

# Annual Report and Financial Statements

Kayak Software (UK) Limited

For the year ended 31 December 2021

**Kayak Software (UK) Limited**

**Company Information**

<b>Directors</b>	Daniel Stephen Hafner Peer Bueller Susana Alves D'Emic
<b>Company secretary</b>	Abogado Nominees Limited
<b>Registered number</b>	06076185
<b>Registered office</b>	100 New Bridge Street London EC4V 6JA
<b>Independent auditors</b>	Deloitte LLP Statutory Auditor 3 Victoria Square Victoria Street St Albans United Kingdom AL1 3TF

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# **Kayak Software (UK) Limited**

## **Strategic report**

### **For the year ended 31 December 2021**

#### **Introduction**

The directors present their strategic report and the audited financial statements of the Company for the year ended 31 December 2021.

#### **Business review**

The Company's principal activity is to provide management and commercial services to Kayak Europe GmbH and Momondo A/S in order to send referrals to travel suppliers and online travel agencies, and to facilitate bookings through Kayak's websites and mobile applications and offer advertising placements on Kayak's websites and mobile applications. The Company receives service revenue based on a transfer pricing agreement with Kayak Europe GmbH and Momondo A/S. Booking Holdings Inc., the Company's ultimate parent undertaking and controlling party, uses revenue and EBITDA as performance indicators when reviewing the overall performance of the business.

The COVID-19 pandemic has had a profound impact on our business, employees, partners, communities and stockholders. Although there was a significant decline in our business in 2020 as a result of the COVID-19 pandemic and this has continued into 2021, we remain confident that the travel industry will recover when travelers feel safe to travel once again. The Company results for the year ended in a loss, before taxation, amounting to -£1.2m compared to a loss in 2020 amounting to -£0.4m. The decrease was mainly due to a decrease in turnover, whilst maintaining control over fixed costs. The Company has gone from a net asset position in 2020 amounting to £6.1m to a net asset position in 2021 amounting to £5.1m.

#### **Principal risks and uncertainties**

The directors consider that the principal risks and uncertainties faced by the Company are in the following categories, it is noted that the Company operates in a dynamic industry and accordingly can be affected by the below factors:

##### **Economic**

The Company is exposed to the risk of foreign exchange losses, increased interest rates and inflation having an adverse impact on served markets. This risk is managed centrally by the treasury department of the group.

##### **Competition**

The Company is exposed to the risk of being able to attract new customers and increase the number of visitors to the websites and convert those visitors into customers and to retain existing customers or encourage repeat reservations. The directors of the group manage competition through close attention to market research, technology platform updates and benchmarking competition.

## **Kayak Software (UK) Limited**

### **Strategic report (continued)**

**For the year ended 31 December 2021**

#### **Principal risks and uncertainties (continued)**

##### **COVID-19**

In response to COVID-19, the UK government implemented, a variety of measures to reduce the spread of COVID-19, including travel restrictions and bans. These restrictions were in-place periodically across 2020 and 2021. These government mandates forced many of the partners on whom our business relies, including hotels and other accommodation providers, airlines and restaurants, to seek government support in order to continue operating, to curtail drastically their service offerings, to file for bankruptcy protection or to cease operations entirely. Further, these measures have materially adversely affected, and may further adversely affect, consumer sentiment and discretionary spending patterns, economies and financial markets, and our workforce, operations and customers spending.

Although travel has now opened up, we expect the COVID-19 pandemic and its effects to continue to have a significant adverse impact on our business, financial condition, results of operations and cash flows for the duration of the pandemic, during any resurgences of the pandemic and during the subsequent economic recovery, which could be an extended period of time.

Even though there have been some improvements in the economic and operating conditions for the Company's business since the outset of the COVID-19 pandemic, the Company cannot predict the long-term effects of the pandemic on its business or the industry as a whole. While the timing of the recovery of the travel industry remains uncertain, we believe that demand for our services will continue to return as government restrictions are lifted and people are confident it is once again safe to travel.

##### **Economic uncertainty**

The ongoing impact of the COVID-19 pandemic, disruption to global supply chains and the war in the Ukraine have led to a challenging global economic climate, with UK inflation at 10.1% in the 12 months to July 2022, the highest level since 1982. The Bank of England currently forecasts UK inflation to peak at 13.1% in the fourth quarter of 2022 and it is expected to remain high for the next two years. With inflation outstripping increase in nominal wages, incomes are falling in real terms creating a cost of living crisis and significant uncertainty in consumer behaviour and discretionary spending. The impact on the Company and the travel industry as a whole remains uncertain, however we are carefully monitoring the situation and will take appropriate actions to mitigate the impact as required.

##### **Cybersecurity**

Cyberattacks and system vulnerabilities could lead to service outages, data loss, reduced revenue, increased costs, liability claims, or harm to our competitive position. As the travel industry begins to recover from the COVID-19 pandemic, if our systems cannot be expanded to cope with increased demand or fail to perform, we could experience unanticipated disruptions in service, slower response times, decreased customer service and customer satisfaction, and delays in the introduction of new services, any of which could impair our reputation, damage our brands, and materially and adversely affect our results of operations.

Further, as an online business, we are dependent on the internet and maintaining connectivity between ourselves and consumers, sources of internet traffic, such as Google, and our travel service providers. As consumers increasingly turn to mobile and other smart devices, we also become dependent on consumers' access to the internet through mobile carriers and their systems. Disruptions in internet access, especially if widespread or prolonged, could materially adversely affect our business and results of operations. We have taken and continue to take steps to increase the reliability and redundancy of our systems. These steps are expensive, may reduce our margins, and may not be successful in reducing the frequency or duration of unscheduled downtime.

## **Kayak Software (UK) Limited**

### **Strategic report (continued)**

#### **For the year ended 31 December 2021**

#### **Principal risks and uncertainties (continued)**

#### **Future developments**

Details of future developments can be found in the directors' report on page 4 and form part of this report.

#### **Financial risk management**

The Company assesses the assets, liabilities, financial position and profit and loss of the Company on a regular basis. The directors do review the liquidity requirements on a regular basis. The directors have financial reporting procedures to manage credit, liquidity and other financial risks through the use of intercompany funding.

#### **Financial key performance indicators**

Revenue indicates the volume of business and is one of the strongest indicators of growth. For the financial performance of the Company in the year ended 31 December 2021 revenue decreased by 11.31% to £4,433,788 (2020: £4,999,148). Before the pandemic, the future target of this KPI was an increase on the prior year.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is a powerful indicator of profitability, thus selected as one of the Company's key performance indicators. EBITDA decreased by 274.44% from a negative margin of £261,399 in 2020 to a negative margin of £978,787. The decrease was mainly due to a decrease in turnover, whilst maintaining control over fixed costs. The future target is to maintain a positive EBITDA.

This report was approved by the board on 13 December 2022 and signed on its behalf.

.....  
**Peer Bueller**

Director

## **Kayak Software (UK) Limited**

### **Directors' report**

#### **For the year ended 31 December 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

#### **Principal activity**

The principal activity of the Company is set out in the strategic report on page 1.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £963,003 (2020: loss £349,091).

No dividend was paid during the year (2020: £Nil). The board of directors do not intend to propose or pay any dividends post year end.

#### **Directors**

The directors who served during the year and up to the date of signing of the financial statements are as follows:

Daniel Stephen Hafner

Peer Dartagnan Bueller

Susana Alves D'Emic

#### **Future developments**

The Company will continue to invest in new opportunities to facilitate growth across its range of websites and applications ("apps"). Booking Holdings Inc. will continue to have sole control over the Company and may opt to alter the strategic direction of the Company in the future.

#### **Qualifying third party indemnity provisions**

Qualifying third party provisions (as defined in section 234 of the Companies Act 2006) were in force for the benefit of the directors during the year as well as at the date of approval of the financial statements.

#### **Matters covered in the strategic report**

The business review, key and other performance indicators and details of the Company's risks identified by directors are listed in the strategic report (page 1).

## **Kayak Software (UK) Limited**

### **Directors' report (continued)**

#### **For the year ended 31 December 2021**

##### **Going concern**

The financial statements have been prepared on a going concern basis. The directors have reviewed the basis of preparation of the financial statements and made appropriate enquiries, including those appropriate to assessing the impact of the COVID-19 pandemic on the business as disclosed in the strategic report. Due to the impact of COVID-19 (as disclosed in the strategic report), the operations of Kayak Software (UK) Limited have continued to be negatively impacted in 2021. The directors have assessed the cash flow forecasts of Booking Holdings Inc. and are satisfied that the Company has sufficient cash resources to support Kayak Software (UK) Limited for a period not less than 12 months from the date of approval of the financial statements. Booking Holdings Inc. has also provided a letter of support which includes a commitment of continuous support for at least 13 months from the date of signing the financial statements enabling the Company to repay debts as and when they fall due.

Taking these considerations into account, the directors have a reasonable expectation that the Company has access to adequate resources in order to be able to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

##### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

##### **Auditors**

The auditors, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 13 December 2022 and signed on its behalf.

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**Peer Bueller**  
Director



## **Kayak Software (UK) Limited**

### **Directors' responsibilities statement**

#### **For the year ended 31 December 2021**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Kayak Software (UK) Limited**

### **Independent Auditor's Report to the Members of Kayak Software (UK) Limited**

#### **Report on the audit of the financial statements**

In our opinion the financial statements of Kayak Software (UK) Limited (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Independent Auditor's Report to the Members of Kayak Software (UK) Limited (continued)**

**Report on the audit of the financial statements (continued)**

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor Responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

**Independent Auditor's Report to the Members of Kayak Software (UK) Limited (continued)**

**Report on the audit of the financial statements (continued)**

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence, health and safety regulations, employment law and general data protection regulations.

We discussed among the audit engagement team, including relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas and our specific procedures performed to address them are described below:

Revenue recognition

We presume a risk of material misstatement due to fraud related to revenue recognition and evaluate which types of revenue, revenue transactions or assertions give rise to such risks. We have pinpointed the significant risk to the accuracy and completeness of transfer pricing revenue due to the complexity of the calculation.

Procedures performed.

- Assessed the controls associated with the preparation and review of the transfer pricing.
- Involved tax specialists in reviewing the reasonableness of the assumptions, judgements and methods used in transfer pricing.
- Reviewed the accuracy and completeness of information used in the profit/loss split.
- Tested the mathematical accuracy of the profit/ loss split for the year and revenue calculation.

Management override of controls

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following.

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

**Independent Auditor's Report to the Members of Kayak Software (UK) Limited (continued)**

**Report on the audit of the financial statements (continued)**

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

**Report on other legal and regulatory requirements**

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken during the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and the directors' report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Kayak Software (UK) Limited**

**Independent Auditor's Report to the Members of Kayak Software (UK) Limited (continued)**

**Report on the audit of the financial statements (continued)**

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Julian Rae (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP,  
Statutory Auditor  
St Albans, United Kingdom

Date: 13 December 2022

## Kayak Software (UK) Limited

### Statement of comprehensive income

For the year ended 31 December 2021

	Note	2021 £	2020 £
turnover	<u>5</u>	4,433,788	4,999,148
Cost of sales		<u>(4,539,664)</u>	<u>(4,366,662)</u>
<b>Gross (loss)/profit</b>		(105,876)	632,486
Administrative expenses		(1,062,109)	(1,082,979)
Other (expense)/income	<u>6</u>	<u>(51,456)</u>	<u>51,456</u>
<b>Operating loss</b>	<u>7</u>	(1,219,441)	(399,037)
Interest receivable and similar income	<u>10</u>	13,988	20,067
Interest payable and similar expenses	<u>11</u>	<u>(3)</u>	<u>(243)</u>
<b>Loss before taxation</b>		(1,205,456)	(379,213)
Tax on loss	<u>12</u>	<u>242,453</u>	<u>30,122</u>
<b>Loss for the financial year</b>		<u><u>(963,003)</u></u>	<u><u>(349,091)</u></u>

There was no other comprehensive income for 2021 (2020: £Nil).

The notes on pages 15 to 30 form an integral part of these financial statements.

**Kayak Software (UK) Limited****Registered number: 06076185****Statement of financial position****As at 31 December 2021**

	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
<b>fixed assets</b>			
tangible assets	<u>13</u>	30,308	308,732
<b>Current assets</b>			
Debtors: amounts falling due within one year	<u>14</u>	8,438,047	8,253,660
Cash at bank and in hand	<u>15</u>	100,001	100,001
		8,538,048	8,353,661
Creditors: amounts falling due within one year	<u>16</u>	(3,437,368)	(2,543,081)
<b>Net current assets</b>		5,100,680	5,810,580
<b>Total assets less current liabilities</b>		5,130,988	6,119,312
Creditors: amounts falling due after more than one year	<u>17</u>	-	(50,000)
<b>Net assets</b>		<u>5,130,988</u>	<u>6,069,312</u>
<b>capital and reserves</b>			
Called up share capital	<u>18</u>	1	1
Profit and loss account	<u>19</u>	5,130,987	6,069,311
<b>Total equity</b>		<u>5,130,988</u>	<u>6,069,312</u>

The financial statements were approved and authorised for issue by the board on 13 December 2022 and signed on its behalf by:

.....

Peer Bueller

Director

The notes on pages 15 to 30 form an integral part of these financial statements.



**Kayak Software (UK) Limited****Statement of changes in equity****For the year ended 31 December 2021**

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
At 1 January 2020	1	6,393,108	6,393,109
<b>Comprehensive income for the year</b>			
Loss for the year	-	(349,091)	(349,091)
<b>Total comprehensive expense for the year</b>	-	(349,091)	(349,091)
Share based payment	-	25,294	25,294
<b>At 1 January 2021</b>	1	6,069,311	6,069,312
<b>Comprehensive income for the year</b>			
Loss for the year	-	(963,003)	(963,003)
<b>Total comprehensive expense for the year</b>	-	(963,003)	(963,003)
Share based payment	-	24,679	24,679
<b>At 31 December 2021</b>	1	5,130,987	5,130,988

The notes on pages 15 to 30 form an integral part of these financial statements.

## **Kayak Software (UK) Limited**

### **Notes to the financial statements**

**For the year ended 31 December 2021**

#### **1 General information**

The Company is a private limited company limited by shares, registered in England and Wales and incorporated in the United Kingdom under the Companies Act 2006. The address of its registered office is 100 New Bridge Street, London, EC4V 6JA, United Kingdom.

The Company's principal activity is to provide management and commercial services to Kayak Europe GmbH and Momondo A/S in order to send referrals to travel suppliers and online travel agencies, and to facilitate bookings through Kayak's websites and mobile applications and offer advertising placements on Kayak's websites and mobile applications. The Company receives service revenue based on a transfer pricing agreement with Kayak Europe GmbH and Momondo A/S.

#### **2 Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, Financial Reporting Standard 102 (FRS 102) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council" and the Companies Act 2006.

#### **3 Accounting policies**

##### **3.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 4).

The following principal accounting policies have been applied:

##### **3.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company meets the criteria to be a qualifying entity under FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and therefore, has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

**Notes to the financial statements (continued)**

**For the year ended 31 December 2021**

**3 Accounting policies (continued)**

**3.2 Financial reporting standard 102 - reduced disclosure exemptions (continued)**

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section II Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7

This information is included in the consolidated financial statements of Booking Holdings Inc. as at 31 December 2021, and these financial statements may be obtained from 800 Connecticut Avenue, Norwalk, Connecticut, 06854, United States (Note 23).

**3.3 Going concern**

The financial statements have been prepared on a going concern basis. The directors have reviewed the basis of preparation of the financial statements and made appropriate enquiries, including those appropriate to assessing the impact of the COVID-19 pandemic on the business as disclosed in the strategic report. Due to the impact of COVID-19 (as disclosed in the strategic report), the operations of Kayak Software (UK) Limited have continued to be negatively impacted in 2021.

The directors have assessed the cash flow forecasts of Booking Holdings Inc. and are satisfied that the Company has sufficient cash resources to support Kayak Software (UK) Limited for a period not less than 12 months from the date of approval of the financial statements. Booking Holdings Inc. has also provided a letter of support which includes a commitment of continuous support for at least 13 months from the date of signing the financial statements enabling the Company to repay debts as and when they fall due.

Taking these considerations into account, the directors have a reasonable expectation that the Company has access to adequate resources in order to be able to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

**Notes to the financial statements (continued)**

**For the year ended 31 December 2021**

**3 Accounting policies (continued)**

**3.4 Revenue**

Revenue represents the invoiced value of service revenue received from KAYAK Europe GmbH.

The service revenue is based on the profit or loss split between the Company, Kayak Europe GmbH and Momondo A/S.

**3.5 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**3.6 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates.

The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

**3.7 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**Notes to the financial statements (continued)**

**For the year ended 31 December 2021**

**3 Accounting policies (continued)**

**3.8 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**3.9 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**3.10 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**Notes to the financial statements (continued)**

**For the year ended 31 December 2021**

**3 Accounting policies (continued)**

**3.11 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

**Depreciation is provided on the following basis:**

Leasehold improvements	- shorter of useful life or remaining lease term
Fixtures and equipment	- 20%
Computer and servers	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**3.12 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**3.13 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Notes to the financial statements (continued)**

**For the year ended 31 December 2021**

**3 Accounting policies (continued)**

**3.14 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**3.15 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

**3.16 Financial instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently measured at amortised cost.

**3.17 Share based payments**

Equity-settled-share-based payment transactions are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period. This is based on the Company's estimate of the shares or share options that will eventually vest which considers all vesting conditions and non-market performance conditions, with adjustments being made where new information indicates the number of shares or share options expected to vest differs from previous estimates.

Fair value is determined using an appropriate pricing model. All market conditions and non-vesting conditions are taken into account when estimating the fair value of the shares or share options. As long as all other vesting conditions are satisfied, no adjustment is made irrespective of whether market or non-vesting conditions are met. The Company reimburses Booking Holdings Inc. for the share-based payments provided to employees. Share based payments are reimbursed based on its fair value at the date of vesting and is netted off against share-based payments charge in the statement of changes in equity.

Certain employees of the Company are awarded restricted stock units (RSUs) and performance share units (PSUs) in Booking Holdings Inc. as incentives encourage employees to contribute to the long term success of Booking Holdings Inc. The RSUs and PSUs are payable in shares of Booking Holdings Inc. upon vesting, which is generally 3 years. The RSUs and PSUs are valued at fair value based on Booking Holdings Inc.'s common stock at the grant date. Subject to certain exceptions the RSUs and PSUs are forfeited if the employee leaves Booking Holdings Inc. before completing the required service period.

**Notes to the financial statements (continued)**

**For the year ended 31 December 2021**

**3 Accounting policies (continued)**

**3.18 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on Tuesday 1 January 2019 to continue to be charged over the period to the first market rent review rather than the term of the lease.

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred. Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development.

Development activities involve design, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of direct labour. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

**4 Critical accounting judgments and key sources of estimation uncertainty**

In the application of accounting policies described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the change takes place if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

During the year no critical judgements, estimates or assumptions that have had significant impact on the carrying value of the assets and liabilities have been recognised in the financial statements.



**Notes to the financial statements (continued)****For the year ended 31 December 2021****5 Turnover**

An analysis of turnover by class of business is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Services provided to other group company	4,433,788	4,999,148
	<u>4,433,788</u>	<u>4,999,148</u>

The whole of the turnover is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

**6 Other income/(expenses)**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Government grants - wage subsidies	(51,456)	51,456
	<u>(51,456)</u>	<u>51,456</u>

In 2020, government grants of £51,456 were received as part of a government initiative to provide financial support as a result of the COVID-19 pandemic. In 2021, the Company chose to repay the government grant of £51,456 to the authorities. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in 2020. The Company has not directly benefited from any other forms of government assistance.

**7 Operating loss**

The operating profit/(loss) is stated after charging/(crediting):

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Exchange differences	(97,293)	28,612
Operating lease expenses	352,196	311,638
Dilapidations costs	98,500	-
Share-based payments	162,252	95,946
Depreciation	<u>240,654</u>	<u>189,095</u>

## Kayak Software (UK) Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2021

#### 8 Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	42,840	42,000

No fees have been incurred for the provision of non-audit services (2020: £nil).

#### 9 Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	3,863,875	3,684,531
Social security costs	501,307	522,013
Cost of defined contribution scheme	174,482	160,118
	4,539,664	4,366,662

The average monthly number of employees, including the directors, during the year was as follows and calculated in line with the Companies Act 2006 requirements:

	2021 No.	2020 No.
Sales	1	1
Commercial	23	28
Marketing	3	6
Technology	7	6
Corporate	14	10
	48	51

The highest paid director received remuneration of £Nil (2020: £Nil). The directors have received emoluments through other group companies and no remuneration was directly attributable to the Company.

During the year, no director (2020: none) participated in the defined contribution pension scheme.

**Notes to the financial statements (continued)**

**For the year ended 31 December 2021**

**9 Employees (continued)**

The highest paid director received remuneration of £Nil (2020: £Nil). The directors have received emoluments through other group companies and no remuneration was directly attributable to the Company.

During the year, no director (2020: none) participated in the defined contribution pension scheme.

**10 Interest receivable**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest receivable from group companies	317	8,679
Other interest receivable	13,671	11,388
	<u>13,988</u>	<u>20,067</u>

**11 Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank interest payable	3	243
	<u>3</u>	<u>243</u>

**12 Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax in respect of prior periods	10,376	-
<b>Total current tax</b>	<u>10,376</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(272,563)	(27,203)
Changes to tax rates	(8,285)	(2,847)
Adjustments in respect of prior periods	28,019	(72)
<b>Total deferred tax</b>	<u>(252,829)</u>	<u>(30,122)</u>
<b>Taxation on loss</b>	<u>(242,453)</u>	<u>(30,122)</u>

**Notes to the financial statements (continued)**

**For the year ended 31 December 2021**

**12 Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of (2020: 19%). The differences are reconciled below:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Loss before tax	<u>(1,205,456)</u>	<u>(379,213)</u>
Loss multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(229,037)	(72,050)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	32,182	19,048
Other permanent differences	(23,667)	-
Capital allowances for year in excess of depreciation	31,333	9,555
Timing differences not recognised in computation	(11,080)	-
Short term timing difference leading to an increase/(decrease) in taxation	28,019	(71)
Deferred tax not recognised	(6,879)	6,879
Remeasurement of deferred tax for changes in tax rates	(73,700)	(2,848)
Adjustments to brought forward values	<u>10,376</u>	<u>9,365</u>
<b>Total tax credit for the year</b>	<u><u>(242,453)</u></u>	<u><u>(30,122)</u></u>

**Factors that may affect future tax charges**

The standard rate of UK Corporation Tax is to remain at 19% until 31 March 2023. The Finance Act 2021, which was published on 11 March 2021 and received Royal Assent on 22 July 2021, states that this rate is to be increased from 19% to 25% from 1 April 2023. The change was substantively enacted at the balance sheet date and consequently has been included in these financial statements. The impact in the current period has been disclosed above.

Deferred tax at the balance sheet date has been measured using the enacted tax rates.

# Kayak Software (UK) Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 13 Tangible fixed assets

	Leasehold improvements £	Fixtures and equipment £	Computer and servers £	Total £
<b>Cost or valuation</b>				
At 1 January 2021	388,684	191,379	59,492	639,555
Additions	-	-	28,658	28,658
Disposals	(388,684)	(191,379)	(35,226)	(615,289)
At 31 December 2021	-	-	52,924	52,924
<b>Depreciation</b>				
At 1 January 2021	216,687	78,880	35,256	330,823
Charge for the year	171,997	51,736	16,921	240,654
Eliminated on disposal	(388,684)	(130,616)	(29,561)	(548,861)
At 31 December 2021	-	-	22,616	22,616
<b>Net book value</b>				
At 31 December 2021	-	-	30,308	30,308
At 31 December 2020	171,997	112,499	24,236	308,732

### 14 Debtors

		2021 £	2020 £
<b>Current</b>	<b>Note</b>		
Trade debtors		342	342
Amounts owed by related parties		8,058,448	7,665,153
Other debtors		43,632	230,171
Prepayments		28,541	146,415
Deferred tax assets	12	307,084	54,255
Income tax asset	12	-	157,324
		8,438,047	8,253,660

**Notes to the financial statements (continued)****For the year ended 31 December 2021****14 Debtors (continued)**

The amount due from other group companies includes a balance of £7,634,705 (2020: £7,605,901) due from a sister company. These amounts are unsecured and payable on demand, apart from £0.3m (2020: £3.3m) which is long term in nature and the sister Company is entitled to receive interest equivalent to market rate (1-month LIBOR in GBP + 0.95%) during the year. From 1 January 2022, the interest rate has been amended to SONIA + 0.95%. The loan will mature on 1 October 2024.

**15 Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	100,001	100,001
	<u>100,001</u>	<u>100,001</u>

**16 Creditors: Amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Amounts owed to other group companies	2,569,340	1,848,995
Other taxation and social security	136,628	108,445
Accruals	726,475	585,641
Other payables	4,925	-
Corporation tax	-	-
	<u>3,437,368</u>	<u>2,543,081</u>

The amount owed to related parties is made up of £2,569,340 (2020: £1,848,995) owed to sister companies. Amounts owed to related parties are interest-free, unsecured and payable on demand.

## Kayak Software (UK) Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2021

#### 17 Creditors: Amounts falling due after more than one year

	2021	2020
	£	£
Other creditors	-	50,000
	<u>-</u>	<u>50,000</u>

#### 18 Share capital

	2021	2020
	£	£
<b>Authorised</b>		
1,000 (2020: 1,000) ordinary shares of £1.000 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
1 (2020: 1) ordinary share of £1.000	<u>1</u>	<u>1</u>

#### 19 Reserves

##### Profit and loss account

The reserve balance consists of profit and loss reserve available to ordinary shareholders.

#### 20 Deferred taxation

	2021	2020
	£	£
At beginning of year	54,255	24,133
Charged to the profit or loss	<u>252,829</u>	<u>30,122</u>
<b>At end of year</b>	<u>307,084</u>	<u>54,255</u>

**Notes to the financial statements (continued)****For the year ended 31 December 2021****20 Deferred taxation (continued)**

The deferred tax asset is made up as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Fixed asset timing differences	31,218	54,255
Short term timing differences	37,130	-
Losses and other deductions	238,736	-
	<u>307,084</u>	<u>54,255</u>

The deferred tax asset expected to reverse in 2022 is £307,084, which primarily relates to deferred tax recognised on losses. As at 31 December 2021, the Company has unutilised tax losses of £954,945 (2020: £144,395).

**21 Pension commitments**

The Company operates a defined contribution plan, the amount recognised in the profit and loss account during the year amounted to £174,482 (2020: £160,118).

**22 Commitments under operating leases**

At 31 December 2021, the Company had no future minimum lease payments due under non-cancellable operating leases (2020: £151,479).

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Not later than one year	-	151,479
	<u>-</u>	<u>151,479</u>



## **Kayak Software (UK) Limited**

### **Notes to the financial statements (continued)**

**For the year ended 31 December 2021**

#### **23 Controlling party**

The Company's immediate parent is Kayak Software Corporation, (registered office at 7 Market Street, Stamford, Connecticut, 06902, United States). The Company's ultimate parent undertaking and controlling party is Booking Holdings Inc., a company incorporated in the United States of America, whose principal and registered office is, and whose financial statements can be obtained at 800 Connecticut Avenue, Norwalk, Connecticut, 06854, United States. This is both the smallest and largest group in which the results of the Company are consolidated.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.