
Egencia Denmark A/S

Meldahlsgade 5, 3., DK-1613 København V

Annual Report for 1 January - 31 December 2020

CVR No 26 52 48 57

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
16/7 2021

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 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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, 16 July 2021

Executive Board

Hans-Henrik Piplits Jensen
Executive Officer

Board of Directors

Fridah Karimi Mwiti
Chairman

Raul Rivera

Hans-Henrik Piplits Jensen

Independent Auditor's Report

To the Shareholder of Egencia Denmark A/S

Opinion

We have audited the financial statements of Egencia Denmark A/S for the financial year 1 January – 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are 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 of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independent Auditor's Report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 the 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 these 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, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 16 July 2021

EY 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

Fridah Karimi Mwiti, Chairman
Raul Rivera
Hans-Henrik Piplits Jensen

Executive Board

Hans-Henrik Piplits Jensen

Auditors

EY Godkendt revisionspartnerselskab
Dirch Passers Allé 36
DK-2000 Frederiksberg

Financial Highlights

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

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Gross profit/loss	78.717	82.773	90.220	89.426	77.992
Profit/loss before financial income and expenses	2.806	2.093	2.314	3.610	4.368
Net financials	-1.683	1	-480	287	222
Net profit/loss for the year	875	1.584	1.457	3.042	3.587
Balance sheet					
Balance sheet total	227.272	190.296	135.617	164.939	121.706
Equity	59.802	58.789	57.127	55.670	52.628
Investment in property, plant and equipment	1.379	692	512	689	7.334
Number of employees	143	157	162	158	148
Ratios					
Solvency ratio	26,3%	30,9%	42,1%	33,8%	43,2%
Return on equity	1,5%	2,7%	2,6%	5,6%	8,2%

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 2020 shows a profit of TDKK 875, and at 31 December 2020 the balance sheet of the Company shows equity of TDKK 59,802.

The gross profit of the Company decreased by 5% compared to FY 2019 due to the COVID-19 outbreak that caused significant disruption to Egencia Denmark activity in 2020.

The turnover is mostly comprised of revenue generated under a Global Services Agreement between Egencia Denmark and Egencia LLC, which also ensures a local operating profit for the year. Egencia Denmark provides to third-party customers corporate travel support services on behalf of Egencia LLC.

Expedia Group's operations were severely impacted in 2020 due to the COVID-19 pandemic. In addition, prior to the pandemic, Expedia Group began to execute a cost savings initiative aimed at simplifying the organization and increasing efficiency. While Expedia Group's results were negatively impacted in the year, the Group was able to successfully raise additional debt and capital to provide sufficient liquidity for operations. Management of the Company expects to obtain support from the group parent, if required, within the coming year.

Targets and expectations for the year ahead

Overall, the full duration and total impact of COVID-19 remains uncertain and it is difficult to predict how the recovery will unfold for the travel industry and, in particular, Expedia Group's business, going forward, which could have an impact the Company's operations or support available from Expedia Group.

Material events

During 2020, the COVID-19 pandemic has severely restricted the level of economic activity around the world, and is continuing to have an unprecedented effect on the global travel industry. The various government measures implemented to contain the COVID-19 pandemic, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forgo their time outside of their homes, initially led to unprecedented levels of cancellations and continues to have a negative impact on the number of new travel bookings for Expedia Group. While many countries have begun the process of vaccinating their residents against COVID-19, the large scale and challenging logistics of distributing the vaccines, as well as uncertainty over the efficacy of the vaccines against new variants of the virus, may contribute to delays in economic recovery.

Management's Review

Subsequent events

On May 4th 2021, Expedia Group and American Express Global Business Travel (GBT) jointly announced that GBT has made a binding offer to acquire Egencia, Expedia Group's corporate travel arm, which includes Expedia Group's indirect interest in the Company.

The proposed deal is subject to consultation by Expedia Group and Egencia with their applicable employee representatives, as well as customary closing conditions including regulatory approvals.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
Gross profit/loss		78.717	82.773
Staff expenses	4	-74.543	-78.801
Depreciation, amortisation and impairment of property, plant and equipment		<u>-1.368</u>	<u>-1.879</u>
Profit/loss before financial income and expenses		2.806	2.093
Financial income		0	387
Financial expenses		<u>-1.683</u>	<u>-386</u>
Profit/loss before tax		1.123	2.094
Tax on profit/loss for the year	5	<u>-248</u>	<u>-510</u>
Net profit/loss for the year		<u>875</u>	<u>1.584</u>

Balance Sheet 31 December

Assets

	Note	2020 TDKK	2019 TDKK
Other fixtures and fittings, tools and equipment		938	782
Leasehold improvements		299	502
Property, plant and equipment	6	1.237	1.284
Deposits		1.442	1.524
Fixed asset investments	7	1.442	1.524
Fixed assets		2.679	2.808
Trade receivables		91	50.002
Receivables from group enterprises		209.645	94.235
Other receivables		4.180	32.571
Deferred tax asset	8	1.869	1.478
Prepayments	9	745	1.373
Receivables		216.530	179.659
Cash at bank and in hand		8.063	7.829
Currents assets		224.593	187.488
Assets		227.272	190.296

Balance Sheet 31 December

Liabilities and equity

	Note	2020 TDKK	2019 TDKK
Share capital	10	5.000	5.000
Other reserves		216	78
Retained earnings		54.586	53.711
Equity		59.802	58.789
Other payables		0	2.560
Long-term debt	11	0	2.560
Trade payables		6.477	11.295
Payables to group enterprises		126.229	99.487
Payables to group enterprises relating to corporation tax		1.532	893
Other payables	11	32.337	15.122
Deferred income	12	895	2.150
Short-term debt		167.470	128.947
Debt		167.470	131.507
Liabilities and equity		227.272	190.296
Material events	1		
Subsequent events	2		
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Statement of Changes in Equity

	Share capital	Other reserves	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	5.000	78	53.711	58.789
Share based compensation employees	0	138	0	138
Net profit/loss for the year	0	0	875	875
Equity at 31 December	5.000	216	54.586	59.802

Notes to the Financial Statements

1 Material events

During 2020, the COVID-19 pandemic has severely restricted the level of economic activity around the world, and is continuing to have an unprecedented effect on the global travel industry. The various government measures implemented to contain the COVID-19 pandemic, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forgo their time outside of their homes, initially led to unprecedented levels of cancellations and continues to have a negative impact on the number of new travel bookings for Expedia Group. While many countries have begun the process of vaccinating their residents against COVID-19, the large scale and challenging logistics of distributing the vaccines, as well as uncertainty over the efficacy of the vaccines against new variants of the virus, may contribute to delays in economic recovery.

2 Subsequent events

On May 4th 2021, Expedia Group and American Express Global Business Travel (GBT) jointly announced that GBT has made a binding offer to acquire Egencia, Expedia Group's corporate travel arm, which includes Expedia Group's indirect interest in the Company.

The proposed deal is subject to consultation by Expedia Group and Egencia with their applicable employee representatives, as well as customary closing conditions including regulatory approvals.

3 Other operating income

	2020 TDKK	2019 TDKK
Government support/aid regarding salary compensation	2.420	0
	2.420	0

4 Staff expenses

Wages and salaries	66.851	70.490
Pensions	5.594	5.306
Other staff expenses	2.098	3.005
	74.543	78.801
Average number of employees	143	157

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

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
5 Tax on profit/loss for the year		
Current tax for the year	639	338
Deferred tax for the year	-391	125
Adjustment of tax concerning previous years	0	31
Adjustment of deferred tax concerning previous years	0	16
	248	510

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK	Total TDKK
Cost at 1 January	8.775	1.492	10.267
Additions for the year	938	441	1.379
Disposals for the year	-5.297	-417	-5.714
Cost at 31 December	4.416	1.516	5.932
Impairment losses and depreciation at 1 January	7.993	990	8.983
Depreciation for the year	779	589	1.368
Reversal of impairment and depreciation of sold assets	-5.294	-362	-5.656
Impairment losses and depreciation at 31 December	3.478	1.217	4.695
Carrying amount at 31 December	938	299	1.237

7 Fixed asset investments

	Deposits TDKK
Cost at 1 January	1.524
Additions for the year	16
Disposals for the year	-98
Cost at 31 December	1.442
Carrying amount at 31 December	1.442

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
8 Deferred tax asset		
Deferred tax asset at 1 January	1.478	490
Amounts recognised in the income statement for the year	391	-125
Adjustments concerning previous years	0	1.113
Deferred tax asset at 31 December	1.869	1.478

The deferred tax asset at 31 December is made up of various timing differences. This includes the timing difference between depreciation and tax deductions of equipment & leasehold improvements, and a temporary difference for a provision for bad debts. These differences have been reconciled at a deferred tax rate of 22% and are expected to unwind in future periods.

9 Prepayments

Prepayments includes prepayments of rent.

10 Equity

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

11 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables

Between 1 and 5 years	0	2.560
Long-term part	0	2.560
Other short-term payables	32.337	15.122
	32.337	17.682

Notes to the Financial Statements

12 Deferred income

Deferred income includes received deposit.

	<u>2020</u> TDKK	<u>2019</u> TDKK
13 Distribution of profit		
Retained earnings	875	1.584
	<u>875</u>	<u>1.584</u>

14 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Rental or lease agreements until maturity in total	1.536	1.600
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Guarantee obligations

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

Suretyship for overdraft facility TDKK 25,000 (2019: TDKK 25,000).

The Danish 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 Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

15 Related parties

	<u>Basis</u>
Controlling interest	
Egencia AS, Norge	Parent Company
Expedia Group, Inc.,	Ultimate Parent Company

Transactions

Revenue for allocation of suppliers' incentives, TDKK 16,529 (TDKK 23,756 in FY19).

Revenue for global services and collection activities, TDKK 87,862 (TDKK 2,977 in FY19).

Receivables from group, TDKK 209,645 (TDKK 94,235 in FY19).

Payables to group, TDKK 126,229 (TDKK 99,487 in FY19).

Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
Expedia Group, Inc.	WA 98119, USA

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

1111 Expedia Group Way West, Seattle WA 98119, USA

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of Egencia Denmark A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

A reclassification have been made to the comparable figures regarding classification of the company's participation in the group cashpool arrangement. Cash has decrease with MDKK 87,9 for 2019 and Receivables from group enterprises has increased with MDKK 87,9 for 2019.

The Financial Statements for 2020 are presented in TDKK.

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.

Translation of foreign currencies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt

Notes to the Financial Statements

16 Accounting Policies (continued)

arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenue is recognised on an accrual basis as Egencia Denmark's performs corporate travel support services and other support services. Revenue is recognised when the support is delivered. Corporate travel support services are presented on a net basis and other support services are presented on a gross basis. Revenue is measured at the fair value of the agreed considerations excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of tangible assets and received government aid packages.

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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 on-account 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.

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.

Fixed asset investments

Fixed asset investments consist of deposits.

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

Equity

At the presentation of the annual report for 2020, the company has elected to apply the rules according to IFRS 2 in the recognition of share options to the company's employees. In accordance with the rules this is recognised as other adjustments to equity.

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.

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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