



Kiwi.com s.r.o.

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022
in accordance with the
International Financial Reporting Standards
as endorsed by the European Union



Message from the CEO

It was a slow start to the year due to the tail end impacts of the Covid-19 Omicron variant, but by February, free from restrictions, our customers looked to make up for lost travel time and brought us an all-time record daily booking count in April of over 80,000 seats booked in a single day. This surge in travel demand did not however change our strategic priorities or divert our attention from our goals; to improve the experience for our customers, to invest in our technology, in our people, and in our brand. Our new brand identity was revealed in the final quarter of the year; with initial marketing investment focused on Central Europe where we started to see the benefits of this direct to consumer approach with 70% of those customers now purchasing from us directly.

The year also brought new and extended partnerships. Examples include the expansion of our partnership with AirAsia, and in the U.S. our partnership with Spirit Airlines increased our reach across the Americas complementing our strength in the European market. As well as partnerships with International Student Identity Card ("ISIC") and Visa, 2022 saw Marseille Provence added to our list of airport partners, improving the self-connect experience at the airport through access to fast track priority lanes and discounts on shopping, eating and other services whilst in transit.

With record gross bookings of over €2 billion 2022 was a year to invest in ourselves - in who we are, our customers and our people.

Oliver Dlouhý



Co-founder and Chief Executive Officer



About Kiwi.com

Kiwi.com is a leading global travel tech company headquartered in the Czech Republic, employing over 1,100 people worldwide. Kiwi.com's innovative algorithm enables users to find better route options and prices other search engines can't see, continuously performing real time price checks across global flight content. 100 million searches are carried out every day on Kiwi.com's website and partner channels and on average over 70,000 seats are sold daily.

We refer to our company and all our subsidiaries collectively as "Kiwi.com", the "Group", "we", "our" or "us". Kiwi.com s.r.o. is hereinafter referred to as the "Company".

Who we are

Our vision is to be the global app that makes air travel easier. At Kiwi.com we strive to simplify air travel and remove any frustration or anxiety travellers have as it relates to air travel by building innovative products that put travellers first.

History of Kiwi.com

Kiwi.com was founded in 2012. The Company developed a unique algorithm to combine flights of not only cooperating airlines but also airlines that don't have commercial partnership agreements with one another. As a result of this process known as Virtual Interlining, Kiwi.com had the ability to interline airlines across the globe into a single itinerary.

Rapid expansion continued through 2017 and a significant increase in flight combination options thanks to the creation of a new data product with a leading travel technology company, Amadeus. 2018 saw the launch of a multi-city travel search tool, a B2B platform for partners and the incorporation of ground transportation into its search technology.

In July 2019, global growth equity investor, General Atlantic, invested in the Group becoming a major shareholder and providing Kiwi.com with strategic and capital support for further growth.

Management commentary and going concern assessment

The global travel and aviation industries saw a recovery in 2022, overcoming the worst of the COVID-19 pandemic, but also the negative impacts of the war in Ukraine and significant increases in inflation.

The trading environment improved dramatically throughout the first half of 2022 with demand for flights initially weak due to the travel restrictions caused by the Omicron variant of COVID-19 and also the Russian invasion of Ukraine. However, the Company experienced a significant increase in bookings throughout the year as COVID-19 travel restrictions were eased and more people started to fly again. The Ukrainian and Russian markets have historically represented approximately 6.5% of the Group's revenue.

Gross Bookings (a non-IFRS measure described in Note 4 below) were €2,061 million for the year ended 31 December 2022 which was €1,402 million higher than the previous year, representing an increase of 213%. Revenue for the year ended 31 December 2022 was €244 million, an increase of €135 million, or 124%, compared to the prior year.

Management believes that the positive impact of the continued recovery in air travel underpinned by disciplined cost management will enable the Group to return to a positive equity position over time. Management estimates that the Group will start generating statutory profits from 2024.

In June 2022, the Group successfully placed €100 million in convertible bonds with a global institutional investor (see Note 18). The funds are available for general corporate purposes, including investing in developing the Company's product and brand and funding higher working capital balances as the business grows.

The Company's liquidity is also supported through financing commitments from lenders as well as shareholders' support. As of 31 December 2022, the Group reported €7 million outstanding under the €20 million bank loan facility (see Note 18), with €13 million of revolving credit available under this bank loan facility. In addition, the Group also has available a €16.7 million committed convertible loan facility from its two principal shareholders, the Group has not drawn down on this facility as of 31 December 2022 (see Note 27).

The Group reviewed its intangible assets for potential impairment as the course of normal business and determined that no impairment had been identified as of 31 December 2022 (see Note 16).

The International Air Transport Association ("IATA") is predicting a full recovery of the air travel industry from the impact of the Covid pandemic by 2024. The Group has already exceeded its 2019 monthly booking levels and has successfully gained market share during the pandemic through continued investment in its distinctive content, brand marketing and product development. Kiwi.com management believes that the combination of a return to profitability at pre-tax profit levels, available cash balances and committed financing in place provides the company with a sufficient liquidity position on a sustainable basis. Management has therefore concluded that there is no material uncertainty that the Group would not be able to continue in its activities. Therefore, these consolidated financial statements were prepared on a going-concern basis.

Business model

As part of the travel industry, Kiwi.com cooperates with content partners including airlines, airports, global distribution network partners, and providers of ancillary products. Kiwi.com's distribution partners include metasearch websites, online travel agencies, and other channels of distribution.

Kiwi.com generates revenue principally from mediation services regarding air tickets which are purchased and combined on behalf of customers from different airline carriers based on the customers' needs and the ability to offer unique itineraries that cannot be found elsewhere. Revenue is also generated through the provision of travel-related ancillary and support services, commissions, incentives and similar fees for services rendered by the Group.

Kiwi.com's key competitive advantages include the method of acquiring and using data to create unique itineraries and offer customers a broad suite of ancillary products. Kiwi.com intends to continue to improve the competitiveness of its content, continue to extend its suite of ancillary products and seek to attract customers directly to Kiwi.com. In 2022, the volume of bookings made by customers that came directly to Kiwi.com increased by 214% compared to the previous year's results.

Outlook for 2023

Kiwi.com has experienced a very encouraging start to 2023 with first quarter bookings of 2.2 million, 103% higher than the same period in 2022 as the recovery in air travel post the COVID pandemic continues.

The International Air Transport Association is predicting 19% growth in air travel for 2023 with a full recovery from the impact of the Covid pandemic anticipated by 2024. This recovery in air travel combined with our continued investment in product innovation and customer experience enabled Kiwi.com to grow bookings by 150% to 6.7 million in 2022 compared to an overall market growth of 64%. We will be stepping up these investments in 2023 and anticipate that we will be able to continue outpacing market growth and take further market share. Based on current booking trends and the current market backdrop Kiwi.com is forecasting 2023 bookings of between 8 million and 9 million which equates to around 25 million airline seats being sold by Kiwi.com in 2023. This forecast is heavily dependent on the continued post COVID-19 recovery of air travel which could be negatively impacted by many factors including, but not restricted to, new COVID-19 variants, macroeconomic conditions and further escalation in the war in Ukraine.

Other information for disclosure

Labour relations are governed by Czech legislation. The Company is in compliance with the respective environment protection legal regulations.

The Group has acquired treasury shares and discloses them as a separate category within the Consolidated statement of changes in equity.

The Company discloses no information under special legislation.

Research and development

Kiwi.com runs its own desktop and mobile development department and it also purchases development projects from business partners.

Subsequent events

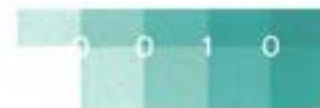
Apart from the events described in the Notes to the Consolidated financial statements, no other significant events occurred after the balance sheet date.



Oliver Dlouhy
statutory representative



Juraj Strieženec
statutory representative



Kiwi.com s.r.o.

Consolidated Financial Statements

in accordance with the International Financial Reporting Standards as endorsed by the European Union

31 December 2022



Consolidated statement of comprehensive loss for the years ended 31 December 2022 and 2021

	Note	<u>2022</u>	<u>2021</u>
		€000	€000
Gross bookings ¹	4	2,060,466	658,774
Revenue	4	243,353	109,150
Processing costs	7	(66,153)	(23,685)
Marketing costs	8	(58,791)	(20,020)
Operating expenses	9	(59,154)	(33,101)
Personnel expenses	10	(51,581)	(29,539)
Depreciation and amortization	14,15,25	(16,435)	(19,149)
Operating loss		(8,761)	(16,344)
Finance expense	11	(8,862)	(2,306)
Foreign exchange gains/(losses)	12	(5,086)	227
Loss before income tax		(22,709)	(18,423)
Income tax benefit	13	3,247	5,832
Net loss for the year		(19,462)	(12,591)
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Exchange differences on translation of foreign operations		17	29
Other comprehensive income for the year, net of tax		17	29
Total comprehensive loss for the year, net of tax		(19,445)	(12,562)
Attributable to:			
Equity holders of the parent		(19,445)	(12,562)
		<u>(19,445)</u>	<u>(12,562)</u>

¹ Gross Bookings is a non-IFRS measure. See Note 4 for a more detailed explanation.

Consolidated statement of financial position as at 31 December 2022 and 2021

	Note	<u>2022</u>	<u>2021</u>
		€000	€000
ASSETS			
Non-current assets			
Property and equipment	14	596	557
Right-of-use assets	25	16,234	15,274
Intangible assets	15	17,047	16,253
Goodwill	16	569	552
Non-current financial assets	18	4	3,016
Deferred tax assets	13	8,006	4,110
Other non-current assets		1,755	1,293
		<u>44,211</u>	<u>41,055</u>
Current assets			
Cash and cash equivalents	20	74,234	19,318
Trade receivables and other assets	19	57,520	23,276
Current income tax assets		308	97
Current financial assets	18	191	186
		<u>132,253</u>	<u>42,877</u>
Total assets		<u>176,464</u>	<u>83,932</u>
LIABILITIES AND EQUITY			
Non-current liabilities			
Convertible bonds	18	63,131	-
Non-current financial liabilities	18	-	16,092
Non-current lease liabilities	25	13,041	12,753
Non-current embedded derivatives	18	38,920	-
Share-based payment liability		395	-
		<u>115,487</u>	<u>28,845</u>
Current liabilities			
Trade payables and other liabilities	24	88,057	59,244
Current financial liabilities	18	6,936	12,077
Current lease liabilities	25	2,963	1,939
Current provisions	22	5,751	6,247
Current income taxes payable		707	81
		<u>104,414</u>	<u>79,588</u>
Total liabilities		<u>219,901</u>	<u>108,433</u>
Equity			
Share capital	21	4,864	4,857
Treasury shares	21	(679)	(1,181)
Other capital funds		6,303	6,303
Translation reserves		12	(5)
Accumulated deficit		(53,937)	(34,475)
Total equity		<u>(43,437)</u>	<u>(24,501)</u>
Total liabilities and equity		<u>176,464</u>	<u>83,932</u>

Consolidated statement of changes in equity for the years ended 31 December 2022 and 2021

	Attributable to the equity holders of the parent					
	Issued capital €000	Treasury shares €000	Other capital funds €000	Retained earnings €000	Foreign currency translation reserve €000	Total €000
As at 1 January 2021	4,857	-	5,434	(21,884)	(34)	(11,627)
Loss for the year	-	-	-	(12,591)	-	(12,591)
Other comprehensive income	-	-	-	-	29	29
Total comprehensive income / (loss)	-	-	-	(12,591)	29	(12,562)
Treasury shares acquired	-	(1,181)	-	-	-	(1,181)
Share based payment	-	-	869	-	-	869
As at 31 December 2021	4,857	(1,181)	6,303	(34,475)	(5)	(24,501)
Loss for the year	-	-	-	(19,462)	-	(19,462)
Other comprehensive income	-	-	-	-	17	17
Total comprehensive income / (loss)	-	-	-	(19,462)	17	(19,445)
Issue of share capital	7	-	-	-	-	7
Treasury shares acquired	-	(353)	-	-	-	(353)
Treasury shares reissued	-	855	-	-	-	855
As at 31 December 2022	4,864	(679)	6,303	(53,937)	12	(43,437)





Consolidated statement of cash flows for the years ended 31 December 2022 and 2021

	Note	2022	2021
		€000	€000
OPERATING ACTIVITIES			
Loss before income tax		(22,709)	(18,423)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation and impairment of property and equipment, including right-of-use assets	14	2,620	3,655
Amortisation and impairment of intangible assets	15	13,815	15,682
Net foreign exchange differences		(111)	-
Finance income	11	(697)	(35)
Finance costs	11	7,985	1,936
Net loss on derivative instruments at fair value through profit or loss		1,050	-
Share of profit of an associate		-	54
Share-based payment expense	26	1,466	434
Movements in provisions	22	(496)	1,761
Other non-cash movements		499	(33)
Working capital adjustments:			
Increase in trade and other receivables		(34,641)	(6,758)
Increase in trade and other payables		25,703	9,895
Interest received		655	8
Interest paid		(1,872)	(1,000)
Income tax paid		(217)	(320)
Net cash flows from / (used in) operating activities		(6,950)	6,856
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	14	(189)	(22)
Development expenditures	15	(14,391)	(10,226)
Purchase of financial instruments		-	(136)
Proceeds from sale of financial instruments		1,701	-
Decrease/(increase) in loans receivable		(536)	66
Net cash flows used in investing activities		(13,415)	(10,318)
FINANCING ACTIVITIES			
Proceeds from borrowings	18.5	113,000	20,066
Repayment of borrowings	18.5	(35,000)	(11,109)
Payment of lease liabilities	18.5	(2,598)	(4,023)
Issue of share capital / (treasury shares acquired)	21	(41)	536
Net cash flows from financing activities		75,361	5,470
Net increase in cash and cash equivalents		54,996	2,008
Net foreign exchange difference		(80)	67
Cash and cash equivalents at 1 January		19,318	17,243
Cash and cash equivalents at 31 December		74,234	19,318

Notes to the consolidated financial statements

1. Corporate information

Kiwi.com s.r.o. (the Company) is a limited liability company incorporated and domiciled in the Czech Republic. The registered office is located at Lazaretní 925/9, 615 00 Brno, Czech Republic. Kiwi.com s.r.o. and its subsidiaries (collectively, the Group) is principally engaged in facilitating the sale of air tickets and related services. Information on the Group's structure, including details of the subsidiaries and shareholders, is presented in Note 5.

The consolidated financial statements of the Group for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 27 April 2023.

Members of the Board of Directors as at 31 December 2022 were as follows:

Oliver Dlouhý
Juraj Strieženec
Tanzeen Mohammad Syed
Jessie Cai
Daniel Finnegan

2. Significant accounting policies

2.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The consolidated financial statements have been prepared on a historical cost basis, except when IFRS requires another measurement basis as disclosed in the accounting policies below. The consolidated financial statements are presented in Euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern, for more details refer to Note 30.

2.2. Basis of consolidation

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

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to the elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial

statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.3. Summary of significant accounting policies

a) *Business combinations and goodwill*

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in Operating expenses.

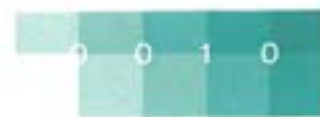
When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to the CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed of operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed-of operation and the portion of the CGU retained.



b) Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After the application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate at each reporting date.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

c) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in the normal operating cycle,
- Held primarily for the purpose of trading,
- To be settled within twelve months after the reporting period or
- When there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each balance sheet date.



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

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

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

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

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

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

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

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

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

The Group's management determines the policies and procedures for both recurring fair value measurements, such as unquoted financial assets, and for non-recurring measurements, such as assets held for sale in discontinued operations. The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- Disclosures for significant estimates and assumptions Note 3
- Quantitative disclosures of fair value measurement hierarchy Note 17
- Financial instruments (including those carried at amortised cost) Note 18.4

e) *Revenue from contracts with customers*

The Group recognises revenue when (i) there is evidence of a contractual relationship in respect of services provided, (ii) the separate performance obligations in the contract are identified, (iii) the transaction price is determinable and collectability is reasonably assured, (iv) the transaction price is allocated to the separate performance obligation, and (v) the services are provided to the customer (performance obligation satisfied). The Group has evidence of a contractual relationship when the customer has acknowledged and accepted the Group's terms and conditions that describe the service rendered as well as the related payment terms. The Group considers revenue to be determinable when the product or service has been delivered or rendered in accordance with said agreement. Revenue is recognised at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the ordinary course of business net of VAT and similar taxes.

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

The disclosures of significant accounting judgments, estimates, and assumptions relating to revenue from contracts with customers are summarised in Note 3.

The Group's revenue is principally generated by i) air tickets mediation services and provision of additional travel-related services, and ii) commissions, incentives, and similar fees for services rendered by the Group. The revenue from these services is generally recognised at the time of booking, with the exception of incentives that are based on the achievement of certain sales targets during a certain period, which are accrued when it is highly probable that the agreed targets will be met and the amount to be received is quantifiable.

i. Sale of air tickets and additional travel-related services

The principal revenue stream is represented by mediation services regarding air tickets, which are purchased and combined on behalf of customers from various airline carriers based on the end customer needs. The Group acts as an agent in the mediation services and the revenue is reported net, (i.e. the revenue represents the fee charged to the customers for the mediation service net of the cost of the air tickets paid by the Company). This revenue is recognised at the time of booking the air tickets on behalf of the customer.

The Group may arrange for the customer additional travel-related services provided by carriers or third parties for an additional fee. The Group acts as an agent in providing these services and recognises the net revenue at the time of arranging the service for the customer.

ii. Commissions, incentives, and similar fees

Commissions, incentives, and similar fees are represented by revenue from various business partners such as global distribution network partners, virtual credit card providers, or a partner securing flight insurance. The Group uses the Global Distribution System (GDS) services to handle the booking of certain

travel services for its end customers. In exchange for the promotion and distribution of the GDSs, the Group earns revenue in the form of an incentive payment for each eligible booking processed.

Warranty obligations

If the customer's booking is affected by a flight change, delay or cancellation, the Group may offer the customer assistance to ensure that the passenger either gets to their final destination or is provided with compensation. Customers can also purchase extended guarantee services. Revenues earned from paid extended guarantee services are deferred until the departure date in line with IFRS 15 Revenue from Contracts with Customers. In certain scenarios, the Group provides assurance-type warranties even without an extended guarantee being purchased. Assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section s) Provisions.

Variable consideration and refunds

The Company provides for potential future refunds based on the variable consideration of a ticket purchased that the customer is entitled to receive back (i.e. the price paid by the customer less any amounts that the customer is not entitled to be refunded). The Group recognises a refund liability for any expected future refunds. The conditions and amounts of refunds the customers are eligible for depend on the type of service (fare) the customer purchased. The Group updates its estimate of refund liabilities (and the corresponding change in Revenue) at the end of each reporting period (see Note 3).

Financing components

The vast majority of sales transactions are made by customer debit or credit cards. As the payment of the consideration from the customer by a card is authorised at the time the revenue is recognised the Group concluded, there is no significant financing component related to revenue.

Contract balances

The timing of revenue recognition, invoicing, and cash collections result in receivables (the Group's right to an amount of consideration that is unconditional), accrued income (contract assets), and deferred revenues (contract liabilities).

Cost to obtain a contract

The Group pays fees for processing payments, pre-booking fees for metasearch services, and other similar expenses that are incremental and directly related to obtaining contracts with customers. The Group has elected to apply the optional practical expedient for incremental costs to obtain a contract, which allows the Group to immediately expense these fees (included under Processing and Marketing costs) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

f) Government grants

Government grants are recognised where there is reasonable assurance that a grant will be received, and all attached conditions will be complied with. When a grant relates to an expense item, it is reported as a deduction from the relevant expenses. When a grant relates to an asset, it reduces the carrying amount of an asset. A grant is recognised in profit or loss over the expected useful life of the relevant asset by way of a reduced depreciation charge (see Note 23).

g) Taxes

Current income tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets generated by tax losses carried forward and tax credits carried forward are only recognised to the extent that it is probable that these tax losses and tax credits will be offset against taxable profits to reduce income tax due taking into account local limitations regarding the utilisation of the tax losses and tax credits.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be offset. No deferred tax assets and liabilities are recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

h) Foreign currencies

The Group's consolidated financial statements are presented in euros ('EUR'), which is also the parent company's functional currency. For each entity, the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates applicable at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates applicable at the date when the fair value is determined.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into EUR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recycled from equity into the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

i) Foreign exchange gains or losses

Foreign exchange gains or losses comprise both realised and unrealised foreign exchange differences as well as the outcome of the operations with foreign exchange derivatives not designated as hedging instruments.

j) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings – technical improvement of leased assets	duration of the lease contract
IT equipment	2 – 3 years
Furniture and fixtures	5 years
Other assets	2 years

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

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

k) Leases

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

The Group as a lessee

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

Lease liabilities

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and the amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Non-current lease liabilities and Current lease liabilities in the consolidated statement of financial position (see Note 25).

Right-of-use assets

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying asset. If the ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, the related right-of-use asset is depreciated over the estimated useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its leases of office and IT equipment that have a term of 12 months or less. It also applies the lease of low-value assets recognition exemption

to leases with total lease liability lower than €4,000. For these leases, the Group recognises the lease payments as an expense on a straight-line basis over the term of the lease term.

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in Revenue in the consolidated statement of profit or loss due to its operating nature.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

m) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised software development costs, are not capitalised and the related cost is reflected in the statement of profit or loss in the period in which the cost is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life are considered to modify the amortisation period, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in Depreciation and amortisation.

The expected useful lives of intangible assets are generally as follows:

Software	2 – 3 years
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An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset is included in the statement of profit or loss.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as intangible assets when the Group can demonstrate:

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. The amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future economic benefits. Amortisation is recorded in Depreciation and amortisation. During the period of development, the asset is tested for impairment annually.

n) *Financial instruments*

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

i) **Financial assets**

Initial recognition and measurement

For purposes of subsequent measurement, financial assets are at initial recognition classified in the following categories:

- *Financial assets at amortised cost,*
- *Financial assets at fair value through other comprehensive income (OCI),*
- *Financial assets designated at fair value through OCI or*
- *Financial assets at fair value through profit or loss.*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. A financial asset that is not classified as Financial asset at fair value through profit or loss is initially measured at its fair value plus transaction costs, with the exception of trade receivables defined below. A financial asset classified as Financial asset at fair value through profit or loss is initially measured at its fair value. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at amortised cost

This category, which includes trade receivables and other receivables, is the most relevant to the Group. The Group measures *financial assets at amortised cost* if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the Effective Interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

Financial assets at fair value through OCI (debt instruments)

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

The Group classifies *financial assets at fair value through OCI* provided that the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and the contractual terms of the financial asset 'give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding ("SPPI criterion").

The Group did not report any *financial assets at fair value through OCI* as at 31 December 2022 and 2021.

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

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

The Group did not report any *financial assets designated at fair value through OCI* as at 31 December 2022 and 2021.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes non-listed equity investments that are described in Note 18.

Derecognition

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

Impairment of financial assets

The Group recognises an allowance through the statement of profit or loss for Expected Credit Losses ("ECLs") for all debt instruments not held at fair value. ECLs are calculated based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The Group records a provision for estimated unrecoverable trade receivables. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. The Group recognises a charge for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss). The Group reviews the ageing of outstanding trade receivables and a provision matrix by type of customer that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtor and the economic environment.

In certain cases, the Group may consider a financial asset to be impaired when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

For purposes of subsequent measurement, financial liabilities are at initial recognition classified in the following categories:

- *Financial liabilities at fair value through profit or loss,*
- *Financial liabilities at amortised cost (loans and borrowings).*

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

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, issued bonds, lease liabilities, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing *loans and borrowings* are subsequently carried at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as Interest income and expense in the statement of profit or loss.

Derecognition

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

iii) Embedded derivatives

An entity shall assess whether an embedded derivative is required to be separated from the host contract when the entity first becomes a party to the contract. A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Subsequent reassessment only

occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Separated embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss as Finance expense.

iv) Offsetting of financial instruments

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

o) Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts to reduce the risks associated with changes in foreign currency exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The Company has decided not to apply hedge accounting for its financial derivatives.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

p) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Goodwill is tested for impairment annually as of 31 December and when circumstances indicate that the carrying value may be impaired.

q) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and for the purpose of the consolidated statement of cash flows comprise cash at banks and on hand.

r) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

s) Provisions

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

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

Warranty provisions

The Group provides commercial warranties to its end customers. Provisions relating to these assurance-type warranties are recognised when the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised at least annually. See also Note 2.3e).

Refunds

The Group recognises a refund liability for expected future refunds (see Note 2.3e) and reports this under Current provisions. The Group updates its estimate of refund liabilities at least at the end of each reporting period.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

t) Employee benefits

Group companies make contributions to statutory social insurance plans on behalf of their employees in line with the legal requirements of the respective countries. The arrangements of these statutory social insurance plans qualify as defined contribution plans. The expense for the contributions is charged to the statement of profit and loss in the same period as the related salary expense.

The Group does not operate any other pension plan or post-retirement benefit plan and thus has no legal or constructive obligation in this respect.

u) Share-based payments

Share-based payments refer to the transactions that entitle another party (including an employee) to receive equity instruments of the entity or cash in the amount that is based on the price of the entity's equity instruments as a consideration for the goods or services provided.

The Group has share-based long-term incentive programmes designed to reward certain employees for growth in the value of the Company. Eligible employees of the Group are entitled to a future cash payment that is dependent on a minimum increase of the fair market value of the Group over the specific period and defined sale or initial public offering ("IPO") of the Company (cash-settled transactions). The senior executives of the Group received consideration for their services provided to the Group in the form of equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 26.

That cost is recognised in Personnel expenses (Note 10), together with a corresponding increase in equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (i.e. the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

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

No expense is recognised for awards that do not ultimately vest because non-market performance conditions and/or service conditions have not been met. Market and non-vesting conditions are not taken into account when estimating the number of instruments expected to vest. For awards that include a market or non-vesting condition, an expense is recognised as all other vesting conditions are satisfied, irrespective of whether the market or non-vesting condition is eventually met.

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in Personnel expenses (see Note 10). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial option pricing model. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

Commitment warrant

In December 2020, the Group negotiated a financing facility with its two principal shareholders and as part of the transaction, the Group granted them its equity instruments as a consideration for their commitment to provide the financing facility (see Note 26). The cost of this equity-settled transaction was determined by the fair value of the equity instrument granted at the grant date. The cost is recognised over the term of the commitment and included in Financial income and expense, net in the consolidated statement of profit and loss.

2.4. Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. None of these standards and amendments has a significant impact on the consolidated financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The amendments specify that the costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments had no impact on the Group.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies if incurred separately. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments during the year ended 31 December 2022.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment states that an entity recognises the proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management, and the costs of producing those items, in profit or loss. These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

These amendments had no impact on the consolidated financial statements of the Group as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period other than the amendment to the loan agreement described in Note 18 which does not result in any modification to the expected cash flows.

IAS 41 Agriculture – Taxation in fair value measurements

These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in the scope of IAS 41 as of the reporting date.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts ("IFRS 17"), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts ("IFRS 4") that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Definition of Accounting Estimates - Amendments to IAS 8

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

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

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

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory

guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

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

In May 2021, the Board issued amendments to IAS 12, which narrows the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group is currently assessing the impact of the amendments.

3. Significant accounting judgements, estimates, and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- | | |
|--|-----------|
| • Capital management | Note 18.6 |
| • Financial instruments risk management and policies | Note 18.4 |
| • Sensitivity analyses disclosures | Note 18.4 |

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Parent company's functional currency

The management has considered all the relevant factors and the guidance provided by IAS 21 *The Effects of Changes in Foreign Exchange Rates* in determining Kiwi.com s.r.o.'s functional currency (i.e. the currency of the primary economic environment in which the entity operates). These included:

- Sales of Kiwi.com s.r.o. are denominated in a number of currencies, there is no single currency representing the majority of the sales. The euro and US dollar represent the largest share of the sales and cash flows.
- The majority of costs are denominated and settled in euros.
- Financing is principally denominated in euros.
- Cash generated from operating activities is mostly retained in euros.

Based on these factors the management has concluded that the euro is the functional currency of Kiwi.com s.r.o.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

Offices sub-lease classification – Group as lessor

The Group has entered into a sub-lease agreement on some of its offices as an intermediate lessor. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the asset and the present value of the minimum lease payments not amounting to substantially all of the fair value of the asset, that it retains substantially all the risks and rewards incidental to ownership of this asset and accounts for the contract as an operating lease.

Consolidation of the entity in which the Group holds less than a majority of voting rights

The Group considers that it controls Kiwi.com Warehouse s.r.o. even though the Group does not own an equity interest in it. The Group analysed its relationship with Kiwi.com Warehouse s.r.o. whose purpose of establishing was to acquire and hold the unallocated special shares of Kiwi.com s.r.o. until they are allocated to the managers of the Group (refer to the share-based payment transactions disclosed in Note 26). The analysis noted that Kiwi.com s.r.o. has the ability to direct the relevant activities of Kiwi.com Warehouse s.r.o. and is exposed to the risks associated with these activities. Therefore, the Group concluded that it controls Kiwi.com Warehouse s.r.o. starting 1 January 2021.

Classification of convertible bonds

The Group has issued convertible bonds that can be converted into ordinary shares of Kiwi.com s.r.o. or its successor. Upon conversion, the instrument would be settled by exchanging outstanding principal for the Group's equity instruments, the number of which depends on their future market price and the timing of the conversion. The management evaluated the terms of the instrument to determine whether it contained both a liability and an equity component. The management concluded that the conversion right does not meet the fixed-for-fixed condition required by the IAS 32 definition of an equity instrument since the equity interest that a bondholder would receive on conversion may vary. Instead, the conversion right, as well as the early redemption option of the issuer, were determined to be embedded derivatives that are required to be separated for reporting purposes.

Estimates and assumptions

The Group has based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing assumptions and estimates about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions if and when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and market volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Notes 17 and 18.3 for further disclosures.

Estimating variable consideration for returns

The Group recognises a refund liability for expected future refunds. The refund liability is estimated based on historical refund data. The Group updates its assessment of expected refunds at the end of each reporting period and the refund liabilities are adjusted accordingly. Estimates of expected refunds are sensitive to changes in external circumstances and the Group's past experience regarding refunds may not be representative of actual refunds in the future. As at 31 December 2022, the amount recognised as refund liabilities for expected refunds was €595 thousand (2021: €2,102 thousand).

When the Group issues customer credits for future use, the liability for such purchases is recognised. As of 31 December 2022, this liability amounted to €22,519 thousand (2021: €12,786 thousand). The liability is recorded net of expected breakage as not all the customers utilise the credits before expiration. The Group regularly updates its assessment of the expected breakage based on the most recent data and the liability is adjusted accordingly. Estimates of expected breakage are sensitive to changes in external circumstances and the Group's past experience regarding usage of credits may not be representative of customers' actual usage of credits in the future. As of 31 December 2022, the estimated breakage, which reduces the customer credits liability, amounted to €12,119 thousand (2021: €4,262 thousand).

Development expenditures

The Group capitalises costs of the internally developed software. The initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits. In the year ended 31 December 2022, the Group capitalised internal development costs of €10,559 thousand (2021: €7,424 thousand).

Impairment of non-financial assets

The Group assesses the impairment of non-financial assets in accordance with the accounting policy stated in Note 2.3p). Impairment exists when the carrying value of an asset or cash CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Assessing the value in use and fair value less costs of disposal requires the use of significant estimates and assumptions, such as the timing and amount of future cash flows, growth rates, and discount rates.

These estimates are most relevant to goodwill and other intangibles with indefinite useful lives. The results of the goodwill impairment test as at 31 December 2022 and 2021 and key assumptions used for the determination of the value in use are disclosed in Note 16. The Group did not recognise any intangible assets with indefinite useful lives as at 31 December 2022 and 2021.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate expected credit losses for trade receivables. The provision rates depend on the days that a trade receivable is past due for groupings of various customer segments with similar loss patterns. The provision rates are annually reviewed and should reflect the time value of



money, the probability-weighted outcome, and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The assessment of the correlation between historically observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the expected credit losses is disclosed in Note 18.

Share-based payments

Share-based payment transactions with employees and others providing similar services are measured by reference to the fair value of the equity instruments issued rather than that of the services received. In the absence of market prices, a valuation technique is used to estimate what the market price would have been in an arm's length transaction between informed and willing parties. The Group used the binomial pricing model for the measurement of the fair value of the equity-settled transactions at the grant date. The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability is remeasured at the end of each reporting period up to the date of settlement and any changes in fair value are recognised in the statement of profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 26.



4. Revenue from contracts with customers

The Group disaggregates revenues from contracts with customers by the type of service provided. Management believes this reflects how the Group's operations are managed and how the nature, amount, and timing of the Group's revenue and cash flows are affected by economic factors. The Group's customers are primarily private individuals and none of the customers represents 1% of revenues.

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the year ended 31 December	
	2022	2021
	€000	€000
Gross bookings ²	2,060,466	658,774
Cost of gross bookings ³	(1,817,117)	(550,966)
Other income	4	1,342
Revenue from contracts with customers	243,353	109,150
thereof:		
<i>Sale of air tickets and ancillary services</i>	215,066	97,682
<i>Commissions, incentives and similar fees</i>	28,287	11,468

Commissions, incentives and similar fees represent primarily the revenue from various business partners such as global distribution network partners, virtual credit card providers, or a partner securing flight insurance.

Other income in 2021 consisted primarily of the sublease income, which ended in January 2022.

² Gross bookings is a non-IFRS measure reviewed regularly by the Group's management for evaluating the financial performance. Gross bookings refer to the total amount paid by our customers for travel products and services booked through or with us (including the part that is passed on to or transacted by, the travel supplier), including taxes, service fees and other charges and excluding VAT. Gross bookings include the gross value of transactions booked under both agency and principal models. Gross bookings provide the reader with a view of the economic value of the services that the Group mediates.

³ Cost of gross booking represents the cost of tickets remitted to airlines and other intermediaries and reconciles the Gross bookings non-IFRS measure to the Revenue from contracts with customers as reported in the consolidated statement of comprehensive income.

5. Group information

The consolidated financial statements of the Group include the following subsidiaries:

Name	Principal activities	Country of incorporation	% equity interest	
			2022	2021
Kiwi.com s.r.o., organizačná zložka v SR	Service organisation	Slovakia	100	100
Kiwi.com, Inc.	Service organisation	United States	100	100
KIWICOM NEWCO, S.L.	Service organisation	Spain	100	100
KIWICOM UK LTD	Service organisation	United Kingdom	100	100
Interlined.com B.V.	Service organisation	Netherlands	100	100
Kiwi.com Ventures s.r.o.	Holding entity	Czech Republic	100	100
Sky is The Fcukin' Limit s.r.o.	Holding entity	Czech Republic	100	100
Red White Technology s.r.o.	Dormant company	Czech Republic	100	100
Kiwi.com Warehouse s.r.o.	Holding entity	Czech Republic	-	-
KIWI.CN LIMITED	Dormant company	Hong Kong	100	100
Kiwi.com NL B.V.	Service organisation	Netherlands	100	-

At the beginning of 2021, the Group determined that it controls Kiwi.com Warehouse s.r.o. even though the Group does not own an equity interest in it (see Note 3). Therefore, the Group has consolidated Kiwi.com Warehouse s.r.o. from 1 January 2021. Shares in Kiwi.com s.r.o. held by Kiwi.com Warehouse s.r.o. available for employee compensation programs are recognised as own shares within equity. As Kiwi.com Warehouse is not fully owned by the Group, it is treated as a non-controlling interest. Profit or loss and each component of OCI attributable to the non-controlling interests for the 12 months ended 31 December 2022 and 2021 amounted less than €1 thousand.

As at 31 December 2022, the major shareholders of the Company were as follows⁴:

General Atlantic KW B.V.	53.5%
Oliver Dlouhý	22.1%
Jozef Képesi	12.3%
Touzimsky Airlines, s.r.o.	9.9%
Others	2.2%

The immediate holding company of Kiwi.com s.r.o. is General Atlantic KW B.V. which is based in the Netherlands. The ultimate parent company of Kiwi.com s.r.o. is General Atlantic LLC.

Associate

The Group has a 45.66% interest in GoAvio OOD (2021: 45.66%).

6. Business combinations

The Group did not complete any acquisitions in the financial years 2022 and 2021.

⁴ The percentage expresses the shareholders' shares in the total of Basic shares and excludes the ownership of Special shares (refer to Note 21).

7. Processing costs

Processing costs are generally variable and consist primarily of payment processing fees associated with merchant transactions, customer chargebacks, fraud protection fees, and costs of Kiwi.com guarantee.

8. Marketing costs

Marketing costs include direct promotion and advertising costs such as fees paid to metasearch partners and other travel agencies, performance marketing and search engine marketing ("SEM"). These variable expenses represent a key driver to business growth.

9. Operating expenses

	For the year ended 31 December	
	2022	2021
	€000	€000
Customer support	16,989	6,657
Sales and marketing	2,879	2,573
Research and development	23,671	16,698
General and administrative	15,615	7,173
Total operating expenses	59,154	33,101

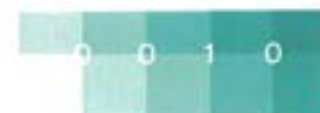
Operating expenses do not include salaries, wages and related expenses as these are disclosed under a separate line item Personnel expenses. Sales and marketing included in the Operating expenses comprise the marketing-related overheads while the direct marketing costs are disclosed on a separate line Marketing costs.

10. Personnel expenses

	For the year ended 31 December	
	2022	2021
	€000	€000
Wages and salaries	36,886	20,249
Social security costs	12,941	8,087
Other employee expenses	1,754	1,203
Total personnel expenses	51,581	29,539

The amounts recognised as an expense during the reporting period related to key management personnel are further disclosed in Note 28.

The personnel expenses for the year ended 31 December 2022 include share-based payment expenses of €1,249 (2021: nil). The personnel expenses for the year ended 31 December 2022 are reported net of government grants of €1,478 thousand (2021: €720 thousand), see Note 23.



11. Finance expense

	For the year ended 31 December	
	2022	2021
	€000	€000
Interest expense on debts and borrowings	(6,093)	(1,738)
Interest income	697	71
Interest expense on lease liabilities	(260)	(233)
Share-based payment for financing commitment	(217)	(434)
Transaction costs related to convertible bond offering	(1,527)	-
Change in fair value of embedded derivatives	(1,050)	-
Change in fair value of financial assets	(308)	-
Other finance income / (expense)	(104)	28
Total finance expense	(8,862)	(2,306)

On initial recognition of the convertible bonds in June 2022 (see Note 18.2), the related transaction costs were apportioned to the debt liability and the embedded derivative in proportion to the allocation of proceeds. The portion relating to the conversion feature was expensed immediately as transaction costs are expensed immediately for all financial instruments measured at fair value through profit or loss, including derivatives.

Interest expense on debts and borrowings includes an expense of €1,274 thousand (2021: nil) related to coupon interest on the convertible bonds payable in cash and €3,506 thousand (2021: nil) of non-cash interest expense related to the amortisation of the convertible bond back to its face value to maturity.

Share-based payment expense relates to the commitment warrants instrument described in the Note 26.

12. Foreign exchange gains or losses

	For the year ended 31 December	
	2022	2021
	€000	€000
Foreign exchange differences	(4,902)	90
Operations with derivatives not designated as hedging instruments	(184)	137
Total foreign exchange gains/(losses)	(5,086)	227

13. Income tax

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	Consolidated profit or loss	
	2022	2021
	€000	€000
Current income tax expense	649	151
Deferred tax benefit - origination and reversal of temporary differences	(3,896)	(5,983)
Income tax benefit reported in the statement of profit or loss	(3,247)	(5,832)

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the reporting period is as follows:

	2022	2021
	€000	€000
Loss before income tax	(22,709)	(18,423)
At Czech statutory income tax rate of 19% (31 December 2021: 19%)	(4,315)	(3,500)
Tax effect of items which are not deductible or assessable for taxation purposes:		
Unrecognized deferred tax from tax losses	-	2,836
Deferred tax recognised from previous tax losses	(201)	(4,554)
Tax non-deductible expenses	1,464	579
Other	(195)	(1,193)
Income tax expense reported in the statement of loss	(3,247)	(5,832)
Effective income tax rate	14%	32%

The current income tax expense recorded in the Income tax benefit for the years ended 31 December 2022 represents income taxes of certain subsidiaries.

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position	
	2022	2021
	€000	€000
Accelerated tax depreciation and amortization	(1,230)	(1,186)
Timing differences - provisions	-	462
Expected credit losses of trade receivables	138	280
Deferred tax from tax losses	9,098	4,554
Net deferred tax assets/(liabilities)	8,006	4,110

	Consolidated statement of loss	
	2022	2021
	€000	€000
Accelerated tax depreciation and amortization	44	(687)
Timing differences - provisions	462	(462)
Expected credit losses of trade receivables	142	(280)
Deferred tax from tax losses	(4,544)	(4,554)
Net deferred tax expense/(benefit)	(3,896)	(5,983)

No deferred tax has been recognised in a business combination during the period and no deferred tax has been charged directly to equity or other comprehensive income. The Group has accumulated gross tax losses of €75,409 thousand (2021: €51,521 thousand), which can be used for five consecutive years against future taxable profit. The Group has recognised a net deferred tax asset of €9,098 thousand (2021: €4,554 thousand) representing the tax losses the Group estimates to be able to utilise. The Group has not recognised deferred tax assets of €5,230 thousand in respect of tax losses incurred by the

company Kiwi.com s.r.o. because they are not more likely than not to be realized. Further, the Group has not recognised deferred tax assets of €401 thousand related to timing differences attributable to provisions.

14. Property and equipment

	Leasehold improvements	Other equipment	Total
	€000	€000	€000
Cost			
At 1 January 2021	1,705	488	2,193
Additions	5	17	22
Disposals	(736)	(64)	(800)
At 31 December 2021	974	441	1,415
Additions	38	151	189
Disposals	(467)	(23)	(490)
At 31 December 2022	545	569	1,114
Depreciation and impairment			
At 1 January 2021	1,016	206	1,222
Depreciation charge for the year	342	94	436
Disposals	(736)	(64)	(800)
At 31 December 2021	622	236	858
Depreciation charge for the year	69	79	148
Disposals	(466)	(22)	(488)
At 31 December 2022	225	293	518
Net book value			
At 31 December 2022	320	276	596
At 31 December 2021	352	205	557



15. Intangible assets

	Software €000	Other intangible assets €000	Total €000
Cost			
At 1 January 2021	48,042	384	48,426
Additions	2,803	-	2,803
Additions - internally developed	7,424	-	7,424
Disposals	(467)	-	(467)
At 31 December 2021	57,802	384	58,186
Additions	4,050	-	4,050
Additions - internally developed	10,559	-	10,559
Disposals	-	-	-
At 31 December 2022	72,411	384	72,795
Depreciation and impairment			
At 1 January 2021	26,333	384	26,717
Amortisation charge for the year	15,682	-	15,682
Disposals	(466)	-	(466)
At 31 December 2021	41,549	384	41,933
Amortisation charge for the year	13,815	-	13,815
Disposals	-	-	-
At 31 December 2022	55,364	384	55,748
Net book value			
At 31 December 2022	17,047	-	17,047
At 31 December 2021	16,253	-	16,253

Additions during the year

The majority of the additions in the period relate to the technical improvement of the Kiwi.com search algorithm and other software for internal use.





16. Goodwill

Goodwill is allocated to its respective Cash Generating Units (CGUs), which in the case of the goodwill reported as at 31 December 2022 and 31 December 2021 is represented by the Group as a whole, as management considers the Group to comprise one single CGU. Management believes that the acquisition of Trinerdis s.r.o. made in 2017 is integrated into the Group's existing business and has created synergies across the Group, therefore the acquired goodwill has become integrated into the Group's existing products.

The Group did not complete any acquisitions in the financial years 2022 and 2021. Consequently, the changes in the carrying amount of goodwill in the financial years 2022 and 2021 were attributable solely to the effects of foreign currency rate changes.

The Group performed its annual impairment test as at 31 December 2022 and 2021. In determining the value in use as of 31 December 2022, the Group used the following parameters:

- Projected 2023 – 2025 free cash flows based on the most current financial plan of the Group and the perpetuity growth rate of 2% p.a. after 2025.
- A pre-tax discount interest rate representing the Weighted Average Cost of Capital ('WACC') of the Group of 15.62% p.a. The WACC was calculated from the cost of equity and cost of debt at a ratio corresponding to the end of the reporting period. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings and issued convertible bonds the Group is obliged to service.

The recoverable amount of goodwill exceeds its carrying value. As the Group's management is not aware of any other indications of impairment and given the results of the impairment tests, no impairment was recorded.

Changes in the parameters used in the impairment test would have varying impacts on the value in use, however, no reasonable possible change in the assumptions would lead to an impairment.

17. Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	As at 31 December 2022			Total €000
	Level 1: quoted prices €000	Level 2: significant observable inputs €000	Level 3: significant unobservable inputs €000	
Assets:				
Non-listed equity investments	-	-	-	-
Liabilities:				
Non-current embedded derivatives	-	-	38,920	38,920



	As at 31 December 2021			Total €000
	Level 1: quoted prices	Level 2: significant observable inputs	Level 3: significant unobservable inputs	
	€000	€000	€000	
Assets:				
Foreign currency contracts	-	186	-	186
Non-listed equity investments	-	-	3,014	3,014

There were no transfers between Level 1, Level 2 or Level 3 fair value measurements during the reporting periods ended 31 December 2022 and 31 December 2021.

Reconciliation of fair value measurements of Level 3 financial instruments

The changes in the value of the Group's Level 3 financial instruments at fair value through profit or loss were as follows:

	Non-listed equity investments	Embedded derivative liability
	€000	€000
As at 1 January 2021	2,759	-
Purchases	308	-
Impairment	(53)	-
As at 31 December 2021	3,014	-
Remeasurement recognised in profit or loss during the period	(311)	1,050
Purchases	-	37,870
Sales	(2,703)	-
As at 31 December 2022	-	38,920

Assets and liabilities for which fair values are disclosed

The carrying amounts of cash and cash equivalents, current loans and receivables, trade and other receivables, and trade and other payables reported in the consolidated balance sheets approximate their respective fair values due to the short-term nature of these instruments.

The fair value of variable rate bank loan as of 31 December 2022 was €6,741 thousand (31 December 2021: €26,189 thousand) compared to its carrying amount of €6,845 thousand (31 December 2021: €26,092 thousand). The fair value of the financial liability from the convertible bonds was €64,280 thousand (31 December 2021: nil) compared to its carrying amount of €63,152 thousand (31 December 2021: nil). The fair value of long-term debt was estimated through Level 2 of the fair value hierarchy (see Note 18.3).

18. Financial assets and financial liabilities

18.1. Financial assets

	2022	2021
	€000	€000
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	-	186
Equity instruments at fair value through PL		
Non-listed equity investments	-	3,014
Total financial assets at fair value	-	3,200
Debt instruments at amortized cost		
Trade receivables and other assets ⁵	30,599	12,862
Current loans receivable	191	-
Non-current loans receivable	4	2
Total financial assets	30,794	16,064
Total current	30,790	13,048
Total non-current	4	3,016

The increase in Trade receivables and other assets balance was driven by the significant increase in Revenue.

On 15 April 2022, Kiwi.com s.r.o. sold its minority share in the Israeli technology company Enoya-One Ltd. for an amount equal to its net carrying value. As a result, the Group derecognised the non-listed equity investment of €2,703 thousand and the obligation to add further investment was removed as part of the transaction.

On 13 October 2021, the Company converted its loan receivable of €225 thousand into an equity investment in line with the convertible loan agreement with Zuri.com SE. As a result, the Company received 30,530 shares in Zuri.com SE representing 2% of their share capital. The non-listed equity investment is disclosed in Non-current financial assets in the consolidated statement of financial position. The fair value of the investment as at 31 December 2022 was determined to be nil (31 December 2021: €308 thousand).

Derivatives not designated as hedging instruments reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

⁵ The item Trade receivables and other assets in the consolidated statement of financial position includes, in addition to current financial assets, deposits provided to partners, prepaid expenses and other receivables totalling €26,921 thousand as of 31 December 2022 and €10,414 thousand as of 31 December 2021, respectively.

18.2. Financial liabilities

	<u>interest rate</u>	<u>maturity</u>	<u>2022</u>	<u>2021</u>
			€000	€000
Derivatives not designated as hedging instruments				
Non-current embedded derivatives			38,920	-
Financial liabilities at amortised costs				
Current interest-bearing loans and borrowings				
Bank overdraft			70	67
Bank loan 2020	EURIBOR + 2.50%	2023	6,845	10,000
Convertible bonds - accrued interest		2023	21	-
Loan from an acquiring partner	6.00%	2022	-	2,010
Total current interest-bearing loans and borrowings			6,936	12,077
Non-current interest-bearing loans and borrowings				
Convertible bonds	2.50%	2027	63,131	-
Bank loan 2020	EURIBOR + 2.50%	2023	-	16,092
Total non-current interest-bearing loans and borrowings			63,131	16,092
Total interest-bearing loans and borrowings			70,067	28,169
Other financial liabilities at amortised costs				
Trade payables and other liabilities ⁶			51,605	40,219
Total other financial liabilities			51,605	40,219
Total current			58,541	52,296
Total non-current			102,051	16,092

In 2020, the Group entered into a loan facility agreement with Citibank Europe plc and Komerční banka, a.s. (collectively, the "Lenders") falling due in November 2023. During 2022, the Group made the scheduled repayment of €5 million and early prepaid €15 million due under the loan facility agreement with the Lenders and recognised a one-off amortisation cost of €350 thousand. On 29 September 2022, the Group and the lenders approved an amendment to the loan agreement to reflect the convertible bond transaction described below and to revise certain financial covenants. The amendment does not result in any modification to the expected cash flows. As of 31 December 2022, the Group has €6,845 thousand under the loan facility agreement and has available €13 million of revolving credit under this facility subject to attaining certain levels of EBITDA.

Up to 80% of the facility is secured by a financial guarantee provided by the Exportní garanční a pojišťovací společnost, a.s. Further, the facility is secured by the promissory note of up to €9 million and by the pledge of certain bank accounts of up to USD 90 million. The closing balances of the pledged accounts amounted €3,198 thousand as at 31 December 2022 (2021: €8,774 thousand).

On 28 June 2022, the Group issued €100 million convertible bonds due 28 June 2027. The bonds can be converted into ordinary shares of Kiwi.com s.r.o. or its successor. The convertible bonds bear an interest

⁶ The item Trade payables and other liabilities in the statement of financial position includes, in addition to current financial liabilities, credit liabilities, received deposits and other liabilities totalling €36,453 thousand as of 31 December 2022 and €19,025 thousand as of 31 December 2021, respectively.



of 2.50% for the first two years and 5% thereafter, payable semi-annually in arrears. On conversion, the instrument would be settled by exchanging outstanding principal for the Group's equity instruments at a conversion price to be determined as future price of those equity instruments less a discount that depends on the timing of the conversion. The instrument allows the Group to redeem all of the outstanding convertible bonds at certain times and subject to certain triggers. The management evaluated the terms of the instrument to determine whether it contained both a liability and an equity component (see Note 3). Management concluded that the conversion right does not meet the fixed-for-fixed condition required by the IAS 32 definition of an equity instrument since the equity interest that a bondholder would receive on conversion may vary. The conversion right, as well as the early redemption option of the issuer, were determined to be embedded derivatives that are required to be separated for reporting purposes. The embedded derivatives amounting to €37,870 thousand have been separated at the initial recognition and are carried at fair value with adjustments recorded in Finance expense in the consolidated statement of comprehensive income.

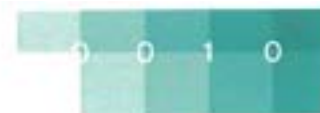
In 2021, the Group entered into a credit line agreement with a business partner and drew down €4 million, of which €2 million was repaid before 31 December 2021. On 12 January 2022, the Group early repaid the outstanding amount of €2 million and terminated the credit line agreement.

Derivatives not designated as hedging instruments reflect the change in fair value of those foreign exchange forward contracts and foreign currency option contracts that are not designated in hedge relationships but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

18.3. Fair values

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments:

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Foreign exchange forward contracts	-	-	186	186
Non-listed equity investments	-	-	3,014	3,014
Other current financial assets	191	191	-	-
Fixed rate non-current loans receivable	4	4	2	2
Trade receivables and other assets	30,599	30,599	12,862	12,862
Total	30,794	30,794	16,064	16,064
	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Fixed rate loan	-	-	2,010	2,011
Variable rate bank loan	6,845	6,741	26,092	26,189
Convertible bonds	63,152	64,280	-	-
Embedded derivatives	38,920	38,920	-	-
Bank overdrafts	70	70	67	67
Lease liabilities	16,004	15,582	14,692	14,165
Trade payables and other liabilities	51,605	51,605	40,219	40,219
Total	176,596	177,198	83,080	82,651



The following methods and assumptions were used to estimate the fair values:

- Long-term fixed and variable rate receivables and borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer, and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the estimated losses of these receivables.
- The fair values of the non-listed equity investments have been estimated using an income approach. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment-grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, and interest rate curves. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value.
- Embedded derivatives separated from the convertible bond instrument are measured, similarly to the option contracts, using a binomial option pricing model. The option for early redemption by the issuer represents a reduction in the value of the call option. Inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in determining fair values. The judgements include consideration of inputs such as market volatility and the timing of conversion execution. Changes in assumptions regarding these factors could affect the reported fair value of embedded derivatives.
- The fair values of the Group's interest-bearing borrowings, lease liabilities and loans are determined by using the discounted cash flow method using a discount rate that reflects the issuer's borrowing rate at the end of the reporting period. The own non-performance risk as at 31 December 2022 was assessed to be insignificant.

Description of significant unobservable inputs to valuation

The most significant unobservable inputs to the valuation of the embedded derivative separated from the convertible bond comprise the following:

- *market volatility* - the average market volatilities of comparable companies ranged from 25% to 64.9% with a median of 43.2%. A 40% increase in the input would result in an increase in the fair value by €6 million while a 40% decrease in the input would result in a decrease in the fair value by €9 million.
- *timing of the conversion execution* - the valuation considers three potential outcomes for which the resulting fair value varies from €38.9 million to €39.4 million. A change in the estimated timing by six months would result in a change in fair value by €0.5 million.
- *risk-free rate* - the risk-free rate was estimated at 3.04% p.a. based on the overnight interest swaps denominated in Euro. A change of 1 percentage point would change the fair value by €0.3 million.

18.4. Financial instruments risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, lease liabilities, and trade and other payables. The main purpose of these financial liabilities is to finance operations. The Group's principal financial assets include trade and other receivables and cash that is derived directly from its operations. The Group also holds equity investments and enters into derivative transactions.



The Group is exposed to market risk, credit risk and liquidity risk. Oversight of these risks is undertaken by the Group's senior management. All derivative activities for risk management purposes are carried out by a specialist team that have the appropriate skills, experience and supervision. The internal policy is that trading in derivatives cannot be undertaken for speculative purposes. Management reviews and agrees on policies for managing each of these risks as summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risks, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, equity investments and derivative financial instruments.

A sensitivity analysis has been prepared to show the potential effect assumed changes in each market risk would have on the Company's statement of profit and loss as at 31 December 2022 and 2021. This is based on the financial assets and financial liabilities held on 31 December 2022 and 2021.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives, and the proportion of financial instruments in foreign currencies are all constant. The analyses exclude the impact of movements in market variables on provisions and the non-financial assets and liabilities of foreign operations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. As at 31 December 2022 and 2021, approximately 90% and 7%, respectively, of the Group's borrowings are at a fixed rate of interest. The variable rate bank loan was utilised for financing the operations.

Interest rate sensitivity

The Group assessed that as at 31 December 2022 and 2021 the impact of a 20% increase or decrease in interest rates would have been immaterial. The sensitivity analysis was performed on variable rate bank loan balances, with EURIBOR as the variable.

Furthermore, the Group analysed the impact of a reasonable change in the risk-free rate on the embedded derivative separated from the convertible bond as at 31 December 2022 and 2021, see Note 18.3 for more details.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). The Group manages its foreign currency risk by monitoring its foreign currency position and using tactical matching foreign currency assets and liability and naturally hedge the foreign currency risk.



Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP and CZK exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-hedge-designated foreign currency derivatives. The Group's exposure to foreign currency changes for all other currencies was not material as at 31 December 2022.

	Effect on		Effect on		Effect on	
	Change in	profit before	Change in	profit before	Change in	profit before
	USD rate	tax	GBP rate	tax	CZK rate	tax
2022	5%	147	5%	159	5%	885
	-5%	-147	-5%	-159	-5%	-885
2021	5%	-317	5%	-104	5%	-252
	-5%	317	-5%	104	-5%	252

Commodity price risk

The Group is indirectly affected by the price volatility of certain commodities. As the company is involved in the mediation of air ticket sales, the price of fuel has an impact on air ticket prices. Given the fact that the Group acts as an agent in these transactions, the changes in fuel prices do not directly affect the Group's margins and consequently, any changes to the fuel prices would have no impact on the reported financial assets and liabilities as at 31 December 2022 and 2021. The Company does not model the positive or negative effect changes in fuel prices have on air ticket prices which are likely to flow through to revenues over time.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss for the Group. The Group is exposed to credit risk from its operating activities primarily trade receivables due from trade partners and from its financing and investing activities, including deposits with banks and financial institutions and receivables due on foreign exchange transactions and other financial instruments.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the internal policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. In addition, banking partners are assessed based on ratings by external agencies. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2022 and 2021 is the carrying amounts as illustrated in Note 18.1 except for derivative financial instruments. The Group's maximum exposure relating to financial derivative instruments is noted in the liquidity table below.

Trade receivables and other assets

The majority of the Group's sales is realised via credit or debit card which require upfront payments from reputable partners, eliminating most of the credit risk. Any remaining credit risk is managed under the Group's established policy, procedures and control relating to customer credit risk management. The

credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

On 31 December 2022, the Group had five partners (2021: 3) that owed it more than €1 million each.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 19. The Group holds collateral of €85 thousand as security for receivables from one of its partners. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in many jurisdictions and mostly pay for the services provided by the Group upfront.

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

31 December 2022

	Days past due						Total
	Current	<30 days	31-90	91-180	181-365	>365	
	€000	€000	€000	€000	€000	€000	€000
Expected credit loss rate	0%	0%	0%	15%	50%	100%	
Estimated total gross carrying amount at default	3,195	14	23	7	17	996	4,252
Expected credit loss	39	-	-	1	9	996	1,045

31 December 2021

	Days past due						Total
	Current	<30 days	31-90	91-180	181-365	>365	
	€000	€000	€000	€000	€000	€000	€000
Expected credit loss rate	0%	0%	0%	15%	50%	100%	
Estimated total gross carrying amount at default	2,029	347	204	8	22	759	3,369
Expected credit loss	-	-	-	1	11	575	587

Each reporting date, the Group evaluates internal or external information to determine whether there is any indication that the Group will not receive the full amount of the outstanding receivable. As at 31 December 2022, the Group has recognised an expected credit loss related to the receivable from acquirers of €228 thousand (2021: €1,557 thousand).

Chargeback risk

Chargeback risk is the risk that a counterparty will dispute a transaction due to non-delivery of services, or due to fraud, leading to a financial loss for the Group. The Group is exposed to chargeback risk from its receivable from acquirers (Note 19). The Group's dedicated team manages the chargeback risk primarily by using the services of fraud-protection providers.

Liquidity risk

The Group's objective is to maintain a balance between cash flow from operations, continuity of funding and flexibility through the use of bank overdrafts, bank loans and leases. Management has assessed the

concentration of risk for refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months and with the consent of the lenders, the maturities can be extended.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments⁷:

31 December 2022	Less than one year	1 to 5 years	More than 5 years	Total
Fixed rate loan	-	-	-	-
Variable rate bank loan	7,152	-	-	7,152
Convertible bonds ⁸	2,500	116,253	-	118,753
Lease liabilities	3,215	10,658	3,032	16,905
Trade and other payables	51,605	-	-	51,605
	64,472	126,911	3,032	194,415

31 December 2021	Less than one year	1 to 5 years	More than 5 years	Total
Fixed rate loan	2,014	-	-	2,014
Variable rate bank loan	10,650	17,323	-	27,973
Currency derivatives	7,500	-	-	7,500
Lease liabilities	2,153	8,863	4,650	15,666
Trade and other payables	40,219	-	-	40,219
	62,536	26,186	4,650	93,372

The currency derivative instruments disclosed as of 31 December 2021 in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation of those amounts to their carrying amounts:

31 December 2021	Total
Inflows	7,830
Outflows	-7,500
Net	330
Discounted at the applicable interbank rates	186

⁷ As at 31 December 2022, the Group has available €13 million of the bank loan facility and €16.7 million of the convertible loan facility.

⁸ The maturity of convertible bonds is stated assuming the early redemption right will not be exercised.

18.5. Changes in liabilities arising from financing activities

	1 January 2022	Cash flows	New Leases	Changes in fair value	Interest paid	Accrued interest	Other	31 December 2022
Fixed rate bank loan	2,010	(2,000)	-	-	(14)	4	-	-
Variable rate bank loan	26,092	(20,000)	-	-	(605)	1,309	49	6,845
Convertible bonds	-	100,000	-	-	(1,253)	4,780	(40,375)	63,152
Embedded derivatives	-	-	-	1,050	-	-	37,870	38,920
Bank overdrafts	67	-	-	-	-	-	3	70
Lease liabilities	14,692	(2,598)	3,650	-	-	260	-	16,004
Total	42,861	75,402	3,650	1,050	(1,872)	6,353	(2,453)	124,991

	1 January 2021	Cash flows	New Leases	Interest paid	Accrued interest	31 December 2021
Fixed rate bank loan	4,109	(2,109)	-	(166)	176	2,010
Variable rate bank loan	14,399	11,000	-	(834)	1,527	26,092
Bank overdrafts	-	67	-	-	-	67
Lease liabilities	18,072	(4,023)	410	-	233	14,692
Total	36,580	4,935	410	(1,000)	1,936	42,861

18.6. Capital management

For the purpose of the Group's capital management, capital includes issued capital, share premium, and all other equity reserves attributable to the equity holders of the parent. The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to maintain sufficient financial resources to enable future growth. The Group recorded a loss for the year 2022 and 2021 and its equity was negative as of 31 December 2022 and 31 December 2021. Management believes that the positive impact of the continued recovery in air travel underpinned by disciplined cost management and strong execution in product and content development and marketing will enable the Group to return to profitability and a positive equity position.

19. Trade receivables and other assets

	2022	2021
	€000	€000
Trade receivables	4,252	3,369
Receivable from acquirers	19,464	7,455
Deposits provided to partners	21,540	8,097
Unbilled revenue	6,437	4,182
Prepaid expenses	3,899	1,561
Restricted cash	1,719	-
Other receivables	1,482	756
	58,793	25,420
Allowance for expected credit losses	(1,273)	(2,144)
Total trade receivables and other assets	57,520	23,276

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2022	2021
	€000	€000
As at 1 January	2,144	551
Provision for expected credit losses (Note 18.4)	(882)	1,593
Foreign exchange movement	11	-
As at 31 December	1,273	2,144

The increase in the balances of Receivable from acquirers and Deposits provided to partners was driven by the significant increase in sales and in trading in general.

Trade receivables are non-interest bearing. The receivables from acquirers represent the short timing difference between the date a customer transaction has been executed and the date the payment is remitted to the Group's bank accounts by the payment acquirers. Unbilled revenue comprises revenue recognised but not yet billed to the customers, such as incentives earned over a certain period.

20. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand. Cash at banks earns interest at floating rates based on daily bank deposit rates. At 31 December 2022, the Group had available €18,965 thousand (2021: €16,873 thousand) of undrawn committed borrowing facilities, subject to attaining certain levels of EBITDA.

The Group has pledged a part of its current bank accounts as designated security for the bank loan facility. There are no restrictions on the cash in these accounts and no requirement to maintain a minimum balance. The closing balances of the pledged accounts amounted €3,198 thousand as at 31 December 2022 (2021: €8,774 thousand). Refer to Notes 18 and 27 for further details.

21. Issued capital and reserves

	As at 31 December 2022		
	Ordinary shares	Special shares	Total
Shares issued:			
Paid in full	1,043,489	107,143	1,150,632
Not fully paid	3,003	-	3,003
	1,046,492	107,143	1,153,635
	As at 31 December 2021		
	Ordinary shares	Special shares	Total
Shares issued:			
Paid in full	1,033,031	107,143	1,140,174
Not fully paid	-	-	-
	1,033,031	107,143	1,140,174

Issued capital reconciliation

	Shares	€000
At 1 January 2021 and 31 December 2021	1,140,174	4,857
Cash on issuance of share capital on 19 January 2022	3,003	7
Cash on exercise of warrants (€0.01 per share)	10,458	-
At 31 December 2022	1,153,635	4,864

The Company's shares are not publicly traded. The issued capital is divided into 1,153,635 shares of two types:

- Basic share ("Základní podíl") – each 1/1,153,635 bears 10 voting rights in the General Meeting; and
- Special share ("Zvláštní podíl") - each 1/1,153,635 bears 1 voting right in the General Meeting. The holder of a special share has no right to the profit distribution except for a specified situation, they are entitled to a share in the net proceeds from the exit situation (IPO, sale or liquidation) that exceed a specified hurdle.

Treasury shares reconciliation

	Shares	€000
At 1 January 2021	43,425	1,133
Acquired from shareholders - special shares	7,001	48
At 31 December 2021	50,426	1,181
Acquired from shareholders - special shares	16,351	350
Acquired from shareholders - ordinary shares	1,001	3
Special shares granted under the long-term incentive programme (see Note 26)	(40,003)	(855)
At 31 December 2022	27,775	679

There were no dividends proposed for the financial years 2022 and 2021. The loss for 2022 and 2021 has been added to the accumulated losses.

22. Provisions

	Warranty provision	Refund liabilities	Other provisions	Total
	€000	€000	€000	€000
At 1 January 2021	279	1,519	2,688	4,486
Arising during the year	553	2,102	923	3,578
Utilized	(279)	(1,519)	(19)	(1,817)
At 31 December 2021	553	2,102	3,592	6,247
Arising during the year	1,443	595	814	2,852
Utilized	(553)	(2,102)	(693)	(3,348)
At 31 December 2022	1,443	595	3,713	5,751

Warranty provision

A provision is recognised for commercial warranties provided to the Group's end customers based on past experience. It is expected that these costs will be incurred in the next financial year.

Refund liabilities

The refund liabilities represent the liabilities for the expected future refunds. Their balance in 2021 was exceptionally high due to the increased number of flights cancelled by airlines during the COVID-19 crisis.

Other provisions

Other provisions comprise primarily the provision for business risks.

23. Government grants

During the financial years 2022 and 2021, the Group received government grants to compensate operating expenses of €2,138 thousand and €2,719 thousand, respectively. The grants are reported as a deduction from payroll expenses (2022: €1,478 thousand and 2021: €720 thousand), deduction from operating expenses (2022: nil and 2021: €1,739 thousand), and a reduction of the carrying amount of the related internally developed software (2022: €660 thousand and 2021: €260 thousand). No unfulfilled conditions and contingencies are attached to these grants as at 31 December 2022 and 31 December 2021.

24. Trade payables and other liabilities

	<u>2022</u>	<u>2021</u>
	<u>€000</u>	<u>€000</u>
Trade payables	13,211	9,102
Virtual cards liabilities	10,034	6,212
Received deposits	6,263	2,435
Accrued liabilities	19,790	22,838
Credit liabilities	22,519	12,786
Accrued compensation	8,570	2,067
Other liabilities	7,670	3,804
Total trade payables and other liabilities	<u>88,057</u>	<u>59,244</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms. Virtual card liabilities are non-interest bearing and represent the payables owed by the Group from the purchase of air tickets on behalf of our customers. Accrued liabilities primarily relate to unbilled purchases of air tickets and services from partners. Credit liabilities represent unused customer credits for future use. Accrued compensation includes payroll liabilities to employees, accrued bonuses and a provision for untaken vacation. Other liabilities include advances received from partners for future purchase of air tickets, liabilities related to social security and employee income tax due to the tax authorities.

25. Leases

Group as a lessee

The Group leases several assets, primarily office buildings for which the right-of-use asset and the corresponding lease liabilities have been recognised. Leases of offices generally have terms between 2 and 10 years. Several of the lease contracts include extension and termination options.

The Group also has certain leases of offices and equipment with lease terms of 12 months or less and leases of equipment with low value. The Group applies recognition exemptions for these leases. In the financial year 2022, expenses relating to short-term leases and leases of low-value assets amounted to €898 thousand (2021: €882 thousand).

Set out below are the carrying amounts of right-of-use assets recognised and movements during the period:

	<u>2022</u>	<u>2021</u>
	<u>€000</u>	<u>€000</u>
At 1 January	15,274	17,613
Additions	3,650	889
Early termination	-	(9)
Depreciation charge for the period	(2,690)	(3,219)
At 31 December	<u>16,234</u>	<u>15,274</u>

In the financial year 2022, the Group capitalised the depreciation charge of €218 thousand (2021: €188 thousand) as development expenditure for internally developed intangible assets.

The carrying amounts of lease liabilities and the movements during the period were as follows:

	<u>2022</u>	<u>2021</u>
	<u>€000</u>	<u>€000</u>
At 1 January	14,692	18,072
Additions	3,650	410
Accretion of interest	260	233
Payments	(2,598)	(4,023)
At 31 December	<u>16,004</u>	<u>14,692</u>
Current	2,963	1,939
Non-current	13,041	12,753

The following are the amounts recognised in profit or loss:

	For the year ended 31 December	
	<u>2022</u>	<u>2021</u>
	<u>€000</u>	<u>€000</u>
Depreciation of right-of-use assets	2,690	3,219
Interest expense on lease liabilities	260	233
Expense relating to short-term leases and leases of low-value assets	898	882
Total amount recognised in profit or loss	<u>3,848</u>	<u>4,334</u>

26. Share-based payments

Equity-settled transactions

On 19 January 2022, an award was granted to the Group's senior executives under the long-term incentive programme entitling them to purchase the Special shares (as described in Note 21) of the Group. At the same time, the Group undertook to provide them with a cash bonus in an amount sufficient for the eligible employee to purchase the allocated equity instruments at their fair market value. This was accounted for as an equity-settled share-based payment. The grant had immediately vested and the full expense of €855 thousand (thereof the expense related to the key management personnel amounted to €609 thousand) and a corresponding increase in equity was recognised. The Group reissued treasury shares to settle the grant. The fair value of the shares granted was estimated at the grant date using a binomial option pricing model.

Cash-settled transactions

Under the long-term incentive programme, eligible employees are entitled to a future cash payment that is dependent on a minimum increase of the fair market value of the Group over the specific period. The allocations vest over four years. The liability for these cash-settled transactions is measured, initially and at the end of each reporting period until settled, at the fair value using a binomial option pricing model, taking into account the terms and conditions on which the allocations were granted and the extent to which the employees have rendered services to date. The carrying amount of the liability at 31 December 2022 was €395 thousand (2021: nil).

Commitment warrant

In December 2020, the Group negotiated a financing facility with the Group's shareholders General Atlantic and Touzinsky Airlines. As part of the transaction, the Group granted General Atlantic and Touzinsky Airlines warrants to subscribe for 10,458 ordinary shares in the share capital of Kiwi.com s.r.o. with an exercise price of €0.01. The warrants were exercised in June 2022. The warrant instruments were in substance consideration for the shareholders' commitment to providing the financing facility and therefore the warrants vested immediately. The shareholders' commitment expires once the Company reports positive equity. The cost of the warrants to the Group is recognised over the expected term of the commitment and included in Finance expense in the consolidated statement of profit and loss.

The total expense arising from equity share-based payment transactions for the year ended 31 December 2022 amounted to €1,466 thousand (2021: €434 thousand).

27. Commitments and contingencies

Commitments

Kiwi.com uses its proprietary technology to source inventory from over 600 airlines and in some instances, airlines object to the Company making their tickets available for sale to its customers. From time to time airlines have taken legal action against the Group to cease this practice. Based on legal analysis, the Company records a provision in the consolidated financial statements for any estimated probable liability.

Guarantees

As of 31 December 2022, the Group had a committed credit line of up to €9 million (2021: €5 million) with Komerční banka, a.s. which is used in the form of letters of credit and bank guarantees. As of 31 December 2022 and 2021, the Group had drawn down letters of credit totalling €9 thousand and €3 million, respectively, and issued bank guarantees totalling €5.6 million and €1.5 million, respectively, in

favour of operating partners and partners selling air tickets to the Group. As a collateral for bank guarantees, certain cash accounts are restricted for the duration of the respective guarantee, which is generally up to 12 months. At 31 December 2022, the restricted cash accounts totalled €1,719 thousand.

In 2021, the Group also had a committed credit line of up to €12 million with UniCredit Bank which had not been drawn down as of 31 December 2021 and was terminated in 2022.

Up to 80% of the facility is secured by a financial guarantee provided by the Exportní garanční a pojišťovací společnost, a.s. Further, the facility is secured by the promissory note of up to €9 million and by the pledge of certain bank accounts (see Note 18).

In December 2020, the Group negotiated a financing facility with two of the Group's shareholders, General Atlantic and Touzimsky Airlines, in the form of 10% unsecured senior convertible Loan Notes of Kiwi.com s.r.o. The maximum principal amount available to the Group as of 31 December 2022 was €16,666,666. The Group has not utilised this facility as of 31 December 2022. The commitment expires once the Company reports positive equity.

28. Related party disclosures

Note 5 provides information about the Group's structure, including details of the subsidiaries and shareholders.

On 19 January 2022, three members of the senior management team subscribed for the Company's Basic shares of €781 thousand of which the shares amounting to €774 thousand had not been paid up as of 31 December 2022.

Certain members of the senior team were granted an allocation under a long-term incentive programme on 19 January 2022, which entitled them to purchase the Group's equity instruments while committing the Group to provide them with a cash bonus to realise the purchase, as described in Note 26 above.

In 2021, the shareholders settled their liability from the formerly subscribed share capital of Kiwi.com s.r.o. of €556 thousand. Throughout the year 2021, three of the shareholders sold their special shares, or part thereof, back to the Group.

Compensation of key management personnel of the Group

The amounts recognised as an expense during the reporting period related to key management personnel were as follows:

	<u>2022</u>	<u>2021</u>
	<u>€000</u>	<u>€000</u>
Short term employee benefits	3,713	1,257
Social security costs	233	144
Post-employment pension and medical benefits	29	20
Share-based payment	609	-
Termination benefits	164	-
Total compensation paid to key management personnel	<u>4,748</u>	<u>1,421</u>

29. Auditor's remuneration

	<u>2022</u>	<u>2021</u>
	€000	€000
Audit of the Consolidated and Separate Financial Statements of Kiwi.com s.r.o.	78	76
Reviews of the Interim Condensed Consolidated Financial Statements of Kiwi.com s.r.o.	43	30
Total	<u>121</u>	<u>106</u>

30. Management commentary and going concern assessment

The global travel and aviation industries saw a recovery in 2022, overcoming the worst of the COVID-19 pandemic, but also the negative impacts of the war in Ukraine and significant increases in inflation.

The trading environment improved dramatically throughout the first half of 2022 with demand for flights initially weak due to the travel restrictions caused by the Omicron variant of COVID-19 and also the Russian invasion of Ukraine. However, the Company experienced a significant increase in bookings throughout the year as COVID-19 travel restrictions were eased and more people started to fly again. The Ukrainian and Russian markets have historically represented approximately 6.5% of the Group's revenue.

Gross Bookings (a non-IFRS measure described in Note 4) were €2,061 million for the year ended 31 December 2022 which was €1,402 million higher than the previous year, representing an increase of 213%. Revenue for the year ended 31 December 2022 was €244 million, an increase of €135 million, or 124%, compared to the prior year.

Management believes that the positive impact of the continued recovery in air travel underpinned by disciplined cost management will enable the Group to return to a positive equity position over time. Management estimates that the Group will start generating statutory profits from 2024.

In June 2022, the Group successfully placed €100 million in convertible bonds with a global institutional investor (see Note 18). The funds are available for general corporate purposes, including investing in developing the Company's product and brand and funding higher working capital balances as the business grows.

The Company's liquidity is also supported through financing commitments from lenders as well as shareholders' support. As of 31 December 2022, the Group reported €7 million outstanding under the €20 million bank loan facility (see Note 18), with €13 million of revolving credit available under this bank loan facility. In addition, the Group also has available a €16.7 million committed convertible loan facility from its two principal shareholders, the Group has not drawn down on this facility as of 31 December 2022 (see Note 27).

The Group reviewed its intangible assets for potential impairment as the course of normal business and determined that no impairment had been identified as of 31 December 2022 (see Note 16).

The International Air Transport Association ("IATA") is predicting a full recovery of the air travel industry from the impact of the Covid pandemic by 2024. The Group has already exceeded its 2019 monthly booking levels and has successfully gained market share during the pandemic through continued investment in its distinctive content, brand marketing and product development. Kiwi.com management believes that the combination of a return to profitability, available cash balances and committed financing



in place provides the company with a sufficient liquidity position on a sustainable basis. Management has therefore concluded that there is no material uncertainty that the Group would not be able to continue in its activities. Therefore, these consolidated financial statements were prepared on a going-concern basis.

31. Events after the reporting period

In January 2023, the subscribed Basic shares amounting to CZK 11,895 thousand (€516 thousand) were paid by the shareholders and the issued capital increased accordingly.

On 27 January 2023, the Company registered a new wholly-owned subsidiary Kiwi.com Labs s.r.o.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kiwi.com s.r.o.:

Opinion

We have audited the accompanying consolidated financial statements of Kiwi.com s.r.o. and its controlled undertakings (the "Company"; together with controlled undertakings the "Group") prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS EU"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company and the Group, see Note 1 and Note 5 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS EU.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Consolidated Annual Report other than the consolidated financial statements and auditor's report thereon. The Statutory Representatives are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Company's Statutory Representatives and Audit Committee for the Consolidated Financial Statements

The Statutory Representatives are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS EU and for such internal control as the Statutory Representatives determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Statutory Representatives are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Statutory Representatives either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 above regulations 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 consolidated financial statements.

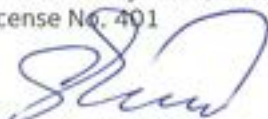
As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Representatives.
- Conclude on the appropriateness of the Statutory Representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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.

Ernst & Young Audit, s.r.o.
License No. 401



Radek Šumpík, Auditor
License No. 2284

28 April 2023
Prague, Czech Republic