Kiwi.com s.r.o.

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021 in accordance with the International Financial Reporting Standards as endorsed by the European Union

About Kiwi.com

Kiwi.com is a leading travel tech company headquartered in the Czech Republic, employing over 1,000 people worldwide. Kiwi.com's innovative Virtual Interlining algorithm allows users to combine flights across legacy and low-cost airlines into one single itinerary. Kiwi.com performs 20 billion price checks per day across 95% of global flight content enabling customers to find better route options and prices other search engines can't see. Fifty million searches are carried out every day on Kiwi.com's website and over 30,000[1] 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

At Kiwi.com we harness the power of technology and innovation to connect people and cultures through travel. We believe travel provides unique opportunities and broadens minds so we challenge the traditionally accepted ways of our category to reveal unique travel options and pricing our customers can't find anywhere else.

History of Kiwi.com

Kiwi.com was founded in 2012 as SkyPicker.com. With the financial help of Czech entrepreneur Jiří Hlavenka, investing in the start-up, 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.

In 2016 the Company rebranded to Kiwi.com following a revenue growth surge of 1,500% between the years 2014 and 2015. 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 have been severely affected by the COVID-19 pandemic which significantly reduced the volume of air travel since early 2020. The mass cancellation of flights by airlines naturally led to a significant increase in the number of customers inquiring about and requesting refunds from airlines. The combination of reduced air travel and managing customer refunds had a negative impact on the financial and operating results.

In 2021, Kiwi.com saw a moderate recovery from the COVID-19 crisis as COVID-19 vaccination programmes advanced, travel restrictions started to relax and customers were able to start flying again. With this recovery, the Company processed around 70% of the number of bookings made in 2019 which represented around half of the Gross Booking value achieved in 2019. In 2021, Gross Bookings were €206.5 million higher than in 2020, representing a 46% increase and revenue in 2021 rose by €25.0 million

[1] February 2022

to €109.2 million, a 30% increase compared to the prior year. Management is seeing an encouraging recovery trend with the number of bookings in the second half of 2021 115% higher than the first half and this positive trend continued into 2022.

Notwithstanding a profit after tax in the second half of 2021 of €1,038 thousand, the financial result for the year as a whole was a loss of €12.6 million and group equity stood at a negative €24.5 million at year-end. 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. Management estimates that the Group will start generating statutory profits from 2024. The Company's liquidity is also supported through financing commitments from lenders and shareholders secured in the prior periods. As at 31 December 2021, the Group utilised €27 million of a €45 million bank loan facility[2]. During the financial year, the Group also drew a loan of €4 million under a credit facility with a business partner of which €2 million remains outstanding as of 31 December 2021. In addition to these loan facilities the Group also has a €16.7 million committed convertible loan facility in place with its two principal shareholders, the Group has not drawn down on this facility as at 31 December 2021 (see Note 27)[3]. The Group's 2022 cash forecast assumes that cash expenses will be fully covered by revenues for the financial year.

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 2021.

In line with IATA forecasts, the Group is anticipating a full recovery of the air travel industry by 2024. Based on booking trends, the Group expects to reach 2019 booking levels in the year 2022 as it successfully gained significant market share during the pandemic through continued investment into its unique content and product development. The Group believes it has sufficient committed financing in place to supplement its liquidity position until the Group returns to generating profits and positive cash flows on a sustainable basis. The Group delivered positive operating cash flows in the second half of 2021. The Group continues to rely on the above forms of financing and the shareholders' support that was needed to aid the business during the COVID-19 crisis. Kiwi.com management has concluded that there is no material uncertainty that the Group would not be able to overcome this crisis and to continue in its activities for at least the following 12 months. 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.

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[2] As at 31 December 2021, the Group has drawn down the bank loan facility of €32 million, of which €5 million has been repaid by 31 December 2021. The Group has €13 million of this bank loan facility still available as at 31 December 2021.

[3] As at 31 December 2021, the Group has available €16.7 million of the convertible loan facility.

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 will 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 2021, the volume of bookings made by customers that came directly to kiwi.com, which includes search engine marketing, increased by 98% compared to the previous year's results.

The Group's management uses the non-IFRS measure of 'gross bookings' to evaluate financial performance, this is further described in Note 4. Gross bookings in 2021 increased by 46% year-over-year to €659 million.

Outlook for 2022

The Company has watched in horror and sadness at the Russian invasion in Ukraine and utterly condemns Russia's actions. Our priority has been first and foremost to consider those impacted by such acts and how, as an organisation, we can provide help and support to all those affected. One of the first decisions taken was to provide immediate refunds to our customers who had flights in and/or out of Ukraine, prior to any refund being received by the airline. Other initiatives include a day-care centre in the headquarters office for Ukrainian children and a parent or carer, charitable donations, donations of physical goods and support with transportation or accommodation. The Group's management continually evaluates the situation and takes measures as needed. In general, air transport across the globe is resilient to shocks and conflicts, provided they are limited to a few counties or specific regions.

Notwithstanding the unprecedented effect of the two-year long COVID-19 pandemic and the recent Russian invasion in Ukraine, the Company is seeing the start of a recovery in global air travel. Based on booking trends, the Group expects to reach 2019 booking levels in the year 2022 as it successfully gained significant market share during the pandemic through continued investment into its unique content and product development. The Group forecasts that it will return to profitability in 2024. The Group's 2022 cash forecast assumes that cash expenses will be fully covered by revenues for the financial year.

Other information for disclosure

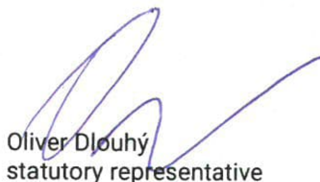
Labour relations are governed by the Czech legislation. The Company is in compliance with the respective environment protection legal regulations.

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

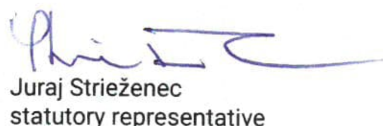
The Company discloses no information under special legislation.

Subsequent events

Apart from the events described in the Notes to the Consolidated financial statements and Outlook for 2022 above, no other significant events occurred after the balance sheet date.



Oliver Dlouhý
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 2021

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Consolidated statement of comprehensive income

for the year ended 31 December 2021

	Note	2021	2020
		€000	€000
			(adjusted)[2]
Gross bookings[1]	4	658,774	452,469
Revenue	4	**109,150**	**84,199**
Processing costs	7	(23,685)	(18,979)
Marketing costs	8	(20,020)	(16,795)
Operating expenses	9	(33,101)	(41,323)
Personnel expenses	10	(29,539)	(24,672)
Depreciation and amortisation		(19,149)	(15,919)
Operating profit		**(16,344)**	**(33,489)**
Finance income and expense, net	11	(2,306)	(367)
Foreign exchange gains/(losses)	12	227	(3,283)
Profit before tax		**(18,423)**	**(37,139)**
Income tax	13	5,832	(883)
Profit for the year		**(12,591)**	**(38,022)**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		29	(14)
Other comprehensive income/(loss) for the year, net of tax		**29**	**(14)**
Total comprehensive income for the year, net of tax		**(12,562)**	**(38,036)**
Attributable to:			
Equity holders of the parent		(12,562)	(38,036)
Non-controlling interests		-	-
		(12,562)	**(38,036)**

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

[2] Structure of the consolidated financial statements has been adjusted to better reflect the business of the Group (see Note 7, 8 and 25).

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Consolidated statement of financial position

as at 31 December 2021

	Note	2021	2020
		€000	**€000**
ASSETS			(adjusted)[2]
Non-current assets			
Property and equipment	14	557	971
Right-of-use assets	25	15,274	17,613
Intangible assets	15	16,253	21,709
Goodwill	16	552	523
Non-current financial assets	18	3,016	3,029
Deferred tax assets	13	4,110	-
Other non-current assets		1,293	373
		41,055	44,218
Current assets			
Cash and cash equivalents	20	19,318	17,243
Trade receivables and other assets	19	23,276	18,132
Current tax assets		97	68
Current financial assets	18	186	1,221
		42,877	36,664
Total assets		**83,932**	**80,882**
LIABILITIES AND EQUITY			
Non-current liabilities			
Non-current financial liabilities	18	16,092	9,399
Non-current lease liabilities	25	12,753	15,064
Deferred tax liabilities	13	-	1,873
		28,845	26,336
Current liabilities			
Trade payables and other liabilities	24	59,244	49,349
Current financial liabilities	18	12,077	9,109
Current lease liabilities	25	1,939	3,008
Current provisions	22	6,247	4,486
Current taxes payable		81	221
		79,588	66,173
Total liabilities		**108,433**	**92,509**
Equity			
Share capital	21	4,857	4,857
Treasury shares		(1,181)	-
Other capital funds		6,303	5,434
Translation reserves		(5)	(34)
Retained earnings/(Accumulated deficit)		(21,884)	16,138
Current year loss		(12,591)	(38,022)
Non-controlling interest		-	-
Total equity		**(24,501)**	**(11,627)**
Total liabilities and equity		**83,932**	**80,882**

Consolidated statement of changes in equity

for the year ended 31 December 2021

	Attributable to the equity holders of the parent					
	Issued capital	Treasury shares	Other capital funds	Retained earnings	Foreign currency translation reserve	Total
	€000	€000	€000	€000	€000	€000
As at 1 January 2020	**2,562**	-	**5,362**	**16,138**	**(20)**	**24,042**
Profit for the period	-	-	-	(38,022)	-	(38,022)
Other comprehensive income	-	-	-		(14)	(14)
Total comprehensive income	-	-	-	(38,022)	(14)	(38,036)
Issue of share capital	1,660	-	-	-	-	1,660
Share based payment	635		72	-	-	707
As at 31 December 2020	**4,857**	**-**	**5,434**	**(21,884)**	**(34)**	**(11,627)**
Profit for the period	-	-	-	(12,591)	-	(12,591)
Other comprehensive income	-	-	-	-	29	29
Total comprehensive income	-	-	-	(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)**

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Consolidated statement of cash flows

for the year ended 31 December 2021

	Note	2021	2020
		€000	**€000**
OPERATING ACTIVITIES			
Profit before tax		(18,423)	(37,139)
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property and equipment, incl. Right-of-use assets	14	3,655	2,393
Amortisation and impairment of intangible assets	15	15,682	13,771
Net foreign exchange differences		-	40
Finance income	11	(35)	-
Finance costs	11	1,936	345
Share of profit of an associate		54	-
Share-based payment expense	26	434	708
Movements in provisions	22	1,761	2,078
Other non-cash movements		(33)	-
Working capital adjustments:		-	
Decrease/(increase) in trade and other receivables		(6,758)	24,723
Increase/(decrease) in trade and other payables		9,895	13
Interest received		8	-
Interest paid		(1,000)	(236)
Income tax paid		(320)	1,514
Net cash flows from operating activities		**6,856**	**8,210**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	14	(22)	(475)
Development expenditures	15	(10,226)	(16,011)
Purchase of financial instruments		-	(35)
Proceeds from sale of financial instruments		(136)	375
Decrease/(increase) in loans receivable		66	(788)
Cash flows from losing control of subsidiary		-	5
Net cash flows used in investing activities		**(10,318)**	**(16,929)**
FINANCING ACTIVITIES			
Proceeds from borrowings	18.5	20,066	26,015
Repayment of borrowings	18.5	(11,109)	(8,597)
Payment of lease liabilities	18.5	(4,023)	(1,736)
Issue of share capital	21	536	-
Net cash flows from/(used in) financing activities		**5,470**	**15,682**
Net increase in cash and cash equivalents		2,008	6,963
Net foreign exchange difference		67	-
Cash and cash equivalents at 1 January 2021		17,243	10,280
Cash and cash equivalents at 31 December 2021		**19,318**	**17,243**

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 2021 were authorised for issue by the Board of Directors on 28 March 2022.

Members of the Board of Directors as at 31 December 2021 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 consolidated financial statements provide comparative information in respect of the previous period. The comparative information in the consolidated statement of financial position reflects the change in the presentation, for more details refer to Note 2.4.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2021.

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.

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their

accounting policies 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) *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.

c) *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 18.3

d) 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, including whether the Group acts as an agent or principal, are summarised in Note 3.

The Group's revenue is principally generated by i) air tickets mediation services ii) provision of additional travel-related services iii) 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

The principal revenue stream is represented by mediation services regarding air tickets, which are purchased and combined on behalf of customers from different 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 and is recognised at the time of booking the air tickets on behalf of the customer.

ii. Revenues from additional travel-related services

The Group may arrange for the customer additional ad-hoc 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.

iii. 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 insurance for sold flights. 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 assistant services 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 q) 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.

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.

e) 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)

f) 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.

g) 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 Other Comprehensive Income ("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.

h) 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.

i) 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 each asset, 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.

j) Leases

The determination of whether a contract is, or contains, a lease is based on the substance of the contract at the inception of the lease. The contract is or contains a lease 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 recognises a right-of-use asset and a corresponding lease liability for all leases, except for short-term leases and leases of low-value assets.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. 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.

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.

k) 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.

l) 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 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:

Kiwi.com domain	5 years
Software	2 – 3 years

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 the asset 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.

m) 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.*

Except for trade receivables defined below, the Group initially measures a financial asset at its fair value. In the case of a financial asset not at fair value through profit or loss, the initial measurement include also transaction costs. Trade receivables that do not contain a significant financing component or for which

the Group has applied the practical expedient are measured at the transaction price 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 Rate ("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 2021 and 2020.

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 2021 and 2020.

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 financial assets 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 aging 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, 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) 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.

n) Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts and foreign currency option 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.

o) 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 at 31 December and when circumstances indicate that the carrying value may be impaired.

p) *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.

q) *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 annually. See also Note 2.3d).

Refunds

The Group recognises a refund liability for expected future refunds (see Note 2.3d) 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.

r) *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.

s) *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.

In 2020, the Group introduced the Employee Growth Shares program. 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 a 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 and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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.

t) *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.

2.4. Changes in accounting policies and disclosures

Presentation of the right-of-use assets and lease liabilities

The Group reassessed the presentation of the right-of-use assets and related lease liabilities in its consolidated statement of financial position. Given their material value, the has Group decided on a separate presentation. From 1 January 2021, the Group included three new line items to the Consolidated statement of financial position for the Right-of-use assets, Non-current lease liabilities and Current lease liabilities. The comparative information in the Consolidated statement of financial position as of 31 December 2020 has been adjusted by reclassifying €17,613 thousand from the Property and equipment to the Right-of-use assets, €15,064 thousand from the Non-current financial liabilities to the Non-current lease liabilities and €3,008 thousand from the Current financial liabilities to the Current lease liabilities.

Presentation of the services and fees

The Group also reassessed the presentation of the services and fees in the Consolidated statement of comprehensive income. Considering their significant value and the differences in their nature, the Group has opted to present the processing and marketing costs separately from operating expenses. From 1 January 2021, the Group replaced the line Services and fees with three new line items in the Consolidated statement of comprehensive income, namely Processing costs, Marketing costs and Operating expenses. The comparative information in the Consolidated statement of comprehensive income as of 31 December 2020 has been adjusted by reclassifying from the line Services and fee €18,979 thousand to Processing costs, €16,795 thousand to Marketing costs and €41,323 thousand to Operating expenses.

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 2021. 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.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The

amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

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.

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 2023 and must be applied retrospectively. The amendments have not yet been endorsed by the EU.

The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the

Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 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 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group.

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

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

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

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Group.

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

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendment is not expected to have a material impact on the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued an amendment to IFRS 9. 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

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 have not yet been endorsed by the EU.

The amendments are not expected to have a material impact on the Group.

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 amendments have not yet been endorsed by the EU.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax

on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The amendments have not yet been endorsed by the EU.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28
The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

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:

Revenue from contracts with customers - Principal versus agent considerations
The Group enters into contracts with customers to purchase and combine primarily air tickets on behalf of customers from different airline carriers based on the end customers' needs. Further, the Group may arrange for the customer additional ad-hoc travel-related services provided by carriers or third parties. Under these contracts, the Group provides mediation services (i.e. brokerage of the contract of carriage between the customer and selected carrier or third party). In assessing whether the Group acts as a

principal or an agent in these mediation services the Group followed IFRS 15 guidance and considered the following indicators to conclude on the nature of the service:

- The Group determined that it is not responsible for and does not control the provision of the transportation itself or of the additional travel-related services and therefore it is not the primary obligor in these transactions.
- The Group bears no inventory risk as the tickets are not held in stock or purchased in advance.
- The Group has some latitude in setting the sales price of the tickets.

In assessing whether the Group acts as a principal or an agent in the sale of air tickets, the Group considered the aforementioned indicators and also their relative significance in assessing whether it is the primary obligor controlling the provision of the service. The key factor the Group considered is that the contract for carriage is concluded between the airline and the customer and the airlines are ultimately responsible for and control the transportation services. Therefore, the Group determined that it is an agent in the provision of the mediation services and consequently the revenue reported from these services is the commission fee (i.e. the revenue is presented net).

Consistently with the conclusion that the Group acts as an agent in the mediation services, the Group concluded that revenue for the mediation service is to be recognised at the time of booking the air tickets on behalf of the customer because this is the point in time when the customer benefits from the Group's services.

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.

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 2021, the amount recognised as refund liabilities for expected refunds was €2,102 thousand (31 December 2020: €1,519 thousand).

When the Group issues customer credits for future use, the liability for such purchases is recognised. As of 31 December 2021, this liability amounted to €12,786 thousand (31 December 2020: €1,543 thousand). The liability also reflects an expected breakage as not all the customers utilise the credits before maturity. 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. The assessment update performed as of 31 December 2021 resulted in a reduction of the liability of €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. At 31 December 2021, the carrying amount of capitalised development costs was €7,506 thousand (2020: €11,589 thousand). The decline in the carrying amount was caused by a lower ratio of capitalisable projects and by the amortisation of the existing assets.

Impairment of non-financial assets
The Group assesses the impairment of non-financial assets in accordance with the accounting policy stated in Note 2.3o). 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 2021 and 2020 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 2021 and 2020.

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.

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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	
	2021	**2020**
	€000	**€000**
Gross bookings[4]	658,774	452,286
Cost of gross bookings[5]	550,966	368,270
Other income	1,342	183
Revenue from contracts with customers	109,150	84,199
thereof:		
Sale of air tickets and ancillary services	*97,682*	*76,569*
Commissions, incentives and similar fees	*11,468*	*7,630*

5. Group information

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

Name	Principal activities	Country of incorporation	% equity interest 2021	% equity interest 2020
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

[4] Gross bookings is a non-IFRS measure reviewed regularly by the Group's management for evaluating the financial performance. Gross bookings refers 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 to the reader a view about the economic value of the services that the Group mediates.

[5] Cost of gross booking represents the cost of tickets and ancillaries 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 interim condensed consolidated statement of comprehensive income.

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. Profit or loss and each component of OCI attributable to the non-controlling interests for the 12 months ended 31 December 2021 amounted less than €1 thousand.

As at 31 December 2021, the major shareholders of the Company were as follows[6]:

General Atlantic KW B.V.	53.3%
Oliver Dlouhý	22.4%
Jozef Képesi	12.5%
Touzimsky Airlines, s.r.o.	10.0%
Others	1.8%

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 (2020: 45.66%).

6. Business combinations

The Group did not complete any acquisitions in the financial years 2021 and 2020.

7. Processing costs

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

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

9. Operating expenses

	For the year ended 31 December	
	2021	2020
	€000	€000
Customer support	6,657	7,871
Sales and marketing	2,573	1,506
Technology	16,698	20,718
General and administrative	7,173	11,228
Total operating expenses	**33,101**	**41,323**

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	
	2021	2020
	€000	€000
Wages and salaries	20,249	17,530
Social security costs	8,087	6,196
Other employee expenses	1,203	946
Total personnel expenses	**29,539**	**24,672**

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 2021 include share-based payment expenses of nil (2020: €635 thousand). The personnel expenses for the year ended 31 December 2021 are reported net of government grants of €720 thousand (2020: €2,274 thousand), see Note 23.

11. Finance income and expense

	For the year ended 31 December	
	2021	2020
	€000	€000
Interest expense on debts and borrowings	(1,703)	(152)
Interest income on debts and borrowings	35	49
Interest expense on lease liabilities	(233)	(83)
Share-based payment - financial services	(434)	(72)
Other interest income/(expense)	29	(109)
Total finance expense	**(2,306)**	**(367)**

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	
	2021	2020
	€000	€000
Foreign exchange differences	90	(2,991)
Operations with derivatives not designated as hedging instruments	137	(292)
Total foreign exchange gains/(losses)	**227**	**(3,283)**

13. Income tax

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	Consolidated profit or loss	
	2021	2020
	€000	€000
Current income tax expense	151	298
Deferred tax benefit - origination and reversal of temporary differences	(5,983)	585
Income tax reported in the statement of profit or loss	**(5,832)**	**883**

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:

	2021	2020
	€000	€000
Accounting profit before tax from continuing operations	(18,423)	(37,139)
Accounting profit before income tax	(18,423)	(37,139)
At Czech statutory income tax rate of 19% (31 December 2020: 19%)	**(3,500)**	**(7,056)**
Tax effect of items which are not deductible or assessable for taxation purposes:		
Unrecognised deferred tax from tax losses	2,836	5,840
Deferred tax recognised from previous tax losses	(4,554)	-
Tax non-deductible expenses	579	1,216
Other	(1,193)	883
Income tax expense reported in the statement of profit or loss	**(5,832)**	**883**
Effective income tax rate	32%	-2%

The company Kiwi.com s.r.o. made a preliminary income tax calculation for 2021 which resulted in a tax loss position. The current income tax expense disclosed in the consolidated profit and loss as at 31 December 2021 represents income taxes of the subsidiaries.

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position	
	2021	2020
	€000	€000
Accelerated tax depreciation and amortisation	(1,186)	(1,873)
Timing differences - provisions	462	-
Expected credit losses of trade receivables	280	-
Deferred tax from tax losses carry-forward	4,554	-
Net deferred tax assets/(liabilities)	**4,110**	**(1,873)**

	Consolidated statement of profit or loss	
	2021	2020
	€000	€000
Accelerated tax depreciation and amortisation	(687)	(122)
Timing differences - accrued compensation	-	147
Timing differences - provisions	(462)	457
Expected credit losses of trade receivables	(280)	103
Deferred tax from tax losses carry-forward	(4,554)	-
Net deferred tax expense/(benefit)	**(5,983)**	**585**

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 gross tax losses of €51,521 thousand (2020: €36,593 thousand) available for offset against future taxable profits. The Group has recognised a net deferred tax asset of €4,554 thousand (2020: nil) representing the tax losses the Group estimates to be able to utilise. The Group has not recognised the deferred tax assets of €5,235 thousand in respect of tax losses incurred by the company Kiwi.com s.r.o. The tax losses are available for offsetting against future taxable profits for five consecutive years.

14. Property and equipment

	Leasehold improvements	Other equipment	Total
	€000	€000	€000
Cost			
At 1 January 2020	**1,307**	**422**	**1,729**
Additions	409	66	475
Disposals	(11)	-	(11)
At 31 December 2020	**1,705**	**488**	**2,193**
Additions	5	17	22
Disposals	(736)	(64)	(800)
At 31 December 2021	**974**	**441**	**1,415**
Depreciation			
At 1 January 2020	**678**	**126**	**804**
Depreciation charge for the year	349	80	429
Disposals	(11)	-	(11)
At 31 December 2020	**1,016**	**206**	**1,222**
Depreciation charge for the year	342	94	436
Disposals	(736)	(64)	(800)
At 31 December 2021	**622**	**236**	**858**
Net book value			
At 31 December 2021	352	205	557
At 31 December 2020	689	282	971

15. Intangible assets

	Software	Other intangible assets	Total
	€000	€000	€000
Cost			
At 1 January 2020	**31,662**	**384**	**32,046**
Additions	6,472	-	6,472
Additions - internally developed	9,908	-	9,908
Disposals	-	-	-
At 31 December 2020	**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**
Amortisation			
At 1 January 2020	**12,562**	**384**	**12,946**
Amortisation charge for the year	13,771	-	13,771
Disposals	-	-	-
At 31 December 2020	**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**
Net book value			
At 31 December 2021	16,253	-	16,253
At 31 December 2020	21,709	-	21,709

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 2021 and 31 December 2020 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 2021 and 2020. Consequently, the changes in the carrying amount of goodwill in the financial years 2021 and 2020 were attributable solely to the effects of foreign currency rate changes.

The Group performed its annual impairment test as at 31 December 2021 and 2020. The Group considered the fall in revenues connected to the COVID-19 outbreak when reviewing for indicators of impairment. However, the management did not identify any impairment. In determining the value in use as of 31 December 2021, the Group used the following parameters:

- Projected 2022 – 2024 free cash flows based on the most current financial plan of the Group and the perpetuity growth rate of 2% p.a. after 2024.
- A pre-tax discount interest rate representing the Weighted Average Cost of Capital ('WACC') of the Group of 17.7% 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 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 2021			
	Level 1: quoted prices	**Level 2: significant observable inputs**	**Level 3: significant unobservable inputs**	**Total**
	€000	€000	€000	€000
Assets:				
Foreign currency contracts	-	186	-	186
Non-listed equity investments	-	-	3,014	3,014
Liabilities:				
Foreign currency contracts	-	-	-	-

	As at 31 December 2020			
	Level 1: quoted prices	Level 2: significant observable inputs	Level 3: significant unobservable inputs	Total
	€000	€000	€000	€000
Assets:				
Foreign currency contracts	-	50	-	50
Non-listed equity investments	-	-	2,759	2,759
Liabilities:				
Foreign currency contracts	-	-	-	-

There were no transfers between Level 1 and Level 2 fair value measurements during the reporting periods ended 31 December 2021 and 31 December 2020.

Reconciliation of fair value measurements of Level 3 financial instruments

The changes in the value of the Group's non-listed equity investments classified as equity instruments at fair value through profit or loss were as follows:

	2021	2020
	€000	€000
As at 1 January	2,759	2,856
Additions	308	39
Impairment	(53)	(136)
As at 31 December	3,014	2,759

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 a fixed-rate loan from an acquiring partner as of 31 December 2021 was €2,011 thousand (31 December 2020: €4,114 thousand) as compared to its carrying amount of €2,010 thousand (31 December 2020: €4,109 thousand). The fair value of variable rate bank loan as of 31 December 2021 was €26,189 thousand (31 December 2020: €14,482 thousand) as compared to its carrying amount of €26,092 thousand (31 December 2020: €14,399 thousand). 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

	2021	2020
	€000	€000
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	186	50
Equity instruments at fair value through PL		
Non-listed equity investments	3,014	2,759
Total financial assets at fair value	**3,200**	**2,809**
Debt instruments at amortised cost		
Trade receivables and other assets[7]	17,533	14,831
Current loans receivable	-	1,171
Non-current loans receivable	2	270
Total financial assets	**20,735**	**19,081**
Total current	**17,719**	**16,052**
Total non-current	**3,016**	**3,029**

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.

The non-listed equity investments comprise primarily the Group's share in Enoya-One Ltd. On 23 January 2019, the Group acquired a minority share in the Israeli technology company Enoya-One Ltd. operating the AeroCRS cloud reservation solutions for airline companies. The payment for the Group's share in AeroCRS was agreed upon in three instalments. The last part of $1 million is outstanding as at 31 December 2021 and is disclosed in Trade payables and other liabilities.

Debt instruments at amortised cost include trade receivables. The comparative information for 2020 include also loans receivable mainly from GoAvio OOD and Zuri.com SE and a loan receivable from the related party Kiwi.com Warehouse s.r.o. (see Note 28).

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 at the date of conversion was determined by the agreement of the investors.

[7] The item Trade receivables and other assets in the statement of financial position includes, in addition to current financial assets, prepaid expenses and unbilled revenue totalling €5,743 thousand as of 31 December 2021 and €3,301 thousand as of 31 December 2020, respectively.

18.2. Financial liabilities

	interest rate	maturity	2021	2020
			€000	€000
Financial liabilities at amortised costs				
Current interest-bearing loans and borrowings				
Bank overdraft			67	-
Bank loan 2020	EURIBOR + 2.50%	2022	10,000	5,000
Bank loan 2016	1.95%	2021	-	109
Loan from an acquiring partner	6.00%	2022	2,010	-
Loan from an acquiring partner	4.50%	2021	-	1,000
Loan from an acquiring partner	6.50%	2021	-	3,000
Total current interest-bearing loans and borrowings			**12,077**	**9,109**
Non-current interest-bearing loans and borrowings				
Bank loan 2020	EURIBOR + 2.50%	2023	16,092	9,399
Total non-current interest-bearing loans and borrowings			**16,092**	**9,399**
Total interest-bearing loans and borrowings			**28,169**	**18,508**
Other financial liabilities at amortised costs				
Trade payables and other liabilities[8]			21,553	10,018
Total other financial liabilities			**21,553**	**10,018**
Total current			**33,630**	**19,127**
Total non-current			**16,092**	**9,399**

In December 2020, the Group entered into a loan facility agreement with Citibank Europe plc and Komerční banka, a.s. for up to €45 million[9]. The maturity of the loan is also tied to the fulfilment of certain financial covenants. The Group complied with the covenants as at 31 December 2021 and 31 December 2020. The Group utilised €16 million of the facility by 31 December 2020 and an additional €16 million in 2021. In 2021, the Group made the scheduled repayments of €5 million. Financing fees incurred on this facility of €1.6 million were booked as a debit to the loan balance and are amortised over the life of the loans. 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 pledge of certain bank accounts and by the promissory note of up to €5 million.

In April 2021, the Group terminated a credit line agreement with a business partner and repaid the outstanding amount of €4 million. On 1 July 2021, the Group entered into a new credit line agreement with the same partner and drew down €4 million, of which €2 million was repaid before year-end. The term of the new credit line will continue until 31 March 2022. The loan bears interest of 6% p.a.

[8] The item Trade payables and other liabilities in the statement of financial position includes, in addition to current financial liabilities, accrued liabilities and compensation totalling €37,691 thousand as of 31 December 2021 and €39,331 thousand as of 31 December 2020, respectively.

[9] As at 31 December 2021, the Group has still available €13 million of this bank loan facility.

The bank overdraft facility is secured by a pledge on current bank accounts of up to USD 45 million. The closing balances of the pledged accounts amounted €8,774 thousand as at 31 December 2021.

Derivatives not designated as hedging instruments reflect the negative 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:

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Foreign exchange forward contracts	186	186	50	50
Non-listed equity investments	3,014	3,014	2,759	2,759
Fixed rate current loans receivable	-	-	1,171	1,107
Fixed rate non-current loans receivable	2	2	270	249
Trade receivables and other assets	17,533	17,533	14,831	14,831
Total	**20,735**	**20,735**	**19,081**	**18,996**

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Fixed rate loan	2,010	2,011	4,109	4,114
Variable rate bank loan	26,092	26,189	14,399	14,482
Bank overdrafts	67	67	-	-
Lease liabilities	14,692	14,165	18,072	18,072
Trade payables and other liabilities	21,553	21,553	10,018	10,018
Total	**64,414**	**63,985**	**46,598**	**46,686**

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 a market approach based on an indicative transaction price. 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 and option 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, interest rate curves. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value.

- The fair values of the Group's interest-bearing borrowings, lease liabilities and loans are determined by using the DCF 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 2021 was assessed to be insignificant.

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 the Group's operations. The Group's principal financial assets include trade 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 Group's 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 2021 and 2020. This is based on the financial assets and financial liabilities held on 31 December 2021 and 2020 including the effect of hedge accounting.

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 2021 and 2020, approximately 7% and 22%, 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 2021 and 2020 the impact of a reasonable change in interest rates would have been immaterial. The sensitivity analysis was performed on variable rate bank loan balances, with EURIBOR as the variable.

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 forward and option contracts for transactions that are expected to occur within 12 months. These transactions are not designated as cash flow hedges, however, they are intended to manage the currency risk and are entered into for periods consistent with foreign currency exposure of the underlying transactions.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in CZK and USD 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-designated foreign currency derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in CZK rate	Effect on profit before tax
		€000
2021	10%	(505)
	-10%	505
2020	10%	608
	-10%	(608)

	Change in USD rate	Effect on profit before tax
		€000
2021	10%	(635)
	-10%	635
2020	10%	(135)
	-10%	135

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 2021 and 2020. 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.

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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.

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 2021, the Group had three partners (2020: 2) 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 and receivables from acquirers using a provision matrix:

31 December 2021			Days past due				
	Current	<30 days	31-90	91-180	181-365	>365	Total
	€000	€000	€000	€000	€000	€000	€000
Expected credit loss rate	0%	0%	0%	15%	50%	100%	
Estimated total gross carrying amount at risk of default	9,484	347	204	8	22	759	10,824
Expected credit loss	1,373	-	-	1	11	759	2,144

31 December 2020			Days past due			specific	
	Current	<30 days	31-90	91-180	>180	customer	Total
	€000	€000	€000	€000	€000	€000	€000
Expected credit loss rate	0.10%	1%	2%	8%	10%	100%	
Estimated total gross carrying amount at risk of default	6,714	176	156	1	300	543	7,890
Expected credit loss	7	2	3	-	30	543	585

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 Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. 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 2021 and 2020 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.

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 payments[10]:

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	21,553	-	-	21,553
	43,870	**26,186**	**4,650**	**74,706**

31 December 2020	Less than one year	1 to 5 years	More than 5 years	**Total**
Fixed rate loan	4,222	-	-	4,222
Variable rate bank loan	5,783	27,943	-	33,726
Currency derivatives	7,400	-	-	7,400
Lease liabilities	3,596	7,456	8,295	19,347
Trade and other payables	10,018	-	-	10,018
	31,019	**35,399**	**8,295**	**74,713**

[10] As at 31 December 2021, the Group has available €13 million of the bank loan facility and €16.7 million of the convertible loan facility.

The financial derivative instruments disclosed 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**

31 December 2020	**Total**
Inflows	7,459
Outflows	-7,400
Net	59
Discounted at the applicable interbank rates	**50**

18.5. Changes in liabilities arising from financing activities

	1 January 2021	**Cash flows**	**New Leases**	**Other**	**31 December 2021**
Fixed rate bank loan	4,109	(2,109)	-	10	2,010
Variable rate bank loan	14,399	11,000	-	693	26,092
Bank overdrafts	-	67	-	-	67
Lease liabilities	18,072	(4,023)	410	233	14,692
Total	**36,580**	**4,935**	**410**	**936**	**42,861**

	1 January 2020	**Cash flows**	**Loan-related fees**	**New Leases**	**31 December 2020**
Fixed rate bank loan	182	3,927	-	-	4,109
Variable rate bank loan	-	16,000	(1,601)	-	14,399
Bank overdrafts	2,518	(2,518)	-	-	-
Lease liabilities	2,529	(1,736)	-	17,279	18,072
Total	**5,229**	**15,673**	**(1,601)**	**17,279**	**36,580**

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.

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19. Trade receivables and other assets

	2021	2020
	€000	€000
Trade receivables	3,369	2,096
Receivable from acquirers	7,455	5,794
Deposits provided to partners	8,097	5,960
Unbilled revenue	4,182	1,541
Prepaid expenses	1,561	1,760
Other receivables	756	1,532
	25,420	18,683
Allowance for expected credit losses	(2,144)	(551)
Total trade receivables and other assets	**23,276**	**18,132**

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

	2021	2020
	€000	€000
As at 1 January	551	543
Provision for expected credit losses (Note 18.4)	1,593	8
As at 31 December	**2,144**	**551**

Trade receivables are non-interest bearing. As at 31 December 2021, the Group recognised a provision for expected credit losses of trade receivables of €2,144 thousand (2020: €551 thousand). 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 2021, the Group had available €16,873 thousand (2020: €35,356 thousand) of undrawn committed borrowing facilities.

The Group has pledged a part of its current bank accounts to fulfil collateral requirements. At 31 December 2021, the restricted cash accounts totalled €1,466 thousand (31 December 2020: nil). Refer to Note 27 for further details.

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21. Issued capital and reserves

The Company's issued capital has a nominal value of CZK 128,836 thousand (€4,857 thousand) and has been fully subscribed. The shares are not publicly traded. The issued capital is divided into 1,140,174 shares of two types:

- Basic share ("Základní podíl") – each 1/1,140,174 bears 10 voting rights in the General Meeting; and
- Special share ("Zvláštní podíl") - each 1/1,140,174 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.

On 4 December 2021, the subscribed shares amounting to CZK 15,071 thousand (€ 556 thousand) were paid by the shareholders. Throughout the year, three of the shareholders decided to resell their special shares, or part thereof, back to the Group.

On 5 October 2020, the Company increased its issued capital by CZK 62,027 thousand (€2,295 thousand).

There were no dividends proposed for the financial years 2021 and 2020. The loss for 2020 has been added to the accumulated losses.

In December 2020, the Group granted General Atlantic and Touzimsky Airlines warrants to subscribe for ordinary shares in the share capital of Kiwi.com, s.r.o. as part of the direct financing transaction (see Note 27). The warrants instrument in the amount of €869 thousand (2020: €72 thousand) is included in the Other capital funds in the consolidated statement of financial position.

22. Provisions

	Warranty provision	Refund liabilities	Other provisions	Total
	€000	€000	€000	€000
At 1 January 2020	**2,161**	**178**	**69**	**2,408**
Arising during the year	279	1,519	2,688	4,486
Utilised	(2,161)	(178)	(69)	(2,408)
At 31 December 2020	**279**	**1,519**	**2,688**	**4,486**
Arising during the year	553	2,102	923	3,578
Utilised	(279)	(1,519)	(19)	(1,817)
At 31 December 2021	**553**	**2,102**	**3,592**	**6,247**

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 significant rise during 2021 and 2020 was caused by the increased number of flights cancelled by the carriers during the COVID-19 crisis.

Other provisions

Other provisions comprise primarily the provision for business risks.

23. Government grants

During the financial years 2021 and 2020, the Group received government grants to compensate operating expenses of €2,719 thousand and €2,349 thousand, respectively. The grants are reported as a deduction from payroll expenses (2021: €720 thousand and 2020: €2,274 thousand), deduction from operating expenses (2021: €1,739 thousand and 2020: nil), and a reduction of the carrying amount of the related internally developed software (2021: €260 thousand and 2020: €75 thousand). No unfulfilled conditions and contingencies are attached to these grants as at 31 December 2021 and 31 December 2020.

24. Trade payables and other liabilities

	2021	2020
	€000	**€000**
Trade payables	9,102	5,529
Virtual cards liabilities	6,212	1,564
Received deposits	2,435	1,975
Accrued liabilities	22,838	34,714
Credit liabilities	12,786	1,543
Accrued compensation	2,067	3,074
Other liabilities	3,804	950
Total trade payables and other liabilities	**59,244**	**49,349**

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 2021, expenses relating to short-term leases and leases of low-value assets amounted to €882 thousand (2020: €917 thousand).

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

	2021	2020
	€000	**€000**
At 1 January	**17,613**	**2,289**
Additions	889	17,297
Early terminations	(9)	(9)
Depreciation charge for the period	(3,219)	(1,964)
At 31 December	**15,274**	**17,613**

In the financial year 2021, the Group capitalised the depreciation charge of €188 thousand (2020: €245 thousand) as development expenditure for internally developed intangible assets.

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

	2021	2020
	€000	**€000**
At 1 January	**18,072**	**2,529**
Additions	410	17,196
Accretion of interest	233	83
Payments	(4,023)	(1,736)
At 31 December	**14,692**	**18,072**
Current	1,939	3,008
Non-current	12,753	15,064

The following are the amounts recognised in profit or loss:

	For the year ended 31 December	
	2021	**2020**
	€000	**€000**
Depreciation of right-of-use assets	3,219	1,964
Interest expense on lease liabilities	233	83
Expense relating to short-term leases and leases of low-value assets	882	917
Total amount recognised in profit or loss	**4,334**	**2,964**

26. Share-based payments

Equity-settled transactions

In 2020, senior executives of the Group received consideration for their services provided to the Group in the form of equity instruments that had immediately vested. The full expense of €635 thousand for the services provided and a corresponding increase in equity (issued share capital) was recognised when the

Group issued the respective shares. The fair value of the shares granted was estimated at the grant date using a binomial option pricing model.

Cash-settled transactions

During 2020, the Group introduced the Employee Growth Shares program. 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 COVID-19 pandemic had a negative impact on the Group's financial and operating results in 2021 and 2020. The current value of Kiwi.com is not expected to show the specified increase and therefore none of the cash-settled awards is expected to vest as at 31 December 2021. No liability was recognised in the consolidated statement of financial position as at 31 December 2021 (31 December 2020: nil).

Commitment warrant

In December 2020, the Group negotiated a financing facility with the Group's shareholders General Atlantic and Touzimsky Airlines. As part of the transaction, the Group granted General Atlantic and Touzimsky 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 may be exercised any time prior to an exercise event (sale or IPO). The warrant instruments are in substance consideration for the shareholders' commitment to provide the financing facility and therefore the warrants vested immediately. The cost of the warrants to the Group together with the corresponding increase in equity (other capital funds) are recognised over the term of the commitment and are included in Financial income and expense in the consolidated statement of profit and loss.

The expense arising from equity share-based payment transactions for the year ended 31 December 2021 amounted to €434 thousand (2020: €708 thousand).

27. Commitments and contingencies

Commitments

In 2017, the Group signed a contract for accessing a ticket reservation system. This contract, in line with valid amendments, is in effect until 30 September 2022.

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 Group's management has accrued a reserve for the probable loss that is related to these legal actions.

Guarantees

As of 31 December 2021, the Group had a committed credit line of up to €5 million (2020: €7 million) with Komerční banka, a.s. which is used in the form of letters of credit and bank guarantees. As of 31 December 2021 and 2020, the Group had drawn down letters of credit totalling €3 million and €1 million, respectively, and issued bank guarantees totalling €1.5 million and €5.5 million, respectively, in favour of operating partners and partners selling air tickets to the Group.

The Group had also a committed credit line of up to €12 million (2020: €12 million) with UniCredit Bank of which a standby letter of credit worth nil (2020: €1.3 million) has been drawn down as of 31 December 2021.

Up to 80% of the bank loan facility described in the Note 18 is secured by a financial guarantee provided by the Exportní garanční a pojišťovací společnost, a.s. Further, the facility is secured by the pledge of certain bank accounts (see Note 20) and by the promissory note of up to €5 million.

In November 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 2021 was €16,666,666. The Group did not utilise this facility as of 31 December 2021.

28. Related party disclosures

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

In 2020, the Group provided a loan to the related party Kiwi.com Warehouse s.r.o. The loan bore interest of 4% p.a. and was repayable on demand. The loan balance as of 31 December 2020 was €1,097 thousand and was included in the Current financial assets in the consolidated statement of financial position. From 1 January 2021, Kiwi.com Warehouse s.r.o. is consolidated within the Group (see Note 3) and therefore all intra-group transactions and balances have been eliminated.

As at 31 December 2020, the Trade receivables and other assets included the receivable to the shareholders for unpaid shares of € 556 thousand. The receivable was settled in 2021. Throughout the year, three of the shareholders decided to resell 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:

	2021	2020
	€000	€000
Short term employee benefits	1,257	1,382
Social security costs	144	249
Post-employment pension and medical benefits	20	16
Share-based payment	-	379
Termination benefits	-	23
Total compensation paid to key management personnel	1,421	2,049

29. Management commentary and going concern assessment

The global travel and aviation industries have been severely affected by the COVID-19 pandemic which significantly reduced the volume of air travel since early 2020. The mass cancellation of flights by airlines naturally led to a significant increase in the number of customers inquiring about and requesting refunds from airlines. The combination of reduced air travel and managing customer refunds had a negative impact on the financial and operating results.

In 2021, Kiwi.com saw a moderate recovery from the COVID-19 crisis as COVID-19 vaccination programmes advanced, travel restrictions started to relax and customers were able to start flying again. With this recovery, the Company processed around 70% of the number of bookings made in 2019 which represented around half of the Gross Booking value achieved in 2019, due to lower airfares. In 2021,

Gross Bookings were €206.5 million higher than in 2020, representing a 46% increase and revenue in 2021 rose by €25.0 million to €109.2 million, a 30% increase compared to the prior year. Management is seeing an encouraging recovery trend with the number of bookings in the second half of 2021 115% higher than the first half and this positive trend continued into 2022.

Notwithstanding a profit after tax in the second half of 2021 of €1.0 million, the financial result for the year as a whole was a loss of €12.6 million, and group equity stood at a negative €24.5 million at year-end. 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. Management estimates that the Group will start generating statutory profits from 2024. The Company's liquidity is also supported through financing commitments from lenders and shareholders secured in the prior periods. As at 31 December 2021, the Group utilised €27 million of a €45 million bank loan facility, net of €5 million which was repaid in the year ended 31 December 2021. During the financial year, the Group also drew a loan of €4 million under a credit facility with a business partner of which €2 million remains outstanding as of 31 December 2021. In addition to these loan facilities the Group also has a €16.7 million committed convertible loan facility in place with its two principal shareholders, the Group has not drawn down on this facility as at 31 December 2021 (see Note 27). The Group's 2022 cash forecast assumes that cash expenses will be fully covered by revenues for the financial year.

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 2021.

In line with IATA forecasts, the Group is anticipating a full recovery of the air travel industry by 2024. Based on booking trends, the Group expects to reach 2019 booking levels in the year 2022 as it successfully gained significant market share during the pandemic through continued investment into its unique content and product development. The Group believes it has sufficient committed financing in place to supplement its liquidity position until the Group returns to generating profits and positive cash flows on a sustainable basis. The Group delivered positive operating cash flows in the second half of 2021. Notwithstanding this positive cash flow performance, the Group continues to rely on the above forms of financing and the shareholders' support that was needed to aid the business during the COVID-19 crisis. Kiwi.com management has concluded that there is no material uncertainty that the Group would not be able to overcome this crisis and to continue in its activities for at least the following 12 months. Therefore, these consolidated financial statements were prepared on a going concern basis.

30. Events after the reporting period

On 12 January 2022, the Group early repaid the outstanding amount of €2 million due under the credit line agreement with its acquiring partner.

On 19 January 2022, three members of the key management personnel subscribed for the Company's issued share capital of €782 thousand of which the shares amounting to €774 thousand had not been paid up as of the date of these financial statements. The issued share capital increased by €7.6 thousand.

Also on 19 January 2022, senior executives of the Group were granted the equity instruments under the Employee Growth Shares program. The grant had immediately vested and the full expense of €855 thousand and a corresponding increase in equity was recognised in January 2022. The Group reissued the 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.

In February 2022, the situation in Ukraine escalated into the Russian invasion in Ukraine. Our priority has been first and foremost to consider those impacted by such acts and how, as an organisation, we can provide help and support to all those affected. One of the first decisions taken was to provide immediate refunds to our customers who had flights in and/or out of Ukraine, prior to any refund being received by the airline. Other initiatives include a day-care centre in the headquarters office for Ukrainian children and a parent or carer, charitable donations, donations of physical goods and support with transportation or accommodation. The Group's management continually evaluates the situation and takes measures as needed. In general, air transport across the globe is resilient to shocks and conflicts, provided they are limited to a few counties or specific regions. It is too early to estimate what the near-term consequences will be for aviation, but it is clear that there are downside risks, in particular in markets with exposure to the conflict. Ukrainian and Russian markets represent approx. 6.50% of the Group's revenue for the year ended 31 December 2021.

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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 2021, 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 2021, 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.

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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.

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- 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 March 2022
Prague, Czech Republic

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