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**GBT JERSEYCO LIMITED AND SUBSIDIARIES**

Consolidated Financial Statements

December 31, 2020 and 2019

(With Independent Auditors' Report Thereon)



**GBT JERSEYCO LIMITED AND SUBSIDIARIES**

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KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

The Board of Directors and Shareholders  
GBT JerseyCo Limited:

We have audited the accompanying consolidated financial statements of GBT JerseyCo Limited and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive income (loss), cash flows and changes in shareholders' equity for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GBT JerseyCo Limited and its subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

**KPMG LLP**

New York, New York  
March 31, 2021

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GBT JERSEYCO LIMITED AND SUBSIDIARIES

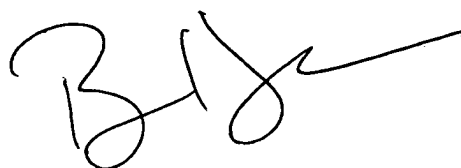
Consolidated Balance Sheets

December 31, 2020 and 2019

(In thousands, except share data)

Assets	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 583,968	495,648
Accounts receivables, net (allowance for doubtful accounts of \$14,076 and \$11,045 as of December 31, 2020 and 2019, respectively)	144,228	665,148
Due from affiliates	14,682	15,833
Prepaid expenses and other current assets	212,674	165,391
Total current assets	<u>955,552</u>	<u>1,342,020</u>
Property, equipment and software, net	193,956	229,687
Equity method investments	23,269	29,617
Goodwill	1,028,430	1,022,666
Other intangible assets, net	347,552	408,399
Operating lease right-of-use assets	54,914	—
Deferred tax assets	217,228	103,217
Other noncurrent assets	477	943
Total assets	<u>\$ 2,821,378</u>	<u>3,136,549</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 96,489	278,277
Due to affiliates	6,672	26,516
Accrued expenses and other current liabilities	510,827	439,875
Current portion of operating lease liabilities	19,818	—
Current portion of long-term debt	6,500	2,500
Total current liabilities	<u>640,306</u>	<u>747,167</u>
Long-term debt, net of unamortized discount and debt issuance costs	617,120	234,716
Deferred tax liabilities	100,447	112,786
Pension liability	412,559	343,333
Long-term operating lease liabilities	57,670	—
Other long-term liabilities	9,253	6,378
Total liabilities	<u>1,837,355</u>	<u>1,444,380</u>
Shareholders' equity:		
Ordinary shares (par value €0.00001; 40,000,000 shares authorized as of both December 31, 2020 and 2019; 36,000,000 shares issued and outstanding as of both December 31, 2020 and 2019)	—	—
Nonvoting profits shares (par value €0.00001, 800,000 shares authorized as of both December 31, 2020 and 2019; 800,000 shares issued and outstanding as of both December 31, 2020 and 2019)	—	—
Nonvoting management incentive plan shares (par value €0.00001; 3,200,000 shares authorized as of both December 31, 2020 and 2019; no shares issued and outstanding as of both December 31, 2020 and 2019)	—	—
Additional paid-in capital	1,751,010	1,750,035
Accumulated (deficit)/earnings	(591,299)	35,892
Accumulated other comprehensive loss	(178,778)	(98,150)
Total shareholders' equity	<u>980,933</u>	<u>1,687,777</u>
Equity attributable to noncontrolling interest in subsidiaries	3,090	4,391
Total equity	<u>984,023</u>	<u>1,692,168</u>
Total liabilities and equity	<u>\$ 2,821,378</u>	<u>3,136,548</u>

See accompanying notes to consolidated financial statements.



Raymond Joabar  
30 November 2021

**GBT JERSEYCO LIMITED AND SUBSIDIARIES**

Consolidated Statements of Operations

Years ended December 31, 2020 and 2019

(In thousands)

	<u>2020</u>	<u>2019</u>
Revenues	\$ 789,937	2,114,965
Costs and expenses:		
Salaries and employee benefits	799,190	1,157,436
Information technology and other operating costs	286,422	435,960
Restructuring and other charges	198,320	11,728
Professional services	106,275	154,989
Sales and marketing	2,574	7,948
Depreciation and amortization	<u>152,715</u>	<u>141,203</u>
Total costs and expenses	<u>1,545,496</u>	<u>1,909,264</u>
Operating (loss)/income	(755,559)	205,701
Foreign currency gains/(losses), net	12,394	(3,561)
Net gain on pension, excluding service costs and interest expense	16,146	24,191
Loss on disposal of businesses	—	(3,289)
Interest income	1,454	4,553
Interest expense	<u>(42,594)</u>	<u>(34,694)</u>
(Loss)/income before income taxes and share of (loss)/earnings from equity method investments	(768,159)	192,901
Benefit from/(provision for) income taxes	145,287	(59,874)
Share of (loss)/earnings in equity method investments	<u>(5,193)</u>	<u>4,856</u>
Net (loss)/income	(628,065)	137,883
Net (loss)/income attributable to noncontrolling interests in subsidiaries	<u>(874)</u>	<u>3,882</u>
Net (loss)/income attributable to the Company	\$ <u>(627,191)</u>	<u>134,001</u>

See accompanying notes to consolidated financial statements.

**GBT JERSEYCO LIMITED AND SUBSIDIARIES**

Consolidated Statements of Comprehensive (Loss) Income

Years ended December 31, 2020 and 2019

(In thousands)

	<u>2020</u>	<u>2019</u>
Net (loss)/income	\$ (628,065)	137,883
Other comprehensive loss, net of tax:		
Foreign currency translation adjustments, net of tax of \$0 and \$0	(2,373)	(3,899)
Unrealized actuarial loss on defined benefit plans, net of tax of \$14,839 and \$12,061	<u>(78,255)</u>	<u>(55,245)</u>
Total other comprehensive loss, net of tax	<u>(80,628)</u>	<u>(59,144)</u>
Comprehensive (loss)/income	(708,693)	78,739
Comprehensive (loss)/income attributable to noncontrolling interest in subsidiaries	<u>(874)</u>	<u>3,882</u>
Comprehensive (loss)/income attributable to the Company	<u>\$ (707,819)</u>	<u>74,857</u>

See accompanying notes to consolidated financial statements.

**GBT JERSEYCO LIMITED AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

Years ended December 31, 2020 and 2019

(In thousands)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Net (loss)/income	\$ (628,065)	137,883
Adjustments to reconcile net (loss)/income to net cash (used in)/provided by operating activities:		
Depreciation and amortization	152,715	141,203
Deferred taxes	(109,614)	23,738
Equity compensation	1,975	6,197
Provision for/(reversal of) doubtful allowances	3,883	(286)
Share of loss/(earnings) in equity method investments, net of dividends received	7,602	3,825
Amortized debt issuance costs and debt discount	2,625	1,676
Impairment of ROU and other assets	20,338	—
Other non cash impact to operating assets and liabilities	(9,479)	(689)
Changes in working capital:		
Accounts receivables	524,060	(39,024)
Prepaid expenses and other current assets	(14,043)	(29,591)
Due from affiliates	1,151	479
Due to affiliates	(19,847)	(5,126)
Accounts payable, accrued expenses and other current liabilities	(158,600)	23,104
Pension contribution	(24,529)	(36,345)
Working capital source/(use) of cash	<u>308,192</u>	<u>(86,503)</u>
Net cash (used in)/provided by operating activities	<u>(249,828)</u>	<u>227,044</u>
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	(443)	(25,411)
Purchase of property, equipment and software	(46,655)	(61,650)
Net cash used in investing activities	<u>(47,098)</u>	<u>(87,061)</u>
Cash flows from financing activities:		
Capital distributions to shareholders	—	(57,753)
Return of escrow	—	1,055
Dividends paid to noncontrolling interests	(427)	(4,739)
Term loan proceeds, net of discount	388,000	—
Term loan repayment	(3,500)	(2,500)
Payment of debt issuance costs	(188)	(314)
Net cash provided by/(used in) financing activities	<u>383,885</u>	<u>(64,251)</u>
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	<u>7,468</u>	<u>(238)</u>
Net increase in cash, cash equivalents and restricted cash	94,427	75,494
Cash, cash equivalents and restricted cash at beginning of year	<u>498,793</u>	<u>423,299</u>
Cash, cash equivalents and restricted cash at end of year	\$ <u>593,220</u>	<u>498,793</u>
Supplemental disclosure of cash flow information		
Cash paid for taxes (net of income tax refunds)	\$ (13,353)	49,341
Cash paid for interest (net of interest received)	16,049	13,755

See accompanying notes to consolidated financial statements.

**GBT JERSEYCO LIMITED AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Shareholders' Equity**  
**Years ended December 31, 2020 and 2019**  
(In thousands)

	Ordinary shares		Nonvoting profit shares		Additional paid-in capital	Accumulated earnings/deficit	Accumulated other comprehensive loss	Total shareholders' equity	Noncontrolling interest in subsidiaries	Total equity
	Number	Amount	Number	Amount						
Balance at December 31, 2018	35,000,000	\$ —	800,000	\$ —	1,801,591	(100,744)	(39,006)	1,661,841	5,248	1,667,089
Cumulative effect of accounting change – ASC 605, Revenue from contracts with customers, (net of tax)	—	—	—	—	—	2,635	—	2,635	—	2,635
Capital distributions	—	—	—	—	(57,753)	—	—	(57,753)	(4,739)	(62,492)
Equity compensation	—	—	—	—	6,197	—	—	6,197	—	6,197
Other comprehensive loss	—	—	—	—	—	—	(59,144)	(59,144)	—	(59,144)
Net income	—	—	—	—	—	134,001	—	134,001	3,882	137,883
Balance at December 31, 2019	35,000,000	\$ —	800,000	\$ —	1,750,035	35,892	(98,150)	1,687,777	4,391	1,692,168
Capital distributions	—	—	—	—	(1,000)	—	—	(1,000)	(427)	(1,427)
Equity compensation	—	—	—	—	1,975	—	—	1,975	—	1,975
Other comprehensive loss	—	—	—	—	—	—	(80,628)	(80,628)	—	(80,628)
Net loss	—	—	—	—	—	(627,191)	—	(627,191)	(674)	(628,065)
Balance at December 31, 2020	35,000,000	\$ —	800,000	\$ —	1,751,010	(591,299)	(178,778)	980,933	3,090	984,023

Nonvoting management incentive plan shares have been excluded from the above statement as there are no shares issued and outstanding as of December 31, 2020 and 2019.

See accompanying notes to consolidated financial statements.

## **GBT JERSEYCO LIMITED AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(Amounts appearing in tables are in thousands)

### **(1) Basis of Presentation and Business Description**

GBT JerseyCo Limited ("Global Business Travel" or "GBT") is a private company with limited liability incorporated on November 28, 2019 under the Companies (Jersey) Law 1991. GBT is a joint venture with 50% of its voting shares held by American Express Travel Holdings Netherlands Cooperatif U.A. ("Amex Coop"), a resident of the Netherlands and balance 50% of its voting shares held by Juweel Investors Limited ("Juweel"), a resident of Cayman Islands. GBT is a tax resident in the United Kingdom ("U.K.").

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### **(a) Corporate Reorganization**

On December 9, 2019, the Board of Directors of GBT III B.V., a private company with limited liability organized under the laws of Netherlands and a joint venture with 50% of its voting shares held by Amex Coop and balance 50% of its voting shares held by a predecessor of Juweel, implemented a holding company reorganization in which GBT became the ultimate parent company of GBT III B.V. The shareholders of GBT III B.V. approved this reorganization whereby shareholders of GBT III B.V. ultimately became the shareholders of GBT, maintaining the same number of ordinary voting shares and ownership percentage as held in GBT III B.V. immediately prior to the reorganization.

The above reorganization was accounted for as a transaction under common control. GBT has recognized the assets and liabilities of GBT III B.V. at carryover basis.

#### **(b) Business Description**

GBT and its subsidiaries (the "Company") operate one of the world's largest travel management networks. The Company coordinates travel services for clients according to their specific travel policies and needs by developing and maintaining relationships with travel suppliers, including hotels, airlines and car/rail companies. This enables clients of the Company to optimize return on their investment in travel, meetings and events. The Company derives revenues through its global presence, strong sustained client relationships, extensive supplier network, supplier and client contracts, brand name, high quality of client service and technology, and globally shared infrastructure and business processes.

#### **(c) Impact of COVID-19**

During 2020, the outbreak of the novel strain of the coronavirus, COVID-19 (the "COVID-19 pandemic"), severely restricted the level of economic activity around the world and continues to have an unprecedented effect on the global travel and hospitality industry. In response to the COVID-19 pandemic, many governments around the world implemented, and continue to implement, a variety of measures to reduce the spread of COVID-19 pandemic, including travel restrictions, practicing social distancing quarantine advisories and closure of non-essential businesses. The various government measures to contain spread of Covid-19 pandemic significantly reduced travel and hotel bookings and continue to have a material adverse impact on the number of new bookings.

## **GBT JERSEYCO LIMITED AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(Amounts appearing in tables are in thousands)

While many countries have begun the process of vaccinating their residents, the rate and pace of vaccination in the broader population, the severity and duration of resurgence, as well as uncertainty over the efficacy of the vaccines against new variants of the virus, may contribute to delays in economic recovery. Overall, the ultimate impact and duration of COVID-19 pandemic remains uncertain and will depend upon future developments, which are difficult to predict.

As a result of the COVID-19 pandemic, Company's results of operations and cash flows for the year ended December 31, 2020 were adversely impacted. The Company incurred a net loss during the year ended December 31, 2020. In response to the impact of the COVID-19 pandemic, the Company initiated mitigating actions to optimize efficiency and reduce costs, which included reduction in non-essential capital expenditure and operating expenses, pay reductions, reduction in workforce through voluntary and involuntary terminations of employees and facility closures, and continues to consider additional cost reduction measures as they become necessary (refer Note 19 for additional information). The Company also accessed government funding in its major operating territories (including furlough income). Additionally, to strengthen and maintain its liquidity the Company sourced additional finance by: (i) borrowing incremental debt of principal amount of \$400 million in September 2020 and securing commitment to fund additional debt borrowing of up to \$200 million in January 2021 (refer note 13 and 20) and (ii) securing shareholders commitment to contribute an additional amount of up to \$300 million ("Shareholders' Equity Commitment") (refer note 14) should the need arise. As a result, as of December 31, 2020, the Company's total liquidity was \$1.134 billion comprising cash and cash equivalents of \$584 million and shareholder and lender funding available of \$550 million (including \$50 million of revolving credit facility).

Based on the financial mitigation measures taken and available funding capacity, the Company believes it has adequate liquidity to meet its expected future operating, investing and financing needs of the business for foreseeable future.

### **(2) Summary of Significant Accounting Policies**

#### **(a) Principles of Consolidation**

The Company's consolidated financial statements include the accounts of GBT, GBT's wholly owned subsidiaries and entities controlled by GBT. The Company reports the noncontrolling ownership interests in subsidiaries that are held by third-party owners as equity attributable to noncontrolling interests in subsidiaries on the consolidated balance sheets. The portion of income or loss attributable to third-party owners for the reporting periods is reported as net income attributable to noncontrolling interests in subsidiaries on the consolidated statements of operations. The Company has eliminated intercompany transactions and balances in its consolidated financial statements. Certain prior year balances have been reclassified to conform with current year presentation.

**GBT JERSEYCO LIMITED AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(Amounts appearing in tables are in thousands)

**(b) Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures in the consolidated financial statements and accompanying notes. Estimates are used for, but not limited to, supplier revenue, collectability of receivables, valuation of acquired intangible assets and goodwill, depreciable lives of property, equipment and software, acquisition purchase price allocations, investments in equity interests, valuation of Right-of-Use (ROU) assets, valuation allowances on deferred income taxes, impairment testing and contingencies. Actual results could differ materially from those estimates.

**(c) Revenue Recognition**

The Company adopted the new revenue recognition guidance, Accounting Standards Codification 606, Revenue from Contracts with Customers, effective January 1, 2019, issued by the Financial Accounting Standards Board ("FASB").

Revenue is recognized when control of the promised services in client or travel supplier arrangement is transferred to the customers in an amount that reflects the expected consideration in exchange for those services. The Company's customers are its clients to whom the Company provides consultancy and management services, travel service providers and providers of Global Distribution Systems (GDSs).

*Client Transaction Revenue:* The Company collects transaction and management fees by charging clients transaction or management fees for (i) selling and arranging travel and (ii) travel management services, including consulting and meeting and events services. Client transaction fee revenue is generally recognized at the time the client books the travel arrangements. Travel management services revenue, consulting, and meetings and events services revenue is recognized ratably over the contract period as the performance obligation is satisfied over time.

As part of the arrangements with clients, the Company is contractually obligated to share with them the commissions collected from travel suppliers that are directly attributable to the Company's business with the clients. Additionally, in certain contractual agreements with its clients, the Company promises consideration to them in the form of credits or upfront payments. The Company recognizes such consideration payments to its clients as a reduction of revenue as the revenue is recognized unless the payment is in exchange for a distinct good or service that the clients transfers to the Company.

*Travel Supplier Revenue:* Certain of the Company's travel suppliers (e.g., airlines, hotels, car rental companies, and rail carriers) and GDS providers pay commissions and/or fees on tickets issued, sales and other services provided by the Company based on contractual agreements. Commissions and fees from travel suppliers are generally recognized at the time a ticket is purchased for air travel reservations or upon fulfillment of the reservation for hotels, car rentals, and rail. The Company recognizes revenue using estimates for certain services provided under contractual agreements where the consideration is variable and determined by meeting volume targets. The Company recognizes variable consideration only to the extent that it is probable that a subsequent change in the estimate would not result in a significant revenue reversal.

## GBT JERSEYCO LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(Amounts appearing in tables are in thousands)

*Other Revenue:* The Company recognizes other revenues through fees collected from the Company's Travel Partner Network (TPN). TPNs are non-equity affiliates that provide services to the Company's clients in their respective countries by utilizing the Company's unique brand of service and expertise. The fees from TPN are recognized as sales occur over the contract period as the performance obligation is satisfied.

The Company disaggregates revenue by timing of transfer of goods and services i.e. whether performance obligation is satisfied at a point in time or over time. The Company recognizes 69% of its revenue at a point in time while 31% of the Company's revenues are recognized over time.

### **(d) Operating Costs**

Operating costs include costs incurred for servicing client transactions, data processing charges, and product and meeting related expenses. It further includes expenses associated with delivering services and business support, finance, technology, legal, and other headquarter activities.

### **(e) Income Taxes**

The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets or liabilities are expected to be realized or settled. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized. In order for the Company to realize the deferred tax assets, it must be able to generate sufficient taxable income in those jurisdictions where the deferred tax assets are located. A change in the Company's estimate of future taxable income may change the Company's conclusion on its ability to realize all or a part of its net deferred tax assets, requiring an adjustment to the valuation allowance charged to the provision for income taxes in the period in which such a determination is made.

A two-step approach is applied pursuant to FASB ASC 740, *Income Taxes*, in the recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return. The first step is to determine if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained on examination by the taxing authorities, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. The Company recognizes interest and penalties related to unrecognized tax benefits within the provision for income taxes.

The Company recognizes deferred taxes on undistributed earnings of foreign subsidiaries because it does not plan to indefinitely reinvest such earnings.

### **(f) Cash, Cash Equivalents and Restricted Cash**

Cash and cash equivalents include cash and amounts due from banks, interest-bearing bank balances, and other highly liquid investments with original maturities of 90 days or less.

## **GBT JERSEYCO LIMITED AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements**

December 31, 2020 and 2019

(Amounts appearing in tables are in thousands)

Restricted cash includes cash and cash equivalents that is restricted through legal contracts or regulations. It primarily includes collateral for offices leases and travel suppliers.

Restricted cash is included as a part of cash and cash equivalents in the consolidated statements of cash flows. The Company had \$9 million and \$3 million of restricted cash as of December 31, 2020 and 2019, respectively, which is included in prepaid expenses and other currents in the consolidated balance sheets (refer note 6).

#### **(g) Accounts Receivable**

Accounts receivable primarily includes trade accounts receivable from clients, suppliers and government for grants received, less allowances for doubtful accounts. The Company evaluates the collectability of accounts receivable based on a combination of factors. In circumstances where the Company is aware of a specific client's inability to meet its financial obligations (e.g. bankruptcy filings, failure to pay amounts due to the Company, or other known client liquidity issues), the Company records a specific reserve for bad debts in order to reduce the receivable to the amount reasonably believed to be collectable.

Governments of multiple countries extended several programs to help businesses during the COVID-19 pandemic (refer note 1) through loans, wage subsidies, tax relief or deferrals and other financial aid. The Company has participated in several of these government programs. During the year ended December 31, 2020, the Company recognized government grants and other assistance benefits of \$110 million. The government grants and other assistance for salaries and wages is recorded as a reduction of "Salaries and employee benefits" expense in the consolidated statements of operations. As at December 31, 2020, the Company has a receivable of \$25 million in relation to such government grants, that is included in accounts receivable in the consolidated balance sheets, for payments expected to be received for the programs where it has met the qualifying requirements and it is probable that payment will be received. The majority of this receivable is expected to be received in 2021.

#### **(h) Goodwill**

Goodwill represents the excess of the purchase price over the fair value of identifiable assets and liabilities acquired in business combinations. The purchase price is allocated to identifiable tangible and intangible assets acquired and liabilities assumed based on their fair values. The excess of the purchase price over the net tangible and identifiable intangible assets acquired and liabilities assumed is recorded as goodwill. The purchase price allocation process requires the Company to make significant assumptions and estimates in determining the purchase price, assets acquired and liabilities assumed at the acquisition date.

The Company evaluates goodwill for impairment in the fourth quarter of each year or more frequently if impairment indicators exist. The Company has one reporting unit and performs either a qualitative or quantitative assessment of whether it is more likely than not that the reporting unit's fair value is less than its carrying value. The performance of the goodwill impairment test is the comparison of the fair value of the reporting unit to its carrying value. If the carrying value of the reporting unit is less than its fair value no impairment exists. If the carrying value of a reporting unit is higher than its fair value an impairment loss is recorded for the difference and charged to consolidated statements of operations.

## **GBT JERSEYCO LIMITED AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(Amounts appearing in tables are in thousands)

Based on the results of the annual impairment test, the Company concluded that there was no impairment of goodwill at December 31, 2020 because quantitative tests indicated the Company's fair value was in excess of its carrying value. The estimates and assumptions about future results of operations and cash flows made in connection with the impairment testing could differ from actual results of operations and cash flows, and if so, could cause the Company to conclude in future that impairment indicators exist and that goodwill may become impaired.

### **(i) Impairment of Long-Lived Assets and Intangible Assets**

Finite-lived intangible assets are amortized on a straight-line basis and estimated to have useful lives of one to fifteen years, depending on classification.

Finite-lived intangible assets and long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets or groups of assets that generate cash flows largely independent of other assets or asset groups may not be recoverable. If impairment indicators exist, the undiscounted future cash flows associated with the expected service potential of the asset or asset group are compared to the carrying value of the asset or asset group. If the sum of the undiscounted expected cash flows is less than the carrying amount of the asset or asset group, an impairment loss is recognized in an amount by which the carrying value of the asset or asset group exceeds its fair value through a charge to the Company's consolidated statements of operations. There was no material impairment of long-lived assets or finite-lived intangible assets for the years ended December 31, 2020 and 2019.

### **(j) Fair Value Measurements**

The Company holds financial assets and liabilities that are carried at fair value on the consolidated balance sheets. Management makes assumptions and judgments when estimating the fair values of these financial instruments.

In accordance with the fair value measurement and disclosure guidance, the objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date based on the principal or, in the absence of a principal, most advantageous market for the specific asset or liability. The disclosure guidance establishes a three-level hierarchy of inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to the measurement of fair value based on unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), followed by the measurement of fair value based on pricing models with significant observable inputs (Level 2), with the lowest priority given to the measurement of fair value based on pricing models with significant unobservable inputs (Level 3). The Company does not have any financial assets and financial liabilities that are carried at fair value in its consolidated balance sheets as of December 31, 2020 and 2019.

## **GBT JERSEYCO LIMITED AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(Amounts appearing in tables are in thousands)

### **(k) Property, Equipment and Software**

#### *Property and Equipment*

Property and equipment, including leasehold improvements, are carried at historical cost. Costs incurred during development of assets are capitalized and are depreciated once an asset is available for its intended use. Depreciation is computed using the straight-line method over the estimated useful lives of assets, which range from 3 to 10 years for equipment and furniture.

Leasehold improvements are depreciated using the straight-line method over the lesser of the remaining term of the leased facility or the economic life of the improvement, which ranges from 5 to 10 years.

#### *Software Capitalization*

The Company capitalizes certain costs associated with the acquisition or development of internal-use software. Once the software is ready for its intended use, these costs are amortized on a straight-line basis over its estimated useful life, which ranges from 2.5 to 7 years.

### **(l) Equity Method Investments**

Investments in entities in which the Company owns less than a 50% equity interest and where the Company exercises significant influence over the operating and financial policies of the investee are accounted for using the equity method of accounting. GBT's proportionate share of the net income or loss of the equity method investments is included in the results of operations and dividends received from the equity method investees reduce the carrying value of the investment. The Company periodically reviews the carrying value of these investments to determine if there has been an other-than-temporary decline in their carrying value. A variety of factors are considered when determining if a decline in the carrying value of equity method investment is other-than-temporary, including, among others, the financial condition and business prospects of the investee, as well as GBT's investment intent. Based on the Company's assessment, there was no impairment of equity method investment assets for the years ended December 31, 2020 and 2019.

### **(m) Leases**

The Company adopted new lease accounting guidance from January 1, 2020 (see note 3 (a)). Under the new guidance, the Company determines whether an arrangement contains a lease at inception of a contract. Lease assets represent the Company's right-to-use ("ROU") an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The Company's accounting policy is to evaluate lessee agreements with a minimum term greater than one year for recording on the balance sheet.

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Finance leases are generally those leases that allow the Company to either utilize the entire asset over its economic life or substantially pay for all of the fair value of the asset over the lease term. All other leases are categorized as operating leases. Lease ROU assets and lease liabilities are recognized based on the present value of the fixed lease payments over the lease term at the commencement date. As the interest rate implicit in the lease is generally not determinable in transactions where the Company is a lessee, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments and uses the implicit rate when readily available. The Company determines the incremental borrowing rate through the use of market sources including relevant industry rates. The operating lease ROU assets include lease pre-payments and initial direct costs and are reduced for deferred rent and any lease incentives. Certain of the Company's lease agreements contain renewal options, early termination options and/or payment escalations based on fixed annual increases, local consumer price index changes or market rental reviews. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

The Company's lease agreements may include both lease and non-lease components. For leases of information technology equipment used in its data centers, the Company accounts for the lease and non-lease components on a combined basis. For leases of all other assets, lease and non-lease components are accounted for separately.

Operating leases are included in operating lease ROU assets and current and long-term portion of operating lease liabilities on the Company's consolidated balance sheets. Finance leases are included in property, equipment and software, net, accrued expenses and other current liabilities and other long-term liabilities on the Company's consolidated balance sheets. Operating lease expense is recognized on a straight-line basis over the lease term.

### **(n) Salaries and Employee Benefits**

Salaries and employee benefits consist of compensation to the Company's personnel, including salaries, bonuses, payroll taxes, employee health insurance, service cost component of pension and similar benefits, and equity-based compensation. Salaries and employee benefit liabilities are included in accrued payroll and related costs (current liabilities) and pension and employee benefits (noncurrent liabilities) on the Consolidated Balance Sheets.

### **(o) Equity-Based Compensation**

The Company has equity-based compensation plans that provide for grants of restricted stock units and stock options to employees and nonemployee directors of the Company who perform services for the Company. The awards are equity-classified and the compensation is expensed on a straight-line basis over the requisite service period based upon the fair value of the award on the date of grant and vesting conditions.

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**(p) Deferred Contract Costs**

Deferred contract costs related to credits and upfront payments to clients are amortized as the related revenue is recognized as performance obligation is satisfied. The assets are reviewed for recoverability and impairment based on future contracted revenues. Deferred contracts costs are included within prepaid expenses and other current assets on the Company's consolidated balance sheets.

**(q) Accumulated Other Comprehensive Income (Loss)**

Accumulated other comprehensive income (loss), net of taxes, consists of (i) foreign currency translation adjustments, (ii) unrealized gains and losses on derivative financial instruments designated as net investment hedges, and (iii) unrealized actuarial gains and losses on defined benefit plans and unamortized prior service cost.

**(r) Foreign Currency**

On consolidation, assets and liabilities of subsidiaries having non-U.S. dollar functional currencies are translated into U.S. dollars based upon exchange rates prevailing at the end of each year and their results of operations are translated in U.S. dollars at the spot/daily exchange rates for the year. The resulting translation adjustments are included in accumulated other comprehensive income (loss), a component of total equity. Translation adjustments are reclassified to earnings upon the sale or substantial liquidation of investments in foreign operations.

Gains and losses related to transactions in a currency other than the functional currency or upon remeasurement of non-functional currency denominated monetary assets and liabilities into functional currency are reported in the Company's consolidated statements of operations.

**(s) Interest Expense**

Interest expense is primarily comprised of (i) interest expense on debt including the amortization of debt discount and debt issuance costs, calculated using the effective interest method and (ii) interest cost component of pension expense.

Interest income is comprised of interest earned from short-term investments and bank deposits.

**(t) Restructuring and Other Charges**

Restructuring costs consist primarily of costs associated with (i) employee termination benefits and (ii) lease exit and related costs. One-time involuntary employee termination benefits are recognized as a liability at estimated fair value when the plan of termination has been communicated to employees and certain other criteria have been met. With respect to employee terminations under ongoing benefit arrangements, a liability for termination benefits is recognized at estimated fair value when it is probable that amounts will be paid to employees and such amounts are reasonably estimable. When the Company ceases using a facility but does not intend to or is unable to terminate the operating lease, the Company records a liability for the remaining payments of non-lease components. Costs associated with exit or disposal activities, including impairment of right-of-use (ROU) assets are presented as restructuring costs in the consolidated statement of operations (refer note 19 for additional information).

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**(3) Recent Accounting Pronouncements - Adopted and Not yet adopted**

**(a) Recently Adopted**

**(i) Leases**

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842) ("ASC 842") that establishes a right-of-use ("ROU") model and requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Under this guidance, leases are classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations.

The Company early adopted the provisions of this guidance effective January 1, 2020, applying the modified retrospective method to all qualifying leases existing at, or entered into, after January 1, 2020 and with a lease term of greater than 12 months. The Company elected to apply the package of practical expedients that does not require it to reassess the following for any expired or existing leases at the transition date: (i) whether any contractual arrangements are or contain leases, (ii) lease classification as operating or finance and (iii) initial direct costs incurred.

The adoption of ASC 842 as of January 1, 2020 resulted in an increase in the Company's total assets of \$76 million and an increase in its total liabilities of \$84 million, arising from the recognition of operating lease ROU assets and operating lease liabilities, respectively. The difference of \$7 million represented deferred rent and prepaid rent for leases that existed as of the date of adoption, which was an offset to the opening balance of operating lease ROU assets. The accounting for finance leases under the new guidance remained substantially unchanged and there was no impact on the Company's finance lease assets and obligations upon adoption of ASC 842.

As permitted under ASC 842, the financial information for the reporting periods beginning after January 1, 2020 is presented under the new lease guidance, while prior period amounts are not adjusted and continue to be reported under the previous lease guidance, resulting in a balance sheet presentation that is not comparable to the prior periods in the first year of adoption.

There was no impact on Company's accumulated earnings (losses) balance as of January 1, 2020. Further, there was no impact on the Company's consolidated statements of operations, total equity and cash flows for the year ended December 31, 2020 resulting from the adoption of new lease guidance on January 1, 2020. (refer note 9 – Leases).

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### (ii) *Intangibles – Goodwill and Other*

In August 2018, the FASB issued ASU 2018-15, "*Intangibles—Goodwill and Other—Internal-Use Software* (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract, that aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The standard requires that capitalized implementation costs related to a hosting arrangement that is a service contract be amortized over the term of the hosting arrangement, beginning when the component of the hosting arrangement is ready for its intended use, similar to requirements in guidance on software developed for internal use. In addition, costs incurred during the preliminary project and post-implementation phases are expensed as they are incurred. The Company adopted this standard prospectively effective January 1, 2020. During the year ended December 31, 2020, the Company capitalized \$4.6 million of implementation costs incurred on cloud computing arrangements.

### (b) *Not Yet Adopted*

#### (i) *Income Taxes*

In December 2019, the FASB issued ASU 2019-12, "*Income taxes* (Topic 740): Simplifying the Accounting for Income Taxes" that amends the guidance to simplify accounting for income taxes, including related to hybrid tax regimes, ownership changes in investments (changes from a subsidiary to equity method investments and vice versa), etc. This guidance is effective for the Company from fiscal years beginning after December 15, 2021, with early adoption permitted. The Company is currently evaluating the impact of the adoption of the guidance on its consolidated financial statements.

### (4) **Acquisitions**

There were no acquisitions during the year ended December 31, 2020.

#### *Acquisition of DER Business Travel*

On September 3, 2019, the Company completed the acquisition of DER Business Travel (DER) from DER Touristik Group, a travel management company in Europe, in an all-cash acquisition of the entire ordinary share capital. The results of DER's operations have been included in the consolidated financial statements of the Company since the date of its acquisition.

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This acquisition was part of the Company's broader strategy to expand footprints into the small and mid-sized client segment in Germany and accelerate growth in Europe. The Company expects to take benefit from local servicing expertise whereas DER's access to the Company's global reach, scale and end-to-end travel and expense eco-system is expected to bring further opportunities. The Company incurred \$2 million in acquisition related costs. The acquisition of DER was accounted for using the purchase method of accounting, recognizing assets acquired and liabilities assumed based on their fair values at the date of acquisition, in accordance with guidance provided by FASB ASC Topic 805, "*Business Combinations*" ("ASC 805"). Accounting for business combinations require significant assumptions and estimates to measure fair value and may include the use of appraisals, market quotes for similar transactions, discounted cash flow techniques or other methodologies management believes to be relevant. Any excess of the fair value of the consideration paid over the fair values of the assets acquired and liabilities assumed is recorded as goodwill. The final purchase price allocation is summarized as follows:

Cash purchase price	\$	38,176
Less historical value of excess of assets over liabilities acquired		(4,544)
Less fair value adjustments to historical value of assets and liabilities upon purchase price allocation (see below)		<u>(7,843)</u>
Goodwill	\$	<u>25,789</u>
Fair value of definite lived intangible assets	\$	11,130
Deferred tax liabilities		<u>(3,287)</u>
Fair value adjustments to historical value of assets and liabilities upon purchase price allocation	\$	<u>7,843</u>

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The following table summarizes the final fair values of the assets acquired and liabilities assumed in connection with the acquisition:

Cash	\$	13,621
Accounts receivable		6,455
Other current assets		2,917
Property and equipment		1,114
Intangible assets:		
Customer relationships		11,130
Goodwill		25,789
Deferred tax assets		1,556
		<u>62,582</u>
<b>Total assets</b>		<b>62,582</b>
Accounts payable		1,696
Accrued expenses and other current liabilities		8,300
Deferred tax liabilities		3,424
Pension		10,986
		<u>24,406</u>
<b>Total liabilities</b>		<b>24,406</b>
<b>Net assets acquired</b>	\$	<u><u>38,176</u></u>

**(5) Goodwill and Other Intangible Assets, Net**

Goodwill and other intangible assets consist of the following as of December 31, 2020 and 2019:

	<u>Average useful life</u>	<u>Gross carrying value as of December 31, 2020</u>	<u>Accumulated amortization</u>	<u>Net carrying value as of December 31, 2020</u>
Goodwill	Indefinite	\$ 1,028,430	—	1,028,430
Other intangible assets:				
Trademarks/trade names	1-5 years	60,505	(60,092)	413
Corporate client relationships	10-15 years	401,130	(146,415)	254,715
Supplier relationships	10 years	253,560	(162,536)	91,024
Travel partner network	10 years	4,000	(2,600)	1,400
		<u>719,195</u>	<u>(371,643)</u>	<u>347,552</u>
<b>Other intangible assets</b>		\$ <u><u>719,195</u></u>	<u><u>(371,643)</u></u>	<u><u>347,552</u></u>

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	<u>Average useful life</u>	<u>Gross carrying value as of December 31, 2019</u>	<u>Accumulated amortization</u>	<u>Net carrying value as of December 31, 2019</u>
Goodwill		\$ 1,022,666	—	1,022,666
Other intangible assets:				
Trademarks/trade names	1-5 years	60,505	(56,590)	3,915
Corporate client relationships	10-15 years	401,130	(114,870)	286,260
Supplier relationships	10 years	253,560	(137,136)	116,424
Travel partner network	10 years	<u>4,000</u>	<u>(2,200)</u>	<u>1,800</u>
Other intangible assets		\$ <u>719,195</u>	<u>(310,796)</u>	<u>408,399</u>

The following summarizes the Company's goodwill activity as of December 31, 2020:

	<u>Amount</u>
Goodwill balance, December 31, 2018	\$ 996,798
HRG acquisition adjustment	1,301
DER acquisition	25,346
Impact of foreign exchange rates	<u>(779)</u>
Goodwill balance, December 31, 2019	1,022,666
DER acquisition adjustment	443
Impact of foreign exchange rates	<u>5,321</u>
Goodwill balance, December 31, 2020	\$ <u>1,028,430</u>

There were no goodwill impairment losses recorded for the years ended December 31, 2020 and 2019 and there are no accumulated goodwill impairment losses as of December 31, 2020 and 2019.

Amortization expense relating to intangible assets subject to amortization was \$62 million and \$68 million for the years ended December 31, 2020 and 2019, respectively.

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As of December 31, 2020, the estimated amortization expense relating to intangible assets subject to amortization for each of the five succeeding years and periods thereafter is as follows:

<u>Year ending December 31</u>	<u>Amount</u>
2021	\$ 59,158
2022	58,759
2023	58,759
2024	37,759
2025	16,759
Thereafter	116,358
	<u>\$ 347,552</u>

**(6) Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets consist of:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Prepaid operating costs	\$ 116,285	94,115
Prepaid income and value added tax	71,133	55,422
Prepaid technology costs	14,875	10,079
Restricted cash	9,252	3,145
Prepaid insurance and facilities	1,129	2,630
	<u>\$ 212,674</u>	<u>165,391</u>

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**(7) Property, Equipment and Software, Net**

As of December 31, 2020, and 2019, property, equipment and software, net of accumulated depreciation and amortization, consisted of the following:

	December 31	
	2020	2019
Capitalized software	\$ 240,525	261,140
Computer equipment	60,245	91,101
Leasehold improvements	43,885	48,772
Furniture and fixtures	11,468	16,519
Capital projects in development	5,587	12,251
Other capitalized assets	8,443	7,648
Gross amount	370,153	437,431
Accumulated depreciation and amortization	(176,197)	(207,744)
Property equipment and software, net	\$ 193,956	229,687

Depreciation and amortization expense for property, equipment and software for the years ended December 31, 2020 and 2019 was \$90 million and \$73 million, respectively.

During the years ended December 31, 2020 and 2019, the Company acquired \$5 million and \$0, respectively, of computer equipment under finance lease arrangement.

**(8) Income Taxes**

During 2019, the Company implemented a holding company reorganization as discussed in Note 1 – Basis of Presentation and Business Description. GBT, organized under the laws of Jersey, is a tax resident in the U.K. and applies the tax law of the U.K. In the tables and disclosures included below, "Domestic" includes GBT Jersey Co. and its subsidiaries that are tax resident in the U.K. and operations that are located outside of the U.K. tax jurisdiction as considered as "Foreign".

The following table summarizes the Company's domestic and foreign (loss) / income before income taxes and share of (loss)/earnings from equity method investments:

	December 31	
	2020	2019
Domestic	\$ (528,265)	119,485
Foreign	(239,894)	73,416
(Loss)/income before income taxes and share of (loss)/earnings from equity method investments	\$ (768,159)	192,901

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The Components of income tax (benefit) expense consist of the following:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Domestic:		
Current	\$ (12,892)	714
Deferred	<u>(90,116)</u>	<u>7,666</u>
	<u>(103,008)</u>	<u>8,380</u>
Foreign:		
Current	(22,781)	35,422
Deferred	<u>(19,498)</u>	<u>16,072</u>
	<u>(42,279)</u>	<u>51,494</u>
(Benefit from)/provision for income taxes	<u>\$ (145,287)</u>	<u>59,874</u>

A reconciliation of the U.K. statutory tax rate of 19% to the Company's effective income tax rate is provided in the table below for 2020 income tax benefit and 2019 income tax expense.

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Tax at statutory rate	19.0 %	19.00 %
Changes in taxes resulting from:		
Permanent differences	(0.13)	3.82
Local and state taxes	0.24	3.06
Change in valuation allowance	(2.41)	1.69
Foreign rate differences	1.63	0.69
Tax settlement and uncertain tax positions	(0.60)	3.01
Other	<u>1.18</u>	<u>(0.23)</u>
Tax at effective rates	<u>18.91 %</u>	<u>31.04 %</u>

The Company provides for deferred taxes on the undistributed earnings of foreign subsidiaries, as these earnings are not deemed to be indefinitely reinvested outside of the U.K. Foreign deferred taxes of approximately \$4 million and \$6 million for the years ended December 31, 2020 and 2019, respectively, have been provided on these earnings.

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The significant components of the Company's deferred tax assets and liabilities are as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Deferred tax assets:		
Net operating loss carryforwards	\$ 231,183	119,702
Pension liability	85,791	64,788
Lease liabilities	21,162	—
Accrued liabilities	11,629	7,938
Goodwill	1,267	1,340
Other	2,095	5,598
Valuation allowance	<u>(119,187)</u>	<u>(87,868)</u>
Deferred tax assets	233,940	111,498
Netted against deferred tax liabilities	<u>(16,712)</u>	<u>(8,281)</u>
Deferred tax liabilities recognized on the balance sheet	<u>217,228</u>	<u>103,217</u>
Deferred tax liabilities:		
Intangible assets	(85,546)	(93,882)
Right of use assets	(15,016)	—
Property, equipment and software	(10,407)	(9,175)
Goodwill	(2,221)	(1,947)
Other	<u>(3,969)</u>	<u>(16,063)</u>
Deferred tax liabilities	(117,159)	(121,067)
Netted against deferred tax liabilities	<u>16,712</u>	<u>8,281</u>
Deferred tax liabilities recognized on the balance sheet	<u>(100,447)</u>	<u>(112,786)</u>
Net deferred tax assets / (liabilities)	<u>\$ 116,781</u>	<u>(9,569)</u>

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The Company has gross operating losses ("NOL") carryforwards related to global operations of approximately \$1,057 million, of which \$1,009 million have an indefinite life. The remaining NOL carryforwards will begin to expire in 2022 as follows:

2022	\$	7,632
2025		4,259
2027		3,689
2028		2,457
2029		1,804
2030-2040		28,349

The valuation allowance as of December 31, 2020 of \$119 million related primarily to unrealized net operating loss carryforwards. The Company has agreed to indemnify affiliates of Amex Coop for any net operating loss carryforward benefits realized that relate to the period prior to the joint venture formation in 2014. The amount of this liability to Amex Coop is \$2 million as of December 31, 2020, recorded within due to affiliates.

As of December 31, 2020, and 2019, the Company has accrued for tax liability of \$9 million and \$11 million, respectively, associated with uncertain tax positions arising from differences between amounts recorded in the consolidated financial statements and amounts expected to be included in tax returns. The Company does not believe that the outcome of future examinations will have a material impact on its consolidated financial statements. The movement of uncertain tax position liability is as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Opening balance	\$ 10,741	8,499
Additions for tax positions related to the current year	—	4,425
Additions for tax positions related to prior years	506	3,402
Release or settlement of prior years	<u>(2,430)</u>	<u>(5,585)</u>
Closing balance	<u>\$ 8,817</u>	<u>10,741</u>

The Company is subject to taxation in the U.K. and various foreign countries in which the Company operates. As of December 31, 2020, tax years for 2017, 2018 and 2019 are open to examination by the tax authorities in the major tax jurisdictions. With few exceptions, as of December 31, 2020, the Company is no longer subject to examinations by tax authorities for years earlier to 2017. The tax returns for 2019 are yet to be filed and will be open to examination upon filing.

**(9) Leases**

The Company has operating leases in various countries primarily for office facilities and finance leases in the United States primarily for information technology equipment used in its data centers.

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As of December 31, 2020, the Company's leases do not contain any material residual value guarantees or material restrictive covenants. The depreciable life of lease ROU assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

The following table sets out the amounts recognized in the consolidated statement of operations for the year ended December 31, 2020 related to operating and finance leases:

	<b>December 31</b>
	<b>2020</b>
Operating lease cost	\$ 32,364
Finance lease cost:	
Amortization of ROU assets	\$ 350
Interest on lease liabilities	<u>63</u>
Total finance lease cost	<u>\$ 413</u>

The following table sets out cash flow and other information related to operating and finance leases for the year ended December 31, 2020:

	<b>December 31</b>
	<b>2020</b>
Cash paid for amounts included in the measurement of lease liabilities:	
Cash used in operating activities related to operating leases	\$ 31,013
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	\$ 21,166
Finance leases	5,257
Weighted average remaining lease term:	
Operating leases	4.3 years
Finance leases	2.7 years
Weighted average discount rate:	
Operating leases	5.02 %
Finance leases	3.56

During the year ended December 31, 2020, there were no cash flows related to finance leases.

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Further, in order to reduce its operating costs to mitigate the negative impact resulting from COVID-19 pandemic (refer to note 1), the Company terminated and/or abandoned a number of facilities in various locations worldwide. As a result, the Company recognized an impairment of \$20 million of operating lease ROU assets in its consolidated statements of operations for the year ended December 31, 2020. These amounts are included in restructuring and other charges.

The following table sets out the undiscounted future payments for operating and finance lease liabilities as of December 31, 2020:

Year ending December 31,	Operating leases liabilities	Finance leases liabilities
2021	\$ 25,977	1,846
2022	19,178	1,846
2023	16,980	1,846
2024	11,230	—
2025	6,567	—
Thereafter	5,910	—
Total undiscounted future payments	85,842	5,538
Less interest cost included	(8,354)	(218)
Total lease liabilities	77,488	5,320
Less current portion of lease liabilities	(19,818)	(1,709)
Long-term portion of lease liabilities	\$ 57,670	3,611

For the year ended December 31, 2019, the Company was committed to making rental payments under noncancelable operating leases covering various facilities and equipment. Future minimum lease payments required under noncancelable operating leases as of December 31, 2019 were as follows:

Year ended/ending December 31	Amount
2020	\$ 40,830
2021	33,414
2022	25,431
2023	18,456
2024	13,707
Thereafter	18,277
Total	\$ 150,115

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For the year ended December 31, 2019, the Company incurred total rental expense of \$42 million primarily related to leases of office facilities.

**(10) Commitments and Contingencies**

**(a) Legal Contingencies**

Based on its current knowledge, and taking into consideration its litigation-related liabilities, the Company believes it is not a party to any pending legal proceeding or governmental examination that would have a material adverse effect on the Company's consolidated financial condition or liquidity.

**(b) Asset Retirement Obligations**

The Company has recorded asset retirement obligations primarily associated with closure, reclamation and removal costs for leasehold premises. The Company's asset retirement obligation were approximately \$7 million as of both December 31, 2020 and December 31, 2019. Estimated asset retirement obligation costs and settlement dates, which affect the carrying value of the liability and the related capitalized asset, are reviewed periodically to ensure that any material changes are incorporated into the latest estimate of the obligation.

**(11) Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities consist of:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Accrued operating costs	\$ 183,467	169,878
Accrued payroll and related costs	126,265	120,232
Accrued restructuring costs (note 19)	96,570	10,442
Value-added-tax and other taxes	42,816	53,990
Client deposits	33,373	53,929
Deferred revenue	17,647	23,055
Other	10,689	8,349
	<u>\$ 510,827</u>	<u>439,875</u>

**(12) Employee Benefit Plans**

**(a) Defined Contribution Plan**

The Company sponsors several country-specific defined contribution savings plans, which are tax-qualified defined contribution plans that allows tax-deferred savings by eligible employees to provide funds for their retirement. The total expense for the defined contribution retirement plans was \$20 million for each of the years ended December 31, 2020 and 2019.

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**(b) Defined Benefit Pension and Other Post-Retirement Benefit Plans**

The Company sponsors both contributory and noncontributory defined pension plans in certain non-U.S. subsidiaries. Under the plans, benefits are based on employees' years' of credited service and a percentage of final average compensation, or as otherwise described by the plan. As of December 31, 2020, and 2019, the aggregate projected benefit obligations of these plans were \$1,046 million and \$891 million, respectively, and the aggregate accumulated benefit obligation of these plans were \$1,019 million and \$858 million, respectively.

The Company's policy is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit plan and tax laws, plus such additional amounts as the Company determines to be appropriate. The Company also maintains other post-retirement health and welfare benefits for eligible employees of certain subsidiaries.

The following table provides the components of net periodic benefit cost (credit) for the year ended December 31, 2020 and 2019:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Service cost	\$ 7,623	6,207
Interest cost	15,431	19,235
Amortization of prior service cost	99	247
Expected return on plan assets	(24,486)	(26,126)
Plan curtailment and settlement	3,856	27
Amortization of actuarial loss (gains)	1,799	(16)
Net periodic benefit cost (credit)	<u>\$ 4,322</u>	<u>(426)</u>

The weighted average assumptions used to determine the net periodic benefit cost (credit) and projected benefit obligation were:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate – at December 31 for benefit obligation	1.2 %	1.8 %
Discount rate – for the net periodic benefit cost (credit)	1.8	2.5
Interest cost	1.0	1.0
Expected return on plan assets	4.4	5.5
Compensation increases	2.6	2.6

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The Company uses a December 31 measurement date each year to determine its defined benefit pension and other post-retirement benefit obligations. For such plans, the following tables provide a statement of funded status as of December 31, 2020 and 2019 and summaries of the changes in the defined benefit obligation and fair value of plan assets for the years then ended:

	<u>2020</u>	<u>2019</u>
Benefit obligation, beginning balance	\$ 890,777	762,338
Service cost	7,623	6,207
Interest cost	15,431	19,235
Plan participants' contributions	1,193	1,034
Net actuarial loss due to assumption changes	128,817	96,000
Net actuarial loss due to plan experience	1,710	4,194
Benefit payments from fund / directly by employer	(25,908)	(21,313)
Expenses paid from assets	(2,057)	(1,812)
Acquisition of business	—	12,277
Plan curtailment and settlement	(16,369)	(7,578)
Plan amendments	3,329	(3,737)
Currency translation adjustment	41,937	23,932
Benefit obligation, ending balance	<u>1,046,483</u>	<u>890,777</u>
Fair value of plan assets, beginning balance	549,461	473,252
Employer contributions	24,529	36,345
Plan participants' contributions	1,193	1,034
Benefit payments	(25,908)	(21,313)
Actual return on assets	68,192	51,747
Expenses paid from assets	(2,057)	(1,812)
Plan curtailment and settlement	(10,646)	(5,254)
Currency translation adjustment	29,658	15,462
Fair value of plan assets, ending balance	<u>634,422</u>	<u>549,461</u>
Unfunded status	\$ <u>(412,061)</u>	<u>(341,316)</u>

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At December 31, 2020, the estimated benefits expected to be paid over the next 10 years are:

<u>Year ending December 31</u>	<u>Amount</u>
2021	\$ 20,681
2022	23,286
2023	22,612
2024	23,486
2025	25,226
Five years thereafter	141,252

The table below sets out the fair value of pension plan assets as of December 31, 2020:

		<b>2020</b>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$	—	—	21,923	21,923
Debt securities		—	103,626	10,797	114,423
Other		3,806	116,117	185,648	305,571
	\$	<u>3,806</u>	<u>219,743</u>	<u>218,368</u>	441,917
Other investments measured at NAV					<u>192,505</u>
Total	\$				<u><u>634,422</u></u>
		<b>2019</b>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$	19,129	—	—	19,129
Debt securities		—	98,421	—	98,421
Other		7,297	111,617	130,684	249,598
	\$	<u>26,426</u>	<u>210,038</u>	<u>130,684</u>	367,148
Other investments measured at NAV					<u>182,313</u>
Total	\$				<u><u>549,461</u></u>

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Equity and debt securities are primarily held in pooled investment funds that are valued based on the fair value provided by the fund administrator. Other investments primarily consist of cash equivalents and short-term investment funds. Investments that are measured at fair value using the Net Asset Value (NAV) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the "Other investments measured at NAV" are intended to permit reconciliation of the pension plan assets presented within the fair value hierarchy to the closing balance of total fair value of plan assets.

The weighted average asset allocations at December 31, 2020 and 2019 were:

	2020		2019	
	Actual allocations	Target allocations	Actual allocations	Target allocations
Equity securities	11 %	4 %	10 %	11 %
Debt securities	30	33	31	35
Other	59	63	59	54
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

**(13) Long-Term Debt**

Long term debt consisted of:

	December 31	
	2020	2019
Principal amount of term loans	\$ 643,375	246,875
Less unamortized debt issuance costs and debt discount	<u>(19,755)</u>	<u>(9,659)</u>
Total long-term debt	623,620	237,216
Less current portion of long-term debt	<u>6,500</u>	<u>2,500</u>
Long-term debt, noncurrent	<u>\$ 617,120</u>	<u>234,716</u>

On September 4, 2020, GBT Group Services B.V., a wholly owned subsidiary of the Company, (the "Borrower") entered into an amendment to its existing credit agreement to provide for incremental Tranche B-1 term loans in an aggregate principal amount of \$400 million on similar terms and conditions as the existing credit facility. The Tranche B-1 term loans (i) mature on the same date as the existing term loans on August 13, 2025, (ii) were drawn at a discount of 3.00% and (iii) require quarterly installments payable of 0.25% of the principal amount that commenced on December 31, 2020. The Tranche B-1 term loans bear interest at per annum rates equal to the applicable margin, plus, at the Borrower's option, either (1) adjusted LIBOR (as selected by the Borrower for designated interest periods, subject to a 1.00% LIBOR "floor") or (2) the "base rate" (as defined in the credit agreement). The applicable margin for the Tranche B-1 term loans is 6.50% for LIBOR borrowings and 5.50% for base rate borrowings. The applicable margin

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for the Tranche B-1 term loans is subject to step-up of 50 basis points or step-down of 25 basis points depending upon determination of total net leverage ratio (as defined and calculated under the credit agreement) each quarter. The Borrower expects to pay interest based on LIBOR.

During the year 2018, the Borrower had entered into a senior secured credit agreement that comprised of (a) first lien term loans in an aggregate principal amount of \$250 million maturing on August 13, 2025, issued at 0.25% discount and which required quarterly installments payable of 0.25% of the principal amount and (b) a revolving credit facility of \$50 million maturing in August 13, 2023. The interest rate per annum applicable to (a) the term loans is based on, at the election of the Borrower, LIBOR plus 2.50% or base rate (as defined in the secured credit agreement) plus 1.50% and (b) the borrowings under revolving credit facility, at the election of the Borrower, LIBOR plus 2.25% or base rate plus 1.25%.

The effective interest rate on the term loans for the year ended December 31, 2020 was 6%.

During the year ended December 31, 2020 and 2019, the Company repaid approximately \$4 million and \$3 million, respectively, principal amount of its quarterly installments of term loans as required under the credit agreement.

The revolving credit facility of \$50 million, contains a letter of credit sub-limit up to a maximum of \$10 million. As of December 31, 2020, and 2019, no borrowings were outstanding under the revolving credit facility and no letters of credit were issued.

In January 2021, the Company entered into an amendment to its credit agreement to provide for a further funding of Tranche B-2 term loans. Refer to note 20, Subsequent Events for further details.

**(a) Amortization of Debt Issuance Costs and Debt Discount**

The Company had unamortized debt issuance costs and debt discount of \$20 million and \$10 million as of December 31, 2020 and 2019, respectively, in relation to its term loans, which are presented as a deduction from the principal amount of term loans. The debt issuance costs, and debt discount are amortized over the term of the related debt into earnings as part of the interest expense in the consolidated statements of operations. The movement in total unamortized debt issuance costs and debt discount is summarized below:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Beginning balance	\$ 9,659	11,115
Capitalization during the year	12,721	220
Amortization during the year	<u>(2,625)</u>	<u>(1,676)</u>
Ending balance	<u>\$ 19,755</u>	<u>9,659</u>

During the years ended December 31, 2020 and 2019, the Company amortized \$3 million and \$2 million, respectively, of debt issuance costs and debt discount.

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**(b) Debt Maturities**

Aggregate maturities of debt as of December 31, 2020 are as follows:

<u>Year ending December 31</u>	<u>Amount</u>
2021	\$ 6,500
2022	6,500
2023	6,500
2024	6,500
2025	<u>617,375</u>
	643,375
Less unamortized debt issuance costs and debt discount	<u>(19,755)</u>
Total long-term debt	<u>\$ 623,620</u>

**(c) Debt Covenants and Guarantees**

The Company's secured credit agreement contains a number of covenants that, among other things restrict, subject to certain exceptions, the ability of the Company's subsidiaries to incur additional indebtedness of issued preferred stock; create liens on assets; enter into sale and leaseback transactions; engage in mergers or consolidations; sell assets; pay dividends and distributions or repurchase capital stock; make investments, loans or advances; repay subordinated indebtedness; make certain acquisitions; engage in certain transactions with affiliates; change the Company's lines of business; and change the status of the Company as a passive holding company.

In addition, under the secured credit agreement, the Company is required to operate within the maximum consolidated first lien net leverage ratio. Further, the Tranche B term loans introduce covenant requirements which require the Company, together with its subsidiaries designated as loan parties, to maintain \$150 million unrestricted cash and cash equivalents. Other loan covenants are incurrence events only. The secured credit agreement also contains certain customary affirmative covenants and events of default. As of December 31, 2020, the Company was in compliance with all restrictive and financial covenants related to its long-term debt.

**(14) Shareholders' Equity**

In 2019, the shareholders of GBT III B.V. approved a reorganization whereby shareholders of GBT III B.V. ultimately became the shareholders of GBT JerseyCo Limited (refer to note 1 for details).

Upon reorganization, the following classes of GBT shares were issued and outstanding:

- Ordinary Shares in the share capital of GBT, with a nominal value of €0.00001 each (the Ordinary Shares) representing, as a class, a right to share in 100% of the initial equity capital contribution at closing and 98% of GBT profits after the return of the initial capital contribution by the shareholders. Ordinary Shares normally have voting rights, except as provided under MIP Shares below.

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- Profits interests (the Profits Shares) representing, as a class, a right to share in 2% of GBT profits. Profits Shares have no voting rights.

In addition, 8% of the Ordinary Shares of GBT were reserved under the Company's Management Incentive Plan (MIP) to be issued upon exercise of option awards (MIP Shares or MIP Awards). Upon exercise of the option award, these MIP Shares (i) are nonvoting; (ii) will entitle the holder thereof to proportionally share GBT profits both before and after the issuance of such MIP shares, in accordance with separate allocation and distribution provisions set forth in the Shareholders' Agreement (refer to note 17(b)); and (iii) will entitle the holder thereof to receive dividends decided upon MIP Shares from time to time in accordance with allocation and distribution provisions set forth in the Shareholders' Agreement. Neither the Options nor the MIP Shares will trade or be listed on any stock exchange. As a general matter, neither the Options nor the MIP Shares will be entitled to share in any profits or capital of GBT until certain distribution thresholds have been satisfied.

In August 2020, Amex Coop and Juweel confirmed to provide up to \$150 million each (\$300 million in aggregate) of preferred share equity financing to GBT on the terms and subject to the conditions set forth therein ("Shareholders Equity Commitment"). This amount is available to GBT for one year from the date of Shareholder Equity Commitment i.e. August 2021 and can be used for general corporate purposes, including mergers and acquisitions. Preferred shares issued under Shareholder Equity Commitment will bear cumulative dividends at 12% per annum on the amounts payable to shareholders under this commitment. The dividends payable will increase to 14% per annum if preferred shares remain outstanding beyond a set date after issuance. As of December 31, 2020, no shares were issued under the Shareholder Equity Commitment; however, in March 2021, the Company obtained additional funding of \$50 million from the shareholders pursuant to this commitment (refer note 20).

### **(a) Transfer Restrictions and Other Shareholder Rights**

Ordinary Shares and Profit Shares are subject to the existing terms contemplated by the Shareholders' Agreement, including provisions regarding tax distributions and transfer restrictions.

MIP Shares are subject to a Management Shareholders' Agreement, which includes customary provisions regarding tax distributions, transfer restrictions and clawbacks, where permissible.

### **(b) Distributions**

Any payment in respect of the shares hereunder will be allocated among the classes of shares as follows:

- First, Ordinary Shareholders shall be entitled to distributions in respect of the Investors' Capital (plus taxes on such distributions, if any) on a *pari passu* basis.
- Second, distributions hereunder after the aggregate amount theretofore distributed equals the aggregate of the Investors' Capital (plus taxes on such distributions, if any), equal to the sum of (x) the MIP Spread Allocation and (y) the amount allocated the Profits Shareholder up to 2% of the Investors' Capital, to the Profits Shareholders and the MIP Shareholders, in accordance with their proportion interests in such amount; and

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- Third, distributions of additional amounts to Ordinary Shareholders, Profits Shareholders, and MIP Shareholders, on a *pari passu* basis (Profit Distributions).

For the years ended December 31, 2020 and 2019, the Company made capital distributions of \$0 million and \$56 million, respectively, to its shareholders for the anticipated taxes due on the allocable share of the Company's profits. Further, for each of the years ended December 31, 2020 and 2019, the Company made capital distributions of \$1 million to cover certain administrative costs of its shareholders.

MIP Awards will provide for the payment of dividend equivalents to award holders in respect of Profit Distributions paid by the Company. Any such payments shall be applied as a reduction, to the first dollars to be distributed as provided above and to the extent of the aggregate amount of such payments, in respect of the amount otherwise required to be distributed to MIP Shareholders above. Payment of dividend equivalents are subject to compliance with applicable tax laws and structured in a manner intended to comply with Section 409A of the U.S. Internal Revenue Code (to the extent applicable). Dividend equivalents in respect of unvested MIP Awards will accrue and generally will be paid upon vesting of such MIP Awards.

Members holding shares of each class shall share in the allocation to that class such that all distributions to such Members, on a cumulative basis, are shared on a *pari passu* basis in proportion to the number of Shares of the class held by them, to the extent possible.

#### **(c) Antidilution and Related Adjustments**

Notwithstanding anything in the Company's articles of association, the Board of Directors shall have the right to make adjustments to the rights of the MIP Shareholders without the consent of such MIP Shareholders as it deems necessary or appropriate to avoid the dilution or enhancement of rights or interests in the event of any change in the capitalization of the Company.

#### **(d) MIP Awards**

The Company grants options to employees, which vest in five equal installments on each anniversary of the grant date. The options have a contractual life of ten years from the grant date. There are no performance conditions associated with the vesting of the options. During the year ended December 31, 2020, there were no options granted to the employees.

The exercise price of options granted under the plan is 100% of the fair market value of the common stock subject to the award, determined as of the date of grant, or such higher amount as the compensation committee may determine in connection with the grant. A market and income approach is used to determine the enterprise fair value of the Company. The equity fair value is then allocated to the options. Black-Scholes model is used to determine the weighted average fair value of the options. For the year ended December 31, 2020 and 2019, the Company recorded compensation expense of \$2 million and \$6 million, respectively, and expects related compensation of approximately \$9 million over the remaining vesting period of the awards.

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The key assumptions used in the valuation of the options granted in 2019 are presented in the table below:

	<u>2019</u>
Annual risk-free rate	1.75 %
Discount for lack of marketability	25
Equity volatility	25
Expected average life of options	2 years

**(15) Accumulated Other Comprehensive Income (Loss)**

Accumulated other comprehensive income (loss) represents certain components of revenues, expenses, gains and losses that are included in comprehensive income (loss) but are excluded from net income (loss). Other comprehensive income (loss) amounts are recorded directly as an adjustment to total equity, net of tax. Accumulated other comprehensive income (loss), net of tax, consisted of:

	<u>Total</u>	<u>Foreign currency translation Adjustments</u>	<u>Unrealized loss on defined benefit pension plans and unamortized prior service costs</u>	<u>Unrealized gain on hedge of investment in foreign operations</u>
Balance, December 31, 2018	\$ (39,006)	(17,422)	(25,790)	4,206
Activity during the year, net of tax expense of \$12,061 <sup>(1)</sup>	<u>(59,144)</u>	<u>(3,899)</u>	<u>(55,245)</u>	<u>—</u>
Balance, December 31, 2019	(98,150)	(21,321)	(81,035)	4,206
Activity during the year, net of tax expense of \$14,839	<u>(80,628)</u>	<u>(2,373)</u>	<u>(78,255)</u>	<u>—</u>
Balance, December 31, 2020	\$ <u><u>(178,778)</u></u>	<u><u>(23,694)</u></u>	<u><u>(159,290)</u></u>	<u><u>4,206</u></u>

(1) The tax credit relates to unrealized actuarial loss on defined benefit pension plans.

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### **(16) Equity Method Investments**

The Company's investments in companies that are accounted for on the equity method of accounting consist of the following: (1) 49% interest in each of three entities which together form China International Travel Service Limited. These three entities are CITS American Express Southern China Air Services Limited, CITS American Express Travel Services Limited and CITS American Express Air Services Limited; and, (2) 35% interest in Uvet American Express Corporation Travel S.p.A. (3) 51% in HRG Jin Jiang Travel (China); (4) 49% in Liga Travel GmbH, Germany; (5) 50% in OFB Reisen GmbH, Austria. The investments in all these companies amounted to \$23 million and \$30 million as of December 31, 2020 and 2019, respectively.

### **(17) Noncontrolling Interests**

The Company holds (i) a 55% controlling interest in Kabushiki Kaisha Nihon Ryoko Global Business Travel, with 45% of noncontrolling interests (NCI) held by the noncontrolling shareholders (ii) a 51% controlling interest in DFB Reiseburo, with 49% of NCI held by noncontrolling shareholder and (iii) a 50% controlling interest in FC Bayern Tours GmbH, with 50% of NCI held by the noncontrolling shareholder.

### **(18) Related Party Transactions**

Included in operating costs are costs of approximately \$2 million in charges from Amex Coop for each of the years ended December 31, 2020 and 2019.

Revenues also include income from affiliates of Amex for approximately \$21 million and \$23 million for the years ended December 31, 2020 and 2019 respectively.

The following summaries relate to certain related party transactions entered into by the Company with certain of its shareholders, its shareholders affiliates and the Company's affiliates in connection with a series of transactions providing for the separation of certain assets and liabilities of affiliates of Amex Coop's global business travel operations into a dedicated holding structure.

The Company's Chairman of the Board of Directors is an affiliate of an indirect equity owner of the Company. The Company and this indirect equity owner have entered into management services agreements pursuant to which the indirect equity owner has agreed to provide certain advisory services to the Company for which fees of approximately \$2 million were incurred for each of the years ended December 31, 2020 and 2019.

#### **(a) Share Purchase Agreement and Master Reorganization Agreement**

On March 14, 2014, GBT III B.V entered into the Share Purchase Agreement and Master Reorganization Agreement, in which the Joint Venture Transaction was completed. As part of these agreements, affiliates of Amex Coop agreed to indemnify the Company for certain costs related to the Joint Venture Transaction, including costs to be incurred related to restructuring, certain equity compensation arrangements and other costs. Master Reorganization Agreement has since been terminated. As of each of December 31, 2020, and 2019, the Company has a balance payable to Amex Coop of approximately \$2 million, related to these agreements.

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**(b) Shareholders' Agreement**

In connection with the corporate reorganization completed in December 2019, GBT, Amex Coop and predecessor of Juweel entered into a new shareholder agreement dated 10 December 2019 governing transfer of shares of GBT and governance of GBT. This new shareholders' agreement superseded earlier agreement entered on 30 June 2014 upon the creation of the joint venture.

On June 30, 2014 GBT III B.V. and Amex entered into the Transition Services Agreement (TSA), pursuant to which GBT III B.V. and Amex Coop agreed to provide each other certain specified services on a transitional basis in exchange for mutually agreed-upon fees based on the costs of providing these services. The TSA was extended for non-voice services to June 30, 2017 and for voice-related services to August 31, 2018. This agreement has now been terminated. Amounts payable to Amex as of December 31, 2020 and 2019 were \$0.7 million and \$0.3 million, respectively. Amounts receivable from Amex Coop was \$0.2 million as of both December 31, 2020 and 2019.

**(c) Compliance Services Agreement**

On June 30, 2014, GBT III B.V and Amex entered into the Compliance Services Agreement (CSA) pursuant to which Amex Coop agreed to provide certain compliance related services to the Company and oversee the Company's compliance programs.

**(d) Trademark License Agreement**

On June 30, 2014, GBT III B.V and Amex Coop entered into a Trademark License Agreement (TLA) pursuant to which Amex granted GBT III B.V. an exclusive, non-assignable, non-sublicensable (other than as set forth in the TLA, including the right to sublicense to GBT III B.V.'s affiliates), worldwide, royalty-free license to use the mark "AMERICAN EXPRESS GLOBAL BUSINESS TRAVEL," either as a word mark or in a lock up with the Amex blue box logo, for the Company's business travel business, and the mark "AMERICAN EXPRESS MEETINGS & EVENTS" for the Company's meetings and events business. The TLA was assigned to the Company on 9 December 2019.

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### **(e) Business Travel Services Agreement and Meeting and Events Agreement**

On June 30 2014, GBT III B.V and Amex Coop entered into the Business Travel Services Agreement (BTSA) and the Meetings and Events Services Agreement, as amended, pursuant to which GBT III B.V. agreed to provide business travel and meeting and events services to Amex, its affiliates and its travellers. Both agreements were terminated. GBT Travel Services UK Limited, a wholly owned indirect subsidiary of the Company, and American Express Travel Related Services Company, Inc. entered into a Second Business Travel Services Agreement and Second Meetings and Events Services Agreement on substantially similar terms effective January 1, 2016. The Second Business Travel Services Agreement was replaced by the Third Business Travel Services Agreement, which is also based on substantially similar terms as the BTSA. The Third Business Travel Services Agreement became effective on October 1, 2020, and its initial term runs through September 30, 2025. The Second Meetings and Event Services Agreement, as amended, expires on December 31, 2023. Both the Second Meetings and Events Services Agreement and the Third Business Travel Services Agreement include an option that allows Amex to extend the agreements for up to two additional one-year terms. If Amex elects to extend these agreements for the second one-year renewal term, the agreements will continue to renew automatically for additional one-year terms unless either party gives 90 days' notice prior to the expiration of the term.

### **(f) Operating Agreements**

In addition to the foregoing agreements Amex Coop and certain group entities are parties to certain arms-length agreements, including with respect to American Express card acceptance by the Company as an Amex Coop card merchant, American Express Membership Rewards Program bonus points awarded to the Company's clients, services in support of Amex Coop consumer services and consumer travel businesses, the strategic relationship between the Company and Amex Coop corporate payments business, and the provision of corporate payments services by Amex to the Company. Amounts payable to Amex Coop under these agreements as of December 31, 2020 and 2019, were \$4 million and \$25 million, respectively, while the receivable balance due from Amex Coop was \$15 million and \$16 million, respectively.

### **(19) Restructuring Charges**

In response to Covid-19 business impact and in order to simplify the Company's business process and improve its operational efficiencies Company initiated cost savings measures which included voluntary and involuntary terminations of employee services and facility closures. Such measures are expected to provide efficiencies and realign resources within the Company.

Except for in certain jurisdiction, these restructuring activities are substantially complete, and the Company does not expect additional restructuring charges associated with these activities to be significant. However, the Company continues to actively evaluate additional cost reduction efforts and should the Company make decisions in future periods to take further actions, it may incur additional restructuring charges.

As a result of this, the Company incurred \$198 million and \$12 million in restructuring charges which included restructuring costs related to voluntary and involuntary employee terminations, facility closures and other exit activities, during the years ended December 31, 2020 and 2019, respectively.

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A summary of the accrued restructuring cost, included in accrued expenses and other current liabilities, for the years ended December 31, 2020 and 2019 is as follows:

	<u>Employee related</u>	<u>Facility</u>	<u>Total</u>
Balance, December 31, 2018	\$ 8,026	—	8,026
Restructuring charges	11,728	—	11,728
Utilized	<u>(9,312)</u>	<u>—</u>	<u>(9,312)</u>
Balance, December 31, 2019	10,442	—	10,442
Restructuring charges*	170,814	7,168	177,982
Utilized	<u>(87,907)</u>	<u>(3,947)</u>	<u>(91,854)</u>
Balance, December 31, 2020	\$ <u>93,349</u>	<u>3,221</u>	<u>96,570</u>
*ROU Asset impairment charges (not included above) \$	—	20,338	20,338

We expect to pay the accrued restructuring cost, at December 31, 2020, in the next twelve months.

**(20) Subsequent Events**

Management evaluated events from January 1, 2021 through March 31, 2021, the date the consolidated financial statements were issued, and concluded that, except for as discussed below, no subsequent events have occurred that would require recognition or disclosure of such event in the consolidated financial statements of the Company as of and for the year ended December 31, 2020.

**(a) Amendment to Credit Agreement**

On January 20, 2021, the Company entered into an amendment, incremental agreement and reaffirmation of the credit agreement, pursuant to which, the lenders proposed to provide a Tranche B-2 of senior secured incremental term loan facility in an aggregate principal amount of up to \$200 million having substantially the same terms and conditions, in all material respects, as the Tranche B-1 term loans. The Tranche B-2 incremental term loan drawdown facility is available to the Company until December 31, 2021. The proceeds of the incremental term facility are to be used (i) to pay certain fees, costs and expenses of the transaction and certain other transactions described therein, and (ii) for general corporate purposes and working capital needs of the Company, including for the acquisition of Ovation Group (discussed below). The amount under the facility is available to be drawn down in quarterly instalments of \$50 million and is conditional, upon other things, upon drawdown of equivalent amount of proceeds from shareholders under Shareholders Commitment Letter. It further requires that the Shareholder Commitment Letters be amended to provide for extension of the termination date to August 2022 for at least \$100 million of the commitments. The Company paid 3% of the term loan facility amount, or \$6 million, upfront as commitment fees to the lenders. The arrangement further requires the Company to pay 0.75% per annum as unused fee on undrawn amounts during the term loan drawdown availability period.

**GBT JERSEYCO LIMITED AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(Amounts appearing in tables are in thousands)

In March 2021, the Company borrowed principal amount of \$50 million Tranche B-2 term loans under the incremental term loan facility, obtained \$50 million of additional funds from shareholders under the Shareholders' Equity Commitment and amended these commitments to provide for extension of the termination date to August 2022.

**(b) Acquisition of the Ovation Group**

On January 21, 2021, the Company, through its wholly owned subsidiary, GBT US LLC, acquired all of the outstanding shares of Ovation Travel, LLC, (along with its subsidiaries, the "Ovation Group") for a total purchase consideration of approximately \$60 million (including approximately \$7 million as deferred and/or contingent consideration), prior to any working capital, cash, debt and transaction cost adjustments. Ovation Group is a U.S.-based travel management company providing business travel services and meeting and special events planning across several sectors, particularly legal, financial, professional services, entertainment and media. The Company is in the process of finalizing its purchase price allocation.