

REGISTERED NUMBER: 04217916 (England and Wales)

Skyscanner Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2023

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Skyscanner Limited

**Contents of the Annual Report and Financial Statements
For the Year Ended 31 December 2023**

	Page
Company Information	1
Strategic Report	2
Directors' Report	9
Independent Auditor's Report to the Members of Skyscanner Limited	14
Statement of Comprehensive Income	17
Statement of Financial Position	18
Statement of Changes in Equity	19
Notes to the Financial Statements	20

Skyscanner Limited

**Company Information
For the Year Ended 31 December 2023**

Directors:	James Jianzhang Liang John Mangelaars Jane Jie Sun Xiaofan Wang Xing Xiong
Secretary:	Martin Gerard Nolan
Registered office:	Level 5, Ilona Rose House Manette Street London, United Kingdom W1D 4AL
Registered number:	04217916 (England and Wales)
Independent auditors:	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh, United Kingdom EH3 8EX

Skyscanner Limited

**Strategic Report
For the Year Ended 31 December 2023**

The Directors present their Strategic Report for Skyscanner Limited ('the Company') for the financial year ended 31 December 2023.

BUSINESS MODEL

The Company owns and operates an integrated online travel meta search service connecting travellers with travel service providers around the world. The Company derives substantially all of its revenue from:

- Commissions earned from facilitating the booking of flight, hotel and car hire services;
- Commissions earned from facilitating click through of visitors to our flight, hotel and car hire partner websites; and
- Display advertising based on number of impressions and click through of visitors to partner websites.

BUSINESS REVIEW

The Directors use Key Performance Indicators ('KPIs') to monitor and assess Company performance, as follows:

	2023	Restated 2022
Sessions ('000) ¹	2,941,765	2,216,359
Revenue (£'000)	349,432	283,895
Net assets (£'000) <i>Note 27</i>	219,150	95,805

Sessions have increased by 33% while revenue has increased by 23%, compared to the prior year. 110m users visit Skyscanner's platforms every month. Flight meta search continues to be the Company's largest revenue stream representing 78% (2022: 79%) of the Company's revenue. In 2023, revenue from advertising and partner analytics has contributed 16% (2022: 16%) of overall revenue in the financial year, whilst hotel and car hire generated 6% (2022: 6%) of revenue. Net assets increased by 129% when compared to the prior year driven by an increase in cash to £45,947 (2022: £1,929k) due to stronger trading conditions, an increase in amounts due from/(to) related parties with a net receivable balance for the year ended 31 December 2023 of £51,858k (2022: £21,343k) and an increase in trade receivables of £4,667k (2022: £36,847k).

The Company's business and financial results improved as the remaining markets to impose travel restrictions related to the COVID-19 pandemic reopened their borders in the first half of 2023. The lifting of global travel restrictions led to a strong recovery in traveller numbers and in the resulting revenue generated by the Company. This revenue growth has been sustained as travel returns to pre-pandemic levels and travel booking patterns broadly return to their seasonal trends.

As part of their assessment of going concern, the Directors have considered the current industry environment as well as the funding and liquidity position of the Company in order to determine the appropriateness of preparing the financial statements on a going concern basis. After making enquiries and having assessed the principal risks and all other available information (as well as preparing a range of forecasts including a severe but plausible downside scenario), the Directors are satisfied that the Company will be able to remain in operation for a period of at least 12 months from the date of signing these financial statements. The sensitivity analysis on the forecasts indicate that the Company can continue to operate and meet its liabilities as and when they fall due. There are no material uncertainties relating to this going concern assessment.

TAXATION

The Company had a tax credit of (£5,018k) (2022: tax charge of £7,979k) for the year ended 31 December 2023. The normalised tax rate during the year after adjusting for the impact of prior year adjustments, share based payment deductions, non taxable dividend income and deferred tax is 24% (2022: 19%). Note 9 to the financial statements provides further detail on the composition of the tax charge. The Company pays the taxes it is due to pay and avails itself of allowances to which it is entitled.

The Directors seek to operate under a policy of full transparency and cooperation with the tax authorities by exhibiting transparent compliance in all countries in which the Company operates and disclosing all relevant facts in full, while seeking to build open and honest relationships in day-to-day interactions.

Pillar Two

The Company has applied the temporary exception adopted by the UK Endorsement Board in July 2023 from the accounting requirements for deferred taxes in *IAS 12 Income Tax*. Accordingly, the Company neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

¹ Sessions are user interactions across website and mobile app. This has replaced the funnel sessions KPI used in previous years.

Skyscanner Limited

Strategic Report For the Year Ended 31 December 2023

TAXATION - continued

Pillar Two - continued

Under the legislation, the Company is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. Due to the complexities in applying the legislation and calculation GloBE income, the quantitative impact of the enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications. The Company is currently engaged with tax specialists to assist them with applying the legislation.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company actively manages the business risks to which it is exposed through its internal risk management and corporate governance processes. The principal risks relevant to the Company are set out below:

Industry trends

The Company's performance is linked to the health of the worldwide travel industry. Travel expenditure is sensitive to personal and business discretionary spending levels and tends to decline or grow more slowly during economic downturns, including in periods of rising inflation and/or wage stagnation. The economic climate and/or unforeseen events such as health epidemics, political and economic instability, terrorist incidents, regional hostilities, travel-related accidents, and unusual weather patterns may affect the travel industry adversely. Consequently, any future downturn in the industry could have a material adverse effect on the Company's business prospects, financial results and financial position. In particular, the Company's revenue is highly dependent on transaction volumes in the global travel industry, especially air travel transaction volumes. Changes to the air travel industry, in particular the airline industry, could materially adversely impact the Company's business prospects, financial results and financial position.

The mitigating actions implemented by the Company in relation to the COVID-19 pandemic global travel restrictions (which disrupted the travel market in previous years) were successful in ensuring the Company remained liquid during that period. However, the Company remains sensitive to market trends within the industry. The Company continues to develop its product offering and manage its costs effectively to protect the Company against future industry disruption.

Competition

The travel meta search industry has several large global businesses competing for market share, and new entrants include standalone providers and established platforms with integrated offerings. If new entrants successfully establish themselves in the market and provide services that compete directly with those provided by the Company, the Company's financial results may be affected adversely. To compete against new entrants and/or new competitor offerings, the Company takes practical steps such as ensuring that its product visibility is not reduced by changes in search engine optimisation algorithms or display techniques, as well as continuing to develop the quality and innovativeness of its offering. The Directors believe the Company offers a high-quality product that focuses on the traveller's needs, conveys information with the utmost transparency, and offers a trusted range of inventory from a diversity of partners and at competitive prices. The Directors believe that the Company's focus on product development and hiring highly skilled people will help ensure that it remains competitive and continues to grow.

Internet search engine changes

Certain internet search engines generate a significant portion of traffic to the Skyscanner website. Changes to the algorithms driving the pricing and to the layout of search engine results pages can have sudden and direct commercial, technical and competitive consequences for the Company's product; for example, the placement of links to the websites can be negatively affected and the Company's costs to improve or maintain Skyscanner's placement in search results can increase. Changes recently introduced by Google to its Search Engine Results Page ('SERP') in the EU following its designation as a Gatekeeper under the Digital Markets Act ('DMA') may have an impact on Skyscanner's placement.

The Company aims to mitigate this risk through continual analysis of data with a focus on lead indicators. Responsibility for SEO performance is devolved through the organisational structure to enable rapid response to any threats to Skyscanner's online marketing model, and the Company has recruited specialist talent to react to changes in the internet search environment. The Company also continues to invest resources in expanding its growth channels to reduce reliance on any one source of traffic.

Environmental impact on travel

The Company is aware that the travel industry may be impacted by the increased focus on the negative aspects of the environmental impact of travel. This may result in travellers shifting how they plan and book travel, the means of transportation they choose, and the destinations chosen, as well as the frequency of trips. The Company is keen in making travel itself more sustainable and in helping travellers understand the environmental impact of their trips, for example, through highlighting flights that emit lower emissions than average on a chosen route, the addition of hybrid and electric vehicle filtering, the creation of a sustainability information hub and testing of a trains offering.

Skyscanner Limited

**Strategic Report
For the Year Ended 31 December 2023**

PRINCIPAL RISKS AND UNCERTAINTIES – continued

Environmental impact on travel - continued

The Directors believe that Skyscanner can use its influential position within the travel sector to drive systematic improvements in emissions measurement and carbon reduction, both directly and through engagement with partners and its role in industry bodies. As a business, Skyscanner has committed to reaching net zero by 2045 at the latest and has measured its full carbon footprint under the Greenhouse Gas Protocol and created a Climate Action Plan. Additionally, Skyscanner is a founding partner of the SkyNRG Board Now programme, supporting the development of a new production facility for sustainable aviation fuel. It is a founding partner of Travalyst, a non-profit organisation empowering travellers and industry to make better choices for themselves and the planet, a member of climate action group Tech Zero and has signed the Associate Greener Litigation Pledge.

Changing user habits

Users are changing the way in which they use technology products at an increasingly fast rate. Staying ahead of user trends and avoiding the risk of the Company's product offerings becoming obsolete is critical to the future success of the Company. For example, appropriately embracing artificial intelligence, robotics, machine learning, hyper-scalable platforms and increasing bandwidth and faster data transmission remains a focus for the Company to ensure Skyscanner stays at the forefront of emerging technology and trends. Changing user habits may include a reduction in consumer appetite for flying due to carbon emissions concerns. As such, the Company has increased information in its product to allow travellers to easily choose a lower-than-typical emissions flight for their selected route, hybrid electric vehicle hiring options and is trialling a trains product.

If the Company fails to evolve to meet the needs, expectations and likes of travellers at an appropriate pace, or fails to do so in a cost-effective way, this could have a material adverse effect on the Company's business prospects, financial results and financial position.

The Company is not complacent about these challenges and knows the future of its business rests on the ability of the product to be ever more useful to travellers. The Company aims to mitigate this risk through continual analysis of user data and market trends, as well as user testing of new products and services to develop its products.

The Company invests in the recruitment and retention of highly skilled employees who are responsive to the needs of the Company's users. Product responsibility is devolved through an organisational squad model that allows for rapid testing and release. The Company monitors for gaps in its technical and experiential know-how and targets recruitment at specific skill sets as needed. For example, the Company has made recent hires and changed existing roles to expand its presence on different social media platforms and to improve its accessibility by design.

Brand image and reputation

The Company's success and results are dependent in part on the strength and reputation of the Company and its brand. The Company and its brand are exposed to the risks of litigation, misconduct by employees and others, significant adverse publicity attached to the Company's business or that of partners who appear on the Company's platform, operational failures, allegations or determinations that the Company has failed to comply with regulatory or legislative requirements, the outcome of regulatory or other investigations or actions, market forces, and negative press speculation or social media comment, whether or not founded, that could damage its brand and reputation.

Any damage to the Company's brand and reputation could cause existing customers, users, partners or intermediaries to withdraw their business from, or restrict their business with, the Company and limit Skyscanner's attractiveness to new users, partners and intermediaries. Such damage to the Company's brand or reputation could cause disproportionate damage to the Company's business, even if the negative publicity is factually inaccurate or unfounded. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market perception of the Company.

The occurrence of any of these events could have a material adverse effect on the Company's business, prospects, financial results and financial position. The Company actively monitors sentiment about Skyscanner and proactively manages any risk to its reputation that is threatened by negative and/or inaccurate publicity.

The Directors pride themselves on ensuring that Skyscanner remains a highly trusted and well-respected provider in the travel sector. The Company has a dedicated User Satisfaction team that monitors customer complaints and works closely with partners and the Company's Partner Services team to ensure resolution of issues raised by travellers. Skyscanner holds its partners to a high standard of conduct and ethics through mandatory policies to which they must adhere in order to remain visible to travellers on the Skyscanner platform. The Company makes use of public affairs and media opportunities to promote the Skyscanner brand and the work that the Company does to not only improve the traveller experience but also tackle wider industry issues, such as competition issues that adversely affect travellers and sustainability, on which progress can be made only with cross-sector cooperation.

Skyscanner Limited

Strategic Report For the Year Ended 31 December 2023

PRINCIPAL RISKS AND UNCERTAINTIES – continued

Regulatory environment

The Company's services as a business, on both a Business to Business ('B2B') and Business to Consumer ('B2C') basis, are subject to various laws and regulations in the jurisdictions in which the Company operates. These include a number of new and emerging laws affecting digital platforms, such as the Digital Services Act ('DSA'). Skyscanner, both as a member of influential travel sector bodies and on a standalone basis, is putting the needs of travellers at the heart of its approach and liaising closely with regulators globally to ensure similar pieces of content-moderation legislation elsewhere consider the differing needs and risk profiles of digital platforms. Competition authorities in some operating regions monitor competitive practices within the online travel industry and where regulators have conducted investigations relating to Skyscanner's competitors, Skyscanner has assisted as required. The Directors believe Skyscanner provides valuable choice to consumers and fosters a stronger and more effective travel ecosystem, and therefore contributes positively to competition in the markets in which it operates.

The Company's strategy includes geographic expansion which will expose it further to different regulatory environments and tax laws. Consequently, the Company may experience unforeseen legal, regulatory or tax consequences which may have both favourable and adverse effects on the business in the future. Furthermore, the continuing trend by countries to introduce Digital Services Taxes creates additional tax compliance challenges and costs.

In order to manage the risks associated with the Company's global operations, Skyscanner's Finance and Legal teams work together to ensure that the Company proactively complies with laws and regulations in all jurisdictions in which the Company operates. Skyscanner has an Internal Audit team which consider enterprise risks and their mitigations and controls on a day-to-day basis, and which seek to embed understanding of the Company's legal and regulatory obligations. Furthermore, Skyscanner's Finance, Legal and Public Affairs teams actively monitor and react to the changing legal, regulatory and tax compliance challenges as they emerge and progress through legislative processes. The Company prides itself on transparency and maintaining an open dialogue with regulators in the locations in which it operates.

Above all, the Company strives to maintain a culture which is grounded in trust and transparency and promotes doing the right thing for the traveller, as a traveller first business.

People

Skyscanner acknowledges that people are critical to the success of its business and the failure to attract, retain and develop the required capability, and to embed the Company's values in its culture, could impact the delivery of its purpose and business performance. To address this priority, the Company undertakes a variety of initiatives that include regular pulse and engagement surveys to monitor employee sentiment and obtaining insight into reasons for candidates rejecting roles, as well as reviewing and benchmarking our reward data on a continuous basis.

Additionally, the Company continues to see changes in the overall working environment that can be difficult to pre-empt and manage, for example shifting expectations around remote and hybrid ways of working. To address this and ensure continued market relevancy, the Company keeps abreast of what other companies/competitors are doing and analyses new risks and challenges which this evolving situation presents. Skyscanner's cross functional and cross site Talent team is focused on making sure that Skyscanner offers the best approach for both employees and the business.

Financial

If Skyscanner's partners provide the Company with untrue or inaccurate information regarding bookings, it may not be able to recognise and collect all the revenue to which it is entitled. The Company relies on partners to provide truthful and accurate information which forms the basis for calculating the commission it is entitled to receive. Using untrue or inaccurate information also may lead to inaccurate business projections and plans, which may adversely affect the Company's business planning and strategy. The Company mitigates this risk through internal controls and processes and close monitoring of revenues as well as fostering strong partner relationships.

Skyscanner may face greater risk of bad and doubtful debts as the Company's business increases in scale. The Company's trade receivables have increased as the business returns to pre-pandemic activity levels. As a result, the Company may face a greater risk of non-payment of its receivables and, as its business grows in scale, it may need to make higher allowance for doubtful debts. As at 31 December 2023, the Company recognised an allowance for doubtful debts of £1,932k (2022 restated: £1,510k). The Company's operating results, and financial condition may be materially and adversely affected if it is unable to manage its receivables successfully.

Whilst the business is global, inflationary pressures continue to have an impact on Skyscanner's business as inflation can have an impact on consumer discretionary spending. Skyscanner continues to manage these through currency hedging and careful cost control. The Company also monitors salary costs to ensure that it pays its employees fairly and in line with market rate.

Skyscanner Limited

**Strategic Report
For the Year Ended 31 December 2023**

PRINCIPAL RISKS AND UNCERTAINTIES – continued

Website disruption

The satisfactory performance, reliability, and availability of the Company's infrastructure, including the mobile platform, websites, and systems, are critical to the success of the business. Any system interruptions that result in the unavailability or slowdown of the mobile platform, websites or other systems and the resulting disruption in the Company's services could reduce the volume of its business and make the product less attractive to users or compromise the Company's ability to operate its business effectively and securely. If Skyscanner's systems are not expanded to handle increased demand from users, its platforms may experience unanticipated disruptions in service, slower response times, inaccurate content or decreased customer service. Any of these issues could impair the Company's reputation, damage the Skyscanner brand and have a material adverse effect on the Company's business prospects, financial results and financial position.

Skyscanner's dedicated Engineering and Security team operates with the mission of building world class engineering at scale and ensuring its systems are secure, efficient and robust. The Company's technology platform, computer and communication systems are vulnerable to damage or interruption from human error, computer viruses, fire, flood, power loss, telecommunications failure, physical or electronic break-ins, hacking or other attempts at system sabotage, vandalism, natural disaster, and other similar events. Being an online transaction only business, Skyscanner manages this risk through the in-house Security team who have several controls in place, in addition to employee training, external testing, and bug bounty programs, to ensure the website continues to be secure and operational. The team monitors the availability of Skyscanner's service 24 hours a day, 365 days a year. Skyscanner utilises cloud-based hosting products to manage the system infrastructure to further reduce risk.

The Company's future success will depend on its ability to adapt its products and services to the changes in technologies and internet user behaviour. For example, the number of people accessing the internet through mobile devices has increased in recent years, and the trend is expected to continue while 5G and more advanced mobile communications technologies are broadly implemented. As the Company makes its services available across a variety of mobile operating systems and devices, it is dependent on the interoperability of its services with popular mobile devices and mobile operating systems that it does not control, such as Android, iOS and Windows. The Company ensures the interoperability of its services by optimising its mobile applications and websites for different devices and operating systems and implementing cloud technology to support unified backend operation of its platform. Any changes in such mobile operating systems or devices that degrade the functionality of the Company's services or give preferential treatment to competitive services could adversely affect usage of its services. In addition, the widespread adoption of new internet technologies or other technological changes could require significant expenditure to modify or integrate its products or services. If the Company fails to keep up with these changes to remain competitive, its future success may be adversely affected.

Skyscanner Limited

**Strategic Report
For the Year Ended 31 December 2023**

SECTION 172 STATEMENT

The Company is required to give a statement which describes how the Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when discharging their duty to promote the success of the Company.

The Directors acknowledge and understand their duties and responsibilities, including that, under section 172 of the Companies Act 2006, a director of a company must act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long-term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with partners, travellers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly between members of the Company.

There were no principal decisions made in the year. The directors consider principal decisions to be those which are material and have a significant impact on stakeholders. Overall, the Directors take decisions in line with the three year plan and associated medium and long term aspirations for growth, and ensure the potential impacts of decisions are understood and considered. The Company's 'Traveller First' value is at the core of all decisions and drives our mission to help travellers plan and book their trip with ease and confidence. The Directors, both individually and together as a Board, consider that the decisions taken during the year ending 31 December 2023 were in conformance with their duty under section 172 of the Companies Act 2006. The Board is assisted in considering key stakeholders as part of the decision-making process by including stakeholder considerations in board papers as appropriate, and board papers are carefully reviewed and considered by Directors.

The successful delivery of the Company's strategy requires the Company to conduct business in a manner that benefits travellers and protects the Company's trusted marketplace reputation, while continuing to deliver shareholder value and prudently managing risks inherent in the travel business. In setting and updating this strategy, the Directors' duties under section 172 of the Companies Act 2006 have been considered.

The Directors strongly believe that effective and meaningful engagement with colleagues, travellers, partners and suppliers and other stakeholders is key to achieving the Company's vision to help travellers explore the world effortlessly for generations to come, and as a result ensure the long-term success of the Company. Details of the Company's key stakeholders and how it engages with them are set out below:

Employees

The Company can deliver its strategy only if it recruits, trains, and retains the best employees and develops a flexible, motivated, efficient, diverse and engaged team. The Directors actively seek employee input on matters that impact employees and the performance of the Company, as well as encouraging responses as part of the Company's annual engagement survey, the results of which are cascaded to individual teams and form the basis of strategic action plans. Business and performance updates are circulated frequently to all employees, and colleagues are encouraged to ask direct questions of the management team at regular town hall internal briefings. Employees benefit from a broad range of staff benefits, including the ability to participate in Skyscanner group-wide incentive and share options programmes that are linked to the Company's performance.

Partners and Suppliers

The Board actively fosters strong supplier relationships, insisting that all partners are treated fairly and ethically. The Company aims to maintain long-term relationships with its partners, with an internal department dedicated to managing partner services. The Company has open, constructive and effective relationships with all suppliers and meets regularly with material suppliers to provide both parties with the opportunity to give feedback on successes, challenges and future roadmap. Payment policies, practice and performance are reported through the Government's Payment Practices Reporting portal.

Travellers

Understanding travellers' changing needs and behaviours helps the Company to achieve its traveller first vision. Trust is always important to travellers and the Company endeavours to uphold the trust placed in it, measuring traveller trust and other traveller engagement metrics with regular surveys, market research and interaction across social media channels. Travellers continue to place high importance on value for money and a seamless experience throughout the booking process. There is also a growing trend in ethical and sustainability concerns being a factor in traveller choices.

Skyscanner Limited

**Strategic Report
For the Year Ended 31 December 2023**

SECTION 172 STATEMENT - continued

Communities and the Environment

The Company's vision is to help every traveller explore the world effortlessly for generations to come. The Company is committed to making a positive contribution to the communities within which it operates, including through payment of taxes, charitable donations and activities, reducing its environmental impact and creating employment opportunities. To make progress on environmental issues, the company recognises the need for cross section and industry co-operation and is involved in several initiatives to this effect. The Company buys sustainable aviation fuel to offset some of its corporate travel emissions, having been a founding partner of the Board Now program with SkyNRG to support the development of more sustainable aviation fuel supply in the Netherlands. The Company also signed the Glasgow Declaration for Climate Action in Tourism in 2021 and published its first Climate Action Plan, publicly reporting its emissions, in June 2023. The Company has publicly set a goal to reach net zero by 2045 at the latest. The Company's pioneering work to provide emissions data on search results to show which flights emit less than typical emissions for that route has helped more than 246 million travellers globally, and through the Company's work with the Travalyst organisation, now includes an industry-standard emissions calculation methodology that has been adopted widely across consumer-facing platforms.

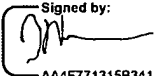
Government and Regulators

Governments and regulators play a central role in shaping the industry. The Company engages with governments and regulators directly and through trade associations, responding to issues of concern and providing expertise to support policy development. The Company has a dedicated Public Affairs team who lead with proactive and reactive engagement, principally in the United Kingdom, European Union and North America.

SOURCES OF TRADING

The Company finances its activities through cash and working capital and through lending from its bankers and parent company. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Company's operating activities.

Approved by the Board of Directors and signed on its behalf on 26 September 2024 by:

Signed by:


AA4F771315B341F...
John Mangelaars
Director

Level 5 Ilona Rose House
Manette Street
London, United Kingdom
W1D 4AL

Skyscanner Limited

Directors' Report For the Year Ended 31 December 2023

The Directors present their Annual Report on the affairs of Skyscanner Limited, together with the audited financial statements and independent auditors' report, for the financial year ended 31 December 2023.

RESULTS AND DIVIDENDS

The Company's audited financial statements for the year ended 31 December 2023 are set out on pages 17 to 44. The Company made a profit after tax for the year of £100,266k (2022: £23,591k) and had net assets of £219,150k (2022 restated: £95,805k) at 31 December 2023. The Directors do not propose a dividend payment for the year ended 31 December 2023 (2022: £nil).

POST BALANCE SHEET EVENTS

Information about events affecting the Company which have occurred since the end of the financial year can be found in Note 28 to the financial statements which is incorporated into this Directors' Report by reference.

SHARE CAPITAL AND CONTROL

Details of the Company's share capital, including changes during the period in the issued share capital are set out in Note 21 which is incorporated into this Directors' Report by reference. As at 31 December 2023, the entire issued share capital of the Company was held by Skyscanner Holdings Limited ('SHL'). The ultimate parent company is Trip.com Group Limited ('Trip.com Group'), a company incorporated in the Cayman Islands and listed on NASDAQ and the Hong Kong stock exchange.

GOING CONCERN

As part of their assessment of going concern, the Directors have considered the current environment as well as the funding and liquidity position of the Company in order to determine the appropriateness of preparing the financial statements on a going concern basis. Management has produced forecasts using a range of scenarios including a severe but plausible downside scenario. The Company's forecasts and projections, taking account of the current environment as well as management estimates around travel market growth, indicates that the Company will continue to be profitable and cash generative.

After making enquiries and having assessed the principal risks and all other available information, the Directors are satisfied that the Company will be able to remain in operation for a period of at least 12 months from the date of signing these financial statements. The sensitivity analysis on the forecasts (including a severe but plausible downside scenario) as well as continued positive dialogue with the parent company, indicate that the Company can continue to operate and meet its liabilities as and when they fall due. There are no material uncertainties relating to this going concern assessment.

CORPORATE GOVERNANCE AND DIRECTORS

The Company's governance structure includes accountability to key stakeholders as well as policies and management systems that contribute to efficient and effective operations. There is a regular focus at Board and senior management level on improvements in good corporate governance and the Company aims to develop its corporate governance framework to exceed standards practised by companies of a similar size and ownership structure. The Company is also part of the Trip.com Group which is compliant with the requirements of the Sarbanes Oxley Act 2002 section 404 and maintains strong business processes and governance framework.

The Board has oversight responsibilities in preserving and enhancing the Company's long-term value for the stakeholders and oversees the Company's overall performance objectives, key organisational initiatives, financial plans and annual budget, major investments, financial performance reviews, risk management and corporate governance practices including on environmental and social matters. In order to discharge its responsibilities, the Board has met regularly during 2023 to address key issues and review reports from designated committees and management.

DIRECTORS

The Directors who held office during the year, and up to the date of this report, were as follows:

James Jianzhang Liang
John Mangelaars
Jane Jie Sun
Xiaofan Wang
Xing Xiong

SECRETARY

The Company Secretary who held office during the year, and up to the date of this report, was Martin Gerard Nolan.

Skyscanner Limited

Directors' Report For the Year Ended 31 December 2023

FINANCIAL INSTRUMENTS

The Company finances its activities through cash and working capital and through lending from its bankers and parent company. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Company's operating activities.

Financial instruments give rise to foreign currency, credit and liquidity risk. Information on how these risks arise is set out below, as are the policies and processes for their management.

Additional information about the Company's financial instruments' policies and processes can be found in Note 2 to the financial statements, which is incorporated into this Directors' Report by reference.

FINANCIAL RISK MANAGEMENT

The Company manages financial risk so as to minimise non-operational volatility in profitability and cash flow. The key financial risks relevant to the Company and the policies for managing them effectively are set out below.

Liquidity risk

The Company manages liquidity risk by closely monitoring cash flow performance and forecasting cash flow for future periods. Adequate cash reserves are maintained in order to support the future growth of the business.

Foreign exchange risk

The Company operates in different geographies and as a result is subject to the risks associated with dealing in foreign currency. The Company's foreign exchange exposure is monitored and managed by the Treasury team including through the use of derivatives.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of assessing the credit worthiness for each partner it works with. The Company's exposure is continually monitored by the Credit Control team and credit insurance is used to mitigate exposure to risk.

POLICY AND PRACTICE ON PAYMENT TO SUPPLIERS

In respect of all its suppliers, it is the Company's policy:

- to settle the terms of payment with those suppliers when agreeing the terms of each transactions;
- to ensure that the suppliers are made aware of the terms of payment; and
- to abide by the terms of payment.

STAKEHOLDER MANAGEMENT

The long-term success of the Company's business relies on the way the Directors fulfil their responsibilities to its stakeholders by considering the need to foster the Company's business relationships with its stakeholders as well as the impact our operations have on our local communities and wider society.

Information on how the Directors foster the Company's business relationships with suppliers, travellers, partners, employees and other stakeholders can be found in the Strategic Report.

DISABLED EMPLOYEES

The Company makes it clear in all its job adverts that we are committed to creating an inclusive and accessible candidate experience. As part of this, we explicitly say that any disabled candidates can openly discuss adjustments they may require to the interview process to make it more accessible. This allows us to consider applications for disabled colleagues in a fair way, bearing in mind the abilities and needs of applicants. As well as supporting disabled candidates, we also look at ways we can support disabled employees to ensure there are no barriers to them continuing in employment. The training, career development and promotion of disabled employees does not differ from that of other employees, save where reasonable adjustments are being made. The Company complies in all material respects with prevailing legislation and good practice, with its commitment to creating a culture where everyone feels they belong at the heart of its workforce ambitions. It is also a Disability Confident employer under the Disability Confident scheme.

Skyscanner Limited

Directors' Report For the Year Ended 31 December 2023

EMPLOYEE INVOLVEMENT

Significant effort is devoted to ensuring that employees feel engaged on matters that impact them and the performance of the Company. This includes regular business and performance updates by members of the management team for all employees, frequent internal briefings and team meetings, and the circulation to employees of Company announcements and developments. All employees are invited to participate in the employee engagement survey, as well as occasional pulse surveys, in order to help assess the overall engagement levels of employees. The results of the employee engagement surveys are analysed, and initiatives implemented to address matters identified in the surveys.

The Directors actively encourage the participation of employees in the performance and success of the business, through Skyscanner group-wide incentives and share options programmes that are linked to the Company's performance.

EQUAL OPPORTUNITIES

The Company is committed to providing equality of opportunity to all employees without discrimination and applies fair and equitable employment policies which seek to promote entry into and progression within the Company. Appointments are determined solely by application of job criteria, personal ability, behaviour, and competency. We annually publish our UK gender pay information and initiatives to support diversity, equity and inclusion and this information is available on our website.

RESEARCH AND DEVELOPMENT

The Company undertook research and development work during the year. This includes development of employee enablement tools, use of generative artificial intelligence, mobile applications, general product enhancement and optimisation of the site for mobile devices.

OVERSEAS BRANCHES

The Company has one branch, as defined in section 1046(3) of the Companies Act 2006, in Dubai, United Arab Emirates.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political donations during the year (2022: £nil).

The Company made charitable donations to humanitarian, technology education and not-for-profit organisations of £228k during the year (2022: nil).

FUTURE DEVELOPMENT

The Company's mission is to help travellers plan and book their trip with ease and confidence, using technology to make the complex simple and providing honest and transparent solutions to connect travellers with trusted partners so that everyone can find the best offer for them. The Company is confident in the global strategy underpinning this objective and believes that it can continue growing sessions and revenue in the coming year and beyond by expanding global reach and increasing revenues across revenue streams other than flights.

DIRECTORS' LIABILITIES

The Company has maintained throughout the year a directors' and officers' liability insurance for the benefit of the Company, the Directors and its officers. The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope that comply with the requirements of the Companies Act 2006, which were in force throughout the year and remain in force up to the date of signing the financial statements.

Skyscanner Limited

**Directors' Report
For the Year Ended 31 December 2023**

GREENHOUSE GAS EMISSIONS AND ENERGY

	2023 UK	2022 UK
Energy consumption used to calculate emissions (Scope 1 and 2)(kWh)	901,001	757,733
Scope 1:		
Emissions from combustion of gas (tCO ₂ e)	34.5	24.4
Scope 2:		
Emissions from purchased electricity, heat, steam, and cooling (tCO ₂ e)	147	120.4
Scope 3:		
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel	-	-
Total gross tCO₂e based on above fields	181.5	144.8
Intensity ratio: UK gross tCO₂e per £ million of worldwide revenue (based on mandatory fields above)	0.82	0.51
Intensity ratio: UK gross tCO₂e per employee (based on mandatory fields above)	0.24	0.18

Quantification and reporting methodology

We have followed the 2019 HM Government *Environmental Reporting Guidelines* in line with the Streamlined Energy and Carbon Reporting ('SECR') requirements. Emissions were calculated following the GHG Reporting Protocol (Corporate Standard) using Watershed's platform. Energy usage data was collected or estimated based on building square-footage for all facilities, and was combined with emissions factors from the US EPA, Ecoinvent, TCR and other data sources to calculate GHG emissions. Electricity emissions factors are chosen based on geography to reflect the emissions intensities of the facilities' local grid.

Measures taken to improve energy efficiency

The increase in the Company's energy consumption and carbon emissions between 2022 and 2023 was largely due to the return to business as normal post-pandemic, increased business travel and spend increases. During 2023, the majority of employees were hybrid working, with an average of 2 -3 days spent in the office per week. Business travel increased significantly in 2023 to enable colleagues to meet in person and attend key partner meetings post-pandemic, but it was intentionally decreased during the second half of the year.

The Company continues to strive for energy and carbon reduction arising from its activities. During this reporting period the Company has:

- Calculated its full global carbon footprint across all three GHG scopes and set a net zero roadmap using this data, with a target of achieving net zero by 2045 at the latest.
- Expanded employee engagement opportunities through company-wide town halls, internal blog posts, and the sharing of footprint information.
- Expanded our Sustainability team to help deliver on our sustainability strategy.
- Reviewed our procurement processes to help make smarter procurement choices and reached out to our top 56 suppliers to encourage net zero and information sharing about their plans.
- Work in collaboration with our partners and the wider industry, to amplify the call to action and help drive solutions at scale.
- Purchased Energy Attribution Certificates for our offices where clean energy tariffs was otherwise unavailable.
- Invested in an energy monitoring systems to allow us to more accurately track our energy and water usage in our London office.

Skyscanner Limited

**Directors' Report
For the Year Ended 31 December 2023**

DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves 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 section 418 of the Companies Act 2006.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 *Reduced Disclosure Framework*, and applicable law).

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf on 26 September 2024 by:

Signed by:

AA4F771315B341F...
John Mangelaars
Director

Level 5 Ilona Rose House
Manette Street
London, United Kingdom
W1D 4AL

Independent auditors' report to the members of Skyscanner Limited

Report on the audit of the financial statements

Opinion

In our opinion, Skyscanner Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2023; Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Reporting on other information (continued)

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to journals aimed at improving the financial performance within the financial statements. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims, litigation and instances of fraud;
- Understanding of management's controls designed to prevent and deter irregularities;
- Review of board minutes;
- Identifying and testing journal entries to assess whether any of the journals appeared unusual, for example unexpected accounting combinations impacting revenue, and
- Incorporating into our testing plan procedures which are unpredictable in nature.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Craig Willis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
27 September 2024

Skyscanner Limited

**Statement of Comprehensive Income
For the Year Ended 31 December 2023**

	Note	2023 £'000	Restated 2022 £'000
Revenue	3	349,432	283,895
Cost of sales		<u>(19,392)</u>	<u>(17,217)</u>
Gross profit		330,040	266,678
Marketing expenses		(49,038)	(31,070)
Administrative expenses		(293,788)	(213,921)
Allowance for doubtful debts	15	(733)	(853)
Other operating income	6	<u>107,699</u>	<u>24,440</u>
Operating profit		94,180	45,274
Finance income and similar income	7	5,507	1,824
Finance expense and similar expenses	8	<u>(4,439)</u>	<u>(15,528)</u>
Profit before tax		95,248	31,570
Tax credit/(charge)	9	<u>5,018</u>	<u>(7,979)</u>
Profit after tax and total comprehensive income for the year		<u>100,266</u>	<u>23,591</u>

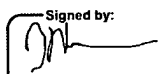
The Notes on pages 20 to 44 form part of these financial statements. Comparative periods have been restated to reflect the correction of historic errors, as detailed in Note 27.

Skyscanner Limited**Statement of Financial Position
As at 31 December 2023**

	Note	2023 £'000	Restated 31 December 2022 £'000	Restated 1 January 2022 £'000
Non-current assets				
Investments in subsidiaries	10	44,802	44,539	44,539
Intangible assets	11	27,946	25,648	25,479
Tangible assets	12	8,458	2,180	1,719
Right-of-use assets	13	33,411	38,613	8,622
Deferred tax asset	14	49,242	33,433	41,652
		<u>163,859</u>	<u>144,413</u>	<u>122,011</u>
Current assets				
Trade and other receivables	15	164,475	174,465	231,662
Cash and cash equivalents		45,947	1,929	20,539
		<u>210,422</u>	<u>176,394</u>	<u>252,201</u>
Total assets		<u>374,281</u>	<u>320,807</u>	<u>374,212</u>
Current liabilities				
Trade and other payables	16	(77,720)	(138,465)	(262,136)
Borrowings	17	-	(25,000)	(15,001)
Lease liabilities	18	(3,408)	(3,199)	(6,350)
		<u>(81,128)</u>	<u>(166,664)</u>	<u>(283,487)</u>
Net current assets		<u>129,294</u>	<u>9,730</u>	<u>(31,286)</u>
Total assets less current liabilities		<u>293,153</u>	<u>154,143</u>	<u>90,725</u>
Non-current liabilities				
Lease liabilities	18	(30,879)	(35,572)	(2,456)
Employee benefits	19	(40,283)	(20,273)	(27,606)
Provisions	20	(2,841)	(2,493)	(2,999)
		<u>(74,003)</u>	<u>(58,338)</u>	<u>(33,061)</u>
Net assets		<u>219,150</u>	<u>95,805</u>	<u>57,664</u>
Equity				
Called-up share capital	21	16	16	16
Share premium		4,396	4,396	4,396
Merger reserve		302	302	302
Profit and loss account		214,436	91,091	52,950
Total shareholder's funds		<u>219,150</u>	<u>95,805</u>	<u>57,664</u>

The Notes on pages 20 to 44 form part of these financial statements. Comparative periods have been restated to reflect the correction of historic errors, as detailed in Note 27.

The financial statements from page 17 to 44 of Skyscanner Limited (Registered number: 04217916) were approved and authorised for issue by the Board of Directors on 26 September 2024 and signed on its behalf by:

Signed by:

AA4F771315B341F...
John Mangelaars
Director

Skyscanner Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2023**

	Called-up share capital £'000	Share premium £'000	Merger reserves £'000	Restated Profit and Loss account £'000	Restated Total shareholder's funds £'000
At 1 January 2022	16	4,396	302	36,916	41,630
Restatement				16,034	16,034
Profit for the year	-	-	-	23,591	23,591
Total comprehensive income	-	-	-	39,625	39,625
Capital contribution from parent	-	-	-	8,215	8,215
Capital contribution from ultimate parent	-	-	-	5,317	5,317
Deferred tax on share-based payments	-	-	-	1,018	1,018
At 31 December 2022	16	4,396	302	91,091	95,805
At 1 January 2023	16	4,396	302	91,091	95,805
Profit for the year	-	-	-	100,266	100,266
Total comprehensive income	-	-	-	100,266	100,266
Capital contribution from parent	-	-	-	14,852	14,852
Capital contribution from ultimate parent	-	-	-	3,488	3,488
Deferred tax on share-based payments	-	-	-	4,739	4,739
At 31 December 2023	16	4,396	302	214,436	219,150

Comparative periods have been restated to reflect the correction of historic errors, as detailed in Note 27.

Skyscanner Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

1. General information

Skyscanner Limited is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the Company's registered office is shown on page 1.

The Company's principal activity is set out in the Strategic Report on pages 2 to 8. These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt under section 401 of the Companies Act 2006 from preparing consolidated financial statements, because it is included in the group financial statements of Trip.com Group Limited which are available to the public and can be obtained online at <http://investors.trip.com>.

2. Material accounting policies

Basis of preparation

The financial statements of Skyscanner Limited have been prepared in accordance with Financial Reporting Standard 101, *Reduced Disclosure Framework*. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of property plant and equipment and intangible assets, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers, impairment of assets, related party transactions, leases, financial instruments, fair value measurement and capital management.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

Restatement

The prior year comparatives have been restated to reflect the goodwill on the historic acquisition of the Skipjaq Group, which is offset against the related party balance due from Skyscanner Holdings Inc, which was fully provided for. The net impact of the restatement is an increase in the goodwill amount by £16,034k, a reduction to the related party balance due from Skyscanner Holdings Inc and the related bad debt provision for the same amount. The historic foreign exchange revaluation was reversed with a new impact to the profit and loss of £1,643k in 2022 and £1,129k in 2021.

Furthermore, an amount of £54,178k relating to related party fees was reclassified from cost of sales to administrative expenses in line with management's assessment of what constitutes to be a direct cost. The changes were made to more reliably reflect cost categorisations within the Statement of Comprehensive Income. Comparative periods have been restated to reflect the correction of historic errors, as detailed in Note 27.

Going concern

As part of their assessment of going concern, the Directors have considered the current environment as well as the funding and liquidity position of the Company in order to determine the appropriateness of preparing the financial statements on a going concern basis. Management has produced forecasts using a range of scenarios including a severe but plausible downside scenario. The Company's forecasts and projections, taking account of the current environment as well as management estimates around travel market growth, indicates that the Company will continue to be profitable and cash generative.

After making enquiries and having assessed the principal risks and all other available information, the Directors are satisfied that the Company will be able to remain in operation for a period of at least 12 months from the date of signing these financial statements. The sensitivity analysis on the forecasts (including a severe but plausible downside scenario) as well as the continued positive dialogue with the parent company, indicate that the Company is able to continue to operate and meet its liabilities as and when they fall due. There are no material uncertainties relating to this going concern assessment.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are recognised in profit and loss. Non-monetary items that are

Skyscanner Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

2. Material accounting policies – continued

Foreign currency translation – continued

measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Investment in subsidiaries

Investments are equity holdings in subsidiaries and are measured at cost less impairment.

Intangible assets

Goodwill

Goodwill arising on the acquisition of a business is carried at cost, as established at the date of acquisition less any accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to one group cash-generating unit ('CGU') that is expected to benefit from the combination. Annually the CGU is tested for impairment, or when an indicator of impairment arises. If the recoverable amount of the CGU is less than its carrying value, an impairment loss is recognised in profit and loss. An impairment loss recognised for goodwill is not reversible in subsequent periods.

Internally generated intangible assets – research and development

An internally generated intangible asset arising from the Company's development work is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to use the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

In practice it is difficult to demonstrate that all of the above criteria are fully met for ongoing projects where a degree of uncertainty exists. Therefore, the majority of development expenditure is expensed as it is incurred.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the profit and loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortisation is charged to the profit or loss on a straight-line basis from the date that the asset was brought into use over the estimated useful life of the intangible asset. The estimated useful life for intangible assets is 4 years or less.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price, plus any costs directly attributable to bringing the asset into operation. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised values of leases are also included within right-of-use assets.

Depreciation is charged to the profit or loss on a straight-line basis from the date that the asset was brought into use over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives of furniture, fixtures and fittings is between 3 to 5 years.

The residual value and useful life of each asset is reviewed at each financial year end and, if expectations differ from previous estimates, the changes are accounted for prospectively in the profit or loss in the period of the change and future periods. An increase in the residual value of an asset will decrease the depreciation charge for the period and future periods and vice versa.

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

2. Material accounting policies – continued

Tangible assets – continued

The carrying value of an asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds less cost of sale with the carrying amount and are recognised in profit or loss.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

Financial assets

All purchases or sales of financial assets are recognised and derecognised on a trade date basis. Purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less any impairment.

Recognition and measurement – Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at fair value through other comprehensive income. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognised in finance income and similar income in the income statement.

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

2. Material accounting policies – continued

Financial instruments – continued

Financial assets - continued

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are financial assets measured at amortised cost, trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit loss ('ECL') for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(1) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considerations includes the future prospects of the industries in which the Company's receivables operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's operations. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the receivable, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the receivable's ability to meet its obligations;
- an actual or expected significant deterioration in the operating results of the receivable;
- significant increases in credit risk on other financial instruments of the same receivable; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debt or that results in a significant decrease in the receivable's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) the financial instrument has a low risk of default;
- (2) the receivable has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of investment grade in accordance with the globally understood definition or, if an external rating is not available, the asset has an internal

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

2. Material accounting policies – continued

Financial instruments – continued

Financial assets - continued

Impairment of financial assets – continued

rating of performing. Performing means that the counterparty has a strong financial position and has no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the receivable; or
- information developed internally or obtained from external sources indicates that the receivable is unlikely to pay its payables, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event (see (ii) above);
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the receivable is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the receivable has been placed in liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 2 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, except for assets for which simplified approach was used.

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

2. Material accounting policies – continued

Financial Instruments – continued

Financial Assets – continued

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the Statement of Financial Position.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities measured subsequently at amortised cost

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are contracts, the values of which are derived from an underlying financial instrument and include foreign exchange forwards. The Company uses derivative instruments to hedge its risk associated with foreign exchange movements. All derivative hedging instruments are recorded in the Statement of Financial Position at fair value. The fair value of the foreign exchange forwards will be recorded at each reporting date and compared to the mark-to-market value of the derivatives supplied by the derivative counterparties, with any movement in fair value recognised in the finance income/expense in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include deposits held on call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

2. Material accounting policies – continued

Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is a lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

Initial recognition and measurement

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 Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

Lease liabilities are presented as a separate line in the Statement of Financial Position.

Subsequent measurement

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Variable rents that do not depend on an index or rate are not included in the measurement of lease liabilities and the right-of-use assets. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in administrative expenses.

As a practical expedient, IFRS 16 *Leases* permits a lessee to not separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

2. Material accounting policies – continued

Leases – continued

Right-of-use assets

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation charge starts at the commencement date of the lease.

The Company applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired for any identified impairment loss as described in the Impairment accounting policy below.

Provisions

A provision is recognised when the Company has a legal or constructive obligation 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.

The expense relating to any provision is recognised in 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, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in profit or loss.

Taxation

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. Taxable profit differs from net profit as reporting in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax related to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of 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 balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit or loss except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Skyscanner Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

2. Material accounting policies – continued

Taxation - continued

Recovery of deferred tax assets

Significant judgement is required to determine whether deferred tax assets are recognised in the Statement of Financial Position. Deferred tax assets including those arising from unutilised tax losses, require management to assess the likelihood that the Company will generate sufficient taxable profits in future periods, in order to utilise recognised deferred tax assets. Estimation of future taxable profits are based on forecasted cash flows and judgement about the application of existing tax laws.

Revenue

Revenue is measured at the fair value of the consideration received or receivable, excluding taxes or duty.

The following specific recognition criteria must be met for each revenue type before revenue is recognised:

Flight commission

Revenues from flight commission are recognised at the point the Company has performed its obligations under contract. Depending on the terms of the contract, this would either be at the point of redirect or at the point of booking.

Hotel and car hire commission

Revenues from hotel and car hire commission are recognised at the point the Company has performed its obligations under contract. Depending on the individual contract, this is either at the point of redirect or at the point of stay or hire.

Advertisement and partner analysis

Revenue from display is recognised on the date the impression is delivered to the end user. This occurs when an end user makes a click on native-in-line displays or makes an impression on standard banner displays.

The Company assesses its customer contracts against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as an agent in its contracts with all customers except advertising and partner services where it is acting as principle.

Other services revenue

Revenue from other services rendered is recognised at the point the contractual service is provided to the end customer.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognised as an expense in the profit or loss in the period during which services are rendered by employees.

Short-term benefits

Employee benefits are classified as short-term if they are expected to be settled wholly within 12 months from the reporting date. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The same approach is applied for longer term benefit plans except in those cases the liability is subject to discounting dependent on expected payment date.

Share-based payments

The parent company, Skyscanner Holdings Limited operates several equity-settled share-based compensation plans, under which the Company receives services from employees as consideration for equity instruments ("options") granted by the Company's parent. The fair value of the employee services received in exchange for the grant of the options is measured at the grant date, based on the Company's estimate of equity instruments that will eventually vest and is recognised on a straight-line basis over the vesting period, as an increase in capital contributions from the Company's parent with a corresponding expense charged to the profit and loss. The fair value excludes the effect of non-market based vesting conditions.

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

2. Material accounting policies – continued

Share-based payments - continued

At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

For cash-settled share-based payments, a liability is recognised for the services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company establishes the recoverable amount of the smallest identifiable cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit), other than goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Critical accounting judgements and key sources of estimation uncertainty

(a) Critical accounting judgements

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Recognition of deferred tax asset

The Company has recognised a deferred tax asset of £49,242k (2022: £33,433k). This asset has been recognised based on judgment that there is currently reasonable certainty around the future profitability of the Company. The Directors have considered the Company's current 5-year forecasts, which demonstrate utilisation of this deferred tax asset within this period.

If the level of taxable profit forecast by the Directors were to reduce in future periods, the amount of deferred tax asset recognised could be reduced by a material amount, ranging from zero to the full amount recognised. Given the Company's past track record of profitability, the Directors consider the likelihood of this asset being reduced to the lower end of the scale as low.

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

2. Material accounting policies – continued

Critical accounting judgements and key sources of estimation uncertainty - continued

(b) Key sources of estimation uncertainty

Milestone bonuses

When the Group was acquired by Trip.com Group, a milestone bonus was offered to employees of the Group. This bonus is dependent on the financial performance of the Skyscanner Group to meet certain targets in relation to revenue and profitability within a set time period.

During 2021, a Long-term Incentive Plan was approved which included amendments to the milestone bonus. The original prescribed time period has been removed and additional targets introduced. During 2023, the first set of milestone targets were met.

The key assumption within the estimate is deemed to be the dates on which the targets are met. Management have produced forecasts, using a range of scenarios, to determine a best estimate of when the milestone targets are estimated to be achieved. At the balance sheet date, the accrual for milestone bonuses was £22,804k (2022: £30,147k).

3. Revenue

Revenue recognised in profit or loss is analysed as follows:

	2023	Restated
	£'000	2022
		£'000
Flight commission	271,250	223,165
Hotel commission	9,713	6,984
Car hire commission	11,513	8,666
Advertising and partner analytics	56,956	45,067
Other commission	-	13
	<u>349,432</u>	<u>283,895</u>

The prior year comparatives have been re-presented in line with the current year presentation which reflects how the business currently monitors and manages its revenue. 'Flight commission' now includes revenue from flights that was previously disclosed under 'Other commission' (2022: £6,481k). Hotel and car hire revenue have been disclosed on separate lines. Advertising has been combined with partner analytics (previously categorised as 'Business to business' (2022: £5,716k)).

4. Operating profit

This is stated after charging/(crediting):

	2023	Restated
	£'000	2022
		£'000
Amortisation of intangible assets (Note 11)	4,749	4,254
Depreciation of tangible assets (Note 12)	2,122	952
Depreciation of right-of-use assets (Note 13)	5,141	7,974
Net foreign exchange (gain)/loss	<u>(889)</u>	<u>5,972</u>

The foreign exchange loss for the year ended 31 December 2022 has been restated to reflect the correction of historic errors, as detailed in Note 27.

	2023	2022
	£'000	£'000
Audit fee payable to the Company's auditor	<u>531</u>	<u>350</u>

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

5. Staff costs and Directors' remuneration

	2023	2022
	£'000	£'000
Wages and salaries	84,492	67,778
Defined contribution pension	3,378	2,767
Share-based payments (Note 22)	26,081	14,409
Social security costs	17,569	11,356
Employee benefits	3,580	1,491
Intercompany recharge for staff costs	16,159	-
	<u>151,259</u>	<u>97,801</u>

The monthly average number of people employed by the Company during the year, analysed by department, was as follows:

	2023	2022
	Number	Number
Development, operations and commercial	799	668
Administrative	168	155
	<u>967</u>	<u>823</u>

The Directors' remuneration was as follows:

	2023	2022
	£'000	£'000
Directors' remuneration	2,552	2,146
Social security costs	13	8
	<u>2,565</u>	<u>2,154</u>

No Directors accrued benefits under defined contribution plan in the year (2022: none). No Directors exercised options in the year (2022: none).

The above amounts for remuneration include the following in respect of the highest paid Director:

	2023	2022
	£'000	£'000
Directors' remuneration	2,552	2,146

6. Other operating income

	2023	2022
	£'000	£'000
Licencing fees	17,102	10,563
Research and development tax reclaim	6,086	4,539
Dividend income	84,493	9,318
Other income	18	20
	<u>107,699</u>	<u>24,440</u>

7. Finance income and other similar income

	2023	2022
	£'000	£'000
Interest income – related party balances	3,011	1,537
Interest income – banks	1,176	287
Interest income - other	93	-
Fair value gain (Note 23)	338	-
Foreign exchange gain	889	-
	<u>5,507</u>	<u>1,824</u>

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

8. Finance expense and other similar expenses

	2023	Restated
	£'000	2022
		£'000
Interest expense – related party balances	1,057	4,757
Interest expense - bank	139	507
Interest - leases	1,702	1,190
Discount unwind on post-acquisition employee incentives	1,479	3,079
Foreign exchange loss	-	5,972
Other fees and charges	62	23
	<u>4,439</u>	<u>15,528</u>

The foreign exchange loss for the year ended 31 December 2022 has been restated to reflect the correction of historic errors, as detailed in Note 27.

9. Tax (credit)/charge

(a) Tax (credit)/charge in profit and loss

	2023	2022
	£'000	£'000
Current tax:		
UK corporation tax	4,280	2,122
Adjustment relating to prior year	1,772	(3,380)
Total current tax charge/(credit)	<u>6,052</u>	<u>(1,258)</u>
Deferred tax:		
Origination and reversal of timing difference	(10,230)	5,849
Credit arising from previously unrecognised tax loss, tax credit or temporary differences	529	3,033
Impact of change in tax law and rates	(1,369)	355
Total deferred tax (credit)/charge	<u>(11,070)</u>	<u>9,237</u>
Total tax (credit)/charge in profit and loss	<u>(5,018)</u>	<u>7,979</u>

(b) Reconciliation of the tax (credit)/charge in profit and loss

The effective income tax rate was lower than the standard rate of UK corporation tax of 23.52% (2022 the effective rate of income tax was higher than the standard rate of corporation tax of 19%)

Reconciliation between the tax charge/(credit) and the accounting profit before tax multiplied by the UK standard rate of corporation tax is as follows:

	2023	2022
	£'000	£'000
Profit before tax	<u>95,248</u>	<u>31,570</u>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 23.52% (2022: 19%)	22,402	5,998
<i>Effects of:</i>		
Non-taxable income/(expenses)	(18,944)	(1,055)
Intangible assets	100	285
Losses deferred tax previously not recognised	(8,519)	4,452
Changes in tax rates	(1,369)	355
Tax under / (over) provided in previous years	2,302	(347)
Share-based payments	(990)	(1,709)
Total tax (credit)/charge in profit and loss	<u>(5,018)</u>	<u>7,979</u>

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

10. Investments in subsidiaries

Cost	£'000
At 1 January and 31 December 2022	44,539
	£'000
As at 1 January 2023	44,539
Additions	263
As at 31 December 2023	<u>44,802</u>

Addition in the year consists of a capital injection in Skyscanner Brasil Tecnologia Ltda, a newly incorporated company.

The Company has investments in the following direct and indirect subsidiary entities:

Direct holdings:			
Entity name/country of incorporation	Principle activity	Registered address	Holding
Skyscanner Private Limited/ Singapore	Commercial and engineering	30 Raffles Place #28-02 Singapore 048622	100%
Experience On Ventures S.L./Spain	Engineering	Plaza de Catalunya 1, Planta 5, Barcelona 08002, Spain	100%
Skyscanner 2020 Limited/United Kingdom	Commercial	Level 5 Ilona Rose House, Manette Street, London, United Kingdom W1D 4AL	100%
Skyscanner 2020 Netherlands B.V./The Netherlands	Commercial	Piet Heinkade 55, 1019 GM Amsterdam, The Netherlands	100%
Reacher Investments Limited/ China	Holding company	Room 1318-20, Hollywood Plaza, 610 Nathan Road, Mongkok, Kowloon, Hong Kong	100%
Distinction Informatikai Szolgáltató Kft/Hungary	Engineering	H-1068 Budapest, Városligeti fasor 24, Hungary	100%
Skyscanner (Bulgaria) EOOD/ Bulgaria	Engineering	Sofia Municipality, Triaditza Region 82 Patriarh Evtimii Blvd, Bulgaria	100%
Skyscanner Japan K.K./Japan	Commercial and engineering	The ARGYLE aoyama, 2-14-4 KitaAoyama, Minato- ku Tokyo 107-0061, Japan <i>In Japanese:</i> 〒107-0061 東京都港区北青山 2-14-4 the ARGYLE aoyama	100%
Beijing Skyscanner Technology Co. Limited/China	Commercial	Room A331, Level 3, Building 1, Global Trade Centre, No. 36 North Third Ring Road East, Dongcheng District, Beijing 100013, China	100%
Skyscanner Holdings Inc./United States of America	Holding Company	Incorporating Services Ltd, 3500 S Dupont Hwy, Dover, Delaware 19901	100%
Skyscanner Brasil Tecnologia Ltda	Commercial	Apeninos Avenue, No. 485, set 12, Aclimação City of São Paulo 01533-000 Brazil	100%
Indirect holdings:			
Entity name/country of incorporation	Principle activity	Registered address	Holding/Held by
Shenzhen Skyscanner Technology Co. Limited/China	Engineering	L13, Tower 7, One Shenzhen Bay Center, Yuehai Street Zhongxin Road Nanshan District, Shenzhen, China	100%/Reacher Investments Limited
Skyscanner Inc./United States of America	Commercial	Incorporating Services Ltd, 3500 S Dupont Hwy, Dover, Delaware 19901	100%/Skyscanner Holdings Inc.
Gogobot Inc./United States of America	Engineering	Incorporating Services Ltd, 3500 S Dupont Hwy, Dover, Delaware 19901	100%/Skyscanner Holdings Inc.
Skyscanner Optimisation Inc./ United States of America	Holding Company	Incorporating Services Ltd, 3500 S Dupont Hwy, Dover, Delaware 19901	100%/Skyscanner Holdings Inc

Skyscanner Limited

Notes to the Financial Statements
For the Year Ended 31 December 2023

11. Intangible assets

	Restated Goodwill £'000	Development costs £'000	Computer software £'000	Restated Total £'000
Cost				
As at 1 January 2023	21,508	25,124	324	46,956
Additions	-	7,053	-	7,053
Disposals	-	-	(256)	(256)
Write offs	-	(2,788)	-	(2,788)
As at 31 December 2023	<u>21,508</u>	<u>29,389</u>	<u>68</u>	<u>50,965</u>
Accumulated amortisations				
As at 1 January 2023	5,474	15,521	313	21,308
Amortisation for year	-	4,744	5	4,749
Disposals	-	-	(250)	(250)
Write offs	-	(2,788)	-	(2,788)
As at 31 December 2023	<u>5,474</u>	<u>17,477</u>	<u>68</u>	<u>23,019</u>
Net book value				
As at 31 December 2023	<u>16,034</u>	<u>11,912</u>	<u>-</u>	<u>27,946</u>
As at 31 December 2022	<u>16,034</u>	<u>9,603</u>	<u>11</u>	<u>25,648</u>
	Restated Goodwill £'000	Development costs £'000	Computer software £'000	Restated Total £'000
Cost				
As at 1 January 2022	21,508	23,347	324	45,179
Additions	-	4,882	-	4,882
Disposals	-	(1,372)	-	(1,372)
Write offs	-	(1,733)	-	(1,733)
As at 31 December 2022	<u>21,508</u>	<u>25,124</u>	<u>324</u>	<u>46,956</u>
Accumulated amortisation				
As at 1 January 2022	5,474	13,918	308	19,700
Amortisation for year	-	4,249	5	4,254
Disposals	-	(913)	-	(913)
Write offs	-	(1,733)	-	(1,733)
As at 31 December 2022	<u>5,474</u>	<u>15,521</u>	<u>313</u>	<u>21,308</u>
Net book value				
As at 31 December 2022	<u>16,034</u>	<u>9,603</u>	<u>11</u>	<u>25,648</u>
As at 31 December 2021	<u>16,034</u>	<u>9,429</u>	<u>16</u>	<u>25,479</u>

Goodwill has been restated reflect the correction of historic errors, as detailed in Note 27.

For the purposes of impairment testing, goodwill is allocated to one group cash-generating unit ('CGU'). For assessment of the current financial year, four forecasts underpinned by external data were used to conduct sensitivity analysis and evaluate the carrying value; it was concluded that there was no impairment identified in the current and there was no reasonable sensitivity that led to a possible impairment.

Development costs capitalised in the year, relate to internally generated intangible assets which meet the criteria for capitalisation which are amortised over a period of 4 years. Amortisation of intangible assets is included in administrative expenses.

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

12. Tangible assets

	Furniture, fixtures and fittings £'000
Cost	
As at 1 January 2023	9,606
Additions	8,618
Disposals	(2,523)
As at 31 December 2023	<u>15,701</u>
Accumulated depreciation	
As at 1 January 2023	7,426
Charge for the year	2,122
Disposal	(2,305)
As at 31 December 2023	<u>7,243</u>
Net book value	
As at 31 December 2023	<u>8,458</u>
As at 31 December 2022	<u>2,180</u>

13. Right-of-use assets

	Property £'000	Motor Vehicles £'000	Total right-of- use assets £'000
Cost			
As at 1 January 2023	60,364	-	60,364
Additions	-	1,009	1,009
Modification	523	-	523
Disposals	(7,121)	-	(7,121)
As at 31 December 2023	<u>53,766</u>	<u>1,009</u>	<u>54,775</u>
Accumulated depreciation and impairments			
As at 1 January 2023	21,751	-	21,751
Depreciation charge	5,010	131	5,141
Disposals	(5,528)	-	(5,528)
As at 31 December 2023	<u>21,233</u>	<u>131</u>	<u>21,364</u>
Net book value			
As at 31 December 2023	<u>32,533</u>	<u>878</u>	<u>33,411</u>
As at 31 December 2022	<u>38,613</u>	<u>-</u>	<u>38,613</u>

14. Deferred tax

Deferred tax assets and liabilities recognised by the Company and movements thereon during the current and prior reporting years, are as follows:

	Accelerated capital allowances £'000	Share-based Payments £'000	Short-term timing differences £'000	Losses £'000	Total £'000
As at 1 January 2023	(1,942)	6,927	4,048	24,400	33,433
Credit to profit or loss	(2,558)	7,865	1,782	3,981	11,070
Credit to equity	-	4,739	-	-	4,739
As at 31 December 2023	<u>(4,500)</u>	<u>19,531</u>	<u>5,830</u>	<u>28,381</u>	<u>49,242</u>

Skyscanner Limited

Notes to the Financial Statements
For the Year Ended 31 December 2023

14. Deferred tax – continued

Deferred tax assets have been recognised in respect of other temporary differences giving rise to deferred tax assets because it is probable that there will be future taxable profits available.

Deferred tax has been calculated at 25% in respect of accelerated capital allowances, share-based payments, short term timing differences and tax losses reflecting the rate at which these temporary differences are expected to unwind.

A deferred tax asset of £28,381k has been recognised in respect of £113,525k of tax losses carried forward at 31 December 2023.

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is net deferred tax balances in the statement of financial position:

	2023 £'000	2022 £'000
Deferred tax assets	49,242	33,433

15. Trade and other receivables

	2023 £'000	31 December 2022 £'000	Restated 1 January 2022 £'000
Trade receivable	41,514	36,847	17,162
Amounts due from related parties	98,079	117,238	198,081
Allowance for doubtful debts	(1,932)	(1,510)	(829)
Prepayments	8,049	10,192	5,073
Current tax asset	18,389	11,204	11,201
Other receivable	376	494	974
	<u>164,475</u>	<u>174,465</u>	<u>231,662</u>

Amounts due from related parties and the allowance for doubtful debts have been restated reflect the correction of historic errors, as detailed in Note 27. The recoverability of trade and other receivable is reviewed monthly, and the Company considers any change in the credit quality of its receivables from the date credit was initially granted up to the balance sheet date. During the year, the provision was utilised to write off debts that are deemed uncollectable. Amounts due from related parties are unsecured, non-interest bearing and repayable on demand, with the exception of £81,819k (2022: £65,987k) which is interest bearing at a rate between 3.15% to 5.18% per annum.

The allowance of doubtful debts relates to an allowance for doubtful trade debts of £1,162k (2022: £740k) and an allowance for doubtful amounts due from related parties of £770k (restated 2022: £770k). The movement is summarised as follows:

	2023 £'000	Restated 2022 £'000
As at 1 January	(1,510)	(829)
Additional provision during the year	(921)	(1,264)
Provision utilised in the year due to write off	311	172
Provision released in the year due to recovery of debt	188	411
As at 31 December	<u>(1,932)</u>	<u>(1,510)</u>

Skyscanner Limited

Notes to the Financial Statements
For the Year Ended 31 December 2023

16. Trade and other payables

	2023 £'000	2022 £'000
Trade payables	1,383	348
Amounts due to related parties	46,221	95,895
Other taxation and social security	11,964	7,704
Accruals and deferred income	11,357	11,626
Other payables	6,795	22,892
	<u>77,720</u>	<u>138,465</u>

Amounts due to related parties are unsecured, non-interest bearing and repayable on demand, all interest-bearing intercompany loans were settled during 2023 (2022: £79,668k of amounts due to related parties was interest bearing at a range of rates from 1.5-2.8% per annum).

17. Borrowings

At 31 December 2022 the Company held a bank loan with a value of £25,000k, which was fully repaid in January 2023. The loan was unsecured and carried an interest rate of 2.9% per annum.

18. Leases

	Property £'000	Motor Vehicles £'000	Total £'000
Lease liability			
As at 1 January 2022	8,806	-	8,806
Payment	(7,508)	-	(7,508)
Interest	1,190	-	1,190
Additions	23,508	-	23,508
Modification	12,775	-	12,775
As at 31 December 2022	<u>38,771</u>	<u>-</u>	<u>38,771</u>
Payment	(5,474)	(157)	(5,631)
Interest	1,672	30	1,702
Additions	-	1,009	1,009
Modification	(1,564)	-	(1,564)
As at 31 December 2023	<u>33,405</u>	<u>882</u>	<u>34,287</u>

	2023 Property £'000	2023 Motor Vehicles £'000	2023 Total £'000	2022 Total £'000
<i>Analysed as:</i>				
Current	3,145	263	3,408	3,199
Non-current	30,260	619	30,879	35,572
	<u>33,405</u>	<u>882</u>	<u>34,287</u>	<u>38,771</u>
<i>Maturity:</i>				
Year 1	3,145	263	3,408	3,199
Year 2	3,853	276	4,129	3,997
Year 3	4,036	246	4,282	4,171
Year 4	1,937	97	2,034	4,361
Year 5	4,578	-	4,578	2,271
Year 6+	15,856	-	15,856	20,772
	<u>33,405</u>	<u>882</u>	<u>34,287</u>	<u>38,771</u>

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

18. Leases – continued

The Company leases property and motor vehicles. The average term for property leases is 10 years (2022: 12 years), and the average term for motor vehicle leases is 4 years (2022: nil years).

	2023 Property £'000	2023 Motor Vehicles £'000	2023 Total £'000
<i>Amounts recognised in profit and loss:</i>			
Depreciation expenses on right-of-use assets	5,010	131	5,141
Interest expenses on lease liabilities	1,672	30	1,702
Expenses relating to leases of low value assets	17	-	17

19. Creditors: amounts falling due after more than one year

	31 December 2023 £'000	31 December 2022 £'000
Share-based payments related employee benefits	17,479	-
Other long-term employee benefits	22,804	20,273
	<u>40,283</u>	<u>20,273</u>

20. Provisions

	Restoration provision £'000	Other provisions £'000	Total £'000
As at 1 January 2022	1,786	1,213	2,999
Reclassified to other creditors	-	(1,213)	(1,213)
Charge for the year	737	-	737
Utilised in the year	(8)	-	(8)
Unused amounts reversed in the year	(22)	-	(22)
At 31 December 2022	2,493	-	2,493
Charge for the year	590	-	590
Utilised in the year	(192)	-	(192)
Unused amounts reversed in the year	(50)	-	(50)
At 31 December 2023	<u>2,841</u>	<u>-</u>	<u>2,841</u>

Provisions were made during the year for dilapidation costs associated with our leases. The provisions represent management's best estimate of the Company's future liability.

21. Called-up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2023 £'000	2022 £'000
1,609,146	Ordinary Shares	£0.01	<u>16</u>	<u>16</u>

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

18. Leases – continued

The Company leases property and motor vehicles. The average term for property leases is 10 years (2022: 12 years), and the average term for motor vehicle leases is 4 years (2022: nil years).

	2023 Property £'000	2023 Motor Vehicles £'000	2023 Total £'000
<i>Amounts recognised in profit and loss:</i>			
Depreciation expenses on right-of-use assets	5,010	131	5,141
Interest expenses on lease liabilities	1,672	30	1,702
Expenses relating to leases of low value assets	17	-	17

19. Creditors: amounts falling due after more than one year

	31 December 2023 £'000	31 December 2022 £'000
Share-based payments related employee benefits	17,479	-
Other long-term employee benefits	22,804	20,273
	<u>40,283</u>	<u>20,273</u>

20. Provisions

	Restoration provision £'000	Other provisions £'000	Total £'000
As at 1 January 2022	1,786	1,213	2,999
Reclassified to other creditors	-	(1,213)	(1,213)
Charge for the year	737	-	737
Utilised in the year	(8)	-	(8)
Unused amounts reversed in the year	(22)	-	(22)
At 31 December 2022	2,493	-	2,493
Charge for the year	590	-	590
Utilised in the year	(192)	-	(192)
Unused amounts reversed in the year	(50)	-	(50)
At 31 December 2023	<u>2,841</u>	<u>-</u>	<u>2,841</u>

Provisions were made during the year for dilapidation costs associated with our leases. The provisions represent management's best estimate of the Company's future liability.

21. Called-up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2023 £'000	2022 £'000
1,609,146	Ordinary Shares	£0.01	<u>16</u>	<u>16</u>

Skyscanner Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

22. Share-based payments

Equity-settled share scheme

Long-term Incentive Plan ('LTIP')

The immediate parent company, SHL granted share options to employees of the Company. Options are exercisable on the shares of SHL at the price equal to the latest share price which is internally announced bi-annually.

The options issued to employees up to and including 7 December 2020 (34,212,416 at the balance sheet date) vest on the following profile:

- 10% of the options vest on the first anniversary of vesting start date;
- a further 30% of the options vest on each of the second and third anniversaries of the vesting start date; and
- the balance of the options vests on the fourth anniversary of the vesting start date.

During the year ended 31 December 2021, a new LTIP was approved which included a share option scheme over shares in SHL. The underlying options are similar to those issued as part of the existing share options scheme. However, the vesting profile has been amended to the following (66,914,241 issued to employees at the balance sheet date):

- 25% of the options vest on the anniversary of the vesting start date over a 4-year period.

Active grants held under both schemes are valid.

The remaining units (24,720,000 at the balance sheet date) were issued to senior management and have specific performance-based vesting conditions. The share-based payment charges for these units have been recognised based on our assumptions as to whether these performance conditions will be achieved.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if employment ends in certain circumstances before the options vest. The options have an average exercise price of £1.24. The fair value of options granted during the year have been determined using the Black-Scholes and Monte Carlo valuation models.

Share Incentive Plan ('SIP')

A SIP scheme was introduced in 2018 and the shares were granted in 2019 at the end of the accumulation period (708,918 outstanding at balance sheet date). The SIP shares are split between partnership and matching shares with the matching shares having a 3-year forfeiture period from the end of the accumulation period. The share-based payment charges for these shares have been recognised based on the number of shares issued. Partnership shares, (351,409 at the balance sheet date) vested during 2019 after the accumulation period ended.

A second SIP scheme was introduced in 2020 and the shares were granted in 2021 at the end of the accumulation period (519,056 granted at the balance sheet date). The SIP shares are split between partnership and matching shares with the matching shares having a 3-year forfeiture period from the end of the accumulation period. The share-based payment charges for these shares have been recognised based on the number of shares issued. Partnership shares, (261,516 at the balance-sheet date) vested during 2020 after the accumulation period ended.

A third SIP scheme was introduced in 2022 and the shares were granted in 2023 at the end of the accumulation period (2,701,187 estimated to be granted at balance sheet date). The SIP shares are split between partnership and matching shares with the matching shares having a 3-year forfeiture period from the end of the accumulation period. The share-based payment charges for these options have been recognised based on the estimated number of shares to be issued. For the partnership shares, 901,723 (at the balance sheet date) which vested at the end of the accumulation period in 2023.

Restricted Stock Units ('RSUs')

Trip.com Group granted RSUs to the Company's employees. Vested RSUs will be settled in Trip.com Group shares with a par value deemed settled by the employee's past services.

A portion of RSUs issued to employees (9,176 at balance sheet date) vest on the following profile:

- 12.5% of the RSUs vest on each anniversary of the vesting date with a balance of 50% of RSUs vested on the fourth anniversary of the vesting date;
- The remaining 50% of the RSUs vest based on specific performance-based vesting conditions.

The remaining RSUs issued to employees (28,256 at balance sheet date) have varied vesting profiles.

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

22. Share-based payments— continued

Equity-settled share scheme – continued

Options over shares in Trip.com Group

Trip.com Group granted share options to the Company's employees which are exercisable on Trip.com Group shares at a price of \$0.01.

The portion of options issued to employees (380,808 at the balance sheet date) vest on the following profile:

- 25% of the options vest on the anniversary of the vesting start date over a 4-year period.

The remaining options issued to employees (211,666 at balance sheet date) have varied vesting profiles.

If options remain unexercised after a period of 8 years from the date of grant, the options expire. Options are forfeited if employment ends in certain circumstances before the options vest.

	LTIP Number	SIP Number	RSU Number	Options issued over Trip.com Group shares Number	Weighted average exercise price £
Outstanding at 1 January 2023	99,441,575	4,419,327	68,034	634,198	1.04
Granted during the year	33,951,802	-	-	30,000	1.08
Forfeited during the year	(3,056,410)	(490,166)	(1,370)	(14,549)	0.87
Exercised during the year	(4,231,310)	-	(29,232)	(86,355)	1.09
Net transfers (from)/to the Company	(259,000)	-	-	29,180	0.49
Outstanding at 31 December 2023	<u>125,846,657</u>	<u>3,929,161</u>	<u>37,432</u>	<u>592,474</u>	<u>1.14</u>
Exercisable at 31 December 2023	<u>42,960,829</u>	<u>-</u>	<u>-</u>	<u>303,399</u>	<u>1.23</u>

	LTIP Number	SIP Number	RSU Number	Options issued over Trip.com Group shares Number	Weighted average exercise price £
Outstanding at 1 January 2022	63,866,199	1,538,276	110,905	670,389	1.19
Granted during the year	47,773,250	2,932,311	-	45,000	0.76
Forfeited during the year	(10,130,876)	(51,260)	(13,384)	(81,611)	1.24
Exercised during the year	(1,824,998)	-	(29,487)	-	0.87
Net transfers (from)/to the Company	(242,000)	-	-	420	1.28
Outstanding at 31 December 2022	<u>99,441,575</u>	<u>4,419,327</u>	<u>68,034</u>	<u>634,198</u>	<u>1.04</u>
Exercisable at 31 December 2022	<u>34,652,717</u>	<u>-</u>	<u>-</u>	<u>236,645</u>	<u>-</u>

The equity settled units outstanding as at 31 December 2023 with valuation determined using the Black-Scholes valuation model had a weighted average exercise price of £1.04 (2022: £1.04) and a weighted average remaining contractual life of 6.59 years (2022: 6.82 years).

The weighted average fair value of equity settled units granted during the year, determined using the Black-Scholes valuation model, was £0.92 (2022: £0.39) per equity-settled unit. The significant inputs into the Black-Scholes model were:

	2023	2022
Weighted average market value share price	£1.47	£0.83
Weighted average exercise price	£1.01	£0.79
Volatility	55%	48%
Expected unit life	4.94 years	4.33 years
Annual risk-free interest rate	3.62%	2.06%

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

22. Share-based payments-- continued

Equity-settled share scheme – continued

The equity settled units outstanding as at 31 December 2023 with valuation determined using the Monte Carlo valuation model had a weighted average exercise price of £1.74 (2022: £1.86) and a weighted average remaining contractual life of 3.96 years (2022: 4.68 years).

The weighted average fair value of equity settled units granted during the year, determined using the Monte Carlo valuation model, was £0.87 per equity settled unit (2022: £0.14). The significant inputs into the Monte-Carlo model were:

	2023	2022
Weighted average market value share price	£2.08	£0.84
Weighted average exercise price	£1.47	£0.84
Volatility	55%	55%
Expected unit life	3.50 years	4.77 years
Annual risk-free interest rate	4.70%	2.23%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of comparable companies' listed share prices over a period equal to the expected life of the equity-settled units.

The share-based payment charged to the income statement were as follows:

	2023	2022
	£'000	£'000
<i>Equity settled payments:</i>		
Charge for equity settled share-based payments	18,340	13,532

Cash-settled bonus unit scheme

Long Term Incentive Plan ('LTIP')

SHL granted bonus units to the Company's employees. Cash bonus units are exercisable at a price equal to SHL's latest internally announced share price at the grant date.

The bonus units issued to the Company's employees (1,099,410 at the balance sheet date) vest at the following profile:

- 10% of the bonus units vest on the first anniversary of vesting start date;
- a further 30% of the bonus units vest on each of the second and third anniversaries of the vesting start date; and
- the balance of the bonus units vests on the fourth anniversary of the vesting start date.

During the year ended 31 December 2021, a new LTIP was approved which included a bonus units scheme. The underlying bonus units are similar to those issued as part of the existing bonus unit scheme. However, the vesting profile has been amended to the following (11,114,842 issued to employees at the balance sheet date):

- 25% of the bonus units vest on the anniversary of the vesting start date over a 4 year period.

Active grants held under both schemes are valid.

If the bonus units remain unexercised after a period of 10 years from the date of grant, the bonus units expire. Bonus units are forfeited if employment ends in certain circumstances before the bonus units vest. The bonus units have an average exercise price of £1.24. Out of the 12,214,252 outstanding bonus units, 2,302,550 bonus units were exercisable.

Share Incentive Plan ('SIP')

A SIP scheme was introduced in 2018 and the bonus units were granted in 2019 at the end of the accumulation period (78,000 outstanding at the balance sheet date). The SIP bonus units are split between partnership and matching bonus units with the matching bonus units having a 3-year forfeiture period from the end of the accumulation period. The share-based payment charges for these bonus units have been recognised based on the number of bonus units issued.

A second SIP scheme was introduced in 2020 and the bonus units were granted at the end of the accumulation period (154,000 granted at the balance sheet date). The SIP bonus units are split between partnership and matching bonus units with the matching bonus units having a 3-year forfeiture period from the end of the accumulation period. The share-based payment charges for these bonus units have been recognised based on the number of bonus units issued.

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

22. Share-based payments – continued

Cash-settled bonus unit scheme

A third SIP scheme was introduced in 2023 and the bonus units are granted at the end of the accumulation period in 2023 (1,158,000 estimated to be granted at the balance sheet date). The SIP bonus units are split between partnership and matching bonus units with the matching bonus units having a 3-year forfeiture period from the end of the accumulation period. The share-based payment charges for these bonus units have been recognised based on the estimated number of bonus units to be issued.

	2023			2022		
	LTIP Number	SIP Number	Weighted average exercise price £	LTIP Number	SIP Number	Weighted average exercise price £
Outstanding at 1 January	5,287,430	1,476,000	0.78	2,047,190	246,000	1.19
Granted during the year	7,195,962	-	1.24	3,942,500	1,230,000	0.64
Forfeited during the year	(92,550)	(86,000)	0.57	(721,260)	-	0.93
Exercised during the year	(140,440)	-	1.23	-	-	-
Net transfers to the Company	(36,150)	-	1.00	19,000	-	1.43
Outstanding at 31 December	<u>12,214,252</u>	<u>1,390,000</u>	<u>1.05</u>	<u>5,287,430</u>	<u>1,476,000</u>	<u>0.78</u>

The bonus units outstanding as at 31 December 2023 had a weighted average exercise price of £1.05 (2022: £0.78) and a weighted average remaining contractual life of 7.62 years (2022: 8.44 years).

The weighted average fair value of bonus units granted during the year, determined using the Black-Scholes valuation model, was £0.82 (2022: £0.44) per bonus unit. The significant inputs into the Black-Scholes model were:

	2023	2022
Weighted average market value bonus unit price	£1.47	£0.84
Weighted average exercise price	£1.24	£0.64
Volatility	55%	40%
Expected unit life	4.36 years	3.3 years
Annual risk-free interest rate	<u>3.12%</u>	<u>2.78%</u>

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of comparable companies' listed share prices over a period equal to the expected life of the bonus units.

The share-based payment charges in the income statement were as follows:

	2023 £'000	2022 £'000
<i>Cash settled share-based payments:</i>		
Cash bonus equivalent scheme	<u>7,741</u>	<u>877</u>
Carrying amount of scheme liability	<u>8,887</u>	<u>984</u>
<i>Of which relates to vested assets</i>	<u>2,420</u>	<u>325</u>

Skyscanner Limited**Notes to the Financial Statements
For the Year Ended 31 December 2023****23. Derivative financial instruments**

The Company uses foreign currency forward contracts to hedge against fluctuations in foreign currency exchange rates. A fair value gain of £338k (2022: nil) was recognised in the year, there were no outstanding positions at the balance sheet date (2022: nil).

24. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with wholly owned subsidiaries and key management personnel.

During the year, Skyscanner engaged in a service agreement with a company controlled by a non-executive director for the provision of international consultancy services. The total amount paid under this agreement was £3.5m (2022: nil). At the year-end, there were no outstanding amounts payable included within creditors (prior year: nil).

25. Commitments

In anticipation of opening a new office in 2024 the Company has made a capital commitment of £212k (2022: £5,624k).

26. Contingent liabilities

A legal action in relation to, amongst other things, disputes of intellectual property rights has been taken against Skyscanner, a subsidiary of the Company in UK. Skyscanner has counterclaimed. As of the approval date of these financial statements, the case is under legal proceeding, the outcome is not established and the potential amount of the damages, if any, is not reasonably estimable. No provision was made in this respect as of 31 December 2023.

27. Restatement of prior period errors

The prior year comparatives have been restated to reflect the goodwill on the historic acquisition of the Skipjaq Group, which is offset against the related party balance due from Skyscanner Holdings Inc, which was fully provided for. The net impact of the restatement is an increase in the goodwill amount by £16,034k, a reduction to the related party balance due from Skyscanner Holdings Inc and the related bad debt provision for the same amount. The historic foreign exchange revaluation was reversed with a new impact to the profit and loss of £1,643k in 2022 and £1,129k in 2021.

Furthermore, an amount of £54,178k relating to related party fees was reclassified from cost of sales to administrative expenses in line with management's assessment of what constitutes to be a direct cost. Direct costs include but are not limited to: direct marketing expenses, digital services tax, and data costs.

Balance sheet	31 December 2022			1 January 2022		
	As reported £'000	Adjustment £'000	As restated £'000	As reported £'000	Adjustment £'000	As restated £'000
Non-current assets						
Intangible assets	9,614	16,034	25,648	9,445	16,034	25,479
Other non-current assets	118,765	-	118,765	96,532	-	96,532
	<u>128,379</u>	<u>16,034</u>	<u>144,413</u>	<u>105,977</u>	<u>16,034</u>	<u>122,011</u>
Current assets						
Amounts due from related parties	134,915	(17,677)	117,238	214,115	(16,034)	198,081
Allowance for doubtful debts	(19,187)	17,677	(1,510)	(16,863)	16,034	(829)
Other current assets	60,666	-	60,666	54,949	-	54,949
	<u>176,394</u>	<u>-</u>	<u>176,394</u>	<u>252,201</u>	<u>-</u>	<u>252,201</u>
Total assets	<u>304,773</u>	<u>16,034</u>	<u>320,807</u>	<u>358,178</u>	<u>16,034</u>	<u>374,212</u>
Net assets	<u>79,771</u>	<u>16,034</u>	<u>95,805</u>	<u>41,630</u>	<u>16,034</u>	<u>57,664</u>
Capital and reserves						
Profit and loss account	75,057	16,034	91,091	36,916	16,034	52,950
Other capital and reserves	4,714	-	4,714	4,714	-	4,714
Total shareholder's funds	<u>79,771</u>	<u>16,034</u>	<u>95,805</u>	<u>41,630</u>	<u>16,034</u>	<u>57,664</u>

Skyscanner Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2023**

27. Restatement of prior period errors – continued

	31 December 2022		
	As reported	Adjustment	As restated
	£'000	£'000	£'000
Profit and loss			
Revenue	283,895	-	283,895
Cost of sales	(71,395)	54,178	(17,217)
Gross profit	<u>212,500</u>	<u>54,178</u>	<u>266,678</u>
Administrative expenses	(159,743)	(54,178)	(213,921)
Allowance for doubtful debts	(2,496)	1,643	(853)
Other operating items	(6,630)	-	(6,630)
Operating profit	<u>43,631</u>	<u>1,643</u>	<u>45,274</u>
Interest receivable and similar income	1,824	-	1,824
Interest payable and similar expenses	(13,885)	(1,643)	(15,528)
Profit before tax	<u>31,570</u>	<u>-</u>	<u>31,570</u>

28. Post balance sheet events

As at 3 June 2024, the Company has entered into a new office lease for 12 years resulting in the initial recognition of a right of use asset of £4,589k and a liability of £4,482k.

29. Ultimate parent company and controlling party

The Company's immediate parent undertaking is Skyscanner Holdings Limited, a company registered in England. The Company's ultimate parent company and ultimate controlling party is Trip.com Group, a company incorporated in the Cayman Islands, listed on NASDAQ and the Hong Kong stock exchange and whose registered office is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The consolidated financial statements of the Company's ultimate parent company and ultimate controlling party, Trip.com Group, can be obtained from <http://investors.trip.com>.