
Egencia Denmark A/S

Meldahlsgade 5, 3., DK-1613 København V

Annual Report for 1 January - 31 December 2018

CVR No 26 52 48 57

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
24/6 2019

Hans-Henrik Piplits Jensen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Egencia Denmark A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 24 June 2019

Executive Board

Hans-Henrik Piplits Jensen

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Henrik Jensen
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Board of Directors

Hemanth Ramaswamy Munipalli
Chairman

DocuSigned by:
Hemanth Munipalli
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Ricardo A. Castillo

DocuSigned by:
Ricardo Castillo
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Hans-Henrik Piplits Jensen

DocuSigned by:
Henrik Jensen
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Independent Auditor's Report

To the Shareholder of Egencia Denmark A/S

Qualified opinion

We have audited the financial statements of Egencia Denmark A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, except for the potential effect of the matter described in the "Basis for qualified opinion" section, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for qualified opinion

We were appointed auditor of the Company on 22 October 2018. In 2017 the Company presented the financial statements based on a new ERP system. In connection with the implementation of the ERP system, difficulties have occurred in the reconciling trade receivables and trade payables, and accordingly, we have not been able to obtain sufficient and appropriate audit evidence about these financial statement items in the opening balance of the financial statements at 1 January 2018. As opening trade receivables and trade payables are included in the determination of net turnover and cost of sales, we have not been able to determine whether adjustments to the profit/loss for the year might have been necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either

Independent Auditor's Report

intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

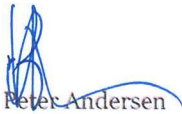
Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Frederiksberg, 24. juni 2019

ERNST & YOUNG Godkendt Revisionspartnerselskab

CVR No 30 70 02 28



Peter Andersen
State Authorised Public Accountant
mne34313

Company Information

The Company

Egencia Denmark A/S
Meldahlsgade 5, 3.
DK-1613 København V
E-mail: denmark@egencia.com
Website: www.egencia.dk

CVR No: 26 52 48 57
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Hemanth Ramaswamy Munipalli, Chairman
Ricardo A. Castillo
Hans-Henrik Piplits Jensen

Executive Board

Hans-Henrik Piplits Jensen

Auditors

ERNST & YOUNG Godkendt Revisionspartnerselskab
Statsautoriseret Revisionsaktieselskab
Osvald Helmuths Vej 4
DK-2000 Frederiksberg

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK	2014 TDKK
Key figures					
Profit/loss					
Gross profit/loss	90.220	89.426	77.992	90.676	91.969
Profit/loss before financial income and expenses	2.314	3.610	4.368	16.376	14.861
Net financials	-480	287	222	-664	-293
Net profit/loss for the year	1.457	3.042	3.587	12.005	11.009
Balance sheet					
Balance sheet total	135.617	164.939	121.706	101.107	73.467
Equity	57.127	55.670	52.628	35.387	41.691
Investment in property, plant and equipment	512	689	7.334	89	208
Number of employees	155	158	148	156	171
Ratios					
Solvency ratio	42,1%	33,8%	43,2%	35,0%	56,7%
Return on equity	2,6%	5,6%	8,2%	31,2%	33,6%

The ratios have been prepared in accordance with definitions under accounting policies.

Management's Review

Key activities

The principal activities of the company is to provide corporate travel management services and support services for Expedia Group.

Development in the year

The income statement of the Company for 2018 shows a profit of TDKK 1,457, and at 31 December 2018 the balance sheet of the Company shows equity of TDKK 57,127.

The Entity is working to optimize procedures to be more efficient. These optimizations have positive influence for the Entity's performance. The Entity has during late 2018 reorganized itself within the Sales organization which is expected will have a positive effect on future performance.

There are overdue trade receivables remaining from change of ERP system back in 2017. These issues of trade receivables and trade payables will be a focus area to solve in 2019.

Targets and expectations for the year ahead

A positive result comparable to 2018 is expected for 2019.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2018 TDKK	2017 TDKK
Gross profit/loss		90.220	89.426
Staff expenses	1	-85.225	-83.019
Depreciation, amortisation and impairment of property, plant and equipment		-2.681	-2.797
Profit/loss before financial income and expenses		2.314	3.610
Financial income		132	672
Financial expenses		-612	-385
Profit/loss before tax		1.834	3.897
Tax on profit/loss for the year	2	-377	-855
Net profit/loss for the year		1.457	3.042

Balance Sheet 31 December

Assets

	Note	2018 TDKK	2017 TDKK
Other fixtures and fittings, tools and equipment		1.576	3.521
Leasehold improvements		895	1.119
Property, plant and equipment	3	2.471	4.640
Deposits		1.499	1.493
Fixed asset investments	4	1.499	1.493
Fixed assets		3.970	6.133
Trade receivables		47.477	34.897
Receivables from group enterprises		16.723	33.330
Other receivables		35.014	46.086
Deferred tax asset	5	490	270
Corporation tax		699	0
Prepayments	6	2.892	3.985
Receivables		103.295	118.568
Cash at bank and in hand		28.352	40.238
Currents assets		131.647	158.806
Assets		135.617	164.939

Balance Sheet 31 December

Liabilities and equity

	Note	2018 TDKK	2017 TDKK
Share capital		5.000	5.000
Retained earnings		52.127	50.670
Equity	7	57.127	55.670
Trade payables		23.190	27.818
Payables to group enterprises		32.006	56.092
Corporation tax		0	89
Payables to group enterprises relating to corporation tax		93	0
Other payables		20.760	18.542
Deferred income	9	2.441	6.728
Short-term debt		78.490	109.269
Debt		78.490	109.269
Liabilities and equity		135.617	164.939
Distribution of profit	8		
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		
Accounting Policies	12		

Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January	5.000	50.670	55.670
Net profit/loss for the year	0	1.457	1.457
Equity at 31 December	5.000	52.127	57.127

Notes to the Financial Statements

	2018 TDKK	2017 TDKK
1 Staff expenses		
Wages and salaries	77.705	76.102
Pensions	5.143	5.245
Other staff expenses	2.377	1.672
	85.225	83.019
Including remuneration to the Executive Board of:		
Executive Board	6.111	0
	6.111	0
Average number of employees	155	158

Remuneration to the Executive Board has not been disclosed for the comparative figures in accordance with section 98 B(3) of the Danish Financial Statements Act.

2 Tax on profit/loss for the year

Current tax for the year	593	1.044
Deferred tax for the year	-220	-189
Adjustment of tax concerning previous years	4	0
	377	855

Notes to the Financial Statements

3 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 January	7.710	1.580
Additions for the year	418	94
Cost at 31 December	<u>8.128</u>	<u>1.674</u>
Impairment losses and depreciation at 1 January	4.189	461
Depreciation for the year	2.363	318
Impairment losses and depreciation at 31 December	<u>6.552</u>	<u>779</u>
Carrying amount at 31 December	<u>1.576</u>	<u>895</u>

4 Fixed asset investments

	Deposits
	TDKK
Cost at 1 January	1.493
Additions for the year	6
Cost at 31 December	<u>1.499</u>
Carrying amount at 31 December	<u>1.499</u>

5 Deferred tax asset

	2018	2017
	TDKK	TDKK
Deferred tax asset at 1 January	270	81
Amounts recognised in the income statement for the year	220	189
Deferred tax asset at 31 December	<u>490</u>	<u>270</u>

6 Prepayments

Prepayments includes prepayments of courses and rent.

Notes to the Financial Statements

7 Equity

The share capital consists of 5,000 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	<u>2018</u> TDKK	<u>2017</u> TDKK
8 Distribution of profit		
Retained earnings	1.457	3.042
	<u>1.457</u>	<u>3.042</u>

9 Deferred income

Deferred income includes giftcards and received deposit.

10 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Rental or lease agreements until maturity in total	1.862	2.393
Suretyship for overdraft facility	25.000	0

Guarantee obligations

Recourse and non-recourse guarantee commitments	2.000	2.000
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Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Lodging Partner Services Denmark ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

11 Related parties

Basis

Controlling interest

Egencia AS, Norge
Expedia Group Inc., USA

Parent Company
Ultimate Parent Company

Transactions

Sales of services to group (commission received from Group), TDKK 21,156,

Purchase of services from group (Purchase from Group), TDKK 128,292

Received management fee, TDKK 11,256

Receivables from group (Balance 31/12 2018), TDKK 16,723

Payables to group (Balance 31/12 2018), TDKK 32,006

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Ultimate Parent Company:

Name

Place of registered office

Expedia Group Inc.

WA 98004, USA

The Group Annual Report of Expedia Group Inc. may be obtained at the following address:

333 108th Avenue NE, Bellevue, Seattle, WA 98004, USA

Notes to the Financial Statements

12 Accounting Policies

The Annual Report of Egencia Denmark A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2018 are presented in TDKK.

Changes in accounting policies

Changes have been made in the financial statements regarding the presentation and classification of items. The changes have not affected the results of operations, equity or balance sheet total.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Expedia Group Inc., the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Income Statement

Revenue

IAS 18 is used as the base for the evaluation of the recognition of revenue.

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is reported on a net basis.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of

Notes to the Financial Statements

12 Accounting Policies (continued)

discounts relating to sales.

Cost of sales

Cost of sales comprises services consumed in the financial year are measured at cost.

Other external expenses

Other external expenses comprise expenses relating to the Entity's ordinary activities , including expenses for premises, stationary and office supplies, marketing costs etc. This item also include writedowns of receivables recognised in current assets.

Gross profit/loss

Gross profit or loss comprises revenue, other operating income and external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses, social security contributions, pension contributions, etc. for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other operating income

Other operating income comprise items of a secondary nature to the main activities of the Company, it primary include includes management fees.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

12 Accounting Policies (continued)

The Company is jointly taxed with Danish group entities. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	3-5	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial years. Prepayments are measured at cost.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Notes to the Financial Statements

12 Accounting Policies (continued)

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years. Deferred income is measured at costs.

Cash

Cash comprises cash in hand and bank deposits, comprising cash pools.

Financial Highlights

Explanation of financial ratios

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$