the general meeting of shareholders 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 of shareholders 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 may wish to deviate from this recommendation and grant equity awards to its supervisory board members.

The DCGC recommends that management board members are appointed for a maximum period of four years. During our 2018 annual general meeting, Axel Hefer (our then-CFO) was re-appointed for a five-year term, given his important role within the company.

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 allow the audit committee to express its views regarding the senior internal auditor.

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, our Dutch 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 the Dutch annual report, which is signed by each of our supervisory directors.

The DCGC recommends having a diversity policy for the composition of the management board and supervisory board. We acknowledge the importance of diversity in the broadest sense and consider aspects of diversity relevant to our company. Although the supervisory board has not set specific targets with respect to diversity, the supervisory board believes that it is important for its members to represent diverse viewpoints and further that the personal backgrounds and qualifications of the managing and supervisory board members, considered as a group, should provide a significant composite mix of experience, knowledge and abilities.

The DCGC recommends that the compensation report includes, among other things, statements on (i) scenario analyses that are carried out relating to director compensation, (ii) pay ratios between management and an average or median employee salary within the company and (iii) the relationship between the variable part of a director's compensation and the contribution of such compensation to long-term value creation. We have engaged a specialized compensation consultant to provide us with information regarding compensation program and related disclosures, and are working on implementing the foregoing described DCGC disclosure recommendations.

Item 16H: Mine safety disclosure

Not applicable.

PART III

Item 17: Financial statements

See "Item 18 Financial statements."

Item 18: Financial statements

See the Financial statements beginning on page F-1.

Item 19: Exhibits

The following exhibits are filed as part of this annual report:

Exhibit Number	Exhibit Description	Incorporated by Reference			Provided Herewith	
		Form		Number		File Number
1.1	English translation of Form of Articles of Association of trivago N.V.	F-1	11/14/2016	3.3	333-214591	
1.2	Amended Management Board Rules.	20-F	3/6/2019	1.2	001-37959	
1.3	Amended Supervisory Board Rules.	F-3	4/5/2018	3.3	333-224151	
2.1	Amended and Restated Shareholders' Agreement of trivago N.V.	F-3	4/5/2018	4.1	333-224151	
2.2	Amendment to Amended and Restated Shareholders' Agreement of trivago N.V.	20-F	3/6/2017	2.2	001-37959	
2.2(a)	Second Amendment to Amended Second Amendment to Amended and Restated Shareholders' Agreement of trivago N.V.	20-F	3/6/2019	2.2(a)	001-37959	
2.3	Contribution Agreement by and among the Founders, trivago GmbH, trivago N.V., Expedia Lodging Partner Services S.à.r.l and Expedia, Inc.	20-F	3/6/2017	2.5	001-37959	
2.4	Deposit Agreement.	F-3	4/5/2018	4.4	333-224151	
2.5	Form of American Depositary Receipt (included in Exhibit 2.4).	F-1/A	12/5/2016	4.4	333-214591	
2.6	Description of securities registered under Section 12 of the Securities Exchange Act of 1934					X
4.1	Form of management board member Indemnification Agreement for management board members as of November 2016.	F-1/A	12/5/2016	10.1	333-214591	
4.2	Letter Agreement Regarding Uncommitted Credit Facility by and between trivago GmbH and Bank of America Merrill Lynch International Ltd., dated September 5, 2014, as amended December 19, 2014.	F-1/A	12/5/2016	10.2	333-214591	
4.3	English translation of Lease Agreement between Jupiter EINHUNDERTVIERUNDFÜNFZIG GmbH and trivago GmbH, dated July 23, 2015.	F-1/A	12/5/2016	10.6	333-214591	
4.4	Data Hosting Services Agreement by and between Expedia, Inc. and trivago GmbH, dated May 1, 2013.	F-1/A	12/5/2016	10.7	333-214591	
4.5	Services and Support Agreement by and between Expedia Lodging Partner Services Sarl and trivago GmbH, dated September 1, 2016.	F-1/A	12/5/2016	10.8	333-214591	
4.6	Amended and Restated trivago N.V. 2016 Omnibus Incentive Plan.					X
4.7	Form of Indemnification Agreement for supervisory board, management board and certain other officers.	F-1/A	12/5/2016	10.11	333-214591	
8.1	List of Subsidiaries.					X

Exhibit Number	Exhibit Description	Incorporated by Reference			Provided Herewith
		Form	Number	File Number	
12.1	Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
12.2	Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
13.1	Certification by Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
15.1	Consent of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft.				X
101.INS	Inline XBRL Instance Document-the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document				X
101.SCH	Inline XBRL Taxonomy Extension Schema				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase				X

Signatures

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

trivago N.V.

By: /s/ Axel Hefer
Axel Hefer
Chief Executive Officer, Managing Director

Date: 3/6/2020

By: /s/ Matthias Tillmann
Matthias Tillmann
Chief Financial Officer

Date: 3/6/2020

Index to financial statements

trivago N.V.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of trivago N.V.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of trivago N.V. (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 6, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ André Mirzaian
Wirtschaftsprüfer
(German Public Auditor)

/s/ Nicole Dietl
Wirtschaftsprüferin
(German Public Auditor)

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft
We have served as the Company's auditor since 2014

Düsseldorf, Germany

March 6, 2020

Consolidated Financial Statements
trivago N.V.

trivago N.V.

Consolidated statements of operations

(€ thousands, except per share amounts)

	Year ended December 31,		
	2017	2018	2019
Revenue	€ 667,802	€ 583,395	€ 554,046
Revenue from related party	367,581	331,421	284,571
Total revenue	1,035,383	914,816	838,617
Costs and expenses:			
Cost of revenue, including related party, excluding amortization ⁽¹⁾⁽³⁾	5,930	5,435	9,159
Selling and marketing, including related party ⁽¹⁾⁽²⁾⁽³⁾	946,925	805,633	664,155
Technology and content, including related party ⁽¹⁾⁽²⁾⁽³⁾	52,232	66,904	69,924
General and administrative, including related party ⁽¹⁾⁽²⁾⁽³⁾	47,444	54,326	55,543
Amortization of intangible assets ⁽²⁾	3,220	1,684	1,685
Operating income/(loss)	(20,368)	(19,166)	38,151
Other income/(expense)			
Interest expense	(44)	(1,839)	(33)
Gain on deconsolidation of entity	2,007	—	—
Other, net	592	539	(428)
Total other income/(expense), net	2,555	(1,300)	(461)
Income/(loss) before income taxes	(17,813)	(20,466)	37,690
Expense/(benefit) for income taxes	(4,764)	1,086	20,982
Income/(loss) before equity method investment	(13,049)	(21,552)	16,708
Income from equity method investment	—	63	453
Net income/(loss)	(13,049)	(21,489)	17,161
Net loss attributable to noncontrolling interests	568	—	—
Net income/(loss) attributable to trivago N.V.	€ (12,481)	€ (21,489)	€ 17,161
Earnings per share attributable to trivago N.V. available to common stockholders:			
Basic	€ (0.05)	€ (0.06)	€ 0.05
Diluted	(0.05)	(0.06)	0.05
Shares used in computing earnings per share:			
Basic	274,666	350,852	351,991
Diluted	274,666	350,852	356,738

	Year ended December 31,		
	2017	2018	2019
(1) Includes share-based compensation as follows:			
Cost of revenue	€ 115	€ 184	€ 269
Selling and marketing	3,514	3,273	2,359
Technology and content	3,614	5,260	5,978
General and administrative	8,782	11,985	11,285
(2) Includes amortization as follows:			
Amortization of internal use software costs included in selling and marketing	€ —	€ —	€ 360
Amortization of internal use software and website development costs included in technology and content	1,742	2,214	3,239
Amortization of internal use software costs included in general and administrative	408	785	656
Amortization of acquired technology included in amortization of intangible assets	59	278	143
(3) Includes related party expense as follows:			
Cost of revenue	€ 68	€ 59	€ 44
Selling and marketing	—	42	263
Technology and content	361	700	465
General and administrative	109	9	43

See notes to trivago N.V. consolidated financial statements

trivago N.V.

Consolidated statements of comprehensive income/(loss)

(€ thousands)

	Year ended December 31,		
	2017	2018	2019
Net income/(loss)	€ (13,049)	€ (21,489)	€ 17,161
Other comprehensive income/(loss)			
Currency translation adjustments	(201)	91	151
Total other comprehensive income/(loss)	(201)	91	151
Comprehensive income/(loss)	(13,250)	(21,398)	17,312
Less: Comprehensive loss attributable to noncontrolling interests	568	—	—
Comprehensive income/(loss) attributable to trivago N.V.	€ (12,682)	€ (21,398)	€ 17,312

See notes to trivago N.V. consolidated financial statements

trivago N.V.

Consolidated balance sheets

(€ thousands, except per share amounts)

	As of December 31,	
	2018	2019
ASSETS		
Current assets:		
Cash and cash equivalents	€ 161,871	€ 218,106
Restricted cash	122	122
Accounts receivable, less allowance of €250 and €74 at December 31, 2018 and December 31, 2019, respectively	54,981	37,747
Accounts receivable, related party	39,655	31,139
Short-term investments	—	10,000
Tax receivable	281	8,565
Prepaid expenses and other current assets	8,346	4,607
Total Current Assets	265,256	310,286
Property and equipment, net	162,001	33,172
Operating lease right-of-use assets	—	96,030
Deferred income taxes	—	735
Other long-term assets	6,148	7,274
Intangible assets, net	171,609	169,924
Goodwill	490,529	490,590
TOTAL ASSETS	€ 1,095,543	€ 1,108,011
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	€ 33,656	€ 33,391
Income taxes payable	1,221	549
Deferred revenue	7,863	5,553
Payroll liabilities	8,531	4,055
Accrued expenses and other current liabilities	9,650	14,763
Operating lease liability	—	5,037
Total Current Liabilities	60,921	63,348
Operating lease liability	—	94,660
Financing obligations	127,705	—
Deferred income taxes	46,550	50,927
Other long-term liabilities	6,784	4,289
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Class A common stock, €0.06 par value - 700,000,000 shares authorized, 42,559,884 and 50,816,706 shares issued and outstanding as of December 31, 2018 and December 31, 2019, respectively	2,554	3,049
Class B common stock, €0.60 par value - 320,000,000 shares authorized, 308,687,967 and 301,687,967 shares issued and outstanding as of December 31, 2018 and December 31, 2019, respectively	185,213	181,013
Reserves	757,262	781,060
Contribution from Parent	122,307	122,307
Accumulated other comprehensive income/(loss)	(89)	62
Accumulated deficit	(213,664)	(192,704)
Total stockholders' equity	853,583	894,787
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	€ 1,095,543	€ 1,108,011

See notes to trivago N.V. consolidated financial statements

trivago N.V.

Consolidated statements of changes in equity

(€ thousands)

Description	Class A common stock	Class B common stock	Reserves	Retained earnings (accumulated deficit)	Accumulated other comprehensive income/(loss)	Contribution from Parent	Noncontrolling interest	Total members' equity
Balance at January 1, 2017	€ 1,802	€ 125,405	€ 584,667	€ (179,837)	€ 21	€ 122,200	€ 199,813	€ 854,071
Net loss				(12,481)			(459)	(12,940)
Other comprehensive income (net of tax)					(201)			(201)
Adjustment to the fair value of redeemable noncontrolling interests			(149)					(149)
Transaction with Parent						107		107
Share-based compensation expense			16,071					16,071
Merger of trivago GmbH into and with trivago N.V.		66,475	132,879				(199,354)	—
Issued capital, options exercised	53		(3,037)					(2,984)
Balance at December 31, 2017	€ 1,855	€ 191,880	€ 730,431	€ (192,318)	€ (180)	€ 122,307	€ 0	€ 853,975
Impact of adoption of new accounting guidance				143				143
Net loss				(21,489)				(21,489)
Other comprehensive income (net of tax)					91			91
Share-based compensation expense			20,702					20,702
Conversion of Class B shares	667	(6,667)	6,000					—
Issued capital, options exercised	32		129					161
Balance at December 31, 2018	€ 2,554	€ 185,213	€ 757,262	€ (213,664)	€ (89)	€ 122,307	€ —	€ 853,583
Impact of adoption of new accounting guidance				3,799				3,799
Net income				17,161				17,161
Other comprehensive income (net of tax)					151			151
Share-based compensation expense			19,891					19,891
Conversion of Class B shares	420	(4,200)	3,780					—
Issued capital, options exercised	75		127					202
Balance at December 31, 2019	€ 3,049	€ 181,013	€ 781,060	€ (192,704)	€ 62	€ 122,307	€ —	€ 894,787

See notes to trivago N.V. consolidated financial statements

trivago N.V.

Consolidated statements of cash flows

(€ thousands)

	Year ended December 31,		
	2017	2018	2019
Operating activities:			
Net income/(loss)	€ (13,049)	€ (21,489)	€ 17,161
Adjustments to reconcile net income/(loss) to net cash provided by/(used in):			
Depreciation (property and equipment, internal-use software and website development)	7,802	11,370	10,298
Amortization of intangible assets	3,220	1,684	1,685
Impairment of internal-use software and website development	—	1,437	96
Share-based compensation (see Note 10)	16,025	20,702	19,891
Deferred income taxes	(4,851)	(1,755)	1,904
Foreign exchange (gain)/loss	(217)	587	429
Bad debt expense	78	630	754
Non-cash charge, contribution from Parent	107	—	—
Gain on deconsolidation of entity	(2,007)	—	—
Loss on sale of fixed assets	—	605	2
Gain from settlement of asset retirement obligation	—	—	(209)
Gain from equity method investment	—	(19)	(453)
Changes in operating assets and liabilities:			
Accounts receivable, including related party	(29,734)	(13,432)	24,926
Prepaid expense and other assets	(10,434)	11,127	3,696
Accounts payable	13,590	(18,012)	(665)
Payroll liabilities	988	2,951	(4,476)
Accrued expenses and other liabilities	8,195	199	7,591
Deferred revenue	3,863	(773)	(2,310)
Taxes payable/receivable, net	(2,097)	(396)	(6,099)
Net cash provided by/(used in) operating activities	€ (8,521)	€ (4,584)	€ 74,221
Investing activities:			
Acquisition of business, net of cash acquired	(673)	—	—
Cash divested from deconsolidation	(249)	—	—
Purchase of investments	—	—	(10,000)
Capital expenditures, including internal-use software and website development	(17,364)	(24,779)	(8,017)
Proceeds from sale of fixed assets	—	634	36
Net cash used in investing activities	€ (18,286)	€ (24,145)	€ (17,981)
Financing activities:			
Payments of initial public offering costs	(4,038)	—	—
Dividends paid to noncontrolling interest	(158)	—	—
Proceeds from exercise of option awards	42	161	202
Tax payments for shares withheld	(3,062)	—	—
Repayment of other non-current liabilities	—	—	(301)
Net cash provided by/(used in) financing activities	€ (7,216)	€ 161	€ (99)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,259)	(24)	94
Net increase/(decrease) in cash, cash equivalents and restricted cash	€ (35,282)	€ (28,592)	€ 56,235
Cash, cash equivalents and restricted cash at beginning of year	228,182	192,900	164,308
Cash, cash equivalents and restricted cash at end of year	€ 192,900	€ 164,308	€ 220,543

	Year ended December 31,		
	2017	2018	2019
Supplemental cash flow information:			
Cash paid for interest	€ 2	€ 223	€ 51
Cash paid for taxes, net of refunds	2,550	3,325	25,171
Non-cash investing and financing activities:			
Fixed assets-related payable	1,557	992	202
Capitalization of construction in process related to build-to-suit lease	56,586	36,979	—

See notes to trivago N.V. consolidated financial statements

trivago N.V.

Notes to the consolidated financial statements

1. Organization and basis of presentation

Description of business

trivago N.V., ("trivago" the "Company," "us," "we" and "our") and its subsidiaries offer 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 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. During 2013, the Expedia Group, Inc. (formerly Expedia, Inc., the "Parent" or "Expedia Group") completed the purchase of a controlling interest in the Company.

Corporate reorganization

As of December 31, 2016, 68.3% of the voting power in trivago GmbH was held by trivago N.V. and 31.7% was held by Messrs. Schrömgens, Vinnemeier and Siewert (whom we collectively refer to as the "Founders"), which was reflected as noncontrolling interest in the consolidated financial statements through September 7, 2017. On September 7, 2017 (the "merger date") the merger of trivago GmbH into and with trivago N.V. became effective. Pursuant to the merger, our Founders exchanged all of their units of trivago GmbH for Class B shares of trivago N.V.

As of December 31, 2019, Expedia Group's ownership interest and voting interest in trivago N.V. is 59.3% and 68.1%, respectively. The Founders Class B shares of trivago N.V. had an ownership interest and voting interest of 26.3% and 30.2%, respectively.

Basis of presentation

Upon the merger of trivago GmbH with and into trivago N.V., the merger date, no further noncontrolling interest exists between trivago GmbH and trivago N.V. Unless otherwise specified, "the Company" refers to trivago N.V., and trivago GmbH and its respective subsidiaries throughout the remainder of these notes.

These consolidated financial statements reflect Expedia Group's basis of accounting due to the change in control in 2013 when Expedia Group acquired a controlling ownership in trivago, as we elected the option to apply pushdown accounting in the period in which the change in control event occurred.

The Expedia Group incurred certain costs on behalf of trivago. The consolidated financial statements included certain corporate expenses that were allocated to trivago by the Expedia Group (see *Note 15: Related party transactions* for further information) until December 31, 2017. We recorded corporate allocation charges from the Expedia Group within our consolidated statement of operations and as a contribution from Parent within the consolidated statement of changes in equity. Our management believes that the assumptions underlying the consolidated financial statements are reasonable.

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.

2. Significant accounting policies

Consolidation

Our consolidated financial statements include the accounts of trivago and entities we control. Intercompany balances and transactions have been eliminated in consolidation. We deconsolidate entities from our results of operations on the day when we lose control. Further, the equity method of accounting is used for investments in associated companies in which we have a financial interest but over which do not have control.

We record noncontrolling interest in our consolidated financial statements to recognize the minority ownership interest in our consolidated subsidiaries. Noncontrolling interest in the earnings and losses of consolidated subsidiaries represent the share of net income or loss allocated to members or partners in our consolidated entities. It included the noncontrolling interest share of net income or loss from our redeemable noncontrolling interest entity myhotelshop until its deconsolidation in December 2017 and our noncontrolling interest in trivago GmbH; up and until the merger of trivago GmbH with and into trivago N.V. on September 7, 2017.

As a result of the merger of trivago GmbH with and into trivago N.V. during 2017, as of December 31, 2017 there no longer remains a minority interest related to trivago GmbH classified as noncontrolling interest as a component of stockholders' equity in our consolidated financial statements.

As of December 31, 2018 and December 31, 2019 all subsidiaries of the Company are wholly-owned.

Accounting estimates

We use estimates and assumptions in the preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States ("GAAP"). Preparation of the consolidated financial statements and accompanying notes requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, as well as revenue and expenses during the periods reported. Our actual financial results could differ significantly from these estimates. The significant estimates underlying our consolidated financial statements include: recoverability of goodwill and indefinite-lived intangible assets, recoverability of intangible assets with definite lives and other long-lived assets, income taxes, legal and tax contingencies, business combinations and share-based compensation.

Revenue recognition

Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. We derive our revenues from the following streams:

Referral Revenue

Revenue relates to fees earned on the display of a customer's (advertiser's) link on the trivago website on a cost-per-click (CPC) basis. Revenue from click-through fees is recorded 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. 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 our 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. 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.

We consider ourselves principal in all our revenue transactions.

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

Deferred revenue

Deferred revenue relates to advanced payments received for services provided in future periods, primarily related to subscription services. At December 31, 2017, €8.9 million was recorded as deferred revenue, €8.0 million of which was recognized as revenue during the year ended December 31, 2018. At December 31, 2018, the deferred revenue balance was €7.9 million, €7.6 million of which was recognized as revenue during the year ended December 31, 2019. At December 31, 2019, the deferred revenue balance was €5.6 million.

Cost of revenue

Cost of revenue consists of expenses that are directly or closely correlated to revenue generation, including data center costs, third-party cloud-related service providers, salaries and share-based compensation for our data center operations staff and our customer service team who are directly involved in revenue generation. For the years ended December 31, 2017, 2018 and 2019 cost of revenue excludes €0.1 million, €0.3 million and €0.1 million, respectively, of amortization expense of acquired technology. For the years ended December 31, 2017, 2018 and 2019 cost of revenue excludes €1.7 million, €3.0 million and €4.3 million, respectively, of amortization expense related to internal use software and website development.

Cash and Cash Equivalents

Our cash and cash equivalents include cash and liquid financial instruments, primarily time deposit investments, with maturities of three months or less when purchased.

Restricted cash

Restricted cash primarily consists of funds held as guarantees in connection with corporate leases and funds held in escrow accounts in the event of default on corporate credit card statements. The carrying value of restricted cash approximates its fair value. As of December 31, 2018 and December 31, 2019,

restricted cash was €2.4 million and €2.4 million, respectively. From the total balance as of December 31, 2018, €2.3 million is classified as other long-term assets based on the expected dates the restricted cash will be refunded or made available to the Company.

Accounts receivable

Accounts receivable are generally due within 10 to 90 days and are recorded net of an allowance for doubtful accounts. We determine our allowance by considering a number of factors, including the length of time trade accounts receivable are past due, previous loss history, a specific customer's ability to pay its obligations to us, and the condition of the general economy and industry as a whole.

Short-term investments

Our short-term investments consist of call deposit accounts with notice periods of more than three but fewer than 12 months.

Property and equipment, net including software and website capitalization

We record property and equipment at cost, net of accumulated depreciation and amortization. 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, capitalized software and software development cost and furniture and other equipment. We amortize leasehold improvements using the straight-line method, over the shorter of the estimated useful life of the improvement or the remaining term of the lease.

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 (including share-based compensation). 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 recorded as property and equipment and 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.

Certain acquired software licenses and implementation costs are capitalized during the implementation stage. Capitalized costs include the license fee, external direct costs of services provided in regards to the implementation and customization of the software, and internal payroll costs for employees involved with the implementation process. These costs are recorded as property and equipment and are amortized over the license term when the asset is ready for use. Costs incurred during the preliminary project stage, as well as maintenance and training costs, are expensed as incurred.

Leases - prior to adoption of new accounting guidance

Prior to our adoption of the new accounting guidance for leasing arrangements at January 1, 2019, we recognized rent expense on a straight-line basis over the lease period of our operating leases. Any lease incentives were recognized as reductions of rental expense on a straight-line basis over the term of the lease. The lease term began on the date we become legally obligated for the rent payments or when we take possession of the office space, whichever is earlier. Additionally, payments received for our subleases for unoccupied leased office space were recognized on a straight-line basis over the term of the sublease.

We were deemed to be the accounting owner of our corporate headquarters during the construction period under build-to-suit lease accounting guidance and established assets and liabilities for the estimated construction costs incurred. At date of our move-in in June 2018, it was determined that the sale-leaseback guidance was not met, resulting in our accounting for the lease as a financing obligation until December 31, 2018.

During 2017 and 2018, we bifurcated our lease payments relating to the premises into a portion allocated to the building (a reduction of the financing obligation) and a portion allocated to the land on which the

building was constructed, which was treated as an operating lease that commenced in July 2015. For the years ended December 31, 2017 and 2018, we recorded €1.7 million and €1.8 million, respectively, of land rent expense in connection with this lease. Before move-in, the non-cash land expense was classified entirely as general and administrative expense, and afterwards, it was allocated to all of our operating costs. Depreciation on the building commenced upon construction completion, resulting in €1.6 million of depreciation expense for the year ended December 31, 2018, of which the majority was recorded as technology and content expense. The second building relating to our campus remained under construction at December 31, 2018 and was accounted for as a build-to-suit asset at that point.

Leases - subsequent to adoption of new accounting guidance

We determine if an arrangement is a lease at inception. Operating leases are primarily for office space and, as of January 1, 2019 with the adoption of the new guidance for leasing arrangements, are included in operating lease right-of-use ("ROU") assets and operating lease liability on our consolidated balance sheets. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company uses its estimated incremental borrowing rate as the discount rate in measuring the present value of lease payments given the rate implicit in our leases is not typically readily determinable. Estimating the incremental borrowing rate requires assessing a number of inputs including an estimated synthetic credit rating, collateral adjustments and interest rates. The operating lease ROU asset is comprised of the initial operating lease liability, adjusted for any prepaid or deferred rent payments, unamortized initial direct costs, and lease incentives received. Our lease terms include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Payments under our operating leases are primarily fixed, however, certain of our operating lease agreements include rental payments which are adjusted periodically for inflation. We recognize these costs as variable lease costs on our consolidated statement of operations, which were not material during the year ended December 31, 2019.

For operating leases with a term of one year or less, we have elected to not recognize a lease liability or ROU asset on our consolidated balance sheet. Instead, we recognize the lease payments as expense on a straight-line basis over the lease term. Short-term lease costs are immaterial to our consolidated statements of operations and cash flows.

We have lease agreements with insignificant non-lease components and have elected the practical expedient to combine and account for lease and non-lease components as a single lease component.

Additionally we have entered into subleases for unoccupied leased office space. We recognize sublease payments on a straight-line basis over the term of the sublease.

Upon adoption of the new accounting guidance for leasing arrangements at January 1, 2019, our campus building lease is classified as an operating lease and treated the same as all other such leases. The asset and liability previously recorded for the second building were derecognized upon adoption as it did not meet the criteria for recognition under the new guidance.

Business combinations

We assign the value of the consideration transferred to acquire a business to the tangible assets and identifiable intangible assets acquired and liabilities assumed on the basis of their fair values at the date of acquisition. Any excess purchase price over the fair value of the net tangible and intangible assets acquired is allocated to goodwill. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets. Critical estimates in valuing certain intangible assets include but are not limited to future expected cash flows from customer relationships and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Recoverability of goodwill and indefinite-lived intangible assets

Goodwill is assigned to our three reporting units, which correspond to our three operating segments, on the basis of their relative fair values as of the date of change in reporting units. We assess goodwill and indefinite-lived assets, neither of which are amortized, for impairment annually in the fourth quarter of the year, or more frequently, if events and circumstances indicate that an impairment may have occurred. In the evaluation of goodwill for impairment, we typically first perform a qualitative assessment to determine whether it is more likely than not that the fair value of each reporting unit is less than its carrying amount, followed by performing a quantitative assessment by comparing the fair value of the reporting unit to the carrying value, if necessary. Effective October 1, 2017, we prospectively adopted accounting guidance that simplified our goodwill impairment testing by eliminating the requirement to calculate the implied fair value of goodwill (formerly "Step 2") in the event an impairment is identified. Instead, an impairment charge is recorded based on the excess of the reporting unit's carrying amount over its fair value.

We generally base the measurement of fair value of our three reporting units on a blended analysis of the present value of future discounted cash flows and market valuation approach. The discounted cash flows model indicates the fair value of the reporting unit based on the present value of the cash flows that we expect the reporting unit to generate in the future. Our significant estimates in the discounted cash flows model include our weighted average cost of capital, long-term rate of growth and profitability of our business. The market valuation approach indicates the fair value of the business based on a comparison of the reporting unit to comparable publicly traded firms in similar lines of business. Our significant estimates in the market approach model include identifying similar companies with comparable business factors, such as size, growth, profitability, risk and return on investment and assessing comparable revenue and operating income multiples in estimating the fair value of the reporting unit.

We believe the weighted use of discounted cash flows and market approach is the best method for determining the fair value of our reporting units because these are the most common valuation methodologies used within the travel and Internet industries; and the blended use of both models compensates for the inherent risks associated with either model if used on a stand-alone basis.

In addition to measuring the fair value of our reporting units as described above, we consider the combined fair values of our reporting units in relation to the company's total fair value.

In our evaluation of our indefinite-lived intangible assets, we typically first perform a qualitative assessment to determine whether the fair value of the indefinite-lived intangible assets is more likely than not impaired. If so, we perform a quantitative assessment and an impairment charge is recorded for the excess of the carrying value of the indefinite-lived intangible assets over the fair value. We base our measurement of the fair value of our indefinite-lived intangible assets, which consist of trade name, trademarks, and domain names using the relief-from-royalty method. This method assumes that the trade name and trademarks have value to the extent that their owner is relieved of the obligation to pay royalties for the benefits received from them. As with goodwill, periodically, we may choose to forgo the initial qualitative assessment and perform a quantitative analysis in our annual evaluation of indefinite-lived intangible assets.

Recoverability of intangible assets with definite lives and other long-lived assets

Intangible assets with definite lives and other long-lived assets are carried at cost and are amortized on a straight-line basis over their estimated useful lives of generally less than seven years. We review the carrying value of long-lived assets or asset groups, including property and equipment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Factors that would necessitate an impairment assessment include a significant adverse change in the extent or manner in which an asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset, or a significant decline in the observable market value of an asset, among others. If such facts indicate a potential impairment, we would assess the recoverability of an asset group by determining if the carrying value of the asset group exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the assets over the remaining economic life of the primary asset in the asset group. If the recoverability test indicates that the

carrying value of the asset group is not recoverable, we will estimate the fair value of the asset group using appropriate valuation methodologies, which would typically include an estimate of discounted cash flows. Any impairment would be measured as the difference between the asset group's carrying amount and its estimated fair value.

Income taxes

We record income taxes under the liability method. Deferred tax assets and liabilities reflect our estimation of the future tax consequences of temporary differences between the carrying amounts of assets and liabilities for book and tax purposes. We determine deferred income taxes based on the differences in accounting methods and timing between financial statement and income tax reporting. Accordingly, we determine the deferred tax asset or liability for each temporary difference based on the enacted tax rates expected to be in effect when we realize the underlying items of income and expense. We consider many factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience by jurisdiction, expectations of future taxable income, and the carryforward periods available to us for tax reporting purposes, as well as other relevant factors. We may establish a valuation allowance to reduce deferred tax assets to the amount we believe is more likely than not to be realized. Due to inherent complexities arising from the nature of our businesses, future changes in income tax law, tax sharing agreements or variances between our actual and anticipated results of operations, we make certain judgments and estimates. Therefore, actual income taxes could materially vary from these estimates.

We account for uncertain tax positions based on a two-step process of evaluating recognition and measurement criteria. The first step assesses whether the tax position is more likely than not to be sustained upon examination by the tax authority, including resolution of any appeals or litigation, based on the technical merits of the position. If the tax position meets the more likely than not criteria, the portion of the tax benefit greater than 50% likely to be realized upon settlement with the tax authority is recognized in the financial statements. Interest and penalties related to uncertain tax positions are classified in the financial statements as a component of income tax expense.

Presentation of taxes in the statements of operations

We present taxes that we collect from advertisers and remit to government authorities on a net basis in our consolidated statements of operations.

Foreign currency translation and transaction gains and losses

The consolidated Financial Statements have been prepared in euros, the reporting currency. Certain of our operations outside of the Eurozone use the local currency as their functional currency. We translate revenue and expense at average exchange rates during the period and assets and liabilities at the exchange rates as of the consolidated balance sheet dates and include such foreign currency translation gains and losses as a component of other comprehensive income. Due to the nature of our operations and our corporate structure, we also have subsidiaries that have significant transactions in foreign currencies other than their functional currency. We record transaction gains and losses in our consolidated statements of operations related to the recurring remeasurement and settlement of such transactions.

Advertising expense

We incur advertising expense consisting of offline costs, including television and radio advertising, as well as online advertising expense to promote our brands. A significant portion of traffic from users is directed to our websites through our participation in display advertising campaigns on search engines, advertising networks, affiliate websites and social networking sites. We consider traffic acquisition costs to be indirect advertising fees. We expense the production costs associated with advertisements in the period in which the advertisement first takes place. We expense the costs of communicating the advertisement (e.g., television airtime) as incurred each time the advertisement is shown. These costs are included in selling and marketing expense in our consolidated statements of operations.

Share-based compensation

Share-based compensation included in our consolidated financial statements relates to certain outstanding trivago employee options replaced with new trivago employee option awards exercisable into trivago Class A shares, in connection with the controlling-interest acquisition of trivago by the Expedia Group (formerly Expedia, Inc.) in 2013. During 2017, 2018 and 2019, there were additional awards granted in connection with the Omnibus Incentive Plan to employees of trivago.

The fair value of share options accounted for as equity settled transactions is measured at the grant date using the Black-Scholes option pricing model. The valuation model incorporates various assumptions including expected volatility of equity, expected term and risk-free interest rates. The expected volatility is based on historical volatility of our common stock and other relevant factors. We use the simplified method in determining the term by using the midpoint between the vesting date and the end of the contractual term to estimate the term for all option grants subsequent of the IPO. The simplified method was used as we do not have sufficient reliable historical term data available. The share price assumption used in the model is based on our publicly traded share price on the date of grant. We amortize the fair value to the extent the awards qualify for equity treatment, over the vesting term on a straight-line basis. The majority of our share options are service-based awards which vest between one and three years and have contractual terms that align with prescribed liquidation windows.

We have performance-based share options which vest upon achievement of certain company-based performance conditions and service conditions. On the date of grant, we determine the fair value of the performance-based award using the Black-Scholes option pricing model. The awards are then assessed to determine the probability of the award vesting. If assessed as probable, we record compensation expense for these awards over the total performance and service period using the accelerated method. At each reporting period, we reassess the probability of achieving the performance targets, which requires judgment, and to the extent actual results or updated estimates differ from our current estimates, the cumulative effect on current and prior periods of those changes will be recorded in the period estimates are revised, or the change in estimate will be applied prospectively depending on whether the change affects the estimate of total compensation cost to be recognized. The ultimate number of shares issued and the related compensation expense recognized will be based on a comparison of the final performance metrics to the specified targets. As at December 31, 2019, there were no awards remaining subject to a performance target condition to be determined in a future period.

We have Restricted Stock Units (RSUs), which are stock awards entitling the holder to shares of common stock as the award vests, were granted. The RSUs are service-based awards which vest between one and three years. We measure the value of RSUs at fair value based on the number of shares granted and the quoted price of our common stock at the date of grant. We amortize the fair value, net of actual forfeitures, as share-based compensation expense over the vesting term on a straight-line basis.

For the years ended December 31, 2018 and 2019, we had no option awards classified as liabilities.

We recognize the effect of forfeitures in the period that the award was forfeited.

Reserves available for dividend distribution

We do not at present plan to pay cash dividends on our Class A shares. Under Dutch law, we may only pay dividends to the extent that our shareholders' equity (*eigen vermogen*) exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained under Dutch law or by our articles of association (although we note that, presently, we are not required by our articles of association to maintain reserves in addition to those which we must maintain under Dutch law). Subject only to such restrictions, any future determination to pay dividends will be at the discretion of our management board (in some instances, subject to approval by a Founder). In making a determination to pay dividends, the management board must act in the interests of our company and its business, taking into account relevant interests of our shareholders and other factors that our management board considers relevant, including our results of operations, financial condition, and future prospects.

For the years ended December 31, 2018 and 2019, our reserves restricted for dividend distribution were €193.4 million and €190.7 million, respectively.

Fair value recognition, measurement and disclosure

The carrying amounts of cash, restricted cash and short-term investments reported on our consolidated balance sheets approximate fair value as we maintain them with various high-quality financial institutions. The accounts receivable are short-term in nature and their carrying value generally approximates fair value.

We disclose the fair value of our financial instruments based on the fair value hierarchy using the following three categories:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Certain risks and concentration of credit risk

Our business is subject to certain risks and concentrations including dependence on relationships with 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 the Company's cash and customers with significant accounts receivable balances.

Our customer base includes primarily online travel agencies and hoteliers. We perform ongoing credit evaluations of our customers and maintain allowances for potential credit losses. We generally do not require collateral or other security from our customers. Expedia Group, our controlling shareholder, and its affiliates represent 36%, 36% and 34% respectively, of revenues for the year ended December 31, 2017, 2018 and 2019 and 41% and 45% of total accounts receivable as of December 31, 2018 and 2019. Booking Holdings and its affiliates represent 44%, 39% and 40%, respectively, of revenues for the years ended December 31, 2017, 2018 and 2019 and 35% and 28%, respectively, of total accounts receivable as of December 31, 2018 and 2019.

Contingent liabilities

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations, as discussed further in *Note 14: Commitments and contingencies*. Periodically, and at year end, we review the status of all significant outstanding matters to assess the potential financial exposure. When (i) it is probable that an asset has been impaired or a liability has been incurred and (ii) the amount of the loss can be reasonably estimated, we record the estimated loss in our consolidated statements of operations. We provide disclosure in the notes to the consolidated financial statements for loss contingencies that do not meet both of these conditions if there is a reasonable possibility that a loss may have been incurred that would be material to the financial statements. Significant judgment is required to determine the probability that a liability has been incurred and whether such liability is reasonably estimable. We base accruals made on the best information available at the time, which can be highly subjective. The final outcome of these matters could vary significantly from the amounts included in the accompanying consolidated financial statements.

Adoption of new accounting pronouncements

Leases. As of January 1, 2019, we adopted the Accounting Standards Updates ("ASU") amending the guidance related to accounting and reporting guidelines for leasing arrangements using the optional transition method that allowed for a cumulative-effect adjustment in the period of adoption. Results for reporting periods beginning after January 1, 2019 are presented under the new guidance, while prior

period amounts were not adjusted and continue to be reported under the accounting standards in effect for those periods.

The new guidance required entities that lease assets to recognize assets and liabilities on the balance sheet related to the rights and obligations created by those leases regardless of whether they are classified as finance or operating leases. In addition, new disclosures are required to meet the objective of enabling users of financial statements to better understand the amount, timing and uncertainty of cash flows arising from leases.

We elected certain of the available practical expedients under the transition guidance, including those that permit us to not reassess 1) whether any expired or existing contracts are or contain leases, 2) the lease classification for any expired or existing leases, and 3) any initial direct costs for any existing leases as of the effective date. We did not elect the hindsight practical expedient, which permits entities to use hindsight in determining the lease term and assessing impairment.

Additionally, we have elected the optional transition method that allows for a cumulative-effect adjustment in the period of adoption and will not restate prior periods. As of January 1, 2019, we recorded on our consolidated balance sheet right-of use assets of approximately €103.5 million (representing right-of use assets of approximately €107.5 million net of approximately €4.0 million of existing lease incentives and deferred rent) as well as operating lease liabilities of approximately €107.5 million with no material impact to our consolidated statements of operations or cash flows. Additionally, we derecognized the assets and liabilities previously recorded pursuant to build-to-suit lease guidance resulting in an increase to retained earnings of approximately €3.8 million.

Recent accounting pronouncements not yet adopted

Measurement of Credit Losses on Financial Instruments. In June 2016, the FASB issued ASU 2016-13, which changes the guidance related to the measurement of credit losses for financial assets measured at amortized cost, including accounts receivable, and available-for-sale debt securities. The new guidance replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. This update is effective for annual periods beginning after December 15, 2019, including interim periods within those annual periods. We are in the process of evaluating the impact of adopting this new guidance on our consolidated financial statements; however, we currently do not expect a material impact.

Cloud Computing Arrangements. In August 2018, the FASB issued ASU 2018-15, which provides additional guidance on the accounting for implementation costs incurred for a cloud computing arrangement that is a service contract. The amendments in the standard align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). Costs for implementation activities in the application development stage are capitalized depending on the nature of the costs, while costs incurred during the preliminary project and post implementation stages are expensed as the activities are performed. The additional guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within that fiscal year. We are in the process of evaluating the impact of adopting this new guidance on our consolidated financial statements.

Fair Value Measurements. In August 2018, the FASB issued ASU 2018-13, which is applicable to all entities that are required under existing GAAP to make disclosures about recurring or nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements in ASC 820, Fair Value Measurement and is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. We are in the process of evaluating the impact of adopting this new guidance on our consolidated financial statements, however, we currently do not expect a material impact.

Income Taxes: In December 2019, the FASB issued ASU 2019-12 which eliminates, clarifies, and modifies certain guidance related to the accounting for income taxes. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those annual periods. We

are in the process of evaluating the impact of adopting this new guidance on our consolidated financial statements; however, we currently do not expect a material impact.

3. Acquisitions and divestitures

In August 2017, we acquired all material assets of tripl GmbH through a business combination for a total purchase consideration of €0.7 million. The acquisition is intended to enhance trivago's product with personalization technology that uses big data and a customer-centric approach.

During December 2017, myhotelshop GmbH issued 8,074 new common shares for a total of €0.1 million to a minority shareholder unrelated to trivago. This shareholder continues to be an unrelated party to trivago. The capital infusion diluted our share in myhotelshop from 61.3% to 49.0%. In addition to the capital infusion, we no longer have any put/call rights to purchase the minority interest in myhotelshop. Following the increase in capital, we lost controlling financial interest in myhotelshop. We deconsolidated myhotelshop's assets and liabilities, including the historical redeemable noncontrolling interest of myhotelshop, as of that date from the consolidated financial statements and present our remaining share in myhotelshop as an equity investment, initially at fair value, in other long-term assets in the consolidated balance sheet. The fair value of the retained investment was determined based on the intrinsic value of myhotelshop underlying the capital contribution in December 2017. We recognized a gain from deconsolidation of €2.0 million, including a gain on our retained noncontrolling investment of €0.4 million and a gain of €1.0 million from the recognition of receivables from a loan granted to myhotelshop in 2015. The loan of €1.0 million with myhotelshop remains outstanding at December 31, 2019. We consider myhotelshop a related party since the deconsolidation in December 2017.

4. Prepaid expenses and other current assets

(in thousands)	As of December 31,	
	2018	2019
Prepaid advertising	€ 6,267	€ 2,148
Other prepaid expenses	1,341	2,076
Other assets	738	383
Total	€ 8,346	€ 4,607

5. Property and equipment, net

(in thousands)	As of December 31,	
	2018	2019
Building and leasehold improvements	€ 120,738	€ 17,844
Capitalized software and software development costs	16,123	22,713
Computer equipment	15,231	18,215
Furniture and fixtures	6,285	6,031
Office equipment	2,167	2,330
Subtotal	160,544	67,133
Less: accumulated depreciation	25,697	33,995
Construction in process	27,154	34
Property and equipment, net	€ 162,001	€ 33,172

As of December 31, 2018, our headquarters in Düsseldorf, Germany was accounted for as a failed sale-leaseback and included in building and leasehold improvements. Upon adoption of the new leasing standard, ASC 842, on January 1, 2019, the contractual lease obligation was transitioned to being accounted for as an operating lease right-of use asset (see *Note 2 - Significant accounting policies* and *Note 6: Leases* for further information). As of December 31, 2018, our building and leasehold improvement costs, net of accumulated depreciation, were €118.3 million.

We establish assets and liabilities for the present value of estimated future costs to return our new headquarters and certain other leased facilities to their original condition under the authoritative accounting guidance for asset retirement obligations. Such assets are depreciated over the useful life of the underlying asset or the lease period and the recorded liabilities are accreted to the future value of the estimated restoration costs. As of December 31, 2018 and 2019, an asset retirement obligation asset and liability of €0.6 million and €0.6 million, respectively, is included within building and leasehold improvements, gross of accumulated depreciation of €0.04 million and €0.1 million, respectively, for the cost to decommission the physical space of our headquarters and our leased facilities. We have certain operating lease agreements that require us to decommission physical space for which we have not yet recorded an asset retirement obligation. Due to the uncertainty of specific decommissioning obligations and related costs, we cannot reasonably estimate an asset retirement obligation for these properties and we have not recorded a liability at this time for such properties.

As of December 31, 2018 and 2019, our internally developed capitalized software and acquired software development costs, net of accumulated amortization, were €9.0 million and €8.0 million, respectively.

As of December 31, 2018 and 2019, our computer equipment costs, net of accumulated amortization, were €4.8 million and €5.3 million, respectively.

In 2018, we recorded an impairment of €1.5 million related to internally developed capitalized software and acquired software development costs, which was a result of software previously under development that was discontinued during the period and will not be placed into service. We recognized the loss on impairment within our operating expenses on our consolidated statements of operations.

6. Leases

We have operating leases for office space, apartments and office equipment. Our leases have remaining lease terms of one year to 18 years, some of which already include options to extend the leases for up to ten years, and some of which include options to terminate the leases within one year.

Operating lease costs were €10.0 million for the year ended December 31, 2019. Under the lease accounting guidance in effect for the years ended December 31, 2017 and 2018, rent expense was €4.8 million and €4.7 million, respectively. The company also subleases office space under agreements which expire on various dates through 2026. Sublease income from such agreements was €0.1 million and €1.0 million for the years ended December 31, 2018 and 2019, respectively.

Supplemental information related to operating leases was as follows:

(in thousands)	Year ended December 31,	
	2019	
Cash payments for operating leases	€	10,200
New operating lease assets obtained in exchange for operating lease liabilities	€	103,498

Supplemental consolidated balance sheet information related to leases were as follows:

(in thousands)	Year ended December 31,	
	2019	
Operating lease right-of-use assets	€	96,030
Current operating lease liabilities		5,037
Long-term operating lease liabilities		94,660
Total operating lease liabilities	€	99,697
Weighted average remaining lease term		17.6 years
Weighted average discount rate		3.8 %

Maturities of operating lease liabilities are as follows:

(in thousands)	Year ended December 31,	
	2019	
2020	€	8,718
2021		8,705
2022		8,473
2023		7,816
2024		7,816
2025 and thereafter		95,592
Total lease payments		137,120
Less: imputed interest		(37,423)
Total	€	99,697

7. Goodwill and intangible assets, net

The following table presents our goodwill and intangible assets as of December 31, 2018 and 2019:

(in thousands)	As of December 31,	
	2018	2019
Goodwill	€ 490,529	€ 490,590
Intangible assets with definite lives, net	2,064	379
Intangible assets with indefinite lives	169,545	169,545
Total	€ 662,138	€ 660,514

Impairment Assessments

As of December 31, 2018 and 2019, we had no accumulated impairment losses of goodwill or indefinite-lived intangible assets.

Goodwill

The following table presents the changes in goodwill by reporting segment:

(in thousands)	Developed Europe	Americas	Rest of World	Total
Balance as of January 1, 2018	€ 215,250	€ 192,700	€ 82,505	€ 490,455
Foreign exchange translation	33	29	12	74
Balance as of December 31, 2018	€ 215,283	€ 192,729	€ 82,517	€ 490,529
Balance as of January 1, 2019	€ 215,283	€ 192,729	€ 82,517	€ 490,529
Foreign exchange translation	27	24	10	61
Balance as of December 31, 2019	€ 215,310	€ 192,753	€ 82,527	€ 490,590

Indefinite-lived Intangible Assets

Our indefinite-lived intangible assets relate principally to trade names, trademarks and domain names.

Intangible Assets with Definite Lives

The following table presents the components of our intangible assets with definite lives as of December 31, 2018 and 2019:

(in thousands)	December 31, 2018			December 31, 2019		
	Cost	(Accumulated Amortization)	Net	Cost	(Accumulated Amortization)	Net
Customer relationships	€ 34	€ (16)	€ 18	€ 34	€ (27)	€ 7
Partner relationships	34,254	(34,235)	19	34,254	(34,246)	8
Technology	60,145	(59,951)	194	60,145	(60,071)	74
Non-compete agreement	10,800	(8,967)	1,833	10,800	(10,510)	290
Total	€ 105,233	€ (103,169)	€ 2,064	€ 105,233	€ (104,854)	€ 379

Amortization expense was €3.2 million for the year ended December 31, 2017, €1.7 million for the year ended December 31, 2018 and €1.7 million for the year ended December 31, 2019. The estimated future

amortization expense related to intangible assets with definite lives as of December 31, 2019, assuming no subsequent impairment of the underlying assets, is as follows:

(in thousands)	Amortization
2020	€ 374
2021	1
2022	1
2023	1
Future years	2
Total	€ 379

8. Debt-credit facility

We maintain a €50.0 million uncommitted credit facility with an interest rate of LIBOR, floored at zero, plus 1% per annum, which is guaranteed by Expedia Group, that may be terminated at any time by the lender. As of December 31, 2019, we had no borrowings outstanding on the consolidated balance sheet.

9. Employee benefit plans

For defined contribution plans, trivago pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. We have no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. The amount of expense recognized for defined contribution pension plans was not material for the years ended December 31, 2017, 2018 and 2019.

10. Share-based awards and other equity instruments

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 shall be 34,711,009 Class A shares, which does not include any Class B share conversions. Class A shares issuable under the 2016 Plan will be represented by ADSs for such Class A shares. The 2016 Plan was amended on March 6, 2017 to permit the delegation of certain responsibilities to the management board. The 2016 Plan was amended on August 3, 2017 to permit supervisory board members to be eligible for awards under the 2016 Plan. The Plan was amended on June 28, 2019 to permit the granting to management and supervisory board members an option to purchase Class A shares at less than fair market value of the underlying Class A shares. The 2016 Plan was also amended on July 18, 2019 to permit additional mechanics to settle transactions.

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 with 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, share appreciation rights, restricted 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 will also have 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.

During the years ended 2018 and 2019, 5,002,236 and 4,406,619 awards, respectively, were granted under the 2016 Plan. We issue new shares to satisfy the exercise or settlement of share-based awards.

The following table presents a summary of our share option activity for trivago N.V. shares:

	Options	Weighted average exercise price (in €)	Remaining contractual life (In years)	Aggregate intrinsic value (€ in thousands)
Balance as of January 1, 2017	7,704,659			
Granted	10,561,001	7.16		11,827
Exercised	1,093,428	0.13		14,860
Cancelled	63,658	8.15		366
Balance as of December 31, 2017	17,108,574	5.66	21	32,178
Granted	4,944,430	3.99		12,573
Exercised	531,410	0.30		2,855
Cancelled	828,196	6.23		1,182
Balance as of December 31, 2018	20,693,398	5.54	17	32,050
Granted	3,932,498	4.38		17,412
Exercised	1,218,560	5.45		5,034
Cancelled	2,233,623	3.98		1,572
Balance as of December 31, 2019	21,173,713	3.66	15	19,556
Exercisable as of December 31, 2019	10,456,082	3.66	24	9,774
Vested and expected to vest after December 31, 2019	21,208,693	3.64	15	19,556

The total intrinsic value of share options exercised was €2.9 million and €5.0 million for the year ended December 31, 2018 and December 31, 2019, respectively.

During the years ended December 31, 2017, 2018 and 2019, we awarded share options as part of our share-based compensation. The fair value of share options granted during the years ended December 31, 2017, 2018 and 2019 were estimated at the date of grant using the Black-Scholes option-pricing model, assuming the following weighted average assumptions:

	Year ended December 31,		
	2017	2018	2019
Risk-free interest rate	2.18 %	1.74 %	(0.56)%
Expected volatility	41 %	33 %	50 %
Expected life (in years)	4.62	4.42	4.50
Dividend yield	— %	— %	— %
Weighted-average estimated fair value of options granted during the year	€ 4 €	3 €	4

During the years ended December 31, 2018 and 2019, we granted restricted stock units (RSUs) as part of our share-based compensation. The RSUs are service-based awards which vest between one and three years. The fair value of the RSUs granted are based on the stock price on the day of grant. The following table presents a summary of our RSUs:

	RSUs	Weighted Average Grant Date Fair Value (in €)	Remaining contractual life (in years)
Balance as of January 1, 2018	—	—	
Granted	57,806	3.88	
Vested	—	—	
Cancelled	—	—	
Balance as of December 31, 2018	57,806	3.88	7
Granted	474,121	4.25	
Vested	38,262	3.88	
Cancelled	8,000	5.29	
Balance as of December 31, 2019	485,665	4.22	6

In 2017, 2018 and 2019, we recognized total share-based compensation expense of €16.0 million, €20.7 million and €19.9 million, respectively. There was no income tax benefit related to share-based compensation expense for 2017, 2018 and 2019. In 2017, €85 thousand of share-based compensation cost was capitalized as part of software development costs. No share-based compensation costs was capitalized in 2018 and 2019.

Cash received from share-based award exercises for the years ended December 31, 2017, 2018 and 2019 was €42 thousand, €161 thousand and €202 thousand, respectively.

As of December 31, 2019, there was approximately €20.4 million in unrecognized share-based compensation expense related to unvested share-based awards subject to equity treatment, which is expected to be recognized in expense over the weighted average period of 1.9 years.

11. Income taxes

The following table summarizes our income tax expense/(benefit):

(€ thousands)	Year ended December 31,		
	2017	2018	2019
Current income tax expense/(benefit):			
Germany	€ 323	€ 2,225	€ 18,769
Other countries	112	125	309
Current income tax expense/(benefit)	435	2,350	19,078
Deferred income tax expense/(benefit):			
Germany	(4,851)	(1,264)	2,020
Other countries	(348)	—	(116)
Deferred income tax expense/(benefit)	(5,199)	(1,264)	1,904
Income tax expense/(benefit)	€ (4,764)	€ 1,086	€ 20,982

Reconciliation of German statutory income tax rate to effective income tax rate

The following table summarizes our income/(loss) before income taxes allocated to Germany and to other countries:

(€ thousands)	Year ended December 31,		
	2017	2018	2019
Germany	€ (20,018)	€ (20,574)	€ 36,750
Other countries	2,205	108	940
Income/loss) before income taxes	€ (17,813)	€ (20,466)	€ 37,690

A reconciliation of amounts computed by applying the German statutory income tax rate to income/(loss) before income taxes to total income tax expense/(benefit) is as follows:

(€ thousands)	Year ended December 31,		
	2017	2018	2019
Income/(loss) before income taxes	€ (17,813)	€ (20,466)	€ 37,690
Income tax expense at German tax rate (31.23%)	(5,562)	(6,391)	11,769
Foreign rate differential	33	(5)	100
Expected tax expense/(benefit)	(5,529)	(6,396)	11,869
Tax effect from:			
Non-deductible share-based compensation	5,017	6,465	6,211
Non-deductible corporate costs	34	—	—
Prior period taxes	6	96	66
Movement in valuation allowance	(3,517)	(184)	19
Foreign withholding taxes	—	813	—
Movement in uncertain tax positions	—	—	2,857
Other differences	(775)	292	(40)
Income tax expense/(benefit)	€ (4,764)	€ 1,086	€ 20,982

The income tax expense/(benefit) is mainly driven by income/(loss) before income taxes of €(17.8) million, €(20.5) million and €37.7 million for the years ended December 31, 2017, 2018 and 2019, respectively. Our effective tax rate was 26.7%, (5.3)% and 55.7% in the years ended December 31, 2017, 2018 and 2019, respectively. Non-deductible share-based compensation of (pre-tax) €16.0 million, €20.7 million and €19.9 million had an impact on the effective tax rates of (28.2)%, (31.6)% and 16.5% in the years ended December 31, 2017, 2018 and 2019, respectively. In 2019, €2.9 million of the impact relates to movements in uncertain tax positions, with an impact of 7.6% on the 2019 effective tax rate. The uncertain tax positions relate to the tax deductibility of general and administrative expenses incurred by trivago N.V. in the 2017, 2018 and 2019 fiscal years. Additional details on the movement in valuation allowance are included below. Prior period taxes of €0.1 million and €0.1 million in 2018 and 2019, respectively, relate primarily to the results of tax audits for fiscal years 2013 to 2015 in trivago GmbH (the legal predecessor of trivago N.V.) In 2018, €0.8 million related to foreign withholding tax deductions. Other differences relate to one-off items during the year, such as non-deductible expenses which are individually insignificant.

Uncertain tax positions

Uncertain tax positions as of December 31, 2018 and 2019 were as follows:

(€ thousands)	Year Ended December 31,	
	2018	2019
Balance, beginning of year	€ —	€ —
Increases to tax positions related to the current year	—	2,133
Increases to tax positions related to prior years	—	720
Interest and penalties	—	4
Balance, end of year	€ —	€ 2,857

Tax audits

The Company is subject to audit by federal, state, local and foreign income tax authorities. As of December 31, 2019, there is an ongoing audit of tax returns from 2013 through 2015 for corporate and trade income tax as well as value-added tax for trivago N.V. According to the statute of limitation, the German tax authorities may initiate additional audits of tax returns for 2016 through 2019.

Deferred income taxes

At December 31, 2018 and 2019, the significant components of our deferred tax assets and deferred tax liabilities were as follows:

(€ thousands)	Year Ended December 31,	
	2018	2019
Deferred tax assets:		
Net operating loss and tax credit carryforwards	€ 949	€ 429
Prepaid expense and other current assets	5,042	3,723
Deferred rent	1,778	1
Property and equipment	459	116
Accrued expenses and other current liabilities	1,381	147
Intangible assets, net	372	253
Operating lease liability	—	31,130
Other long-term liabilities	299	311
Other	329	—
Deferred tax assets (gross)	10,609	36,110
Less valuation allowance	—	(81)
Subtotal	10,609	36,029
Offsetting	(10,609)	(35,294)
Deferred tax assets	—	735
Deferred tax liabilities:		
Intangible assets, net	53,499	53,021
Property and equipment	2,778	2,980
Operating lease right-of-use assets	—	29,985
Accrued expenses and other current liabilities	448	—
Other	434	235
Subtotal	57,159	86,221
Offsetting	(10,609)	(35,294)
Deferred tax liabilities	€ 46,550	€ 50,927

At December 31, 2019, we had net operating loss carryforwards (“NOLs”) for a tax-effected amount of approximately €0.4 million. The tax-effected NOL carryforwards decreased by €0.5 million from the amount recorded at December 31, 2018 primarily due to utilization of NOLs at the level of the trivago N.V.

trivago N.V. is a Dutch listed entity, however has its tax residency in Germany. In 2017, trivago N.V. and trivago GmbH merged for tax purposes. This merger enabled trivago N.V. to offset its NOLs with any future taxable profits. As a result, the €3.2 million previously unrecognized losses of trivago N.V. have been recognized in 2017. All of this €3.2 million were utilized in 2017, 2018 and 2019. As of December 31, 2019, €0.3 million tax-effected NOLs are recognized for tax losses of Base7 Germany GmbH, which also may be carried forward indefinitely.

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 €0.1 million at December 31, 2019. In terms of undistributed earnings of domestic investments, we have recognized deferred income taxes on taxable temporary difference of €0.02 million, as only 5% refer to a taxable temporary difference under German tax law. Any capital gains on the sale of participations would be 95% exempt under German tax law.

Deferred taxes of €1.7 million were recorded in retained earnings due to the adoption of ASC 842.

12. Stockholders' equity

Class A and Class B common stock (after the corporate reorganization, see Note 1 - Organization and basis of presentation)

As of December 31, 2019, we had ADSs representing 50,816,706 Class A shares and 301,687,967 Class B shares outstanding. During the third quarter of 2017, the Founders exchanged their units in trivago GmbH for 110,791,880 Class B shares in trivago N.V. in connection with the merger of trivago GmbH with and into trivago N.V. Each Class B share is convertible into one Class A share at any time by the holder. During the years ended December 31, 2018 and 2019, 11,112,001 and 7,000,000 Class B shares were converted into Class A shares, respectively.

Class A and Class B common stock has a par value of €0.06 and €0.60, respectively. The holders of our Class B shares, Expedia Group and Founders, 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.

Reserves

Reserves primarily represents the effects of pushdown accounting applied due to the change in control in 2013 in addition to share premium as result of the corporate reorganization and IPO. See *Note 1 - Organization and basis of presentation*. Further effects to the Reserves are due to the merger of trivago GmbH with and into trivago N.V. in 2017, exercises of employee stock options, and the effect of the Founders' conversion of Class B shares to Class A shares in 2018 and 2019.

Accumulated other comprehensive income/(loss)

Accumulated other comprehensive income represents foreign currency translation adjustments for our subsidiaries in foreign locations. As of December 31, 2019 we do not expect to reclassify any amounts included in accumulated other comprehensive income/(loss) into earnings during the next 12 months.

Contribution from Parent

The beginning contribution from Parent balance represents the pushdown of share-based compensation expense from Expedia Group.

13. Earnings per share

Basic and diluted earnings per share of Class A and Class B common stock is computed by dividing net income attributable to trivago N.V., after adjusting for noncontrolling interest, 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:

(€ thousands, except per share data)	January 1, 2017 through December 31, 2017		January 1, 2018 through December 31, 2018		January 1, 2019 through December 31, 2019	
Numerator:						
Net income/(loss)	€	(13,049)	€	(21,489)	€	17,161
Less: net income attributable to noncontrolling interest		568		—		—
Net income/(loss) attributable to trivago N.V.	€	(12,481)	€	(21,489)	€	17,161
Denominator:						
Weighted average shares of Class A and Class B common stock outstanding:						
Basic		274,666		350,852		351,991
Diluted		274,666		350,852		356,738
Earnings per share attributable to trivago N.V. available to Class A and Class B common stockholders:						
Basic	€	(0.05)	€	(0.06)	€	0.05
Diluted	€	(0.05)	€	(0.06)	€	0.05

Diluted weighted average common shares outstanding in 2017 and 2018 does not include the effects of the exercise of outstanding stock options and RSUs as the inclusion of these instruments would have been anti-dilutive.

14. Commitments and contingencies

Purchase obligations

We have commitments and obligations which include purchase commitments, which could potentially require our payment in the event of demands by third parties or contingent events. Commitments and obligations as of December 31, 2019 were as follows:

(in thousands)	By Period				
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Purchase obligations	€ 11,941	€ 11,941	€ —	€ —	€ —

Our purchase obligations represent minimum obligations we have under agreements with certain of our 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.

Legal proceedings

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations. We also evaluate other potential contingent matters, including value-added tax, excise tax, sales tax, transient occupancy or accommodation tax and similar matters.

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. The court has yet to set a date for the appeal or a separate trial regarding penalties and other orders. Management recorded an estimate of the probable loss as of December 31, 2019 in connection with these proceedings.

In establishing a provision in respect of the ACCC matter, management took into account the information currently available, including historical precedents for conduct prior to September 1, 2018. However, there is considerable uncertainty regarding how the Australian Federal Court would calculate the penalties that will be ultimately assessed on us. In particular, the Australian Federal Court determined that we engaged in certain conduct after September 1, 2018 that will result in the applicability of the new penalty regime under the ACL, which significantly increased the maximum penalty applicable to parts of our conduct. No case has yet been decided assessing penalties for contraventions of the ACL under the new regime. As a result, an estimate of the reasonable possible loss or range of loss in excess of the amount reserved cannot be made.

A consolidated class action was filed in the United States District Court for the Southern District of New York against us and other defendants, alleging securities law violations in our IPO registration statement and certain later disclosures. On February 26, 2019, the district court granted the motion to dismiss as to all defendants, without granting plaintiffs leave to further amend the complaint. On December 16, 2019, the United States Court of Appeals for the Second Circuit issued a summary order affirming the dismissal of the action.

The U.K. Competition & Markets Authority, or CMA, announced the launch of a consumer law investigation into online hotel booking sites in the United Kingdom in October 2017. On July 26, 2018, the CMA informed us of its decision to open an investigation into certain of our display practices in the United Kingdom that the CMA considers may violate U.K. consumer law. On January 31, 2019, we submitted voluntary undertakings to the CMA to make changes to certain disclosure and other display practices in the United Kingdom. The undertakings provided for an implementation period of six months and resolved the CMA's investigation into our practices in the United Kingdom without any admission or finding of liability.

15. Related party transactions

Relationships with Expedia

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 three to seven 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. We are also party to a letter agreement pursuant to which Expedia Group refers traffic to us when a particular hotel or region is unavailable on the applicable Expedia Group website. Related-party revenue from Expedia Group of €367.6 million, €331.4 million and €281.8 million for the years ended December 31, 2017, 2018 and 2019, respectively, primarily consists of click-through fees and other advertising services provided to Expedia Group and its subsidiaries. These amounts are recorded at contract value, which we believe is a reasonable reflection of the value of the services provided. Related-party revenue represented 36%, 36% and 34% of our total revenue for each of the years ended December 31, 2017, 2018 and 2019, respectively.

For the years ended December 31, 2017, 2018 and 2019, our operating expenses include €0.5 million, €0.8 million and €0.8 million, respectively, of related-party shared services fees and amounts related to the services and support agreements detailed below. During the year ended December 31, 2017, Expedia Group allocated certain legal, tax, treasury, audit and corporate development costs, including associated

employee compensation costs. These expenses were allocated based on a number of factors including headcount, estimated time spent and operating expenses which trivago considers reasonable estimates. These amounts may have been different had trivago operated as an unaffiliated entity. In 2018 and 2019, no amounts were allocated as trivago started incurring these expenses directly.

The related party trade receivable balances with Expedia Group and its subsidiaries reflected in our consolidated balance sheets as of December 31, 2018 and 2019 were €39.7 million and €30.9 million.

Guarantee

We have an uncommitted credit facility with Bank of America Merrill Lynch International Ltd., one of the underwriters of our initial public offering, with a maximum principal amount of €50.0 million. Advances under this facility bear interest at a rate of LIBOR, floored at zero, plus 1.0% per annum. This facility may be terminated at any time by the lender. Our obligations under this facility are guaranteed by Expedia Group. We did not utilize the credit facility during the years ended December 31, 2018 and 2019.

Services agreement

On May 1, 2013, we entered into an Assets 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. For each of the years ended December 31, 2017, 2018 and 2019, we paid Expedia Group €68 thousand, €59 thousand and €45 thousand, respectively, for these data hosting services.

Services and support agreement

On September 1, 2016, we entered into a Services and Support Agreement, pursuant to which Expedia Group 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. For each of the years ended December 31, 2017, 2018 and 2019, we incurred €0.4 million, €0.7 million and €0.8 million, respectively, for these services and support services.

myhotelshop

Subsequent to the deconsolidation of myhotelshop in December 2017, myhotelshop remains a related party to trivago. Related-party revenue from myhotelshop of €2.3 million and €2.8 million for the years ended December 31, 2018 and 2019, respectively, primarily consists of referral revenue.

16. Segment information

Management has identified three reportable segments, which correspond to our three operating segments: the Americas, Developed Europe and Rest of World. Our Americas segment is comprised of Argentina, Barbados, Brazil, Canada, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Peru, Puerto Rico, the United States and Uruguay. Our Developed Europe segment is comprised of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. Our Rest of World segment is comprised of all other countries, the most significant by revenue of which are Australia, Japan, India, Turkey and Israel.

We determined our operating segments based on how our chief operating decision makers manage our business, make operating decisions and evaluate operating performance. Our primary operating metric is Return on Advertising Spend, or ROAS, for each of our segments, which compares Referral Revenue to Advertising Spend. ROAS includes the allocation of revenue by segment which is 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.

Corporate and Eliminations also includes all corporate functions and expenses except for direct advertising. In addition, we record amortization of intangible assets and any related impairment, share-based compensation expense, restructuring and related reorganization charges, legal reserves, occupancy tax and other taxes, and other items excluded from segment operating performance in Corporate and Eliminations. Such amounts are detailed in our segment reconciliations below.

The following tables present our segment information for the years ended December 31, 2017, 2018 and 2019. As a significant portion of our property and equipment is not allocated to our operating segments and depreciation is not included in our segment measure, we do not report the assets by segment as it would not be meaningful. We do not regularly provide such information to our chief operating decision makers.

Year Ended December 31, 2017					
(€ thousands)	Developed Europe	Americas	Rest of World	Corporate & Eliminations	Total
Referral revenue	€ 424,993	€ 391,667	€ 203,673	€ —	€ 1,020,333
Subscription revenue	—	—	—	11,511	11,511
Other revenue	—	—	—	3,539	3,539
Total revenue	€ 424,993	€ 391,667	€ 203,673	€ 15,050	€ 1,035,383
Advertising spend	324,487	338,072	222,126	—	884,685
ROAS contribution	€ 100,506	€ 53,595	€ (18,453)	€ 15,050	€ 150,698
Costs and expenses:					
Cost of revenue, including related party, excluding amortization					5,930
Other selling and marketing, including related party ⁽¹⁾					62,240
Technology and content, including related party					52,232
General and administrative, including related party					47,444
Amortization of intangible assets					3,220
Operating loss					€ (20,368)
Other income/(expense)					
Interest expense					(44)
Gain on deconsolidation of subsidiaries					2,007
Other, net					592
Total other income/(expense), net					€ 2,555
Loss before income taxes					€ (17,813)
Expense/(benefit) for income taxes					(4,764)
Net loss					€ (13,049)

(1) Represents all other sales and marketing, excluding Advertising Spend, as Advertising Spend is tracked by reporting segment.

Year Ended December 31, 2018

(€ thousands)	Developed Europe	Americas	Rest of World	Corporate & Eliminations	Total
Referral revenue	€ 378,919	€ 315,966	€ 204,937	€ —	€ 899,822
Subscription revenue	—	—	—	13,863	13,863
Other revenue	—	—	—	1,131	1,131
Total revenue	€ 378,919	€ 315,966	€ 204,937	€ 14,994	€ 914,816
Advertising spend	265,004	261,620	205,834	—	732,458
ROAS contribution	€ 113,915	€ 54,346	€ (897)	€ 14,994	€ 182,358
Costs and expenses:					
Cost of revenue, including related party, excluding amortization					5,435
Other selling and marketing, including related party ⁽¹⁾					73,175
Technology and content, including related party					66,904
General and administrative, including related party					54,326
Amortization of intangible assets					1,684
Operating loss					€ (19,166)
Other income/(expense)					
Interest expense					(1,839)
Other, net					539
Total other income/(expense), net					€ (1,300)
Loss before income taxes					€ (20,466)
Expense/(benefit) for income taxes					1,086
Loss before equity method investment					€ (21,552)
Income from equity method investment					63
Net loss					€ (21,489)

(1) Represents all other sales and marketing, excluding Advertising Spend, as Advertising Spend is tracked by reporting segment.

Year Ended December 31, 2019

(€ thousands)	Developed Europe	Americas	Rest of World	Corporate & Eliminations	Total
Referral revenue	€ 347,094	€ 305,061	€ 171,469	€ —	€ 823,624
Subscription revenue	—	—	—	12,152	12,152
Other revenue	—	—	—	2,841	2,841
Total revenue	€ 347,094	€ 305,061	€ 171,469	€ 14,993	€ 838,617
Advertising spend	230,291	233,949	152,465	—	616,705
ROAS contribution	€ 116,803	€ 71,112	€ 19,004	€ 14,993	€ 221,912
Costs and expenses:					
Cost of revenue, including related party, excluding amortization					9,159
Other selling and marketing, including related party ⁽¹⁾					47,450
Technology and content, including related party					69,924
General and administrative, including related party					55,543
Amortization of intangible assets					1,685
Operating income					€ 38,151
Other income/(expense)					
Interest expense					(33)
Other, net					(428)
Total other income/(expense), net					€ (461)
Income before income taxes					€ 37,690
Expense/(benefit) for income taxes					20,982
Income before equity method investment					€ 16,708
Income from equity method investment					453
Net income					€ 17,161

(1) Represents all other sales and marketing, excluding Advertising Spend, as Advertising Spend is tracked by reporting segment.

Geographic information

The following table presents revenue by geographic area for the years ended December 31, 2017, 2018 and 2019. Referral revenue was allocated by country using the same methodology as the allocation of segment revenue, while non-referral revenue was allocated based upon the location of the customer using the service.

(in thousands)	Year ended December 31,		
	2017	2018	2019
Total revenues			
United States	€ 255,501	€ 194,416	€ 192,526
United Kingdom	108,080	95,893	85,284
Germany	85,308	73,143	68,491
Australia	50,623	47,737	36,635
All other countries	535,871	503,627	455,681
	€ 1,035,383	€ 914,816	€ 838,617

The following table presents property and equipment, net for Germany and all other countries, as of December 31, 2018 and 2019:

(€ thousands)	Years ended December 31,	
	2018	2019
Property and equipment, net:		
Germany	€ 159,071	€ 30,681
All other countries	2,930	2,491
	€ 162,001	€ 33,172

17. Valuation and qualifying accounts

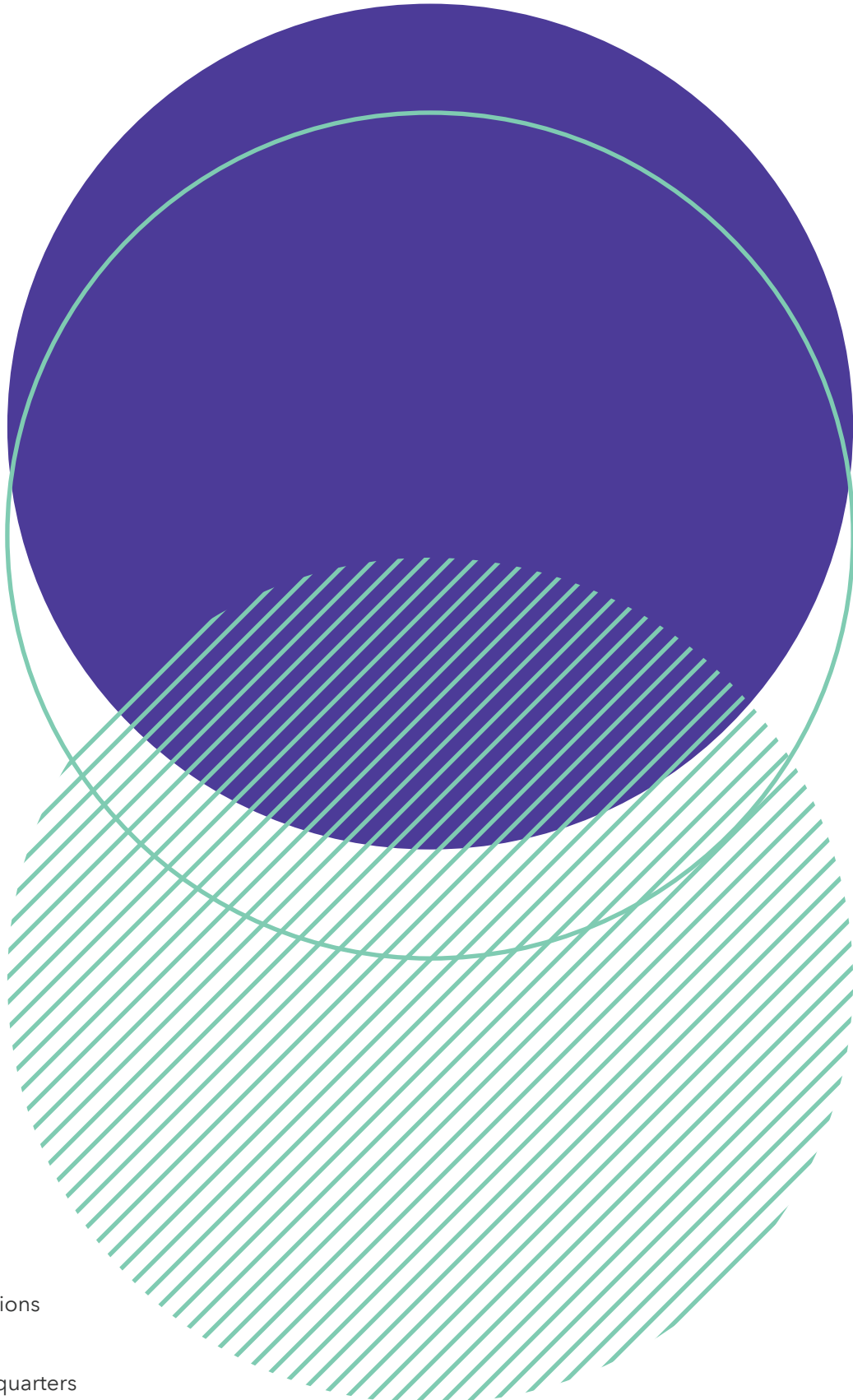
The following table presents the changes in our valuation and qualifying accounts not disclosed elsewhere in these financial statements.

(€ thousands)	Balance at Beginning of Period	Charges to Earnings	Deductions	Balance at End of Period
2017				
Allowance for doubtful accounts	€ 152	€ 2,275	€ (2,196)	€ 231
2018				
Allowance for doubtful accounts	231	580	(561)	250
2019				
Allowance for doubtful accounts	250	754	(930)	74

18. Subsequent events

After the date of the balance sheet through the date of issuance of these consolidated financial statements, 457,579 Class A shares were issued as a result of options exercised and RSUs released.

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