

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM F-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**Despegar.com, Corp.**

(Exact name of Registrant as specified in its charter)

British Virgin Islands  
(State or other jurisdiction of  
incorporation or organization)

4700  
(Primary Standard Industrial  
Classification Code Number)

Not Applicable  
(I.R.S. Employer  
Identification Number)

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Ciudad Autónoma de Buenos Aires, Argentina C1107CBR  
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(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

**CALCULATION OF REGISTRATION FEE (1)**

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price (2)(3)	Amount of Registration Fee
Ordinary shares, no par value	\$100,000,000	\$11,590

- (1) This Registration Statement is being submitted in accordance with the procedures described in the announcement of the Division of Corporation Finance of the Securities and Exchange Commission regarding submission of draft registration statements by emerging growth companies pursuant to the Jumpstart Our Business Startups Act of 2012. Accordingly, a registration fee is not required for this confidential draft Registration Statement submission.
- (2) Includes ordinary shares subject to the underwriters' option to purchase additional ordinary shares. Also includes ordinary shares that are to be offered outside the United States but that may be resold from time to time in the United States in transactions requiring registration under the Securities Act. Offers and sales of ordinary shares outside the United States are being made pursuant to Regulation S and are not covered by the Registration Statement.
- (3) Estimated solely for purposes of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment, which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the U.S. Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)  
Issued August 15, 2017

## Shares



### ORDINARY SHARES

This is the initial public offering of the ordinary shares of Despegar.com, Corp., a business company organized under the laws of the British Virgin Islands. We are offering \_\_\_\_\_ ordinary shares and the selling shareholders identified in this prospectus are offering \_\_\_\_\_ ordinary shares. We will not receive any proceeds from the sale of ordinary shares by the selling shareholders.

No public market currently exists for our ordinary shares. We have applied to list our ordinary shares on the New York Stock Exchange under the symbol "DESP".

We anticipate that the initial public offering price will be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_ per ordinary share.

We are an "emerging growth company" and a "foreign private issuer" under applicable U.S. federal securities laws and may elect to comply with reduced public company reporting requirements.

Investing in our ordinary shares involves significant risks. See "[Risk Factors](#)" beginning on page 15 of this prospectus.

	Price to Public	Underwriting Discounts and Commissions (1)	Proceeds to Us (before expenses)	Proceeds to Selling Shareholders (before expenses)
Per share	\$ _____	\$ _____	\$ _____	\$ _____
Total	\$ _____	\$ _____	\$ _____	\$ _____

(1) See "Underwriting" for a description of the compensation payable to the underwriters.

The selling shareholders have granted the underwriters the option (exercisable within 30 days from the date of this prospectus) to purchase up to an additional \_\_\_\_\_ ordinary shares on the same terms and conditions set forth above, solely to cover over-allotments, if any. We will not receive any of the proceeds from the sale of such shares by the selling shareholders.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ordinary shares on or about \_\_\_\_\_.

**Morgan Stanley**

**Itau BBA**

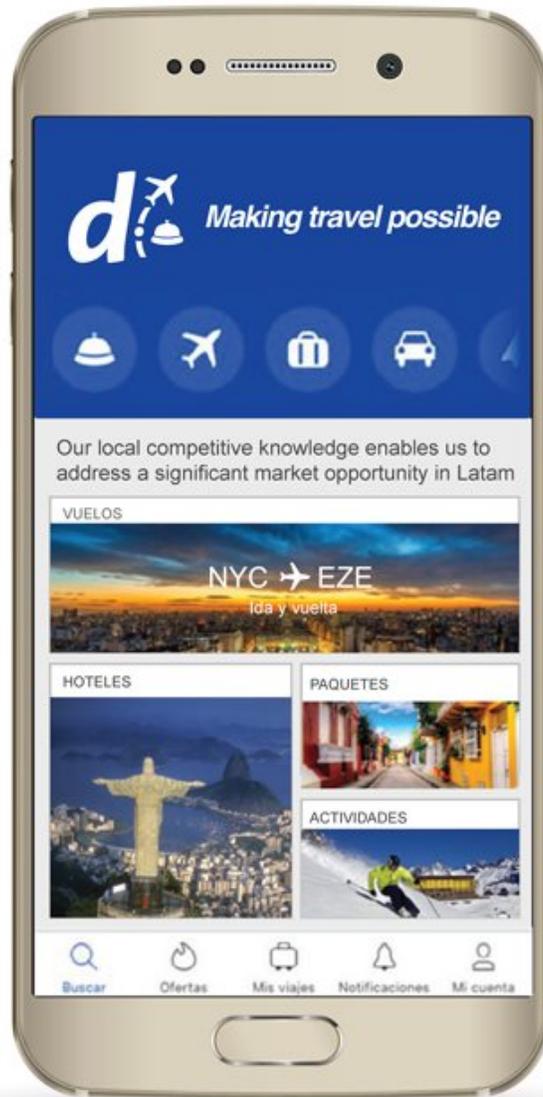
**Cowen**

**Citigroup**

**UBS Investment Bank**

**KeyBanc Capital Markets**

The date of this prospectus is \_\_\_\_\_, 2017.



**The Most Downloaded OTA App in the Region**



**LATIN AMERICA'S LEADING**  
**\$466 million**  
**and \$3.9 billion in gross**

140 million  
unique visitors  
in LTM2Q17

Servicing 20 markets  
representing 95% of  
the region's population

250  
200+  
250+  
6 c



**LOCAL MARKET EXPERTISE  
AND LEADERSHIP**

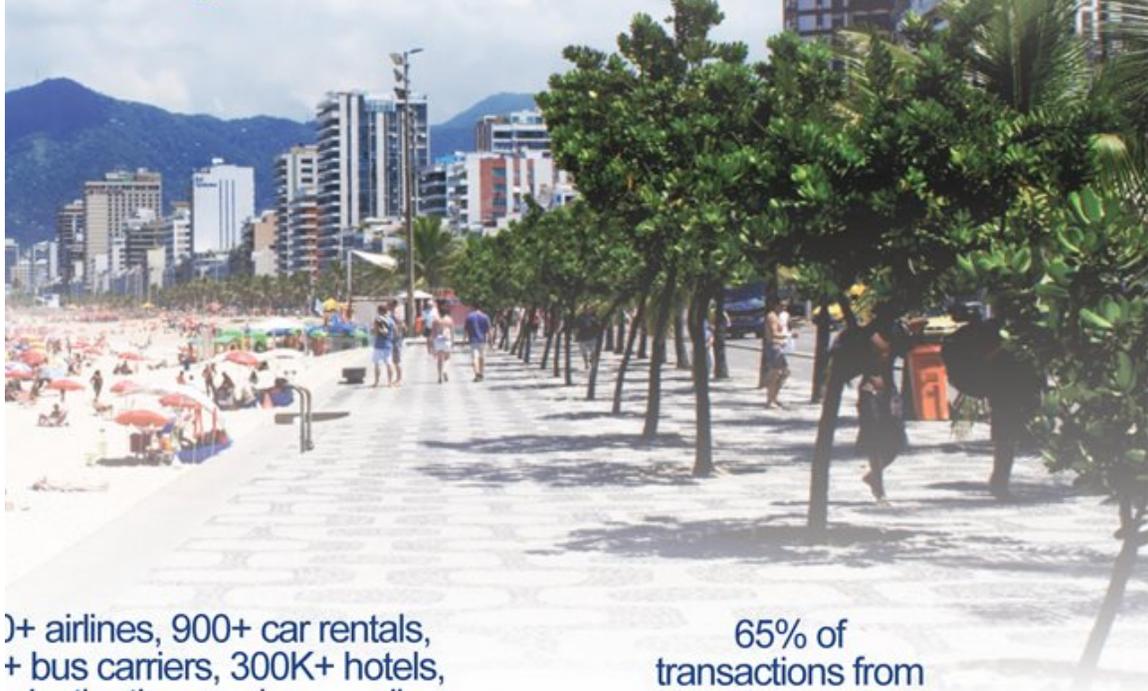


**LEADING MARKET  
OFFERING**



# ONLINE TRAVEL COMPANY

**n in revenue  
s bookings in LTM2Q17**



100+ airlines, 900+ car rentals,  
+ bus carriers, 300K+ hotels,  
+ destination service suppliers,  
+ cruise lines, 7,000+ activities

65% of  
transactions from  
repeat customers  
in 1H 2017

MOBILE



**LEADING BRAND RECOGNITION  
AND AWARENESS**

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You should rely only on the information contained in this prospectus, any amendment or supplement to this prospectus or any free writing prospectus we may authorize to be delivered to you. Neither we, the selling shareholders nor any of the underwriters have authorized anyone to provide you with additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it.

The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our ordinary shares. Our business, financial condition, results of operations and prospects may have changed since the date on the front cover of this prospectus.

This prospectus may only be used where it is legal to sell our ordinary shares. We and the selling shareholders have not undertaken any efforts to qualify this offering for offers and sales to the public in any jurisdiction outside the United States, and we do not expect to make offers and sales to the public in jurisdictions located outside the United States. However, we and the selling shareholders may make offers and sales outside the United States in circumstances that do not constitute a public offer or distribution under applicable laws and regulations.

Through and including \_\_\_\_\_, 2017 (the 25<sup>th</sup> day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless the context suggests otherwise, references in this prospectus to “Despegar,” the “Company,” “we,” “us” and “our” are to Despegar.com, Corp., a business company incorporated in the British Virgin Islands (“BVI”), and its consolidated subsidiaries. Unless the context suggests otherwise, references to “Latin America” are to South America, Mexico, Central America and the Caribbean.

We were formed as a new business company in BVI on February 10, 2017. On May 3, 2017, the stockholders of our predecessor, Decolar.com, Inc., a Delaware corporation, exchanged their shares of Decolar.com, Inc. for ordinary shares of Despegar.com, Corp. to create a new BVI holding company. Following the exchange, our existing shareholders own shares of Despegar.com, Corp. and Decolar.com, Inc. is a wholly-owned subsidiary of Despegar.com, Corp. The audited consolidated financial statements as of and for the years ended December 31, 2016 and 2015, and the unaudited condensed consolidated financial statements as of June 30, 2017 and for the six months ended June 30, 2017 and 2016 to the extent related to the events and periods prior to May 3, 2017, included in this prospectus are the consolidated financial statements of Decolar.com, Inc., which is our predecessor for accounting purposes, and other information contained in this prospectus related to events and periods prior to May 3, 2017 is based on Decolar.com, Inc.

Unless indicated otherwise, the information included in this prospectus assumes no exercise by the underwriters of the option to purchase up to an additional ordinary shares from the selling shareholders and that the ordinary shares to be sold in this offering are sold at \$ \_\_\_\_\_ per ordinary share, the midpoint of the price range set forth on the cover page of this prospectus.

### Financial Statements

The financial information contained in this prospectus derives from our audited consolidated financial statements as of December 31, 2016 and 2015 and for the fiscal years ended December 31, 2016 and 2015 and our unaudited condensed consolidated financial statements as of June 30, 2017 and for the six months ended June 30, 2017 and 2016. Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and presented in dollars.

### Non-GAAP Financial Measures

This prospectus includes certain references to Adjusted EBITDA, a non-GAAP financial measure. We define Adjusted EBITDA as net income / (loss) exclusive of financial income / (expense), income tax, depreciation, amortization and share-based compensation. See “Summary—Summary Financial and Operating Data” for a reconciliation of Adjusted EBITDA to net income / (loss). Adjusted EBITDA is not prepared in accordance with U.S. GAAP. Accordingly, you are cautioned not to place undue reliance on this information and should note that Adjusted EBITDA, as calculated by us, may differ materially from similarly titled measures reported by other companies, including our competitors.

We believe that Adjusted EBITDA provides useful supplemental information to investors about us and our results. Adjusted EBITDA is among the measures used by our management team to evaluate our financial and operating performance and make day-to-day financial and operating decisions. In addition, Adjusted EBITDA is frequently used by securities analysts, investors and other parties to evaluate companies in the online travel industry. We also believe that Adjusted EBITDA is helpful to investors because it provides additional information about trends in our core operating performance prior to considering the impact of capital structure, depreciation, amortization and taxation on our results. Adjusted EBITDA should not be considered in isolation or as a substitute for other measures of financial performance reported in accordance with U.S. GAAP. Adjusted EBITDA has limitations as an analytical tool, including:

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs or contractual commitments;
- Adjusted EBITDA does not reflect our financial expenses, including the cash requirements to service interest or principal payments on our indebtedness, or interest income or other financial income;

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- Adjusted EBITDA does not reflect our income tax expense or the cash requirements to pay our income taxes;
- although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often need to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for these replacements;
- although share-based compensation is a non-cash charge, Adjusted EBITDA does not consider the potentially dilutive impact of share-based compensation; and
- other companies may calculate Adjusted EBITDA differently, limiting its usefulness as a comparative measure.

### **Certain Operating Measures**

This prospectus includes certain references to number of transactions and gross bookings, both operating measures. Number of transactions is the total number of customer orders completed on our platform during a given period. Gross bookings is the aggregate purchase price of all travel products booked by our customers through our platform during a given period. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics.”

### **Currency Presentation**

In this prospectus, references to “dollars” and “\$” are to the currency of the United States, references to “Brazilian real,” “Brazilian reais” and “R\$” are to the currency of Brazil and references to “Argentine pesos” and “AR\$” are to the currency of Argentina. See “Exchange Rates” for information regarding historical exchange rates of Brazilian reais and Argentine pesos to dollars.

### **Rounding**

Certain figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be exact arithmetic aggregations or percentages of the figures that precede them.

### **Trademarks**

Our key trademarks are “Despegar.com,” “Decolar.com” and “Decolar.com.br.” Other trademarks or service marks appearing in this prospectus are the property of their respective holders. Solely for the convenience of the reader, we refer to our brands in this prospectus without the ® symbol, but these references are not intended to indicate in any way that we will not assert our rights to these brands to the fullest extent permitted by law.

### **Market Data**

This prospectus includes industry, market and competitive position data and forecasts that we have derived from independent consultant reports, publicly available information, industry publications, official government information and other third-party sources, including Euromonitor International, SimilarWeb, STR Global, GSM Association, Skift and SiteMinder, as well as our internal data and estimates. Independent consultant reports, industry publications and other published sources generally indicate that the information contained therein was obtained from sources believed to be reliable. Although we believe that this information is reliable, the information has not been independently verified by us.

Certain data included in this prospectus related to the Latin American travel market and the Latin American online travel market includes the purchase of hotel and other travel products by inbound travelers traveling to

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Latin America, as well as corporate travel. Our customer base, however, is primarily comprised of consumers from Latin America traveling for leisure domestically within their own country of origin, to other countries in the Latin American region, and outside of Latin America. Market data related solely to the travel trends of Latin American consumers is limited. As a result, certain market data included in this prospectus is being provided to investors to give a general sense of the trends of our industry but such market data does not capture the travel trends of only our targeted customers. Accordingly, investors should not place undue reliance on the market information in this prospectus.

Information sourced to Euromonitor is from independent market research carried out by Euromonitor International Limited as part of its annual Passport research. Euromonitor makes no warranties about the fitness of this intelligence for investment decisions.

## FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements, principally under the captions “Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” We have based these forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business and our market. Many important factors, in addition to those discussed elsewhere in this prospectus, could cause our actual results to differ substantially from those anticipated in our forward-looking statements, including:

- political, social and macroeconomic conditions in Latin America;
- currency exchange rates and inflation;
- current competition and the emergence of new market participants in our industry;
- government regulation;
- our expectations regarding the continued growth of internet usage and e-commerce in Latin America;
- failure to maintain and enhance our brand recognition;
- our ability to maintain and expand our supplier relationships;
- our reliance on technology;
- the growth in the usage of mobile devices and our ability to successfully monetize this usage;
- our ability to attract, train and retain executives and other qualified employees;
- our ability to successfully implement our growth strategies; and
- the other factors discussed under section “Risk Factors” in this prospectus.

We operate in a competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus. The words “believe,” “may,” “should,” “aim,” “estimate,” “continue,” “anticipate,” “intend,” “will,” “expect” and similar words are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, capital expenditures, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly or to revise any forward-looking statements after we distribute this prospectus because of new information, future events or other factors. In light of the risks and uncertainties described above, the future events and circumstances discussed in this prospectus might not occur or come into existence and forward-looking statements are thus not guarantees of future performance. Considering these limitations, you should not make any investment decision in reliance on forward-looking statements contained in this prospectus.

## SUMMARY

*This summary highlights selected information contained elsewhere in this prospectus and does not contain all of the information you should consider before investing in our ordinary shares. You should read this entire prospectus carefully, including “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements included elsewhere in this prospectus, before you decide to invest in our ordinary shares.*

### **Our Company**

We are the leading online travel company in Latin America, known by our two brands, Despegar, our global brand, and Decolar, our Brazilian brand. We have a comprehensive product offering, including airline tickets, packages, hotels and other travel-related products, which enables consumers to find, compare, plan and purchase travel products easily through our marketplace. We provide our network of travel suppliers a technology platform for managing the distribution of their products and access to our users. We believe that our focus on the underpenetrated Latin American online travel market, our knowledge of the consumer and supplier landscape in the region and our ability to manage the business successfully through economic cycles will allow us to continue our industry leadership. In the six months ended June 30, 2017 and the year ended December 31, 2016, we had approximately 2.5 million and 4.0 million customers, generating \$248.5 million and \$411.2 million in revenue, respectively. Our gross bookings were \$2.1 billion and \$3.3 billion in the six month ended June 30, 2017 and the year ended December 31, 2016, respectively.

Total Latin America online travel bookings are projected to be approximately \$29.7 billion in 2016 and are expected to grow to approximately \$47.6 billion by 2020, representing an estimated compound annual growth rate (“CAGR”) of 12.5%, according to Euromonitor International, with projected penetration of online travel bookings expected to increase from approximately 31% in 2016 to approximately 36% in 2020. Factors driving the growth in online travel bookings include the increase of internet penetration, further adoption of smartphones, tablets and other mobile devices and a growing middle class with greater access to banking services and credit products, together enabling a larger segment of the growing population to transact online or on mobile devices.

The Latin American travel industry is characterized by significant fragmentation in suppliers across airlines, hotels and other travel products. This fragmentation is compounded by regional complexities, including differences in language, local customs, travel preferences, currencies and regulatory regimes across the more than 40 countries in the region. These factors create challenges for suppliers to reach customers directly and, consequently, create a significant market opportunity for us.

We believe we have the broadest travel portfolio among online travel agencies (“OTAs”) in Latin America, with inventory from global suppliers, including over 250 airlines and over 300,000 hotels, as well as approximately 900 car rental agencies and approximately 250 destination services suppliers with more than 7,000 activities. Additionally, we have accumulated approximately nine million user-generated reviews as of June 30, 2017, of which 1.1 million and 1.9 million were submitted in the six months ended June 30, 2017 and in the year ended December 31, 2016, respectively, which we believe drive user engagement. Our business benefits from network effects: our large customer base helps us to attract additional travel suppliers and, in turn, a larger network of travel suppliers helps us to attract new customers by enhancing our product offering. Additionally, as we continue to grow our marketplace, we are increasingly able to offer more competitive pricing and product availability to our customers as well as enhance the effectiveness of our marketing strategy.

We have grown significantly since our founding in 1999 and through the recent economic and currency volatility. In the six months ended June 30, 2017 and 2016 and in the years ended December 31, 2016 and 2015, we generated revenue of \$248.5 million, \$193.9 million, \$411.2 million and \$421.7 million, respectively. During

the same periods, we had net income / (loss) of \$18.8 million, \$(0.6) million, \$17.8 million and \$(85.3) million, respectively, and Adjusted EBITDA of \$41.2 million, \$14.6 million, \$48.6 million and \$(39.1) million, respectively. See “—Summary Financial and Operating Data” for a description of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to income / (loss), the most directly comparable U.S. GAAP financial measure.

### **Travel Market Opportunity in Latin America**

Latin America is one of the largest and most diverse regions in the world. Comprised of over 40 countries with a total population of over 600 million, the region encompasses multiple languages, currencies and regulatory regimes. The travel market serving Latin American consumers presents a significant opportunity for us due to its large market size, highly fragmented base of travel suppliers and rapid growth in the adoption of technology-based solutions for consumers and travel suppliers.

#### ***Large and Growing Travel Industry***

The Latin American travel industry, comprised of air, hotels, car rentals and attractions within Latin America and inbound to the region, including corporate travel, represented an estimated \$97.5 billion market projected for 2016 and is expected to grow to approximately \$130.9 billion by 2020, according to Euromonitor International. This represents an estimated CAGR of 7.6% from 2016 to 2020. In 2016, airline bookings in Latin America are projected to be approximately \$43.3 billion, hotel bookings are projected to be approximately \$46.0 billion and together car rentals and attractions are projected to be approximately \$8.2 billion.

Long-term favorable macroeconomic trends in the region have contributed to the expansion of the middle class and increased consumption in the region. According to the World Bank, the middle class (defined as per capita income of \$3,650 to \$18,250 per year) comprised approximately 35% of the Latin American population in 2014, compared to less than 25% a decade prior. This amounted to an additional 108 million people moving into the middle class. The growth in the middle class and the expansion of gross domestic product (“GDP”) per capita have increased disposable income available for discretionary purchases, including travel.

#### ***Overview of Suppliers in the Latin American Travel Industry***

The Latin American travel industry is characterized by significant supplier fragmentation across airlines, hotels and other travel products. Regional complexities, including differences in language, local customs, travel preferences, currencies and regulatory regimes across the more than 40 countries in the region, create challenges for suppliers to reach customers directly, at scale and across the region.

The airline industry in the region is highly fragmented, as evidenced by the fact that the largest four airlines in Latin America by bookings accounted for approximately 40% of total bookings per year in 2015 in comparison to 68% in the United States during the same period, according to Euromonitor International. Additionally, Latin America’s hotel industry is characterized by higher fragmentation and lower occupancy rates than that of other developed markets. In Latin America, the top ten hotel chains had an estimated 15.3% market share in 2015, compared to 51.8% in the United States during the same period, according to Euromonitor International. Furthermore, a large portion of the room capacity in Latin America is provided by independent hotels, with major chains accounting for only 46% of total capacity, compared to 72% in the United States, according to Skift and SiteMinder. The hotel occupancy rate in South America was 55% in 2016, compared to 65% in North America and 70% in Europe, according to STR Global.

As the leading OTA in Latin America, we believe we are well positioned to succeed as consumers’ destination of choice for fast, easily searchable and more transparent travel research, planning and booking. As

our customer base and brand recognition have grown, we have been able to leverage our user data, including travel history and preferences, to serve personalized recommendations to drive higher customer conversion. Additionally, we have been able to provide attractive pricing and availability of travel products to our customers through scale and by bundling multiple travel products together in a single offer.

### ***Trends Driving Online Travel and Our Growth***

An expanding and evolving travel market, coupled with greater internet, smartphone and other mobile device penetration, is expected to drive robust growth in online travel bookings in Latin America. Total Latin America online travel bookings were approximately \$13.7 billion in 2010 and are projected to be approximately \$29.7 billion in 2016, and are expected to further increase to approximately \$47.6 billion by 2020, according to Euromonitor International. This represents an estimated CAGR of 12.5% from 2016 to 2020. According to our estimates, based on Euromonitor International market data, we had a market share of approximately 11% of the Latin American online travel market, as measured by gross bookings projected for 2016. We believe that our business will continue benefiting from these market trends, although we cannot assure you that our business will grow at the same rates as historic or forecasted market growth.

According to Euromonitor International, online travel penetration in Latin America, measured as online bookings as a percentage of total travel bookings, increased from approximately 16% in 2010 to approximately 31% projected for 2016 and is expected to climb to approximately 36% by 2020. By comparison, in the United States and Western Europe, online booking penetration was 49% and 52%, respectively, projected for 2016. As consumers shift to researching and booking travel online, travel suppliers have adapted their offerings and deepened their relationships with online marketing and booking channels, such as OTAs, to generate revenue. OTAs provide travel suppliers with scale and distribution into new and existing markets and 24/7 customer service and localization services, including language and payment capabilities. Factors driving the growth in online travel include:

- ***Increasing internet penetration*** . In 2015, internet penetration in Latin America was approximately 50%, and is expected to increase to approximately 66% by 2020, according to Euromonitor International. By comparison, North America and Western Europe had internet penetration of 71% and 74%, respectively, in 2015, and are expected to increase to 81% and 82%, respectively, in 2020.
- ***Increasing adoption of mobile devices*** . The number of unique mobile subscribers in Latin America is expected to grow by approximately 110 million, according to the GSM Association, bringing the total to approximately 524 million in the region by 2020.
- ***Superior user experience*** . Online travel booking channels, which include websites and mobile apps, empower travelers to search products and user-generated reviews and easily compare real-time availability and pricing options from multiple travel providers simultaneously, which we believe leads to higher user engagement and customer conversion.
- ***Growth in banked consumers and proliferation of credit products*** . With the continued development of the Latin American economy, a larger portion of the population has opened bank accounts, enabling access to new forms of payments including credit cards and other financial products. With the increased number of consumers with bank and credit card accounts, more people have the ability to make purchases online.

## **Our Competitive Strengths**

We are the leading OTA in Latin America, offering our customers a broad and diversified selection of travel products at attractive prices. Our leadership position is a result of our following core strengths:

### ***Industry Leader in Latin America***

With our launch in 1999, we have benefited from an early mover advantage in Latin America, which has allowed us to achieve significant scale and brand awareness, with approximately 140 million unique visitors to our platform in the last twelve months ended June 30, 2017, based on our internal estimates. In the six months ended June 30, 2017 and in the year ended December 31, 2016, we had approximately 2.5 million and 4.0 million customers, respectively, primarily in Latin America, generating approximately \$248.5 million and \$411.2 million in revenue and \$2.1 billion and \$3.3 billion in gross bookings, respectively. In 2016, we held the #1 ranking of all OTAs in Latin America by desktop traffic, according to SimilarWeb.

We benefit from network effects: our large customer base helps us to attract additional travel suppliers and, in turn, a larger network of travel suppliers helps us to attract new customers by enhancing our product offering. Furthermore, by growing our user base and aggregating different products from our supplier base, we are able to offer attractive pricing and availability of travel products to our customers as well as enhance the effectiveness of our marketing strategy.

### ***Strong Brand Recognition and Awareness***

Despegar, our global brand, and Decolar, our Brazilian brand, have leading brand awareness in online travel in key markets, including Brazil and Argentina. According to search engine trend data that is based on the relative number of searches of brand related keywords on Google during the six months ended June 30, 2017, we had a 27% share (in each case, as compared with what we believe to be the next five largest competitors in the market) in Latin America, 24% in Brazil, 37% in Argentina, 37% in Chile and 25% in Colombia, which represented the strongest brand awareness in each of these markets, and a 20% share in Mexico, where we had the second strongest brand awareness. We have dedicated significant efforts and resources to building our brands throughout our 18-year history, including more than \$1.0 billion in lifetime investment in marketing and branding activities. Based on our own customer surveys, we had a net promoter score (“NPS”) of 63 in the six months ended June 30, 2016, which we believe represents a strong willingness of our customers to recommend our offerings to others. In the six months ended June 30, 2017, 52% of the traffic on our platform was from visitors coming to our platform directly, or through other free channels, rather than visitors coming to our platform through paid channels, largely due to the strength of our brand.

### ***Local Market Expertise and Leadership***

We have a strong track record in Latin America, with a point of sale in 20 markets, representing 95% of the region’s population, and with a leading OTA presence in key markets such as Brazil, Argentina, Mexico, Chile, and Colombia. In our two largest markets, Brazil and Argentina, we have operated for 17 and 18 years, respectively. Our knowledge of local consumers, and their buying patterns and travel preferences, as well as our ability to offer financing through our relationships with financial institutions, have enabled us to serve our customers more effectively than global competitors from outside the region. Furthermore, our extensive supplier relationships allow us to offer a greater scale and breadth of offerings than smaller, local competitors. We understand the objectives of, and challenges faced by, Latin American travel suppliers and we are well-positioned to address those challenges by helping the suppliers grow their businesses, all to the benefit of consumers who receive more choice at attractive pricing.

As the leading Latin American OTA, we have developed long-standing relationships with a wide range of local banks to offer installment payment plans to their credit card holders as an alternative purchase option. We believe that local banks look to partner with us because of our scale, access to our online audience and high transaction volume. We believe this differentiates us from other local and global travel agencies as those agencies either do not offer installment plans or offer installment plans from a more limited selection of financing providers. We believe our portfolio of installment plans is a meaningful driver of traffic to our platform as well as conversion. Approximately 54% and 55% of our transactions in the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, were paid by installment. Our agreements with local banks allow us to offer installment plans without assuming collection risk from the customer.

#### ***Leading Mobile Offering***

Mobile is an increasingly important part of our business, as consumers are quickly able to access and browse our real-time travel offerings, compare prices and make purchases through their mobile devices. We launched our leading mobile travel apps in 2012. As of June 30, 2017, our mobile apps have more than 33 million cumulative downloads from the iOS App Store and Google Play (22 million of which were downloaded in the last two years ended June 30, 2017) and we believe they are the most downloaded OTA apps in Latin America. In addition, our iOS App Store and Google Play apps received ratings of 4.5 and 4.4 stars as of June 2017, respectively. During the six months ended June 30, 2017 and the year ended December 31, 2016, mobile, which includes both mobile web and our mobile apps, accounted for approximately 55% and 50% of all of our user visits and approximately 27% and 23% of our transactions, respectively. We continue to provide innovative features and functionality to consumers through our mobile apps, including push notifications, dynamic updates, inventory alerts and personalized promotions as well as in-app customer service. Our customers using mobile devices have historically made more repeat transactions than customers using desktop computers. Additionally, our mobile presence allows in-destination marketing, which facilitates cross-selling of additional travel products, such as rental cars and destination services, to customers after they have arrived at their destination.

#### ***Powerful Data and Analytics Platform***

Our large web and mobile audience and transaction volume generate a significant amount of data that allows us to better understand our customers and provide personalized travel offerings and also helps us to drive our sales, marketing and operational strategy. Currently, the majority of visitors to our platform see a personalized landing page based on such factors as user account information, past search and purchasing history and geolocation. We believe that this personalization of the user experience increases engagement and likelihood of purchase.

#### ***Effective Marketing Capabilities***

We have invested significant resources in our marketing team, which we believe is a significant driver of our business. Through our vertically-integrated, in-house marketing team, we are able to control all aspects of our budget, marketing campaigns and market analytics, without the need for agencies or external consultants. Our marketing team's local knowledge and expertise in our key markets have allowed us to develop direct relationships with a broad range of local and regional media providers and purchase media directly, avoiding more costly intermediaries. We have invested in our own creative, production and media execution teams, composed of approximately 122 employees, who are quickly able to adapt our marketing strategy, while also leveraging our extensive data and analytics capabilities for more precise audience targeting. Furthermore, we have developed our own software platform for managing our search optimization capabilities, allowing us to tailor messages effectively for specific target markets and customers.

***Proven and Experienced Team***

Our management team has significant experience in the travel sector and across a variety of industries in Latin America. Members of our management team have worked at organizations such as Expedia, Kimberly-Clark, LATAM Airlines, McKinsey, Morgan Stanley, PwC and Thales, among others. In addition to our management team, we have an extensive technology team including more than 800 developers. By fostering a distinctive, collaborative and high-performance working culture, we attract software developers with world-class talent and offer an engaging working environment for ongoing career development. We believe we are perceived as a top talent recruiter for IT professionals in Latin America, allowing us to attract the highest quality professionals and specialists dedicated to the enhancement of our platform.

***Our Strategy***

Our goal is to further expand our leading position, continue to innovate by better serving customer and supplier needs and increase our profitability with the following key strategies:

***Continue to Grow and Develop Our Customer Base in Latin America***

We believe there are significant opportunities to expand further our customer base in the region and, at the same time, increase our share of total travel spend by our customers. During the six months ended June 30, 2017 and the year ended December 31, 2016, approximately 2.5 million and 4.0 million customers, respectively, transacted on our platform and approximately 65% and 60%, respectively, of our transactions were with repeat customers. Furthermore, we believe that our personalized customer experience, comprehensive product offering and high-impact marketing, such as online advertising, television, radio and print media, will allow us to continue to drive repeat purchases and attract new customers to our platform.

***Continue to Enhance Our Product Offerings***

We believe that we can grow our business by further tailoring and expanding our product offering to address the needs of new and existing customers. For example, in recent years, we have launched new products, including travel insurance, bus trips, vacation rentals, and our local concierge product, in several of our existing markets. We believe this strategy can also be replicated in additional markets. We are continuing to expand our installment payments plans and add other payment options, such as debit cards and acceptance of multiple credit cards in a single transaction, as well as several market-specific localized payment options, to attract more customers to our platform and improve purchase conversion at checkout.

***Increase Cross-Selling***

We plan to grow our revenue by further capitalizing on our large scale, high volume traffic and technology to continue to increase cross-selling. We believe there is significant room to grow our packages, hotels and other travel products businesses through focused marketing and cross-selling initiatives, such as offering exclusive discounts on related products upon checkout, targeted post-sale emails and personalized in-destination mobile marketing with offers for additional travel products that may be relevant to customers' initial purchase.

***Expand and Deepen Supplier Relationships***

We plan to expand our supplier base as well as deepen our relationships with suppliers. We intend to continue to provide access to our broad customer base and offer multiple rate plans and package deals, to drive demand for our suppliers, products and help them grow their businesses. We will also continue to invest in our software to offer our suppliers tools to better manage their inventory.

### ***Continue to Invest in Our Mobile Offering***

We will continue to invest in our mobile platform by launching new mobile features and functionality. Additionally, we will continue to invest in mobile-focused marketing in order to augment our app downloads and mobile conversion, which we believe represents a significant growth opportunity for our business. Through mobile-only rates, personalized packaged products and in-destination targeted marketing through our mobile apps, we offer our customers an attractive range of travel products in an efficient manner. We believe that by taking a mobile first approach and providing customers with the ability to use the latest mobile technology, such as account recognition, in-app customer service, automated payment options, location-based targeting and highly-targeted push and in-app notifications, will allow us to continue to accelerate our mobile growth.

### ***Focus on Operational Efficiency***

We have invested aggressively over the years to scale our operations and support the growth of our business. We intend to continue enhancing the infrastructure and technology that support our platform in order to facilitate the best product offering, provide reliable site performance and ensure high quality customer service by promptly processing requests and frequently monitoring performance.

We also plan to invest in initiatives to promote further automation and improve efficiency, which will simplify our operations and reduce costs. We will continue to define and implement fraud-prevention strategies, and invest in tools to minimize both fraud exposure and legitimate sales rejections. Moreover, we will continue our focus on minimizing fulfillment leakage and costs by improving internal processes and supplier inventory integration, as we believe there is significant opportunity to capture additional growth in these areas.

### ***Opportunistically Pursue Strategic Acquisitions***

We may expand our business through opportunistic acquisitions that enable us to enhance our customer offerings, build our marketplace, enter new geographies or enhance our operational infrastructure. We may also consider acquiring additional technology capabilities through alliances and partnerships. We believe our industry and operational experience and our open and collaborative culture will help us to integrate acquired businesses.

### **Risk Factors**

Our business is subject to numerous risks and uncertainties, including those highlighted in “Risk Factors” immediately following this prospectus summary. These risks include:

- we are subject to the risks generally associated with doing business in Latin America and risks associated with our business concentration within this region;
- general declines or disruptions in the travel industry may adversely affect our business and results of operations;
- our business and results of operations may be adversely affected by macroeconomic conditions;
- we are exposed to fluctuations in currency exchange rates;
- if we are unable to maintain or increase consumer traffic to our sites and our conversion rates, our business and results of operations may be harmed;
- we operate in a highly competitive and evolving market, and pressure from existing and new companies, as well as consolidation within the industry, may adversely affect our business and results of operations;
- if we are unable to maintain existing, and establish new, arrangements with travel suppliers, our business may be adversely affected;

- we rely on the value of our brands, and any failure to maintain or enhance consumer awareness of our brands could adversely affect our business and results of operations;
- we rely on information technology, including third-party technology, to operate our business and maintain our competitiveness, and any failure to adapt to technological developments or industry trends, including third-party technology, could adversely affect our business;
- we are subject to payments-related fraud risk;
- any system interruption, security breaches or lack of sufficient redundancy in our information systems may harm our business;
- our ability to attract, train and retain executives and other qualified employees, particularly highly-skilled IT professionals, is critical to our business and future growth;
- our business depends on the availability of credit cards and financing options for consumers;
- internet regulation in the countries where we operate is scarce, and several legal issues related to the internet are uncertain;
- we may not be able to consummate acquisitions or other strategic opportunities in the future;
- we will be a foreign private issuer under U.S. securities regulations and, as a result, we will not be subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. issuer; and
- the strategic interests of our significant shareholders may, from time to time, differ from and conflict with our interests and the interests of our other shareholders.

#### **Implications of Being an Emerging Growth Company**

We qualify as an “emerging growth company” as defined in the U.S. Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). An emerging growth company may take advantage of relief from certain reporting requirements and other burdens that are otherwise applicable generally to public companies. These provisions permit reduced obligations with respect to financial data, including presenting only two years of audited financial statements and only two years of selected financial data, and an exception from compliance with the auditor attestation requirements of Section 404 of the U.S. Sarbanes-Oxley Act of 2002.

In addition, under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards. Accordingly, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

We may take advantage of these provisions for up to five years or such earlier time that we no longer qualify as an emerging growth company. We would cease to be an emerging growth company if we have more than \$1.07 billion in annual revenue, have more than \$700 million in market value of our share capital held by non-affiliates or issue more than \$1 billion of non-convertible debt over a three-year period. We may choose to take advantage of some but not all of these reduced reporting burdens.

#### **Corporate Information**

Despegar.com, Corp. was formed as a business company incorporated in the BVI on February 10, 2017. On May 3, 2017, the stockholders of our predecessor, Decolar.com, Inc., a Delaware corporation, exchanged their shares for ordinary shares of Despegar.com, Corp. to create a new BVI holding company. Following the

exchange, our existing shareholders own shares of Despegar.com, Corp., and Decolar.com, Inc. is a wholly-owned subsidiary of Despegar.com, Corp. The audited consolidated financial statements as of and for the years ended December 31, 2016 and 2015, and the unaudited condensed consolidated financial statements as of June 30, 2017 and for the six months ended June 30, 2017 and 2016 to the extent related to the events and periods prior to May 3, 2017, included in this prospectus are the consolidated financial statements of Decolar.com, Inc., which is our predecessor for accounting purposes, and other information contained in this prospectus related to events and periods prior to May 3, 2017 is based on Decolar.com, Inc.

Our principal executive office is located at Juana Manso 999, Ciudad Autónoma de Buenos Aires, Argentina C1107CBR, and our telephone number is: +54 11 4894 3500. Our agent for service of process in the United States is National Corporate Research, Ltd., located at 10 E. 40<sup>th</sup> Street, 10<sup>th</sup> Floor, New York, New York 10016. Our corporate investor relations website can be found at . Information contained on our website is not incorporated by reference into this prospectus, and you should not consider information contained on our website to be part of this prospectus or in deciding whether to invest in our ordinary shares.

### The Offering

Issuer	Despegar.com, Corp., a business company incorporated in the BVI
Selling shareholders	The selling shareholders listed in “Principal and Selling Shareholders.”
Ordinary shares offered by us	shares, without par value
Ordinary shares offered by the selling shareholders	shares, without par value
Over-allotment option	The selling shareholders have granted the underwriters a 30-day option to purchase up to additional ordinary shares solely to cover over-allotments, if any.
Share capital before and after the offering	As of the date of this prospectus, our issued and outstanding share capital consists of ordinary shares. Immediately after the offering, we will have ordinary shares issued and outstanding.
Use of proceeds	We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately \$ , assuming an initial offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus. The principal purposes of this offering are to increase our financial flexibility and create a public market for our ordinary shares. We intend to use the net proceeds that we receive from this offering for general corporate purposes, including potential acquisitions or other strategic opportunities in the future. We will not receive any proceeds from the sale of ordinary shares by the selling shareholders. See “Use of Proceeds.”
Listing	We have applied to list our ordinary shares on the New York Stock Exchange under the symbol “DESP”.
Lock-up	We, our executive officers, directors and substantially all of our existing shareholders have executed lock-up agreements preventing them from selling any ordinary shares held by them prior to this offering (other than ordinary shares to be sold in the offering by the selling shareholders), without the prior written consent of Morgan Stanley & Co. LLC and Citigroup Global Markets Inc. on behalf of the underwriters, for a period of 180 days from the date of this prospectus. For more information, see “Underwriting.”
Dividend policy	We currently intend to retain all available funds and any future earnings to fund the development and expansion of our business, and we do not anticipate declaring or paying any dividends on our ordinary shares in the foreseeable future. For more information, see “Dividend Policy.”

Taxation	See “Taxation” for a discussion of material BVI and U.S. federal income tax matters.
Directed share program	At our request, the underwriters have reserved 5% of the ordinary shares offered by this prospectus for sale, at the initial public offering price, to our directors, executive officers, other employees and certain other persons. The number of ordinary shares available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus. For more information, see “Underwriting.”
Risk factors	See “Risk Factors” beginning on page 15 and the other information included in this prospectus for a discussion of risks you should carefully consider before deciding to invest in our ordinary shares.

In this prospectus, the number of ordinary shares to be outstanding after this offering is based on 58,518,679 ordinary shares outstanding as of August 12, 2017, and excludes the following:

- 90,626 ordinary shares subject to restricted stock units (“RSUs”) outstanding;
- 3,025,000 ordinary shares issuable upon the exercise of outstanding options, with a weighted average exercise price of \$26.0197 per share, subject to vesting requirements; and
- an additional 1,836,777 ordinary shares reserved for issuance under our 2016 Stock Incentive Plan.

For more information, see “Management—Equity Incentive Plans.”

Unless otherwise indicated, all information in this prospectus assumes:

- no exercise of the underwriters’ option to purchase additional shares from the selling shareholders; and
- an initial offering price of \$        per share, the midpoint of the price range set forth on the cover page of this prospectus.

### Summary Financial and Operating Data

The following summary financial and other operating data of our predecessor, Decolar.com, Inc., and its consolidated subsidiaries should be read together with “Selected Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements included elsewhere in this prospectus.

We derived the summary income statement, balance sheet and cash flow data as of and for the years ended December 31, 2016 and 2015 from our audited consolidated financial statements which are included elsewhere in this prospectus. We derived the summary income statement, balance sheet and cash flow data as of June 30, 2017 and for the six months ended June 30, 2017 and 2016 from our unaudited condensed consolidated financial statements, which are included elsewhere in this prospectus and have included all adjustments, consisting only of normal recurring adjustments that, in our opinion, are necessary to state fairly the financial information set forth in those statements. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP in dollars. Our historical results do not necessarily indicate results expected for any future period, and the results of operations for the six months ended June 30, 2017 are not necessarily indicative of the results to be expected for the full fiscal year or any other period.

#### Summary Income Statement Data

	<u>Six Months Ended June 30,</u>		<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
	(unaudited)			
	(in thousands, except per share data)			
<b>Revenue</b>				
Air	\$ 116,653	\$ 92,149	\$205,721	\$219,817
Packages, Hotels and Other Travel Products	131,808	101,763	205,441	201,894
<b>Total revenue</b>	<b>248,461</b>	<b>193,912</b>	<b>411,162</b>	<b>421,711</b>
Cost of revenue	66,227	67,246	126,675	154,213
<b>Gross profit</b>	<b>182,234</b>	<b>126,666</b>	<b>284,487</b>	<b>267,498</b>
<b>Operating expenses</b>				
Selling and marketing	78,835	57,710	121,466	170,149
General and administrative	37,487	29,146	64,683	78,181
Technology and product development	33,052	31,503	63,251	73,535
<b>Total operating expenses</b>	<b>149,374</b>	<b>118,359</b>	<b>249,400</b>	<b>321,865</b>
<b>Operating income / (loss)</b>	<b>32,860</b>	<b>8,307</b>	<b>35,087</b>	<b>(54,367)</b>
Financial income	915	3,923	8,327	10,797
Financial expense	(8,682)	(7,962)	(15,079)	(23,702)
<b>Income / (loss) before income taxes</b>	<b>25,093</b>	<b>4,268</b>	<b>28,335</b>	<b>(67,272)</b>
Income tax expense	6,292	4,824	10,538	18,004
<b>Net income / (loss)</b>	<b>\$ 18,801</b>	<b>\$ (556)</b>	<b>\$ 17,797</b>	<b>\$ (85,276)</b>
<b>Earnings / (loss) per share:</b>				
Basic	\$ 0.32	\$ (0.01)	\$ 0.30	\$ (1.49)
Diluted	\$ 0.32	(0.01)	\$ 0.30	(1.49)
<b>Weighted average shares outstanding:</b>				
Basic	58,518	58,518	58,518	57,078
Diluted	58,609	58,518	58,609	57,186

**Summary Balance Sheet Data**

	<u>As of June 30,</u> <u>2017</u> <u>(unaudited)</u>	<u>As of December 31,</u> <u>2016</u> <u>2015</u>	
		(in thousands)	
Cash and cash equivalents (1)	\$ 92,107	\$ 75,968	\$ 102,116
Total assets	418,163	353,710	348,215
Total liabilities	479,350	435,973	431,348
Total shareholders' deficit attributable to Decolar.com, Inc.	(61,187)	(82,263)	(83,133)

(1) Excludes restricted cash and cash equivalents. See note 3 to our audited consolidated financial statements.

**Other Financial and Operating Data**

	<u>Six Months Ended,</u>		<u>Year Ended</u> <u>December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
	(in thousands)			
<b>Operational</b>				
Number of transactions (1)				
By country				
Brazil	1,784	1,375	2,924	3,620
Argentina	1,069	833	1,798	1,787
Other	1,486	1,130	2,490	2,298
Total	4,339	3,338	7,212	7,705
By segment				
Air	2,570	1,936	4,250	4,385
Packages, Hotels and Other Travel Products	1,769	1,402	2,963	3,320
Total	4,339	3,338	7,212	7,705
Gross bookings (2)	\$ 2,080,128	\$ 1,422,176	\$ 3,260,307	\$ 3,591,885
<b>Financial</b>				
Adjusted EBITDA (unaudited) (3)	\$ 41,227	\$ 14,581	\$ 48,585	\$ (39,067)

- (1) The number of transactions is an operating measure that represents the total number of customer orders completed on our platform in any given period. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics.”
- (2) Gross bookings is an operating measure that represents the aggregate purchase price of all travel products booked by our customers through our platform during a given period. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics.”
- (3) We define Adjusted EBITDA as net income / (loss) exclusive of financial income / (expense), income tax, depreciation, amortization and share-based compensation. We believe that Adjusted EBITDA, a non-GAAP financial measure, provides useful supplemental information to investors about us and our results. Adjusted EBITDA is among the measures used by our management team to evaluate our financial and operating performance and make day-to-day financial and operating decisions. In addition, Adjusted EBITDA is frequently used by securities analysts, investors and other parties to evaluate companies in the online travel industry. We also believe that Adjusted EBITDA is helpful to investors because it provides additional information about trends in our core operating performance prior to considering the impact of capital structure, depreciation, amortization, and taxation on our results. Adjusted EBITDA should not be

considered in isolation or as a substitute for other measures of financial performance reported in accordance with U.S. GAAP. Adjusted EBITDA has limitations as an analytical tool, including:

- Adjusted EBITDA does not reflect changes in, including cash requirements for, our working capital needs or contractual commitments;
- Adjusted EBITDA does not reflect our financial expenses, or the cash requirements to service interest or principal payments on our indebtedness, or interest income or other financial income;
- Adjusted EBITDA does not reflect our income tax expense or the cash requirements to pay our income taxes;
- although depreciation and amortization are non-cash charges, the assets being depreciated or amortized often will need to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for these replacements;
- although share-based compensation is a non-cash charge, Adjusted EBITDA does not consider the potentially dilutive impact of share-based compensation; and
- other companies may calculate Adjusted EBITDA differently, limiting its usefulness as a comparative measure.

We compensate for the inherent limitations associated with using Adjusted EBITDA through disclosure of these limitations, presentation of our consolidated financial statements in accordance with U.S. GAAP and reconciliation of Adjusted EBITDA to the most directly comparable U.S. GAAP measure, net income / (loss).

The table below provides a reconciliation of our net income / (loss) to Adjusted EBITDA:

	Six Months Ended June 30,		Year Ended December 31,	
	2017	2016	2016	2015
	(unaudited) (in thousands)			
<b>Net income / (loss)</b>	<b>\$18,801</b>	<b>\$ (556)</b>	<b>\$17,797</b>	<b>\$ (85,276)</b>
Financial income	(915)	(3,923)	(8,327)	(10,797)
Financial expense	8,682	7,962	15,079	23,702
Income tax expense	6,292	4,824	10,538	18,004
Depreciation expense	2,705	2,528	5,089	5,152
Amortization of intangible assets	3,556	3,646	7,835	9,287
Share-based compensation expense	2,106	100	574	861
<b>Adjusted EBITDA</b>	<b>\$41,227</b>	<b>\$14,581</b>	<b>\$48,585</b>	<b>\$ (39,067)</b>

## RISK FACTORS

*Prior to investing in our ordinary shares, you should carefully consider the risks described below, in addition to the other information contained in this prospectus. We also may face additional risks and uncertainties that are not presently known to us, or that as of the date of this prospectus we deem immaterial, which may impair our business, financial condition and results of operations. If any of these events occur, the trading price of our ordinary shares could decline, and you may lose all or part of your investment. In general, you take more risk when you invest in the securities of issuers with operations in emerging markets such as Latin American countries than when you invest in the securities of issuers in the United States and other developed markets. The information in this Risk Factors section includes forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of numerous factors, including those described in “Forward-Looking Statements.”*

### Risks Related to Our Business

***We are subject to the risks generally associated with doing business in Latin America.***

Our business serves the Latin American travel industry and substantially all of our revenue is derived in Latin American countries. Substantially all of our operations are located in Latin America. Moreover, we have significant revenue from Brazil and Argentina as well as other Latin American countries: in 2016, Brazil and Argentina accounted for 41% and 25% of our transactions, respectively. As a result, we are subject to the risks generally associated with doing business in the region, including:

- political, social and macroeconomic instability;
- cycles of severe economic downturns;
- currency devaluations and fluctuations;
- periods of high inflation;
- availability, quality and level of usage of the internet and e-commerce;
- high levels of credit risk, fraud and lack of secure payment methods;
- uncertainty or changes in governmental regulation, including applicable to travel services operations and internet and e-commerce services;
- uncertainty or changes in tax laws and regulations;
- limited access to financing, both for companies and for consumers;
- exchange and capital controls;
- limited infrastructure, including in the travel and technology sectors;
- adverse labor conditions and difficulties in hiring, training and retaining qualified personnel;
- the challenges of doing business across a region with multiple languages, different currencies and regulatory regimes that varies from country to country; and
- the impact of adverse global conditions in the region.

Any of these risks could have a material adverse effect on our business, financial condition and results of operations. For more information, see “—Risks Related to Latin America.”

***General declines or disruptions in the travel industry may adversely affect our business and results of operations.***

Our business is significantly affected by the trends that occur in the travel industry. As the travel industry is highly sensitive to business and personal discretionary spending levels, it tends to decline during general economic downturns. Trends or events that tend to reduce travel and are likely to reduce our revenue include:

- terrorist attacks or threats of terrorist attacks or wars;
- fluctuations in currency exchange rates;
- health-related risks, such as an outbreak of the Zika virus, H1N1 influenza, Ebola virus, avian flu or any other serious contagious diseases;
- increased prices in the airline ticketing, hotel, or other travel-related sectors;
- significant changes in oil prices;
- travel-related strikes or labor unrest, bankruptcies or liquidations;
- travel-related accidents or the grounding of aircraft due to safety concerns;
- political unrest;
- high levels of crime;
- natural disasters or severe weather conditions, including volcanic eruptions, hurricanes, flooding or earthquakes;
- changes in immigration policy; and
- travel restrictions or other security procedures implemented in connection with any major events, particularly those that affect travel by Latin Americans within their respective countries, across the region and outbound from the region to the rest of the world.

We could be severely and adversely affected by declines or disruptions in the travel industry and, in many cases, have little or no control over the occurrence of such events. Such events could result in a decrease in demand for our travel services. Any decrease in demand, depending on the scope and duration, could significantly and adversely affect our business and financial performance over the short and long term.

***Our business and results of operations may be adversely affected by macroeconomic conditions.***

Consumer purchases of discretionary items generally decline during periods of recession and other periods in which disposable income is adversely affected. As a substantial portion of travel expenditure, for both business and leisure, is discretionary, the travel industry tends to experience weak or reduced demand during economic downturns.

General adverse economic conditions, including the possibility of recessionary conditions in Latin America or a worldwide economic slowdown, would adversely impact our business, financial condition and results of operations. Past weakness and uncertainty in the global economy and in Latin America have negatively impacted consumer spending patterns and demand for travel services and may continue to do so in the future. For example, consumer spending patterns and demand for travel services were negatively impacted by the 2008-2009 global financial crisis that arose in the United States, as well as the recession in Brazil of 2015-2016 and the Argentine financial crisis of 2001-2002 and recession of 2016.

As an intermediary in the travel industry, a significant portion of our revenue is affected by prices charged by our travel suppliers. During periods of poor economic conditions, airlines and hotels tend to reduce rates or offer discounted sales to stimulate demand, thereby reducing our commission-based income. A slowdown in

economic conditions may also result in a decrease in transaction volumes and adversely affect our revenue, including our consumer fee-based income. It is difficult to predict the effects of the uncertainty in global economic conditions. If economic conditions decline globally or in Latin America, our business, financial condition and results of operations could be adversely impacted.

***We are exposed to fluctuations in currency exchange rates.***

Because we conduct our business outside the United States and receive almost all of our revenue in currencies other than the dollar, but report our results in dollars, we face exposure to adverse movements in currency exchange rates. The currencies of certain countries where we operate, including Brazil and Argentina, have historically experienced significant devaluations. For example, in December 2015, the Argentine government let the Argentine peso float freely, after several years of controlling foreign exchange rates, resulting in a significant devaluation. The results of operations in the countries where we operate are exposed to foreign exchange rate fluctuations as the financial results of the applicable subsidiaries are translated from the local currency into dollars upon consolidation. If the dollar weakens against foreign currencies, the translation of these foreign-currency-denominated transactions will typically result in increased revenue and operating expenses, and our revenue and operating expenses will typically decrease if the dollar strengthens. Moreover, if the dollar strengthens against the foreign currencies of countries in which we operate, the purchasing power of our customers from those countries could be negatively affected by potentially increased prices in local currencies, and we could experience a reduction in the demand for our travel services.

Additionally, foreign exchange exposure also arises from pre-pay transactions, where we accept upfront payments for bookings in the customer's home currency, but payment to the hotel is not due until after the customer checks out, and is paid by us in the hotel's home currency. We are therefore exposed to foreign exchange risk between the time of the initial reservation and the time when the hotel is paid.

We minimize our foreign currency exposures by managing natural hedges, netting our current assets and current liabilities in similarly denominated foreign currencies, and managing short term loans and investments for hedging purposes. Additionally, from time to time we enter into derivative transactions. However, depending on the size of the exposures and the relative movements of exchange rates, if we choose not to hedge or fail to hedge effectively our exposure, we could experience a material adverse effect on our consolidated financial statements and financial condition.

***We have incurred operating losses in the past and may experience earnings declines or net losses in the future.***

We have incurred operating losses in the past, though in the six months ended June 30, 2017 and in the year ended December 31, 2016 we had positive net income. We cannot assure you that we can sustain profitability or avoid net losses in the future. Our ability to remain profitable depends on various factors, including our ability to generate additional transaction volume and revenue and control our costs and expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this prospectus, and we may further encounter unforeseen expenses, difficulties, complications, delays and other unknown events. If our costs and expenses increase at a more rapid rate than our revenue, we may not be able to sustain profitability and may incur losses.

***If we are unable to maintain or increase consumer traffic to our sites and our conversion rates, our business and results of operations would be harmed.***

Our ability to generate revenue depends, in part, on our ability to attract consumers to our platform. If we fail to maintain or increase consumer traffic and our conversion rates, our ability to grow our revenue could be negatively affected. We expect that our efforts to maintain or increase traffic are likely to include, among other things, significant increases to our marketing expenditures. We cannot assure you that any increases in our expenses will be successful in generating additional consumer traffic.

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There are many factors that could negatively affect user retention, growth, and engagement, including if:

- we fail to offer compelling products;
- users increasingly engage with competing products instead of ours;
- we fail to introduce new and exciting products and services or those we introduce are poorly received;
- our websites or mobile apps fail to operate effectively on the iOS and Android mobile operating systems;
- we do not provide a compelling user experience;
- we are unable to combat spam or other hostile or inappropriate usage on our products, or if our anti-fraud measures are too conservative and we reject too many bona fide transactions;
- there are changes in user sentiment about the quality or usefulness of our existing products;
- there are concerns about the privacy implications, safety, or security of our products;
- our suppliers decide to discontinue the offering of their products through our platform;
- technical or other problems frustrate the user experience, particularly if those problems prevent us from delivering our products in a fast and reliable manner;
- we fail to provide adequate service to our customers and suppliers;
- we or other companies in our industry are the subject of adverse media reports or other negative publicity; or
- we do not maintain our brand image or our reputation is damaged.

Any decrease to user retention, growth, or engagement could render our products less attractive to consumers and would seriously harm our business.

### ***We operate in a highly competitive and evolving market, and pressure from existing and new companies may adversely affect our business and results of operations.***

The travel market in Latin America and worldwide is intensely competitive and rapidly evolving. Factors affecting our competitive success include, among other things, price, availability and breadth of choice of travel services and products, brand recognition, customer service, fees charged to travelers, ease of use, accessibility, consumer payment options and reliability. We currently compete with both established and emerging providers of travel services and products, including regional offline travel agency chains and tour operators, global OTAs with presence in Latin America and smaller, country-specific online and offline travel agencies and tour operators. In addition, our customers have the option to book travel directly with airlines, hotels and other travel service providers who are increasingly focused on further refining their online offerings. Large, established internet search engines have also launched applications offering travel itineraries in destinations around the world, and meta-search companies who can aggregate travel search results also compete against us for customers. In addition, we face price competition from new entrants that offer discounted rates and other incentives from time to time, as well as social media channels that market travel products and experiences. Some of our competitors have significantly greater financial and other resources than us. From time to time we may be required to reduce service fees and revenue margins in order to compete effectively and maintain or gain customers, brand awareness and supplier relationships.

Further, we may also face increased competition from new entrants in our industry. We cannot assure you that we will be able to successfully compete against existing or new competitors. If we are not able to compete effectively, our business, financial condition and results of operations may be adversely affected.

Some travel suppliers are seeking to decrease their reliance on distribution intermediaries like us by promoting direct distribution channels. Many airlines, hotels, car rental companies and tour operators have call centers and have established their own travel distribution websites and mobile applications. From time to time, travel suppliers offer advantages, such as bonus loyalty awards and lower transaction fees or discounted prices, when their services and products are purchased from supplier-related channels. We also compete with competitors which may offer less content, functionality and marketing reach but at a relatively lower cost to suppliers. If our access to supplier-provided content or features were to be diminished either relative to our competitors or in absolute terms or if we are unable to compete effectively with travel supplier-related channels or other competitors, our business could be materially and adversely affected.

***If we are unable to maintain existing, and establish new, arrangements with travel suppliers, our business may be adversely affected.***

Our business is dependent on our ability to maintain our relationships and arrangements with existing suppliers, such as airlines, global distribution system (GDS), service providers, hotels, hotel consolidators and destination services companies, car rental companies, bus operators, cruise companies and travel assistance providers, as well as our ability to establish and maintain relationships with new travel suppliers. In addition, the hotel and other lodging products that we offer through our platform for all countries outside Latin America are provided to us exclusively by affiliates of Expedia and Expedia is the preferred provider to us of hotel and other lodging products in Latin America pursuant to a lodging outsourcing agreement (the “Expedia Outsourcing Agreement”). In the event the Expedia Outsourcing Agreement is terminated, we may be required to pay a \$125.0 million termination fee. For more information on our relationships with Expedia, see “Business — Material Agreements,” “Principal and Selling Shareholders” and “Certain Relationships and Related Person Transactions.” Adverse changes in key arrangements with our suppliers, including an inability of any key travel supplier to fulfill its payment obligation to us in a timely manner, increasing industry consolidation or our inability to enter into or renew arrangements with these parties on favorable terms, if at all, could reduce the amount, quality, pricing and breadth of the travel services and products that we are able to offer, which could adversely affect our business, financial condition and results of operations. For example, American Airlines discontinued our access to its inventory from July 2013 to March 2016, until a mutually satisfactory settlement was reached and American Airlines resumed supplying us with airline tickets.

In addition, adverse economic developments affecting the travel industry could also adversely impact our ability to maintain our existing relationships and arrangements with one or more of our suppliers. We cannot assure you that our agreements or arrangements with our travel suppliers or travel-related service providers will continue or that our travel suppliers or travel-related service providers will not further reduce commissions, terminate our contracts, make their products or services unavailable to us as part of exclusive arrangements with our competitors or default on or dispute their payment or other obligations towards us, any of which could reduce our revenue and margins or may require us to initiate legal or arbitral proceedings to enforce their contractual payment obligations, which may adversely affect our business, financial condition and results of operations.

***We rely on the value of our brands, and any failure to maintain or enhance consumer awareness of our brands could adversely affect our business and results of operations.***

We believe continued investment in our brand is critical to retain and expand our business. We believe that our brands are well recognized in the Latin American travel market. We have invested in developing and promoting our brand since our inception and expect to continue to spend on maintaining the value of our brands to enable us to compete against increased spending by competitors and to allow us to expand into new services or increase our penetration in certain markets where our brands are less well known.

We cannot assure you that we will be able to successfully maintain or enhance consumer awareness of our brands. Even if we are successful in our branding efforts, such efforts may not be cost-effective. Our marketing costs may also increase as a result of inflation in media pricing. If we are unable to maintain or enhance

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consumer awareness of our brands and generate demand in a cost-effective manner, it would negatively impact our ability to compete in the travel industry and would have a material adverse effect on our business, financial condition and results of operations.

***We rely on information technology to operate our business and maintain our competitiveness, and any failure to adapt to technological developments or industry trends could adversely affect our business.***

We depend on the use of sophisticated information technology and systems, for search and reservation for airline tickets, hotels, and any of the other products that we offer on our platform, as well as payments, refunds, customer relationship management, communications and administration. As our operations grow in both size and scope, we must continuously improve and upgrade our systems and infrastructure to improve services, features and functionality, while maintaining the reliability and integrity of our systems and infrastructure in a cost-effective manner. Our future success also depends on our ability to upgrade our services and infrastructure ahead of rapidly evolving consumer demands while continuing to improve the performance, features and reliability of our service in response to competitive offerings.

We may not be able to maintain or replace our existing systems or introduce new technologies and systems as quickly as our competitors, in a cost-effective manner or at all. We may also be unable to devote adequate financial resources to develop or acquire new technologies and systems in the future.

We may not be able to use new technologies effectively, or we may fail to adapt our websites, mobile apps, transaction processing systems and network infrastructure to meet consumer requirements or emerging industry standards, comply with government regulation or prevent fraud or security breaches. If we face material delays in introducing new or enhanced solutions, our customers may forego the use of our services in favor of those of our competitors. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

***Some of our airline suppliers (including our GDS service providers) may reduce or eliminate the commission and other compensation they pay to us for the sale of airline tickets and this could adversely affect our business and results of operations.***

In our air business, we generate revenue through commissions and incentive payments from airline suppliers (including our GDS service providers) and service fees charged to our customers. Our airline suppliers (including our GDS service providers) may reduce or eliminate the commissions, incentive payments or other compensation they pay to us. To the extent any of our airline suppliers (including our GDS service providers) reduce or eliminate the commissions, incentive payments or other compensation they pay to us, our revenue may be reduced unless we are able to adequately mitigate such reduction by increasing the service fee we charge to our customers or increasing our transaction volume in a sustainable manner. However, any increase in service fees may also result in a loss of potential customers. In addition, our arrangement with the airlines that supply airline tickets to us may limit the amount of service fee that we are able to charge our customers. Our business would also be negatively impacted if competition or regulation in the Latin American travel industry causes us to have to reduce or eliminate our service fees.

***Our business and results of operations could be adversely affected if one or more of our major travel suppliers suffers a deterioration in its financial condition or restructures its operations.***

As we are an intermediary in the travel industry, a substantial portion of our revenue is affected by the prices charged by our suppliers, including airlines, GDS service providers, hotels, destination service providers, car rental suppliers, tour operators, supply aggregators (such as other OTAs), cruise operators, bus service providers and travel assistance providers, and the volume of products offered by our suppliers. As a result, if one or more of our major suppliers suffers a deterioration in its financial condition or restructures its operations, it could adversely affect our business, financial condition and results of operations. Accordingly, our business may be negatively affected by adverse changes in the markets in which our suppliers operate.

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In particular, as a substantial portion of our revenue depends on our sales of airline flights, we could be adversely affected by changes in the airline industry, including consolidation or bankruptcies and liquidations, and in many cases, we will have no control over such changes. Any consolidation in the airline industry in the future would result in fewer airlines with potentially more bargaining power with respect to the commissions and incentive payments or other fees they pay to intermediaries. Events or weaknesses specific to the airline industry that could negatively affect our business include air fare fluctuations, airport, airspace and landing fee increases, seat capacity constraints, removal of destinations or flight routes, travel-related strikes or labor unrest, imposition of taxes or surcharges by regulatory authorities and fuel price volatility. While decreases in prices for flights and other travel products generally increase demand, such price decreases generally also have a negative effect on the commissions we earn, particularly in our non-flight business, which is more dependent on commissions than our flight business. The overall effect of a price increase or decrease is therefore uncertain.

In the past several years, several major airlines have filed for bankruptcy, recently exited bankruptcy, or discussed publicly the risk of bankruptcy. In addition, some of these airlines have merged, or discussed merging, with other airlines. If one of our major airline suppliers merges or consolidates with, or is acquired by, another company that either does not participate in the GDS systems we use, or that participates in such systems but at substantially lower levels, the surviving company may elect not to make supply available to us or may elect to do so at lower levels than the previous supplier. Similarly, in the event that one of our major airline suppliers voluntarily or involuntarily declares bankruptcy and is subsequently unable to successfully emerge from bankruptcy, and we are unable to replace such supplier, our business would be adversely affected. Further consolidation of one or more of the major airlines could result in further capacity reductions, a reduction in the number of airline tickets available for booking on our website and increased air fares, which may have a negative impact on demand for travel products.

***We are subject to payments-related fraud risks.***

We are held liable for accepting fraudulent bookings on our platform and other bookings for which payment is successfully disputed by the cardholder, both of which lead to the reversal of payments received by us for such bookings (referred to as a “chargeback”). Our results of operations may be negatively affected by our acceptance of fraudulent bookings made using credit cards, as occurred in 2015, when there was an increase in fraud in the Latin American travel industry, particularly in Latin America. In the fourth quarter of 2015, we experienced an increase in attempted fraudulent transactions in Brazil, resulting in both the first quarter of 2016 and the fourth quarter of 2015 in an increase in fraud expense in the form of chargebacks. We also experienced a decrease in gross bookings in both quarters, as we imposed more restrictive anti-fraud protocol in response to the uptick in fraudulent transactions that resulted in more rejections of legitimate transactions. Our ability to detect and combat fraud, which has become increasingly common and sophisticated, may be negatively impacted by the adoption of new payment methods, the emergence and innovation of new technology platforms, including smartphones, tablets and other mobile devices, and our expansion, including into geographies with a history of elevated fraudulent activity. If we are unable to effectively combat fraud on our platform or if we otherwise experience increased levels of chargebacks, our results of operations could be materially adversely affected.

We have agreements with companies that process customer credit and debit card transactions for the facilitation of customer bookings of travel services from our travel suppliers. These agreements allow these processing companies, under certain conditions, to hold an amount of our cash (referred to as a “holdback”) or require us to otherwise post security equal to a portion of bookings that have been processed by such companies. These processing companies may be entitled to a holdback or suspension of processing services upon the occurrence of specified events, including material adverse changes in our financial condition. Moreover, there can be no assurances that the rates we pay for the processing of customer credit and debit card transactions will not increase, which could reduce our revenue thereby adversely affecting our business and financial performance.

Moreover, credit card networks, such as Visa and MasterCard, have adopted rules and regulations that apply to all merchants which process and accept credit cards and include the Payment Card Industry Data Security

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Standards (“PCI DSS”). Under these rules, we are required to adopt and implement internal controls over the use, storage and security of card data. We are currently PCI DSS certified and in compliance with PCI DSS. We assess our compliance with PCI DSS rules on a periodic basis and make necessary improvements to our internal controls as needed. Failure to comply may prevent us from processing or accepting credit cards.

In addition, when onboarding suppliers to our platform, we may fail to identify falsified or stolen supplier credentials, which may result in fraudulent bookings or unauthorized access to personal or confidential information of users of our websites and mobile applications. A fraudulent supplier scheme could also result in negative publicity and damage to our reputation, and could cause users of our websites and mobile applications to lose confidence in the quality of our services. Any of these events would have a negative effect on the value of our brands, which could have an adverse impact on our financial performance.

***Any system interruption, security breaches or lack of sufficient redundancy in our information systems may harm our businesses.***

We rely on information technology systems, including the internet and third-party hosted services, to support a variety of business processes including booking transactions, and activities and to store sensitive data, including our proprietary business information and that of our suppliers, personally identifiable information and other information of our customers and employees and data with respect to invoicing and the collection of payments, accounting and procurement activities. In addition, we rely on our information technology systems to process financial information and results of operations for internal reporting purposes and to comply with financial reporting, legal, and tax requirements. The risk of a cybersecurity-related attack, intrusion, or disruption, including by criminal organizations, hacktivists, foreign governments, and terrorists, is persistent. We have experienced and may in the future experience system interruptions that make some or all of these systems unavailable or prevent us from efficiently fulfilling orders or providing services to third parties. Interruptions of this nature could include security intrusions and attacks on our systems for fraud or service interruption. Significant interruptions, outages or delays in our internal systems, or systems of third parties that we rely upon—including multiple co-location providers for data centers, cloud computing providers for application hosting, and network access providers—and network access, or deterioration in the performance of such systems, would impair our ability to process transactions, decrease our quality of service that we can offer to our customers, damage our reputation and brands, increase our costs and/or cause losses.

Potential security breaches to our systems or the systems of our service providers, whether resulting from internal or external sources, could significantly harm our business. We devote significant resources to network security, monitoring and testing, employee training, and other security measures, but we cannot assure you that these measures will prevent all possible security breaches or attacks. A party, whether internal or external, that is able to circumvent our security systems could misappropriate customer or employee information, proprietary information or other business and financial data or cause significant interruptions in our operations. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches, and reductions in website availability could cause a loss of substantial business volume during the occurrence of any such incident. Because the techniques used to sabotage security change frequently, often are not recognized until launched against a target and may originate from less regulated and remote areas around the world, we may be unable to proactively address these techniques or to implement adequate preventive measures. We have obtained cyberinsurance, however we cannot assure you that our insurance will be sufficient to protect against our losses or will cover all potential incidents. Moreover, security breaches could result in negative publicity and damage to our reputation, exposure to risk of loss or litigation and possible liability due to regulatory penalties and sanctions or pursuant to our contractual arrangements with payment card processors for associated expenses and penalties. Security breaches could also cause customers and potential users and our suppliers to lose confidence in our security, which would have a negative effect on the value of our brands. Failure to adequately protect against attacks or intrusions, whether for our own systems or those of our suppliers, could expose us to security breaches that could have an adverse impact on our financial performance. For example, in 2014, hackers breached our system security and accessed credit card information from customers who had made purchases through our platform, representing approximately 663,000 unique credit card numbers.

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In addition, we cannot assure you that our backup systems or contingency plans will sustain critical aspects of our operations or business processes in all circumstances, many other systems are not fully redundant and our disaster recovery or business continuity planning may not be sufficient. Fire, flood, power loss, telecommunications failure, break-ins, earthquakes, acts of war or terrorism, acts of God, computer viruses, electronic intrusion attempts from both external and internal sources and similar events or disruptions may damage or impact or interrupt computer or communications systems or business processes at any time. Although we have put measures in place to protect certain portions of our facilities and assets, any of these events could cause system interruption, delays and loss of critical data, and could prevent us from providing services to our customers and/or third parties for a significant period of time. Remediation may be costly and we may not have adequate insurance to cover such costs. Moreover, the costs of enhancing infrastructure to attain improved stability and redundancy may be time consuming and expensive and may require resources and expertise that are difficult to obtain.

***Our ability to attract, train and retain executives and other qualified employees, particularly highly-skilled IT professionals, is critical to our business and future growth.***

Our business and future success is substantially dependent on the continued services and performance of our key executives, senior management and skilled personnel, particularly personnel with experience in our industry and our information technology and systems. Any of these individuals may choose to terminate their employment with us at any time and we cannot assure you that we will be able to retain these employees or find adequate replacements, if at all. The specialized skills we require can be difficult, time-consuming and expensive to acquire and/or develop and, as a result, these skills are often in short supply. A lengthy period of time may be required to hire and train replacement personnel when skilled personnel depart our company. Our ability to compete effectively depends on our ability to attract new employees and to retain and motivate our existing employees. We may be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting the quality of employees that our business requires. Competition for these personnel is intense, and we cannot assure you that we will be able to successfully attract, integrate, train, retain, motivate and manage sufficiently qualified personnel. If we do not succeed in attracting well-qualified employees or retaining or motivating existing employees, our business and prospects for growth could be adversely affected.

In addition, we compete for talented individuals not only with other companies in our industry but also with companies in other industries, such as software services, engineering services and financial services companies, among others, and there is a limited pool of individuals who have the skills and training needed to help us grow our company. High attrition rates of qualified personnel could have an adverse effect on our ability to expand our business, as well as cause us to incur greater personnel expenses and training costs.

Moreover, while we sometimes require our senior management to sign non-compete agreements, typically for a period of one year following termination, we cannot assure you that our former employees will not compete with us in the future. In addition, these non-compete agreements may be difficult to enforce in certain Latin-American jurisdictions.

***We rely on third-party systems and service providers and any disruption or adverse change in their businesses could have a material adverse effect on our business.***

We currently rely on a variety of third-party systems, service providers and software companies, including the GDS and other electronic central reservation systems used by airlines, various channel managing systems and reservation systems used by other suppliers, as well as other technologies used by payment gateway providers. In particular, we rely on third parties for:

- the hosting of our websites;
- certain software underlying our technology platform;

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- transportation ticketing agencies to issue transportation tickets and travel assistance products, confirmations and deliveries;
- third-party local tour operators to deliver on-site services to our packaged-tour customers;
- assistance in conducting searches for airfares and process air ticket bookings;
- processing hotel reservations for hotels not connected to our management system;
- processing credit card, debit card and net banking payments;
- providing computer infrastructure critical to our business; and
- providing customer relationship management (CRM) services.

Any interruption or deterioration in performance of these third-party systems and services could have a material adverse effect on our business. Further, the information provided to us by certain of these third-party systems may not always be accurate due to either technical glitches or human error, and we may incur monetary and/or reputational loss as a result.

Our success is also dependent on our ability to maintain our relationships with these third-party systems and service providers. In the event our arrangements with any of these third parties are impaired or terminated, we may not be able to find an adequate alternative source of systems support on a timely basis or on commercially reasonable terms, which could result in significant additional costs or disruptions to our business. Any security breach at one of these companies could also affect our customers and harm our business.

***We rely on banks or payment processors to collect payments from customers and facilitate payments to suppliers, and changes to credit card association fees, rules or practices may adversely affect our business.***

We rely on banks or payment processors to process collections and payments, and we pay a fee for this service. In the countries where we operate, the number of processors is limited so there is little or no competition among processors. From time to time, credit card associations may increase the interchange fees that they charge for each transaction using one of their cards.

For certain payment methods, including credit cards, we pay transaction and other fees, which may increase over time and raise our operating costs, lowering profitability. We rely on third parties to provide payment processing services and it could disrupt our business if these companies become unwilling or unable to provide these services to us. If we fail to comply with these third-party servicers' rules or requirements, or if our data security systems are breached or compromised (similar to the increase in fraud attempts we experienced in the fourth quarter of 2015 in Brazil), we may be liable for chargebacks, credit card issuing banks' costs, fines and higher transaction fees and we may lose our ability to accept credit card payments from our customers, process electronic funds transfers, or facilitate other types of online payments. If any of these situations were to occur, our business and results of operations could be adversely affected.

***Our business depends on the availability of credit cards and financing options for consumers.***

Our business is highly dependent on the availability of credit cards and financing options for consumers. In 2016 and 2015, substantially all our net sales were derived from payments effected through credit cards. Moreover, approximately 54% and 55% of transactions in the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, were paid by installment, using credit cards. As a result, the continued growth of our business is also partially dependent on the expansion of credit card penetration in Latin America, which may never reach a percentage similar to more developed countries for reasons that are beyond our control, such as low credit availability for a significant portion of the population in such countries. The provision of credit cards and other consumer financing depends on the product offerings at local and regional banks operating in the countries we serve. In the past, banking systems in Latin America have suffered disruptions and significantly

limited availability and increased cost of consumer credit. Banks may also change their product offerings that they provide to consumers, or may change the availability or costs of such products, due to credit, regulations or other reasons beyond our control. For example, Argentina recently enacted regulations requiring vendors to disclose to customers the full price of items purchased by installment plan, including implicit financing costs. Furthermore, in Argentina, the rules that govern the credit card business provide for variable caps on the interest rates that financial entities may charge clients and the fees that they may charge merchants. Moreover, general legal provisions exist pursuant to which courts could decrease the interest rates and fees agreed upon by the parties on the grounds that they are excessively high.

We rely on various banks to provide financing to our customers who elect to use an installment plan payment option. Some of our competitors also offer installment plans and may offer installment plans with more attractive terms. If we are not able to offer a competitive selection of installment plan financing at competitive rates, our business and results of operations could be adversely affected. Moreover, our agreements with local banks allow us to offer installment payment plans without assuming collection risk from the customer and receive payment in full (provided we choose not to factor such installment payments). We cannot assure you that local banks will not change their credit practices in the future. If our arrangements with local banks are impaired or terminated, our business and results of operations could be adversely affected.

Furthermore, as secure methods of payment for e-commerce transactions have not been widely adopted in certain emerging markets, consumers and other merchants may have relatively low confidence in the integrity of e-commerce transactions and remote payment mechanisms, which may have a material and adverse effect on our business prospects or limit our growth.

***Our business could be negatively affected by changes in search engine algorithms and dynamics or other traffic-generating arrangements.***

We increasingly utilize internet search engines such as Google, principally through the purchase of travel-related keywords, to generate a significant portion of the traffic to our websites. Search engines frequently update and change the algorithms that determine the placement and display of results of a user's search. It is possible that any such update could negatively affect us or may negatively affect us relative to our competitors. We have developed search engine management tools to bid more efficiently on portfolios of travel-related keywords and we have a search engine management team dedicated to reviewing the return of investment of all biddings.

In addition, a significant amount of traffic is directed to our websites through participation in pay-per-click and display advertising campaigns on search engines, including Google, and travel metasearch engines, including TripAdvisor and trivago. A search or metasearch engine could, for competitive or other purposes, adopt emerging technologies, such as voice, or alter its search algorithms or results, any of which could cause us to place lower in search query results, or exclude our website from the search query results. If a major search engine changes its algorithms or results in a manner that negatively affects the search engine ranking, paid or unpaid, of our websites, or if competitive dynamics impact the costs or effectiveness of search engine optimization, search engine marketing or other traffic-generating arrangements in a negative manner, this may have a material and adverse effect on our business and financial performance. In addition, certain metasearch engines have added or may add various forms of direct or assisted booking functionality to their sites. To the extent such functionality is promoted at the expense of traditional paid listings, this may reduce the amount of traffic to our websites or those of our affiliates.

***Changes in internet browser functionality could result in a decrease in our overall revenue.***

Some of our services and marketing activities rely on cookies, which are placed on individual browsers when users visit websites. We use these cookies to optimize our marketing campaigns, to better understand our users' preferences and to detect and prevent fraudulent activity. Users can block or delete cookies through their browsers or "adblocking" software or apps. The most common internet browsers allow users to modify their

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browser settings to prevent cookies from being accepted by their browsers, or are set to block third-party cookies by default. Increased use of methods, software or apps that block cookies, or diminished interest of users resulting from our use of such marketing activities, may adversely affect our business, financial condition and results of operations.

***Our business depends on the continued growth of e-commerce and the availability and reliability of the internet in Latin America.***

The market for e-commerce is developing in Latin America. Our future revenue depends substantially on Latin American consumers' widespread acceptance and use of the internet as a way to conduct commerce. The use of and interest in the internet (particularly as a way to conduct commerce) has grown rapidly since our inception and we cannot assure you that this acceptance, interest and use will continue. For us to grow our user base successfully, more consumers must accept and use new ways of conducting business and exchanging information.

The price of personal computers and/or mobile devices and internet access may limit our potential growth in countries with low levels of internet penetration and/or high levels of poverty. In addition, the infrastructure for the internet may not be able to support continued growth in the number of internet users, their frequency of use or their bandwidth requirements.

The internet could lose its viability due to delays in telecommunications technological developments, or due to increased government regulation. If telecommunications services change or are not sufficiently available to support the internet, response times would be slower, which would adversely affect use of the internet and our service in particular. Moreover, lack of investment in mobile infrastructure in Latin America may limit the expansion of our mobile business, which is one of our key growth strategies.

***Growth of e-commerce transactions in Latin America may be impeded by the lack of secure payment methods.***

As secure methods of payment for e-commerce transactions have not been widely adopted in Latin America, both consumers and merchants may have a relatively low confidence level in the integrity of e-commerce transactions. Consumer confidence can be adversely affected by incidents of fraud and security breaches, including generally in the marketplace, which is beyond our control. Moreover, although we are PCI DSS certified, most of our suppliers with which we share information are not. The continued growth of e-commerce in the region will depend on consumers' confidence in the safety of online payment methods.

***Our future success depends on our ability to expand and adapt our operations in a cost-effective and timely manner.***

We plan to continue to expand our operations by developing and promoting new and complementary services and increasing our penetration in our markets. Moreover, we expect our customer base to expand as income levels and access to internet and banking services, such as credit card issuances, increase in Latin America. We may not succeed at expanding our operations in a cost-effective or timely manner, and our expansion efforts may not have the same or greater overall market acceptance as our current services. Furthermore, any new service that we launch that is not favorably received by consumers could damage our reputation and diminish the value of our brands. To expand our operations we will also need to spend significant amounts on development, operations and other resources, and this may place a strain on our management, financial and operational resources. Similarly, a lack of market acceptance of these services or our inability to generate satisfactory revenue from any expanded services to offset their cost could have a material adverse effect on our business, financial condition and results of operations.

***We may not be successful in implementing our growth strategies.***

Our growth strategies involve expanding our service and product offerings, enhancing our service platforms and potentially pursuing acquisitions or other strategic opportunities.

Our success in implementing our growth strategies could be affected by:

- our ability to attract customers in a cost-effective manner, including in markets where we have lower brand awareness or operational history;
- our ability to improve the competitiveness of our product offerings including by expanding the number of suppliers and negotiating fares and rates with existing and potential suppliers;
- our ability to market and cross-sell our travel services and products to facilitate the expansion of our business;
- our ability to compete effectively with existing and new entrants to the Latin American travel industry;
- our ability to expand and promote our mobile platform and make it user-friendly;
- our ability to build required technology;
- our ability to expand our businesses through strategic acquisitions and successfully integrate such acquisitions;
- the general condition of the global economy (particularly in Latin America) and continued growth in demand for travel services, particularly online;
- the growth of the internet and mobile technology as a medium for commerce in Latin America; and
- changes in the regulatory environments where we operate.

Many of these factors are beyond our control and we cannot assure you that we will succeed in implementing our strategies. Even if we are successful in executing our growth strategies, our different businesses may not grow at the same rate or with a uniform effect on our revenue and profitability.

***Acquisitions could present risks and disrupt our ongoing business.***

We may seek to undertake strategic acquisitions in the future. We have not undertaken significant acquisitions in the past, and we cannot assure you that we will be successful in identifying opportunities and consummating acquisitions on favorable terms or at all. Depending on the size and timing of an acquisition, we may be required to raise future financing to consummate the acquisition. Moreover, even if we are able to consummate a transaction, acquisitions may involve significant risks and uncertainties, including distraction of management from current operations, difficulties in integration with our existing business and technology, greater than expected liabilities and expenses, inadequate return on capital, and unidentified issues not discovered in our pre-acquisition investigations and evaluations of those strategies and acquisitions.

***If we continue to grow, we may not be able to appropriately manage the increased size of our business.***

We have experienced significant expansion in recent years and anticipate that further expansion will be required to address potential growth in our customer base and market opportunities. This expansion has placed, and is expected to continue to place, significant demands on management and our operational and financial resources.

We must constantly improve our software, technology infrastructure, product offering and human resources to accommodate the increased use of our website. This upgrade process is expensive, and the increasing complexity and enhancement of our website result in higher costs. Failure to upgrade our technology, features, transaction processing systems, security infrastructure, or network infrastructure to accommodate increased traffic or transaction volume or the increased complexity of our website could materially harm our business. Adverse consequences could include unanticipated system disruptions, slower response times, degradation in levels of customer support, impaired quality of users' experiences with our services and delays in reporting accurate financial information.

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Furthermore, we may need to enter into relationships with various strategic partners and other third-party service providers necessary to our business. The increased complexity of managing multiple commercial relationships could lead to execution problems that can affect current and future revenue and operating margins.

Our failure to manage growth effectively could have a material adverse effect on our business, results of operations and financial condition.

***Internet regulation in the countries where we operate is scarce, and several legal issues related to the internet are uncertain.***

Most of the countries where we operate do not have specific laws governing the liability of e-commerce business intermediaries, such as ourselves, for fraud, intellectual property infringement or other illegal activities committed by individual users or third-party infringing content hosted on a provider's servers. This legal uncertainty allows for different judges or courts to decide very similar claims in different ways and establish contradictory case law.

In addition, we are subject to a variety of laws, decrees and regulations across the countries where we operate that affect e-commerce, electronic or mobile payments, information requirements for internet providers, data collection, data protection, privacy, anti-money laundering, taxation (including VAT or sales tax collection obligations), obligations to provide certain information to certain authorities about transactions which are processed through our platforms or about our users and those regulations applicable to consumer protection and businesses in general. However, it is not clear how existing laws governing issues such as general commercial activities, property ownership, copyrights and other intellectual property issues, taxation (including tax laws that require us to provide certain information about transactions consummated through our platforms or about our users) and personal privacy apply to online businesses. Many of these laws were adopted before the internet was available and, as a result, do not contemplate or address the unique issues of the internet.

Moreover, due to these areas of legal uncertainty, and the increasing popularity and use of the internet and other online services, it is possible that new laws and regulations will be adopted with respect to the internet or other online services. If laws relating to these issues are enacted, they may have a material adverse effect on our business, results of operation and financial condition.

We are subject to laws relating to the collection, use, storage and transfer of personally identifiable information about our users, especially financial information. Several jurisdictions have regulations in this area, and other jurisdictions are considering imposing additional restrictions or regulations. If we violate these laws, which in many cases apply not only to third-party transactions but also to international transfers of information or transfers of information to third parties with which we have commercial relations, we could be subject to significant penalties and negative publicity, which would adversely affect us.

Because our services are accessible worldwide, other foreign jurisdictions may claim that we are required to comply with their laws. Laws regulating internet companies outside of the Latin American jurisdictions where we operate may be more restrictive to us than those in Latin America. In order to comply with these laws, we may have to change our business practices or restrict our services. We could be subject to penalties ranging from criminal prosecution, significant fines or outright bans on our services for failure to comply with foreign laws.

***We process, store and use personal information, card payment information and other consumer data, which subjects us to risks stemming from possible failure to comply with governmental regulation and other legal obligations.***

We acquire personal or confidential information from users of our website and mobile applications. There are numerous laws regarding privacy and the storing, sharing, use, processing, transfer, disclosure and protection of personal information, card payment information and other consumer data, the scope of which are changing,

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subject to differing interpretations, and may be inconsistent between countries or conflict with other rules. We strive to comply with all applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection. It is possible, however, that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or the practices of the company. Any failure or perceived failure by us, or our service providers, to comply with the privacy policies, privacy-related obligations to users or other third parties, or privacy related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information, payment card information or other consumer data, may result in governmental enforcement actions, litigation or public statements against the company by consumer advocacy groups or others and could cause our customers and members to lose trust in the company, as well as subject us to bank fines, penalties or increased transaction costs, all of which could have an adverse effect on our business.

The regulatory framework for privacy issues is currently in flux and is likely to remain so for the foreseeable future. Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the internet have recently come under increased public scrutiny. Countries in Latin America are increasingly implementing new privacy regulations, resulting in additional compliance burdens and uncertainty as to how some of these laws will be interpreted.

***Application of existing tax laws or regulations are subject to interpretation by taxing authorities.***

The application of income and non-income tax laws and regulations to our products and services is subject to interpretation by the applicable taxing authorities across the multiple jurisdictions in which we operate our business. For example, in Brazil we are subject to corporate income tax (IRPJ), social contribution on net profits (CSLL), social contribution on total revenue (PIS and COFINS), withholding taxes, to a municipal tax on services (ISS). In Argentina, we are subject to income tax, value added tax, and turnover tax. In both countries, we are subject to transfer pricing rules applicable to cross-border operations with related parties or parties in tax havens or subject to privileged fiscal regimes. These taxing authorities may become more aggressive in their interpretation and/or enforcement of such laws and regulations over time, as governments are increasingly focused on ways to increase revenue. This may contribute to an increase in audit activity and harsher stances by tax authorities. As such, additional taxes or other assessments may be in excess of our current tax reserves or may require us to modify our business practices to reduce our exposure to additional taxes going forward, any of which could have a material adverse effect on our business, financial condition and results of operations.

While we believe we currently comply in all material respects with applicable tax laws and regulations in the jurisdictions we operate, tax authorities may determine that we owe additional taxes. Moreover, we may have historical tax contingencies across multiple jurisdictions, and while we have made provisions for those contingencies which we considered probable, the amount of total contingencies may exceed our provisions. We estimate that as of June 30, 2017 we have approximately \$34 million of unasserted possible losses, including related to taxes, for which we have not recorded provisions. In accordance with U.S. GAAP, we record provisions for contingencies based on probable loss or when otherwise required under accounting rules, but we do not record provisions for possible and remote losses.

Significant judgment and estimation is required in determining our tax liabilities. In the ordinary course of our business, there are transactions and calculations, including intercompany transactions and cross-jurisdictional transfer pricing, for which the ultimate tax determination may be uncertain or otherwise subject to interpretation. Tax authorities may disagree with our intercompany charges, including the amount of or basis for such charges, cross-jurisdictional transfer pricing or other matters, and assess additional taxes. Although we believe our tax estimates are reasonable, the final determination of tax audits could be materially different from our historical income tax provisions and accruals, in which case we may be subject to additional tax liabilities, possibly including interest and penalties, which could have a material adverse effect on our cash flows and results of operations. Moreover, we have in the past and may in the future be required in certain jurisdictions to pay any such tax assessments prior to contesting their validity, which payments may be substantial.

***Amendment to existing tax laws or regulations or enactment of new unfavorable tax laws or regulations could adversely affect our business and results of operations.***

Many of the underlying laws or regulations imposing taxes and other obligations were established before the growth of the internet and e-commerce. If the tax or other laws or regulations were amended, or if new unfavorable laws or regulations were enacted, our tax payments or other obligations could increase, prospectively or retrospectively, subject us to interest and penalties, decrease the demand for our products and services if we pass on such costs to our customers, result in increased costs to update or expand our technical or administrative infrastructure or effectively limit the scope of our business activities if we decided not to conduct business in particular jurisdictions. As a result, these changes could have an adverse effect on our business, financial condition or results of operations.

Governments could adopt tax laws that increase our tax rate or tax liabilities or affect the carrying value of deferred tax assets or liabilities, including the termination of tax-free incentives or termination of treaties for the avoidance of double taxation. Any changes to tax laws could impact the tax treatment of our earnings and adversely affect our profitability. Our effective tax rate in the future could also be adversely affected by changes to our operating structure, changes in the mix of earnings in countries with differing statutory tax rates, or changes in the valuation of deferred tax assets and liabilities. Moreover, our results of operations and financial condition may be affected if certain beneficial tax incentives are not retained or renewed.

***We are subject to anti-corruption and economic sanctions laws and regulations in the jurisdictions in which we operate, including the U.S. Foreign Corrupt Practices Act and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control. Failure to comply with these laws and regulations could negatively impact our business, our results of operations, and our financial condition.***

We are subject to a number of anti-corruption and economic sanctions laws and regulations, including the U.S. Foreign Corrupt Practices Act ("FCPA") and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"). Failure to comply with these laws and regulations could negatively impact our business, our results of operations, and our financial condition.

The FCPA and similar anti-bribery laws generally prohibit companies and their intermediaries from making improper payments or improperly providing anything of value to foreign officials, directly or indirectly, for the purpose of obtaining or keeping business and/or other benefits. The FCPA also requires maintenance of adequate record-keeping and internal accounting practices to accurately reflect transactions. Under the FCPA, companies operating in the United States may be held liable for actions taken by their strategic or local partners or representatives. Other jurisdictions in which we operate have adopted similar anti-corruption, anti-bribery and anti-kickback laws to which we are subject.

Economic sanctions and embargo laws and regulations, such as those administered and enforced by OFAC, vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time. Although we believe that we are in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations.

Civil and criminal penalties may be imposed for violations of these laws. We operate in some countries which are viewed as high risk for corruption and/or economic sanctions issues. Despite our ongoing efforts to ensure compliance with the FCPA and similar laws, and economic sanctions laws and regulations, there can be no assurance that our directors, officers, employees, agents, and third-party intermediaries will comply with those laws and our policies, and we may be ultimately held responsible for any such non-compliance. If we or our directors or officers violate such laws or other similar laws governing the conduct of our business (including local laws), we or our directors or officers may be subject to criminal and civil penalties or other remedial

measures, which could harm our reputation and have a material adverse impact on our business, financial condition, and results of operations. Any investigation of any actual or alleged violations of such laws could also harm our reputation or have an adverse impact on our business, financial condition, and results of operations.

***We are, and may be in the future, involved in various legal proceedings, the outcomes of which could adversely affect our business and results of operations.***

We are, and may be in the future, involved in various legal proceedings relating to allegations of our failure to comply with consumer protection, labor, tax or antitrust regulations, that could involve claims or sanctions for substantial amounts of money or for other relief or that might necessitate changes to our business or operations.

Our websites contain information about hotels, flights, popular vacation destinations and other travel-related topics. It is possible that if any information, accessible on our websites, contains errors or false or misleading information, third parties could take action against us for losses incurred in connection with the use of such information. In addition, because consumer protection laws in many of our markets provide for joint liability, customers may bring claims against us for a failure or deficiencies in the provision of a travel product or service by one of our suppliers that is outside of our control.

The defense of any of these actions is, and may continue to be, both time-consuming and expensive. We cannot assure you that we will prevail in these legal proceedings or in any future legal proceedings and if such disputes were to result in an unfavorable outcome, it could result in reputational damage and have a material adverse effect on our business, financial condition and results of operations. For a discussion of certain key legal proceedings relating to us, see “Business—Legal and Regulatory—Legal Proceedings.”

***We may not be able to adequately protect and enforce our intellectual property rights; and we could potentially face claims alleging that our technologies infringe the property rights of others.***

Our websites and mobile applications rely on brands, domain names, technology and content. We protect our brands and domain names by relying on trademark and domain name registration in accordance with laws in Latin America. We have also entered into confidentiality and invention assignment agreements with our employees and certain contractors, as well as confidentiality agreements with certain suppliers and strategic partners, in order to protect our technology and content. We own our technology platform, which is comprised of applications that we develop in-house using primarily open source software. We have not registered our technology, however, because we believe it would be difficult to replicate and that it is adequately protected by the agreements we have in place. Additionally, our technology is constantly evolving and any registration may run the risk of protecting outdated technology. Even with these precautions, it may be possible for another party to copy or otherwise obtain and use our intellectual property without our authorization or to develop similar intellectual property independently. Effective trademark protection may not be available in every jurisdiction in which our services are made available, and policing unauthorized use of our intellectual property is difficult and expensive. Any misappropriation or violation of our rights could have a material adverse effect on our business. Furthermore, we may need to go to court or other tribunals to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. These proceedings might result in substantial costs and diversion of resources and management attention.

We currently license from third parties some of the technologies, trademarks and content incorporated into our websites. As we continue to introduce new services that incorporate new technologies, third parties’ trademarks and content, we may be required to license additional technologies, third parties’ trademarks and content. We cannot be sure that such technologies and content licenses will be available on commercially reasonable terms, if at all.

Third parties may assert that our services, products and technology, including software and processes, violate their intellectual property rights. As competition in our industry increases and the functionality of

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technology offerings further overlaps, such claims and counterclaims could increase. We cannot assure you that we do not or will not inadvertently infringe on the intellectual property rights of third parties. Any intellectual property claim against us, regardless of its merit, could have an adverse effect on our business, financial condition and results of operations and could be expensive and time consuming to defend. Our failure to prevail in such matters could result in loss of intellectual property rights, judgments awarding substantial damages and injunctive or other equitable relief against us, or require us to delay or cease offering services or reduce features in our services.

***Increased labor costs, compliance with labor laws and regulations and failure to maintain good relations with labor unions may adversely affect our results of operations.***

We are required to comply with extensive labor regulations in each of the countries in which we have employees, including with respect to wages, social security benefits and termination payments. If we fail to comply with these regulations we may face labor claims and government fines.

In the past, governments from certain countries in which we operate, including Argentina, have adopted laws, regulations and other measures requiring companies in the private sector to increase wages and provide specified benefits to employees. We cannot assure you that these governments will not do so again in the future.

In addition, some of our employees in Argentina, Brazil and certain other countries are currently represented by labor unions. We may face pressure from our labor unions or otherwise to increase salaries. In Argentina, for example, employers in both the public and private sectors have historically experienced, and are currently experiencing, significant pressure from unions and their employees to further increase salaries due to the devaluation of the peso and high inflation. The INDEC published data regarding the evolution of salaries in the private and public sectors in Argentina, which reflects approximately 32.9% and 32.6% salary increase in the private and public sectors, respectively, for the period from November 2015 through December 2016 and approximately 13.9% and 12.6% salary increase in the private and public sectors, respectively, for the first half of 2017. Due to high levels of inflation and full employment in the tech industry, we expect to continue to raise salaries. If future salary increases in the Argentine peso or the currencies of other countries in which we have employees exceed the pace of the devaluation of those currencies, such salary increases could adversely affect our business, results of operations and financial condition.

Moreover, while we have enjoyed satisfactory relationships with labor unions that represent our employees, labor-related disputes may still arise. Labor disputes that result in strikes or other disruptions could adversely affect our business, financial condition and result of operations.

***A failure to comply with current laws, rules and regulations or changes to such laws, rules and regulations and other legal uncertainties may adversely affect our business, results of operations or business growth.***

We have been subject, and we will likely be subject in the future, to inquiries from time to time from regulatory bodies concerning compliance with consumer protection, tax, labor, antitrust and travel industry-specific laws and regulations.

Such inquiries include investigations and legal proceedings relating to the travel industry and, in particular, parity provisions in contracts between hotels and travel companies, including us. A Brazilian hotel sector association ( *Forum de Operadores Hoteleiros do Brasil* ) filed a complaint with the Brazilian Administrative Council for Economic Defense (“CADE”) against us, Booking.com, and Expedia, in July 2016 with respect to parity provisions in contracts between hotels and travel companies. In September 2016, we submitted our response to the complaint to CADE. However, this administrative inquiry before CADE is still ongoing. See “Business—Legal and Regulatory—Legal Proceedings” for more information. We are unable at this time to predict the timing or outcome of these various investigations and lawsuits, including the CADE proceedings discussed above, or similar future investigations or lawsuits, and their impact, if any, on our business and results of operations. Parity provisions are significant to our business model, and their removal or modification may adversely affect our business, financial condition and results of operations.

The failure of our businesses to comply with these laws and regulations could result in fines and/or proceedings against us by governmental agencies and/or consumers, which if material, could adversely affect our business, financial condition and results of operations. Further, if such laws and regulations are not enforced equally against other competitors in a particular market, our compliance with such laws may put us at a competitive disadvantage vis-à-vis competitors which do not comply with such requirements.

***Complaints from customers or negative publicity about our services can diminish consumer confidence and adversely affect our business.***

Because volume and growth in the number of new customers are key drivers of our revenue and profitability, customer complaints or negative publicity about our customer service could severely diminish consumer confidence in and use of our services. Measures we sometimes take to combat risks of fraud and breaches of privacy and security can damage relations with our customers. To maintain good customer relations, we need prompt and accurate customer service to resolve irregularities and disputes. Effective customer service requires significant personnel expense and investment in developing programs and technology infrastructure to help customer service representatives carry out their functions. These expenses, if not managed properly, could significantly impact our profitability. Failure to manage or train our customer service representatives properly could compromise our ability to handle customer complaints effectively. If we do not handle customer complaints effectively, our reputation and brand may suffer and we may lose our customers' confidence.

***Consumer adoption and use of mobile devices creates new challenges.***

Widespread adoption of mobile devices, coupled with the web browsing functionality and development of apps available on these devices, is driving substantial online traffic and commerce to mobile platforms. We have experienced a significant shift of business to mobile platforms and our suppliers are also seeing a rapid shift of traffic to mobile platforms. Many of our competitors and new market entrants are offering mobile apps for travel products and other functionality, including proprietary last-minute discounts for accommodation reservations. Advertising and distribution opportunities may be more limited on mobile devices given their smaller screen sizes. The average price of travel products purchased in mobile transactions may be less than a typical desktop transaction due to different consumer purchasing patterns. Further, given the device sizes and technical limitations of tablets and smartphones, mobile consumers may not be willing to download multiple apps from multiple companies providing a similar service and instead prefer to use one or a limited number of apps for their mobile travel activity. As a result, the consumer experience with mobile apps as well as brand recognition and loyalty are likely to become increasingly important. Our mobile offerings drive a material and increasing share of our business. We believe that mobile bookings present an opportunity for growth and are necessary to maintain and grow our business as consumers increasingly turn to mobile devices instead of a desktop computer. As a result, it is increasingly important for us to develop and maintain effective mobile apps and websites optimized for mobile devices to provide consumers with an appealing, easy-to-use mobile experience. If we are unable to continue to innovate rapidly and create new, user-friendly and differentiated mobile offerings and advertise and distribute on these platforms efficiently and effectively, or if our mobile offerings are not used by consumers, we could lose considerable market share to existing competitors or new entrants and our business, financial condition and results of operations could be adversely affected.

Moreover, we are dependent on the compatibility of our app with popular mobile operating systems that we do not control, such as Android and iOS, and any changes in such systems that degrade our products' functionality or give preferential treatment to competitive products could adversely affect the usage of our app on mobile devices. Additionally, in order to deliver high quality mobile products, it is important that our products work well with a range of mobile technologies, systems, networks, and standards that we do not control. We may not be successful in developing relationships with key participants in the mobile industry or in developing products that operate effectively with these technologies, systems, networks, or standards. In the event that it is more difficult for our users to access and use our app on their mobile devices, or if our users choose not to access or use our app on their mobile devices or use mobile products that do not offer access to our app, our user growth and user engagement could be harmed.

***We rely exclusively on Expedia for the hotel and other lodging products that we offer for all countries outside Latin America.***

The hotel and other lodging products that we offer through our platform for all the countries outside Latin America are provided to us exclusively by affiliates of Expedia pursuant to the Expedia Outsourcing Agreement. In addition, Expedia is the preferred provider to us of hotel and other lodging products in Latin America. For more information on our relationships with Expedia, see “Business—Material Agreements,” “Principal and Selling Shareholders” and “Certain Relationships and Related Person Transactions.”

If Expedia’s affiliates cease to provide us with their hotel and other lodging products, we may be unable to offer these products to our users for some time and it might be difficult for us to replace this supply in the short term, which would negatively affect our business, financial condition and results of operations. The Expedia Outsourcing Agreement may be terminated by Expedia, and we may be required to pay a \$125.0 million termination payment, if we do not meet certain minimum performance requirements or if the termination by Expedia is for our material breach of certain terms under the Expedia Outsourcing Agreement or our Shareholder Agreements. In addition, Expedia may unilaterally terminate the Expedia Outsourcing Agreement in the event of a change of control of our Company.

Moreover, if the hotel and other lodging products provided by Expedia were to suffer a deterioration in scale or quality, or if their pricing were not attractive, the products and services that we offer to our users would be adversely affected. The Expedia Outsourcing Agreement may be terminated by us unilaterally beginning from March 6, 2022 upon payment of a \$125.0 million termination payment to Expedia. Consequently, if a deterioration in the scale or quality of the products and services provided exclusively to us by affiliates of Expedia were to occur, or if their pricing were not attractive, it could be difficult for us to terminate the Expedia Outsourcing Agreement.

***We may experience constraints in our liquidity and may be unable to access capital when necessary or desirable, either of which could adversely affect our financial condition.***

Although we believe we have a sufficient level of cash and cash equivalents to cover our working capital needs in the ordinary course of business, we may, from time to time, explore additional financing sources and means to improve our liquidity and lower our cost of capital, which could include equity, equity-linked and debt financing and factoring activities. In addition, from time to time, we review acquisition and investment opportunities to further implement our business strategy and may fund these investments with bank financing, the issuance of debt or equity or a combination thereof.

The availability of financing depends in significant measure on capital markets and liquidity factors over which we exert no control. In light of periodic uncertainty in the capital and credit markets, we can provide no assurance that sufficient financing will be available on desirable or even any terms to improve our liquidity, fund investments, acquisitions or extraordinary actions or that our counterparties in any such financings would honor their contractual commitments, which in turn could negatively affect our business, results of operations and financial condition. In addition, if we raise funding through the issuance of new equity or equity-linked securities, it would dilute the percentage ownership of our then existing shareholders.

***Our business experiences seasonal fluctuations and quarter-to-quarter comparisons of our results may not be meaningful.***

Our business experiences fluctuations, reflecting seasonal variations in demand for travel services. For example, bookings for vacation and leisure travel are generally higher during the fourth quarter, although we have historically recognized more revenue associated with those bookings in the first quarter of each year. As a result, quarter-to-quarter comparisons of our results may not be meaningful. Moreover, seasonal fluctuations in our results of operations could result in declines in our share price that are not related to the overall performance and prospects of our business.

***The use of derivative financial instruments may adversely affect our results of operations, particularly in a volatile and uncertain market.***

From time to time, we enter into derivative transactions to manage our risks associated with currency exchange rates and interest rates. Significant changes may occur in our portfolio of derivative instruments due to increasing volatility and the fluctuation of the currencies of certain countries where we operate, including Brazil and Argentina, against the dollar and volatility in the relevant interest rates, and we may incur net losses from our derivative financial instruments. The fair value of the derivative instruments fluctuates over time as a result of the effects of future interest rates and exchange rates. These values must be analyzed in connection with the underlying transactions and as a part of our total average exposure to interest rate and exchange rate fluctuations. It is difficult to predict the magnitude of the risk resulting from derivative instruments because the appreciation is imprecise and variable. We may be adversely affected by our derivative financial positions.

**Risks Related to Latin America**

***Latin American countries are subject to political and social instability.***

Political and social developments in Latin America, including government deadlock, instability, civil strife, terrorism, high levels of crime, expropriations and other risks of doing business in Latin America could impact our business, financial condition and results of operations.

For example, recently in Brazil as a result of the ongoing *Lava Jato* investigation, a number of senior politicians have resigned or been arrested and other senior elected officials and other public officials are being investigated for allegations of unethical and illegal conduct. On August 31, 2016, the Brazilian Senate impeached President Rousseff for violations of fiscal responsibility laws and the then-Vice-President Temer assumed office to complete the remainder of the presidential mandate. The development of the investigations conducted by the Federal Police Department and the General Federal Prosecutor's Office has increased uncertainty with respect to the future prospects of the Brazilian economy. Although the Brazilian Superior Electoral Court (*Tribunal Superior Eleitoral*) in a 4 to 3 vote has recently acquitted former President Rousseff and President Temer of charges of illegal campaign financing that could annul the presidential election that took place in 2014 and ultimately could require President Temer to vacate the presidential office, this decision may still be appealed to the Brazilian Supreme Court (*Supremo Tribunal Federal*). Furthermore, in June 2017, President Temer was indicted on corruption charges which, in August 2017, were rejected by the House of Representatives (*Câmara dos Deputados*) and, therefore, the proceeding is suspended and may only continue when Temer ceases to be President. In addition, in July 2017, former President Luiz Inácio Lula da Silva was convicted of corruption and money laundering by a lower federal court in the State of Paraná in connection with Operation Car Wash (*Lava Jato*), which decision may be appealed. This is the first decision convicting President Lula; however, there are four other ongoing criminal procedures involving him before lower courts regarding different allegations. We cannot predict the outcome of recent political uncertainty in Brazil and its future effects on the Brazilian economy.

In Argentina, during 2001 and 2002, the country experienced social and political turmoil, including the resignation of President De la Rúa, riots, looting, protests, strikes and street demonstrations. Also, in the past decade, the prior Argentine administration nationalized or announced plans to nationalize certain industries and expropriate private sector companies and property. In December 2008, the Argentine government transferred approximately AR\$94.4 billion (\$29.3 billion) in assets held by the country's private Administradoras de Fondos de Jubilaciones y Pensiones (pension fund management companies, or "AFJPs") to the government-run social security agency ("ANSES"). AFJPs were the largest participants in the country's local capital market. With the nationalization of their assets, the local capital market decreased in size and became substantially concentrated. In addition, the Argentine government became a significant shareholder in many of the country's public companies, including YPF S.A., the main Argentine oil and gas company, in which the majority of the capital stock was expropriated from the Spanish company Repsol, S.A. in 2012. Argentina holds mid-term congressional elections in October 2017 and we cannot assure you what the impact of the results of those elections will be on Argentine political and economic conditions.

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Although political and social conditions in one country may differ significantly from another country, events in any of our key markets could adversely affect our business, financial conditions or results of operations.

***Latin American countries have experienced periods of adverse macroeconomic conditions.***

Our business is dependent upon economic conditions prevalent in Latin America. Latin American countries have historically experienced economic instability, including uneven periods of economic growth as well as significant downturns. As a consequence of economic conditions in global markets and lower commodity prices and demand for commodities, many of the economies of Latin American countries have recently slowed their rates of growth, and some have entered recessions.

For example, in Brazil real GDP shrank by 3.8% in 2015 and 3.6% in 2016. In addition, the credit rating of the Brazilian federal government was downgraded in 2015 and 2016 by all major credit rating agencies and is no longer investment grade.

Argentina during 2001 and 2002 underwent a period of severe political, economic and social crisis with real GDP contracting 10.9% in 2002. Among other consequences, the crisis resulted in the Argentine government defaulting on its foreign debt obligations, a significant devaluation of the Argentine peso, the introduction of emergency measures and numerous changes in regulations and economic policies, which in turn caused numerous Argentine private sector companies to default on their outstanding debt. More recently, according to INDEC, Argentina's real GDP decreased by 2.3% in 2016, after growing 2.4% in 2015.

Since our business is dependent on discretionary consumer spending, which is influenced by general economic conditions, any prolonged economic downturn in any of our key markets could have adverse effects on our business, financial condition and results of operations.

***Latin American governments have exercised and continue to exercise significant influence over their economies.***

Governments in Latin America frequently intervene in the economies of their respective countries and occasionally make significant changes in policy and regulations. Governmental actions have often involved, among other measures, nationalizations and expropriations, price controls, currency devaluations, mandatory increases on wages and employee benefits, capital controls and limits on imports. Our business, financial condition and results of operations may be adversely affected by changes in government policies or regulations, including such factors as exchange rates and exchange control policies; inflation control policies; price control policies; consumer protection policies; import duties and restrictions; liquidity of domestic capital and lending markets; electricity rationing; tax policies, including tax increases and retroactive tax claims; and other political, diplomatic, social and economic developments in or affecting the countries where we operate.

In the future, the level of intervention by Latin American governments may continue or increase. We cannot assure you that these or other measures will not have a material adverse effect on the economy of each respective country and, consequently, will not adversely affect our business, financial condition and results of operations.

***Inflation, and government measures to curb inflation, may adversely affect Latin American economies.***

Many of the countries in which we operate have experienced, or are currently experiencing, high rates of inflation.

For example, the inflation rate in Brazil, as reflected by the Broad Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*, or "IPCA"), published by the Brazilian Institute for Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*, or "IBGE"), was 6.41% in 2014, 10.67% in 2015, 6.29% in 2016 and 1.18% in the first six months of 2017.

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In Argentina, inflation has materially undermined the economy and the government's ability to foster conditions that permit stable growth. The Consumer Price Index (*Índice de Precios al Consumidor de la Ciudad de Buenos Aires* or "IPCBA") measured by the City of Buenos Aires (national statistical data was not available in Argentina from December 2015 to June 2016) showed an increase 26.9% in 2015 and 41% in 2016. According to measurements from INDEC of the national consumer price index, inflation for the first nine months of 2015 was 10.7%, for the period from May to December 2016 was 15.8%, and for the first six months of 2017 was 11.8%. Moreover, from December 2015 to January 2016, the new administration declared the national statistics agency, i.e., the INDEC, in state of administrative emergency and announced the implementation of certain methodological reforms and adjustment of certain macroeconomic statistics on the basis of these reforms. Despite these reforms that have been approved by the IMF, there remains uncertainty as to whether official data and measurement procedures sufficiently reflect inflation in the country, and what effect these reforms will have on the Argentine economy.

The measures taken by the governments of these countries to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and retarding economic growth. Inflation, measures to combat inflation and public speculation about possible additional actions have contributed materially to economic uncertainty in many of these countries.

Inflation is also likely to increase some of our costs and expenses, including labor costs, which we may not be able to fully pass on to our customers, which could adversely affect our business, financial condition and results of operations.

### ***Exchange rate fluctuations against the dollar in the countries in which we operate could negatively affect our results of operations.***

Local currencies used in the conduct of our business are subject to depreciation and volatility. The currencies of many countries in Latin America have experienced significant volatility in the past, particularly against the dollar.

For example, the Brazilian real has historically experienced frequent, sometimes significant, fluctuations relative to the dollar. The real depreciated 47% in 2015, appreciated 17% in 2016 and depreciated 2% in the six months ended June 30, 2017, based on official exchange rates as reported by the Brazilian Central Bank. In addition, the Argentine peso has also suffered significant devaluations against the dollar. The Argentine peso depreciated 52% against the dollar in 2015, primarily after the lifting of certain foreign exchange restrictions in the month of December, depreciated 17% against the dollar in the year ended December 31, 2016 and depreciated 6% against the dollar in the six months ended June 30, 2017.

### ***We are subject to foreign currency exchange controls in certain countries in which we operate.***

Certain Latin American economies have experienced shortages in foreign currency reserves and their respective governments have adopted restrictions on the ability to transfer funds out of the country and convert local currencies into dollars.

For example, Brazilian law provides that whenever there is a serious imbalance in Brazil's balance of payments or reason to foresee a serious imbalance, the Brazilian government may impose temporary restrictions on the remittance to foreign investors of the proceeds of their investments in Brazil.

Argentina in 2001 and 2002 imposed exchange controls and transfer restrictions substantially limiting the ability of companies to make payments abroad. Since the last quarter of 2011, the Argentine government increased controls on the sale of foreign currency and the acquisition of foreign assets by local residents, limiting the possibility of transferring funds abroad. In December 2015, the new administration lifted several exchange control restrictions, and in August 2016, the Argentine Central Bank issued new regulations which repealed most

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of the restrictions for the purchase of foreign currency and the inflow and outflow of funds from Argentina, providing greater flexibility and access to the Argentine official foreign exchange market (the “MULC” for its acronym in Spanish or the “FX Market”). Furthermore, on May 19, 2017, the Central Bank issued new regulations regarding access to the foreign exchange market essentially abrogating all prior regulations and restrictions.

We cannot assure you that foreign exchange controls in Brazil, Argentina or any other country where we operate, may not reemerge or worsen in the future to prevent capital flight, counter a significant depreciation of the Brazilian real, Argentine peso or other currency, or address other unforeseen circumstances. Additional controls could have a negative effect on the ability of our operating entities in the affected country to access the international credit or capital markets.

Any shortages or restrictions on the transfer of funds from abroad may impede our ability to convert these currencies into dollars and to transfer funds, including for the payment of dividends or debt. Moreover, such restrictions limit our ability to use funds for operating purposes in other countries. Consequently, if we are prohibited from transferring funds out of the countries in which we operate, our business, financial condition and results of operations could be adversely affected. For a discussion of certain foreign exchange regulations applicable to us, see “Exchange Rates.”

***Developments in other markets may affect Latin America.***

The market value of companies like us may be, to varying degrees, affected by economic and market conditions in other global markets. Various Latin American economies have been adversely impacted by the political and economic events that occurred in several emerging economies in recent times, including Mexico in 1994, the collapse of several Asian economies between 1997 and 1998, the economic crisis in Russia in 1998, the Brazilian devaluations in January of 1999 and 2002 and the Argentine crisis of 2001 and 2012. In addition, Latin American economies have been adversely affected by events in developed countries, such as the 2008 and 2009 global financial crisis that arose in the United States.

As of the date of this prospectus, recent global developments have occurred in the world which could impact the economies of the Latin American countries in which we operate and consequently have an adverse effect on our business, financial condition and the results of operations, such as any new restrictions on travel, immigration or trade.

Developments of a similar magnitude to the international markets in the future can be expected to adversely affect the economies of Latin American countries and, therefore, us.

**Risks Related to this Offering and our Ordinary Shares**

***There has been no prior market for our ordinary shares and an active trading market for our ordinary shares may not develop.***

Prior to this offering, there has been no public market for our ordinary shares. Although we anticipate that our ordinary shares will be approved for listing on the New York Stock Exchange, we cannot assure you that an active public market will develop or be sustained after this offering or that investors will be able to sell the ordinary shares should they desire to do so. We and the selling shareholders will negotiate with the representatives of the underwriters to determine the initial public offering price, and it may bear no relationship to the price at which the ordinary shares will trade upon completion of this offering.

***The price of our ordinary shares may fluctuate significantly and your investment may decline in value.***

The price of our ordinary shares may fluctuate significantly in response to factors, many of which are beyond our control, including those described above under “—Risks Related to our Business” and “—Risks

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Related to Latin America.” The stock markets in general, and the shares of emerging market and technology companies in particular, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the companies involved. We cannot assure you that any trading price or valuation will be sustained. These factors may materially and adversely affect the market price of our ordinary shares, which may limit or prevent investors from readily selling our ordinary shares and may otherwise affect liquidity, regardless of our operating performance. Market fluctuations, as well as general political and economic conditions in the markets in which we operate, such as recession or currency exchange rate fluctuations, may also adversely affect the market price of our ordinary shares. Following periods of volatility in the market price of a company’s securities, that company may often be subject to securities class-action litigation. This kind of litigation may result in substantial costs and a diversion of management’s attention and resources, which would have a material adverse effect on our business, financial condition and results of operation.

***Future sales of our ordinary shares by significant shareholders, or the perception in the public market that these sales may occur, could cause our stock price to decline.***

If our significant shareholders sell, or indicate an intent to sell, substantial amounts of our ordinary shares in the public market, after the 180-day contractual lock-up and other legal restrictions on resale discussed in this prospectus lapse, the market price of our ordinary shares could decline significantly and could decline below the initial public offering price. We cannot predict the effect, if any, that public sales of these ordinary shares or the availability of these ordinary shares for sale will have on the market price of our ordinary shares. After giving effect to this offering we will have                      ordinary shares outstanding.

Our executive officers, directors and substantially all of our existing shareholders have executed lock-up agreements preventing them from selling any ordinary shares held by them prior to this offering (other than ordinary shares to be sold in the offering by the selling shareholders) for a period of 180 days from the date of this prospectus, subject to certain limited exceptions and extensions described under the section titled “Underwriting.” However, Morgan Stanley & Co. LLC and Citigroup Global Markets Inc., in their sole discretion, may permit our executive officers, directors and shareholders to sell shares prior to the expiration of these lock-up agreements.

The ordinary shares offered in this offering will be freely tradable without restriction under the Securities Act, except for any of our ordinary shares purchased by directors and officers and certain other persons (but excluding our other employees) participating in our directed share program which are subject to a 180-day lock-up period, and any of our ordinary shares held by our “affiliates”, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold unless the sale is registered under the Securities Act, other than if an exemption from registration is available. See “Shares Eligible for Future Sale” for a more detailed description of the restrictions on selling our ordinary shares after this offering. Certain of our shareholders have demand and/or piggyback registrations rights which may enable them to sell some or all of their ordinary shares in a public offering in the United States registered under the Securities Act. For more information, see “Principal and Selling Shareholders.”

If our significant shareholders sell substantial amounts of our ordinary shares in the public market, or if the public perceives that such sales could occur, this could significantly harm the market price of our ordinary shares, even if there is no relationship between such sales and the performance of our business.

***The strategic interests of our significant shareholders may, from time to time, differ from, and conflict with, our interests and the interests of our other shareholders.***

Following this offering, affiliates of Tiger Global will continue to hold     % of our outstanding ordinary shares (assuming the underwriters do not exercise their over-allotment option). If affiliates of Tiger Global and/or other investors acquire or continue to own and control, directly or indirectly, a substantial portion of our voting

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share capital, even if their respective interests represent less than a majority of our total voting share capital, such shareholders may be able to exert influence over decisions at both the shareholder and board level of our Company. For more information, see “Principal and Selling Shareholders.”

The strategic interests of Tiger Global and the strategic interests of other significant shareholders, including Expedia, may differ from, and conflict with, our interests and the interests of our other shareholders in material respects. In addition, our amended and restated memorandum and articles of association to be adopted immediately prior to our initial public offering (our “IPO memorandum and articles of association”) will provide that Expedia and any of our directors affiliated with Expedia will not have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate.

For example, Tiger Global is in the business of making investments in companies and owns and may, from time to time, acquire or sell interests in businesses that directly or indirectly compete with certain areas of our business or that are our suppliers. In addition, Tiger Global may pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. Additionally, Expedia also competes in the global travel industry, and also acts as a supplier to us and certain of our competitors. For a further description of our relationship with Expedia, see “Business—Material Agreements,” “—Risks Related to our Business—We rely exclusively on Expedia for the hotel and other lodging products that we offer for all countries outside Latin America,” and “Description of Our Share Capital—Differences in Corporate Law—Conflict of Interest.”

We cannot assure you that the actions of Tiger Global and other significant shareholders, including Expedia, will not conflict with our interests or the interests of our other shareholders.

***We have not determined any specific use for our net proceeds from this offering and we may use the proceeds in ways with which you may not agree.***

The principal purposes of this offering are to increase our financial flexibility and create a public market for our ordinary shares, and we intend to use the net proceeds that we receive from this offering for general corporate purposes including potential acquisitions or other strategic opportunities in the future. We have not allocated our net proceeds from this offering to any particular purpose. Rather, our management will have considerable discretion in the application of the net proceeds that we received. You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. Our net proceeds may be used for corporate purposes that do not improve our profitability or increase our share price. In addition, net proceeds we receive from this offering may be placed in investments that do not produce income or that lose value.

***Investors should not unduly rely on market information included in this prospectus.***

Facts, statistics, forecasts and other information included in this prospectus relating to the Latin America travel and e-commerce markets are derived from various sources, including independent consultant reports, publicly available information, industry publications, official government information and other third-party sources, as well as internal data and estimates. Although we believe that this information is reliable, the information has not been independently verified by us. Additionally, we cannot assure you that the market data included in this prospectus is compiled or stated on the same basis as may be the case in the United States or elsewhere, particularly as the publication of certain market data for the Latin American region may be relatively newer than in the United States or elsewhere.

In addition, certain data related to the Latin American travel market and the Latin American online travel market includes the purchase of hotel and other travel products by inbound travelers traveling to Latin America, as well as corporate travel. Our customer base, however, is primarily comprised of consumers from Latin

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America traveling for leisure domestically within their own country of origin, to other countries in the Latin American region, and outside of Latin America. Market data related solely to the travel trends of Latin American consumers is limited. As a result, certain market data included in this prospectus is being provided to investors to give a general sense of the trends of our industry but such market data does not capture the trends of only our targeted customers.

Accordingly, investors should not place undue reliance on the market information included in this prospectus.

***We will be a foreign private issuer under U.S. securities regulations and, as a result, we will not be subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. issuer.***

Upon consummation of this offering, we will report under the Exchange Act as a non-U.S. company and a “foreign private issuer,” as such term is defined under U.S. securities regulations. Because we qualify as a foreign private issuer, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. public companies, including (1) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; (2) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (3) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K upon the occurrence of specified events. In addition, we will not be required to file our annual report on Form 20-F until 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, even though we are required to furnish reports on Form 6-K disclosing whatever information we have made or are required to make public pursuant to BVI law or distribute to our shareholders and that is material to our Company, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers.

***We are exempt from certain corporate governance requirements of the New York Stock Exchange.***

We are exempt from certain corporate governance requirements of the New York Stock Exchange, by virtue of being a foreign private issuer. The standards applicable to us are considerably different than the standards applied to U.S. domestic issuers. For instance, we are not required to:

- have a majority of our board of directors be independent;
- have a compensation committee or a nominating or corporate governance committee;
- have regularly scheduled executive sessions with only non-management directors;
- have an executive session of solely independent directors each year; or
- adopt and disclose a code of business conduct and ethics for directors, officers and employees.

For more information, see “Management.” However, we have relied on and intend to continue to rely on some of these exemptions. As a result, you may not be provided with the benefits and protections of certain corporate governance requirements of the New York Stock Exchange.

***We are an “emerging growth company” and the reduced disclosure and attestation requirements applicable to emerging growth companies could make our ordinary shares less attractive to investors.***

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act, or JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to

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other public companies that are not EGCs, including not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act for up to five fiscal years after the date of this offering. Section 404(b) of the Sarbanes-Oxley Act would otherwise require our independent registered public accounting firm to attest to and report on the effectiveness our internal control structure and procedures for financial reporting.

In addition, Section 107 of the JOBS Act also provides that an EGC may take advantage of the extended transition period provided in Section 13(a) of the Exchange Act for complying with new or revised accounting standards. In other words, an EGC may delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected not to take advantage of the benefits of this extended transition period and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. This election is irrevocable.

We will cease to be an EGC upon the earliest of: (1) the last day of the fiscal year during which we have revenue of \$1.07 billion or more, (2) the last day of the fiscal year following the fifth anniversary of the date of this offering, (3) the date on which we have issued more than \$1 billion in non-convertible debt during the previous three-year period, or (4) when we become a “large accelerated filer,” as defined in Rule 12b-2 under the Exchange Act.

***The requirements of being a public company may strain our resources and distract our management.***

As a public company, we will be subject to the reporting requirements of the Exchange Act and requirements of the Sarbanes-Oxley Act applicable to a foreign private issuer and EGC. These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and improve the effectiveness of our disclosure and internal controls and procedures, we will need to commit significant resources, hire additional staff and provide additional management oversight. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. In addition, sustaining our growth also will require us to commit additional management, operational and financial resources to identify new professionals to join our Company and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management’s attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.***

We are a “foreign private issuer,” as such term is defined under the Securities Act, and, therefore, we are not required to comply with all the periodic disclosure and current reporting requirements of the Exchange Act and related rules and regulations. Under the Securities Act, the determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter and, accordingly, the next determination will be made with respect to us on June 30, 2018.

In the future, we would lose our foreign private issuer status if a majority of our shareholders, directors or management continue to be U.S. citizens or residents and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. Although we have elected to comply with certain U.S. regulatory provisions, our loss of foreign private issuer status would make such provisions mandatory. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. For example, the annual report on Form 10-K requires domestic issuers to disclose executive compensation information on an individual basis with specific disclosure regarding the domestic compensation

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philosophy, objectives, annual total compensation (base salary, bonus and equity compensation) and potential payments in connection with change in control, retirement, death or disability, while the annual report on Form 20-F permits foreign private issuers to disclose compensation information on an aggregate basis. We will also have to mandatorily comply with U.S. federal proxy requirements, and our executive officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. We may also be required to modify certain of our policies to comply with good governance practices associated with U.S. domestic issuers. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers. Such transition and modifications will involve additional costs and may divert our management's attention from other business concerns, which could have a material adverse effect on our business, financial condition and results of operations.

***Our internal controls over financial reporting are not yet required to meet all of the standards contemplated by Section 404 of the Sarbanes-Oxley Act, and failure to achieve and maintain effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and ordinary share price.***

Our internal controls over financial reporting currently do not meet all of the standards contemplated by Section 404 of the Sarbanes-Oxley Act that eventually we will be required to meet. Because currently we do not have comprehensive documentation of our internal controls and have not yet tested our internal controls in accordance with Section 404, we cannot conclude in accordance with Section 404 that we do not have a material weakness in our internal controls or a combination of significant deficiencies that could result in the conclusion that we have a material weakness in our internal controls. We will be required to document, review and, if appropriate, improve our internal controls and procedures in anticipation of eventually being subject to the requirements of Section 404 of the Sarbanes-Oxley Act, which will require annual management assessments of the effectiveness of our internal controls over financial reporting beginning with the filing of our second annual report with the SEC and, when we cease to be an EGC, an attestation report by our independent auditors evaluating these assessments.

Matters impacting our internal controls may cause us to be unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC. There also could be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our consolidated financial statements. Confidence in the reliability of our consolidated financial statements also could suffer if we or our independent registered public accounting firm were to report a material weakness in our internal controls over financial reporting. This could materially adversely affect us and lead to a decline in the price of our ordinary shares.

***You will experience immediate and substantial dilution in the net tangible book value of ordinary shares purchased.***

The initial public offering price per ordinary share is substantially higher than the net tangible book value per ordinary share prior to this offering. Accordingly, if you purchase our ordinary shares in this offering, you will incur immediate dilution of approximately \$        in the net tangible book value per ordinary share from the price you pay for our ordinary shares, representing the difference between (1) the assumed initial public offering price of \$        per ordinary share (the mid-point of the estimated offering price range set forth in the front cover of this prospectus) and (2) the net tangible book value per ordinary share of \$(2.30) at June 30, 2017 after giving effect to this offering. For more information, see "Dilution."

***Future issuances of our ordinary or other classes of shares may cause a dilution in your shareholding.***

We may raise additional funding to meet our working capital, capital expenditure requirements for our planned long-term capital needs, or to fund future acquisitions. If such funding is raised through issuance of new

equity or equity-linked securities, it may cause a dilution in the percentage ownership of our then existing shareholders.

***From time to time we may grant equity-based compensation to our management and employees, which may dilute the value of your ordinary shares.***

From time to time, we may grant options or other equity-based compensation to our management and employees. We have reserved 4,861,777 ordinary shares for issuance under our 2016 Stock Incentive Plan, of which 3,025,000 were issuable upon the exercise of outstanding options as of August 12, 2017. Furthermore, as of the date of this prospectus, restricted stock units relating to 90,626 ordinary shares were outstanding under our 2015 Stock Option Plan. For more information about our equity-based compensation, see “Management—Equity Incentive Plans.”

If our board of directors approves the issuance of new equity incentive plans (or the issuance of additional shares under the existing equity incentive plans), the interests of other shareholders may be diluted.

***If securities or industry research analysts do not publish or cease publishing research or reports about our business or if they issue unfavorable commentary or downgrade our ordinary shares, our stock price and trading volume could decline.***

The trading market for our ordinary shares will rely in part on the research and reports that securities and industry research analysts publish about us, our industry and our business. We do not have any control over these analysts. Our stock price and trading volumes could decline if one or more securities or industry analysts downgrade our ordinary shares, issue unfavorable commentary about us, our industry or our business, cease to cover us or fail to regularly publish reports about us, our industry or our business.

***Investors may have difficulty enforcing judgments against us, our directors and management.***

We are incorporated under the laws of the BVI and many of our directors and officers reside outside the United States. Moreover, many of these persons do not have significant assets in the United States. As a result, it may be difficult or impossible to effect service of process within the United States upon these persons, or to recover against us or them on judgments of U.S. courts, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws.

Furthermore, our IPO memorandum and articles of association include an exclusive jurisdiction clause pursuant to which, to the fullest extent permitted by applicable law, (i) other than claims specified in clause (ii) below and except as may otherwise be expressly agreed between the Company and a shareholder or between two or more shareholders in relation to the Company, we and all our shareholders agree that the BVI courts shall have exclusive jurisdiction to hear and determine all disputes of any kind regarding us and shareholders’ respective investments in us, irrevocably submit to the jurisdiction of the BVI courts, irrevocably waive any objection to the BVI courts being nominated as the forum to hear and determine any such dispute, and undertake and agree not to claim any such court is not a convenient or appropriate forum; and (ii) the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, in each case unless our board of directors consents in writing to the selection of an alternative forum.

An award of punitive damages under a U.S. court judgment based upon U.S. federal securities laws is likely to be construed by BVI courts to be penal in nature and therefore unenforceable in the BVI. Further, no claim may be brought in the BVI against us or our directors and officers in the first instance for violation of U.S. federal securities laws because these laws have no extraterritorial application under BVI law and do not have force of law in the BVI. However, a BVI court may impose civil liability, including the possibility of monetary damages, on us or our directors and officers if the facts alleged in a complaint constitute or give rise to a cause of

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action under BVI law. Moreover, it is unlikely that a court in the BVI would award damages on the same basis as a foreign court if an action were brought in the BVI or that a BVI court would enforce foreign judgments if it viewed the judgment as inconsistent with BVI practice or public policy.

The courts of the BVI would not automatically enforce judgments of U.S. courts obtained in actions against us or our directors and officers, or some of the experts named herein, predicated upon the civil liability provisions of the U.S. federal securities laws, or entertain actions brought in the BVI against us or such persons predicated solely upon U.S. federal securities laws. Further, there is no treaty in effect between the United States and the BVI providing for the enforcement of judgments of U.S. courts in civil and commercial matters, and there are grounds upon which BVI courts may decline to enforce the judgments of U.S. courts. Some remedies available under the laws of U.S. jurisdictions, including remedies available under the U.S. federal securities laws, may not be allowed in the BVI courts if contrary to public policy in the BVI. Because judgments of U.S. courts are not automatically enforceable in the BVI, it may be difficult for you to recover against us or our directors and officers based upon such judgments.

***Certain types of class or derivative actions generally available under U.S. law may not be available as a result of the fact that we are incorporated in the BVI and the exclusive jurisdiction clause included in our IPO memorandum and articles of association. As a result, the rights of shareholders may be limited.***

Shareholders of BVI companies may not have standing to initiate a shareholder derivative action in a court of the United States. Furthermore, our IPO memorandum and articles of association will include an exclusive jurisdiction clause which, to the fullest extent permitted by applicable law, will act as a bar to any such action in a court of the United States. In any event, the circumstances in which any such action may be brought, if at all, and the procedures and defenses that may be available in respect to any such action, may result in the rights of shareholders of a BVI company being more limited than those of shareholders of a company organized in the United States. Accordingly, shareholders may have fewer alternatives available to them if they believe that corporate wrongdoing has occurred. The BVI courts are also unlikely to recognize or enforce against us judgments of courts in the United States based on certain liability provisions of U.S. securities law or to impose liabilities against us, in original actions brought in the BVI, based on certain liability provisions of U.S. securities laws that are penal in nature.

***You may have more difficulty protecting your interests than you would as a shareholder of a U.S. corporation.***

Our corporate affairs will be governed by the provisions of our IPO memorandum and articles of association, as amended and restated from time to time, and by the provisions of applicable BVI law. The rights of shareholders and the fiduciary responsibilities of our directors and officers under BVI law are not as clearly established as they would be under statutes or judicial precedents in some jurisdictions in the United States, and some states (such as Delaware) have more fully developed and judicially interpreted bodies of corporate law.

These rights and responsibilities are to a large extent governed by the British Virgin Island Business Companies Act, 2004 as amended from time to time (the “BVI Act”) and the common law of the BVI. The common law of the BVI is derived in part from judicial precedent in the BVI as well as from English common law, which has persuasive, but not binding, authority on a court in the BVI. In addition, BVI law does not make a distinction between public and private companies and some of the protections and safeguards (such as statutory pre-emption rights, save to the extent expressly provided for in the memorandum and articles of association) that investors may expect to find in relation to a public company are not provided for under BVI law.

There may be less publicly available information about us than is regularly published by or about U.S. issuers. Also, the BVI regulations governing the securities of BVI companies may not be as extensive as those in effect in the United States, and the BVI law and regulations regarding corporate governance matters may not be as protective of minority shareholders as state corporation laws in the United States. Therefore, you may have more difficulty protecting your interests in connection with actions taken by our directors and officers or our principal shareholders than you would as a shareholder of a corporation incorporated in the United States.

***The laws of BVI provide limited protections for minority shareholders, so minority shareholders will not have the same options as to recourse in comparison to the United States if the shareholders are dissatisfied with the conduct of our affairs.***

Under the laws of the BVI there is limited statutory protection of minority shareholders other than the provisions of the BVI Act dealing with shareholder remedies. The principal protections under BVI statutory law are derivative actions, actions brought by one or more shareholders for relief from unfair prejudice, oppression and unfair discrimination and/or to enforce the BVI Act or the memorandum and articles of association. Shareholders are entitled to have the affairs of the company conducted in accordance with the BVI Act and the memorandum and articles of association, and are entitled to payment of the fair value of their respective shares upon dissenting from certain enumerated corporate transactions. For more information, see “Description of Our Share Capital” — “Shareholders’ Suits” and “Appraisal Rights” below.

There are common law rights for the protection of shareholders that may be invoked, largely dependent on English company law, since the common law of the BVI is limited. Under the general rule pursuant to English company law known as the rule in *Foss v. Harbottle*, a court will generally refuse to interfere with the management of a company at the insistence of a minority of its shareholders who express dissatisfaction with the conduct of the company’s affairs by the majority or the board of directors. However, every shareholder is entitled to seek to have the affairs of the company conducted properly according to law and the constitutional documents of the company. As such, if those who control the company have persistently disregarded the requirements of company law or the provisions of the company’s memorandum and articles of association, then the courts may grant relief. Generally, the areas in which the courts will intervene are the following: (i) a company is acting or proposing to act illegally or beyond the scope of its authority; (ii) the act complained of, although not beyond the scope of the authority, could only be effected if duly authorized by more than the number of votes which have actually been obtained; (iii) the individual rights of the plaintiff shareholder have been infringed or are about to be infringed; or (iv) those who control the company are perpetrating a “fraud on the minority.”

These rights may be more limited than the rights afforded to minority shareholders under the laws of states in the United States.

***There are no pre-emptive rights in favor of holders of ordinary shares so you may not be able to participate in future equity offerings.***

There will be no pre-emptive rights applicable under our IPO memorandum and articles of association or BVI law in favor of holders of ordinary shares in respect of further issues of shares of any class, other than Expedia’s preemptive rights pursuant to our Shareholder Agreements. See “Certain Relationships and Related Party Transactions—Shareholder Agreements—Expedia Preemptive Rights” for more information. Consequently, you will not be entitled under applicable law to participate in any such future offerings of further ordinary shares or any preferred or other classes of shares.

***We have no current plans to pay any cash dividends on our ordinary shares.***

We currently intend to retain our future earnings, if any, to fund the development and growth of our business. As a result, capital appreciation, if any, of our ordinary shares are likely to be your sole source of gain for the foreseeable future. Consequently, in the foreseeable future, you will likely only experience a gain from your investment in our ordinary shares if the trading price of our ordinary shares increases.

***Anti-takeover provisions in our Shareholder Agreements and IPO memorandum and articles of association might discourage, delay or prevent acquisition or other change of control attempts for us that you and/or other of our shareholders might consider favorable.***

Certain provisions of our Shareholder Agreements and IPO memorandum and articles of association may discourage, delay or prevent a change in control of our Company or management that shareholders may consider favorable, including but not limited to the following provisions:

*Pursuant to our Shareholder Agreements:*

- Until three years from the date of this offering, we may not directly or indirectly issue or transfer any of our securities to certain specified entities that conduct business in the travel industry, and certain of our existing shareholders and their affiliates are also precluded from directly or indirectly transferring any of our securities to such entities, subject to limited exceptions.
- Expedia has agreed not to acquire more than 35% of the voting or economic power of our outstanding shares within three years of this offering except by means of a tender offer that, if consummated, would result in Expedia being the beneficial owner of more than 75% of the voting or economic power of our outstanding shares entitled to vote in the election of the board of directors.

*Pursuant to our IPO memorandum and articles of association:*

- Our board of directors may without prior notice to shareholders, or obtaining any shareholder approval, amend our IPO memorandum and articles of association to authorize and subsequently issue an unlimited number of preferred shares in one or more classes and series and designate the issue prices, rights, preferences, privileges, restrictions and terms of such preferred shares.
- Our board of directors will be made up of seven directors divided into three classes. Other than the initial terms of each class, which expire at the Company's annual meeting in 2018, 2019 and 2020 respectively, directors in each class will have a term of three years. The only circumstance in which shareholders can elect new directors will be at an annual meeting and in respect of those board seats whose term is expiring at the annual meeting. Elections will take place by plurality voting. Shareholders will not have the power to increase or reduce the size of the board or fill a vacancy on the board, which matters will be the exclusive authority of our board of directors.
- Our shareholders may only remove directors for cause and only by resolution approved by shareholders holding not less than two-thirds of the voting rights at a meeting of shareholders called for the stated purpose of removing the director.
- There are a number of restrictions, conditions and other requirements (including advance notice period requirements) that apply to our shareholders' ability to (i) request special meetings of our shareholders; (ii) nominate persons for election as directors at annual meetings of our shareholders; and (iii) propose other items of business or other matters for consideration at any annual or special meetings of our shareholders.
- All resolutions of the shareholders must be adopted at a meeting of our shareholders convened in accordance with our IPO memorandum and articles of association. Shareholders are prohibited from adopting resolutions by written consent.
- There are restrictions on amending our IPO memorandum and articles of association. Certain provisions of our IPO memorandum and articles of association (including many of the provisions described above) may only be amended with the approval of both our shareholders and our board of directors. Provisions that may be amended by the shareholders without board approval require the affirmative vote of holders of two-thirds of the shares entitled to vote on the resolution.

For more information on our Shareholder Agreements, see "Certain Relationships and Related Person Transactions—Shareholder Agreements." For more information on our IPO memorandum and articles of association, see "Description of Our Share Capital".

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These provisions and other provisions under BVI law could discourage, delay or prevent potential takeover attempts and other transactions involving a change in control of our Company, including actions that our shareholders may deem advantageous. As such, these provisions may reduce the price that investors might be willing to pay for our ordinary shares in the future and negatively affect the trading price of our ordinary shares.

## USE OF PROCEEDS

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately \$ \_\_\_\_\_, assuming an initial offering price of \$ \_\_\_\_\_ per share, the midpoint of the price range set forth on the cover page of this prospectus.

The principal purposes of this offering are to increase our financial flexibility and create a public market for our ordinary shares. We intend to use the net proceeds that we receive from this offering for general corporate purposes, including potential acquisitions or other strategic opportunities in the future.

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering by \$ \_\_\_\_\_ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions. An increase (decrease) of 1,000,000 shares in the number of shares offered by us, as set forth on the cover page of this prospectus, would increase (decrease) our net proceeds from this offering by \$ \_\_\_\_\_ million, assuming no change in the assumed initial public offering price per share and after deducting underwriting discounts and commissions.

Pending our use of the net proceeds from this offering, we plan to invest the net proceeds in a variety of capital preservation investments, including short-term interest-bearing investment-grade securities, certificates of deposit or government securities.

We will not receive any proceeds from the sale of ordinary shares by the selling shareholders.

## CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2017:

- on an actual basis; and
- on an as adjusted basis giving effect to the sale and issuance of ordinary shares by us in this offering, based upon the receipt by us of the estimated net proceeds from this offering at the assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, and giving effect to our IPO memorandum and articles of association to be adopted immediately prior to the consummation of our initial public offering.

You should read this table together with the information contained in this prospectus, including “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements included elsewhere in this prospectus.

	<b>As of June 30, 2017</b>	
	<b>Actual</b>	<b>As Adjusted (1)</b>
	<b>(unaudited)</b>	
	<b>(in thousands)</b>	
Cash and cash equivalents (excluding restricted cash and cash equivalents)	\$ 92,107	\$
Loans and other financial liabilities	13,882	
75,000,000 shares, no par value, authorized and 58,518,679 such shares issued and outstanding, actual; unlimited shares, no par value, authorized and such shares issued and outstanding, as adjusted (2)	6	
Additional paid-in capital	314,261	
Other reserves	(728)	
Accumulated other comprehensive income	16,455	
Accumulated losses	(391,181)	
Total shareholder deficit	(61,187)	
Total capitalization	<u>\$ (47,305)</u>	<u>\$</u>

- (1) Each \$1.00 increase (decrease) in the assumed initial offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) total capitalization by approximately \$ , assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions. Each increase (decrease) of 1,000,000 shares in the number of shares offered by us would increase (decrease) total capitalization by approximately \$ , assuming that the initial public offering price to the public remains the same, and after deducting the underwriting discounts and commissions. The as adjusted information discussed above is illustrative only and will adjust based on the actual initial price to the public and other terms of this offering determined at pricing.
- (2) In this prospectus, the number of ordinary shares to be outstanding after this offering is based on 58,518,679 ordinary shares outstanding as of August 12, 2017, and excludes the following:
- 90,626 ordinary shares subject to restricted stock units outstanding;
  - 3,025,000 ordinary shares issuable upon the exercise of outstanding options, with a weighted average exercise price of \$26.0197 per share, subject to vesting requirements; and
  - an additional 1,836,777 ordinary shares reserved for issuance under our 2016 Stock Incentive Plan.

For more information, see “Management—Equity Incentive Plans.”

## DIVIDEND POLICY

In the six months ended June 30, 2017 and in 2016 and 2015, no dividends were declared or paid on our ordinary shares or on the common stock of our predecessor, Decolar.com, Inc. We currently intend to retain our available funds and future earnings, if any, to finance the development and growth of our business and operations as well as expand our business and do not currently anticipate paying dividends on our ordinary shares in the near future.

The declaration, amount and payment of any future dividends will be at the sole discretion of our board of directors, subject to compliance with applicable BVI laws regarding solvency. Our board of directors will take into account general economic and business conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and other implications on the payment of dividends by us to our shareholders or by our subsidiaries to us, and such other factors as our board of directors may deem relevant.

As we are a holding company, we rely on dividends paid to us by our subsidiaries for our cash requirements, including funds to pay any dividends and other cash distributions to our shareholders, service any debt we may incur and pay our operating expenses. Our ability to pay dividends to our shareholders will depend on, among other things, the availability of dividends from our subsidiaries.

Under BVI law, our board of directors may authorize payment of a dividend to shareholders at such time and of such an amount as they determine if they are satisfied on reasonable grounds that immediately following the dividend the value of our assets will exceed our liabilities and we will be able to pay our debts as they become due. There is no further BVI statutory restriction on the amount of funds which may be distributed by us by dividend.

Pursuant to our IPO memorandum and articles of association:

- Subject to the Company satisfying the solvency test described above, our board of directors may authorize payment of a dividend or other distribution at such time and of such an amount and pursuant to such method or methods of payment or other distribution as it thinks fit. A dividend or other distribution may be paid wholly or partly by the distribution of specific assets (which may consist of our shares or securities of any other entity) and our board of directors may settle all questions concerning such distribution. Without limitation, our board of directors may fix the value of such specific assets, may determine that cash payments shall be made to some shareholders in lieu of specific assets and may vest any such specific assets in a liquidating or other trust on such terms as our board of directors thinks fit.
- Our board of directors may deduct from any dividend or other distribution payable to any shareholder any or all monies then due from such shareholder to us.
- All dividends and other distributions unclaimed for three years after having been declared may be forfeited by a resolution of directors for the benefit of the Company. All unclaimed dividends and other distributions may be invested or otherwise made use of by our board of directors for the benefit of the Company pending claim or forfeiture as aforesaid. No dividend or other distribution shall bear interest against the Company.
- A dividend or other distribution made to a shareholder at a time when, immediately after the dividend or other distribution, the value of the Company's assets did not exceed its liabilities and the Company was not able to pay its debts as they fell due, is subject to recovery in accordance with the provisions of the BVI Act.

## DILUTION

If you invest in our ordinary shares, your interest will be diluted to the extent of the difference between the initial public offering price per share of our ordinary shares and the net tangible book value per ordinary share after this offering. Dilution results from the fact that the per share offering price of the ordinary shares is substantially in excess of the net tangible book value per share attributable to our existing shareholders.

Our net tangible book value as of June 30, 2017 was \$(134.8) million, or \$(2.30) per ordinary share. Net tangible book value represents the amount of total tangible assets less total liabilities, and net tangible book value per ordinary share represents net tangible book value divided by the number of ordinary shares outstanding, after giving effect to this offering. After giving effect to receipt of the net proceeds of our sale and issuance of ordinary shares at an assumed initial offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our net tangible book value as of June 30, 2017 would have been approximately \$ , or \$ per ordinary share. This represents an immediate increase in net tangible book value of \$ per share to our existing shareholders and an immediate dilution of \$ per share to investors purchasing ordinary shares in this offering.

The following table illustrates the per share dilution:

Assumed initial public offering price per ordinary share	\$
Net tangible book value per ordinary share as of June 30, 2017	\$ (2.30)
Increase in net tangible book value per ordinary share attributable to existing shareholders	<u>\$</u>
Net tangible book value per ordinary share after the offering	\$
Dilution per share to new investors	\$

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the as adjusted net tangible book value by \$ per share and the dilution per share to new investors by \$ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions. An increase (decrease) of 1,000,000 shares in the number of shares we are offering would increase (decrease) our as adjusted net tangible book value by approximately \$ million, or \$ per share, and the dilution per share to investors in this offering by \$ per share, assuming that the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions.

The following table summarizes, as of June 30, 2017, the number of ordinary shares purchased from us, the total consideration paid and the average price per ordinary share (i) paid to us by existing shareholders and (ii) to be paid by new investors acquiring our ordinary shares in this offering at an assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, before deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	<u>Ordinary Shares Purchased</u>		<u>Total Consideration</u>		<u>Average Price Per Ordinary Share</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
Existing shareholders		%	\$	%	\$
New investors		%	\$	%	\$
Total		100%	\$	100%	\$

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the total consideration

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paid by new investors by \$      and increase (decrease) the percent of the total consideration paid by new investors by      %, assuming the number of shares we are offering, as set forth on the cover page of this prospectus, remains the same, after deducting underwriting discounts and commissions. An increase (decrease) of 1,000,000 in the number of shares offered by us would increase (decrease) the total consideration paid by new investors by \$      , assuming that the assumed initial price to the public remains the same, and after deducting the underwriting discounts and commissions.

In this prospectus, the number of ordinary shares to be outstanding after this offering is based on 58,518,679 ordinary shares outstanding as of August 12, 2017, and excludes the following:

- 90,626 ordinary shares subject to restricted stock units outstanding;
- 3,025,000 ordinary shares issuable upon the exercise of outstanding options, with a weighted average exercise price of \$26.0197 per share, subject to vesting requirements; and
- an additional 1,836,777 ordinary shares reserved for issuance under our 2016 Stock Incentive Plan.

For more information, see “Management—Equity Incentive Plans.”

To the extent that any outstanding options are exercised, outstanding RSUs settle, new options or RSUs are issued under our equity incentive plans, or we issue additional shares in the future, there will be further dilution to investors participating in this offering.

## EXCHANGE RATES

While we maintain our books and records in dollars, our revenue and expenses are denominated primarily in the local currencies of the Latin American countries in which we operate, and as such may be affected by changes in the local exchange rates to the dollar. We have significant operations in Brazil and Argentina. The following paragraphs summarize the exchange rates and exchange controls of Brazilian reais and Argentine pesos. See “Risk Factors—Risks Related to Latin America—Exchange rate fluctuations against the dollar in the countries in which we operate could negatively affect our results of operations” and “We are subject to foreign currency exchange controls in certain countries in which we operate” for more information.

### Brazil

The Brazilian foreign exchange system allows the purchase and sale of foreign currency and the international transfer of Brazilian reais by any person or legal entity, regardless of the amount, subject to certain regulatory procedures.

The Brazilian real depreciated against the dollar from mid-2011 to early 2016. In particular, during 2015, due to the poor economic conditions in Brazil, including as a result of political instability, the Brazilian real depreciated at a rate that was much higher than in previous years. On September 24, 2015, the Brazilian real fell to its lowest level since the introduction of the currency, at R\$4.1945 per \$1.00. In 2015, the Brazilian real depreciated 47.0%, reaching R\$3.9048 per \$1.00 on December 31, 2015. In 2016, the Brazilian real fluctuated significantly, primarily as a result of Brazil’s political instability, but appreciated 16.5%, reaching R\$3.2591 per \$1.00 on December 31, 2016. The Brazilian Central Bank has intervened occasionally in the foreign exchange market to attempt to control instability in foreign exchange rates. We cannot predict whether the Brazilian Central Bank or the Brazilian government will continue to allow the Brazilian real to float freely or will intervene in the exchange rate market by re-implementing a currency band system or otherwise. The Brazilian real may depreciate or appreciate substantially against the dollar in the future. Furthermore, Brazilian law provides that, whenever there is a serious imbalance in Brazil’s balance of payments or there are reasons to foresee a serious imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad. We cannot assure you that the Brazilian government will not place restrictions on remittances of foreign capital abroad in the future.

The following tables set forth the annual high, low, average and period-end exchange rates for the periods indicated, expressed in Brazilian reais per dollar (R\$/) and not adjusted for inflation, as reported by the Brazilian Central Bank. We cannot assure you that the Brazilian real will not depreciate or appreciate again in the future.

<u>Year</u>	<u>Period-end</u>	<u>Average (1)</u>	<u>Low</u>	<u>High</u>
2012	2.04	1.96	1.70	2.11
2013	2.34	2.16	1.95	2.45
2014	2.66	2.35	2.20	2.74
2015	3.90	3.34	2.58	4.19
2016	3.26	3.48	3.12	4.16

<u>Month</u>	<u>Period-end</u>	<u>Average (2)</u>	<u>Low</u>	<u>High</u>
January 2017	3.13	3.20	3.13	3.27
February 2017	3.10	3.10	3.05	3.15
March 2017	3.17	3.13	3.08	3.17
April 2017	3.20	3.14	3.09	3.20
May 2017	3.25	3.21	3.09	3.38
June 2017	3.31	3.30	3.23	3.34
July 2017	3.13	3.21	3.13	3.32

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Source: Brazilian Central Bank

- (1) Represents the average of the exchange rates on the closing of each day during the year.
- (2) Represents the average of the exchange rates on the closing of each day during the month.

On August 7, 2017, the exchange rate was R\$3.13 per \$1.00.

## Argentina

From April 1, 1991 until the beginning of 2002, Law No. 23,928 (the “Convertibility Law”) established a regime under which the Argentine Central Bank was obliged to sell dollars at a fixed rate of one Argentine peso per dollar. On January 6, 2002, the Argentine Congress enacted Law No. 25,561 (as amended and supplemented, the “Public Emergency Law”), formally ending the regime of the Convertibility Law, abandoning over ten years of dollar-Argentine peso parity and eliminating the requirement that the Argentine Central Bank’s reserves in gold, foreign currency and foreign currency-denominated debt be at all times equivalent to 100% of the monetary base.

The Public Emergency Law, which has been extended on an annual basis and is in effect until December 31, 2019, has granted the Argentine government the power to set the exchange rate between the Argentine peso and foreign currencies and to issue regulations related to the foreign exchange market. Following a brief period during which the Argentine government established a temporary dual exchange rate system, pursuant to the Public Emergency Law, the Argentine peso has been allowed to float freely against other currencies since February 2002. However, the Argentine Central Bank has had the power to intervene in the exchange rate market by buying and selling foreign currency for its own account, a practice in which it has engaged on a regular basis. Since 2011, the Argentine government has increased controls on exchange rates and the transfer of funds into and out of Argentina.

With the tightening of foreign exchange controls beginning in late 2011, in particular with the introduction of measures that restricted access to foreign currency for private companies and individuals, the implied exchange rate, as reflected in the quotations for Argentine securities that trade in foreign markets, compared to the corresponding quotations in the local market, increased significantly over the official exchange rate. Most of the foreign exchange restrictions have been gradually lifted by several communications issued by the Argentine Central Bank, starting with Communication “A” 5850 issued in December 2015. On August 9, 2016 the Argentine Central Bank issued Communication “A” 6037, which substantially modified the applicable foreign exchange regulations and eliminated the set of restrictions for accessing the FX Market. Consequently, as a result of the elimination of the existing limitations on the amounts for the purchase of foreign currency without specific allocation and the elimination of prior approval requirements, the spread between the official exchange rate and the implicit exchange rate derived from securities transactions has substantially decreased.

After several years of moderate variations in the nominal exchange rate, in 2012 the Argentine peso lost approximately 14% of its value with respect to the dollar. This was followed in 2013 and 2014 by a devaluation of the Argentine peso with respect to the dollar that exceeded 30%, including a loss of approximately 23% in January 2014. In 2015, the Argentine peso lost approximately 52% of its value with respect to the dollar, including a 10% devaluation from January 1, 2015 to September 30, 2015 and a 38% devaluation during the last quarter of the year, mainly concentrated after December 16, 2015 when certain exchange controls were lifted.

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The following table sets forth the annual high, low, average and period-end exchange rates for the periods indicated, expressed in Argentine pesos per dollar and not adjusted for inflation. We cannot assure you that the Argentine peso will not depreciate or appreciate again in the future. The Federal Reserve Bank of New York does not report a noon buying rate.

<u>Year</u>	<u>Period-end</u>	<u>Average (1)</u>	<u>Low</u>	<u>High</u>
2012	4.84	4.51	4.28	4.84
2013	6.14	5.37	4.84	6.14
2014	8.52	7.94	6.16	8.53
2015	13.30	9.47	8.64	13.30
2016	15.87	14.42	9.70	15.87

<u>Month</u>	<u>Period-end</u>	<u>Average (2)</u>	<u>Low</u>	<u>High</u>
January 2017	15.90	15.91	15.81	16.08
February 2017	15.48	15.59	15.36	15.80
March 2017	15.60	15.72	15.60	15.80
April 2017	15.60	15.55	15.40	15.70
May 2017	16.30	15.90	15.50	16.38
June 2017	16.80	16.29	16.05	16.80
July 2017	17.85	17.39	16.80	17.99

Source: Banco de la Nación Argentina selling rate

- (1) Represents the average of the exchange rates on the closing of each day during the year.
- (2) Represents the average of the exchange rates on the closing of each day during the month.

On August 7, 2017, the exchange rate was AR\$17.90 per \$1.00.

### ***Exchange Controls in Argentina***

The enactment of the Public Emergency Law in 2002, among other things, authorized the Argentine government to implement a foreign exchange system and to enact foreign exchange regulations. Within this context, on February 8, 2002, pursuant to Decree No. 260/2002, the Argentine government (1) created the FX Market through which all transactions involving the exchange of foreign currency must be conducted, and (2) established that all foreign exchange transactions shall be made at the freely agreed exchange rate and in compliance with the requirements and regulations of the Argentine Central Bank (the main aspects of which are described below).

On June 9, 2005, by means of Decree No. 616/2005, the Argentine government established that (1) all inflows of funds into the FX Market arising from foreign debts incurred by Argentine residents, both individuals or legal entities of the private financial and non-financial sector, excluding export-import financings, and primary issues of debt securities sold through public offering and traded in authorized markets; (2) currency remittances made by non-Argentine-residents into the domestic foreign exchange market for the following purposes: holdings of Argentine currency, purchases of any kind of financial assets or liabilities of the financial or non-financial private sector, excluding direct foreign investments and primary issues of debt securities and shares sold through public offering and traded in self-regulated markets; and investments in public sector securities purchased in secondary markets, shall meet the following requirements: (a) currency remittances into the domestic foreign currency market shall only be transferred abroad upon the lapse of 365 calendar days computed as from the date of settlement of such funds into Argentine pesos (the "Minimum Stay Period"); (b) the proceeds of the exchange of the funds so remitted shall be deposited into an account in the local banking system; (c) an amount equal to 30.0% of the relevant amount shall be deposited in a registered, non-transferable and non-interest bearing account for a period of 365 calendar days, under the conditions established in the applicable regulations; and (d) such deposit shall be made in dollars with Argentine financial institutions, it shall not accrue any interest or other profit and shall not be used as security or collateral for any kind of credit transaction.

Any breach of the provisions of Executive Decree No. 616/05 or any other foreign exchange regulation is subject to criminal sanctions.

However, to date, the requirements set forth in (a), (c) and (d) above have been mitigated through resolutions issued by the Ministry of Treasury and Public Finance. On December 18, 2015, through Resolution No. 3/2015, the Ministry of Treasury and Public Finance amended Executive Decree No. 616/2005, reducing (i) the deposit percentage to zero and (ii) reducing the Minimum Stay Period from 365 to 120 calendar days. On January 5, 2017, through Resolution No. 1/2017, the Ministry of Treasury reduced the Minimum Stay Period to zero. In addition, on August 8, 2016, the Argentine Central Bank, by means of Communication “A” 6037, introduced material changes to the foreign exchange regime in force, which significantly eased access to the FX Market.

Furthermore, on May 19, 2017, the Argentine Central Bank issued Communication “A” 6244, which entered into effect on July 1, 2017, and pursuant to which new regulations regarding access to the foreign exchange market were established, essentially abrogating all prior regulations on the matter. Pursuant to these new regulations:

- The principle of a free foreign exchange market is set. In accordance with section 1.1 of the communication, “All human or legal persons, assets and other universals may freely operate in the exchange market.”
- The obligation to carry out any exchange operation through an authorized entity (section 1.2) is maintained.
- Restrictions regarding hours to operate in the MULC are eliminated.
- The obligation of Argentine residents to comply with the “Survey of foreign liabilities and debt issuances” (Communication “A” 3602 as supplemented) and the survey of direct investment (Communication “A” 4237 and complementary) are maintained, even if there has been no inflow of funds to the MULC and/or no future access to the MULC for operations to be declared.
- The obligation of Argentine residents to transfer to Argentina and sell in the FX Market the proceeds of their exports of goods within the applicable deadline remains in force.

## SELECTED FINANCIAL DATA

The following selected historical consolidated financial data of our predecessor, Decolar.com Inc., and its consolidated subsidiaries should be read together with “Summary—Summary Financial and Operating Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements included elsewhere in this prospectus.

We derived the selected income statement, balance sheet and cash flow data as of and for the years ended December 31, 2016 and 2015 from our audited consolidated financial statements which are included elsewhere in this prospectus. We derived the summary income statement, balance sheet and cash flow data as of June 30, 2017 and for the six months ended June 30, 2017 and 2016 from our unaudited consolidated financial statements, which are included elsewhere in this prospectus and have included all adjustments, consisting only of normal recurring adjustments that, in our opinion, are necessary to state fairly the financial information set forth in those statements. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP in dollars. Our historical results do not necessarily indicate results expected for any future period, and the results of operations for the six months ended June 30, 2017 are not necessarily indicative of the results to be expected for the full fiscal year or any other period.

### Selected Income Statement Data

	<u>Six Months Ended June 30,</u>		<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
	(unaudited)			
	(in thousands, except per share data)			
<b>Revenue</b>				
Air	\$ 116,653	\$ 92,149	\$ 205,721	\$ 219,817
Packages, Hotels and Other Travel Products	131,808	101,763	205,441	201,894
<b>Total revenue</b>	<b>248,461</b>	<b>193,912</b>	<b>411,162</b>	<b>421,711</b>
Cost of revenue	66,227	67,246	126,675	154,213
<b>Gross profit</b>	<b>182,234</b>	<b>126,666</b>	<b>284,487</b>	<b>267,498</b>
<b>Operating expenses</b>				
Selling and marketing	78,835	57,710	121,466	170,149
General and administrative	37,487	29,146	64,683	78,181
Technology and product development	33,052	31,503	63,251	73,535
<b>Total operating expenses</b>	<b>149,374</b>	<b>118,359</b>	<b>249,400</b>	<b>321,865</b>
<b>Operating income / (loss)</b>	<b>32,860</b>	<b>8,307</b>	<b>35,087</b>	<b>(54,367)</b>
Financial income	915	3,923	8,327	10,797
Financial expense	(8,682)	(7,962)	(15,079)	(23,702)
<b>Income / (loss) before income taxes</b>	<b>25,093</b>	<b>4,268</b>	<b>28,335</b>	<b>(67,272)</b>
Income tax expense	6,292	4,824	10,538	18,004
<b>Net income / (loss)</b>	<b>\$ 18,801</b>	<b>\$ (556)</b>	<b>\$ 17,797</b>	<b>\$ (85,276)</b>
<b>Earnings / (loss) per share:</b>				
Basic	0.32	(0.01)	0.30	(1.49)
Diluted	0.32	(0.01)	0.30	(1.49)
<b>Weighted average shares outstanding:</b>				
Basic	58,518	58,518	58,518	57,078
Diluted	58,609	58,518	58,609	57,186

**Selected Balance Sheet Data**

	<u>As of June 30,</u> <u>2017</u>	<u>As of December 31,</u>	
	<u>(unaudited)</u>	<u>2016</u>	<u>2015</u>
		<u>(in thousands)</u>	
Cash and cash equivalents (1)	\$ 92,107	\$ 75,968	\$102,116
Total assets	418,163	353,710	348,215
Total liabilities	479,350	435,973	431,348
Total shareholders' deficit attributable to Decolar.com, Inc.	(61,187)	(82,263)	(83,133)

(1) Excludes restricted cash and cash equivalents. See note 3 of our audited consolidated financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion should be read in conjunction with the "Selected Historical Consolidated Financial Data" and our consolidated financial statements and related notes thereto included elsewhere in this prospectus. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from management's expectations. Factors that could cause such differences are discussed in "Forward-Looking Statements" and "Risk Factors."*

### Overview

We are the leading online travel company in Latin America, known by our two brands, Despegar, our global brand, and Decolar, our Brazilian brand. We have a comprehensive product offering, including airline tickets, packages, hotels and other travel-related products, which enables consumers to find, compare, plan and purchase travel products easily through our marketplace. We provide our network of travel suppliers a technology platform for managing the distribution of their products and access to our users. We believe that our focus on the underpenetrated Latin American online travel market, our knowledge of the consumer and supplier landscape and our ability to manage the business successfully through economic cycles will allow us to continue our industry leadership. In the six months ended June 30, 2017 and the year ended December 31, 2016, we had approximately 2.5 million and 4.0 million customers, generating \$248.5 million and \$411.2 million in revenue, respectively. Our gross bookings were \$2.1 billion and \$3.3 billion in the six month ended June 30, 2017 and the year ended December 31, 2016, respectively.

The Latin American travel industry, comprised of air, hotels, car rentals and attractions within Latin America and inbound to the region, including corporate travel, is projected to reach approximately \$97.5 billion in travel bookings in 2016, and is expected to grow to approximately \$130.9 billion in 2020, according to Euromonitor International. Total Latin America online travel bookings are projected to be approximately \$29.7 billion in 2016 and are expected to grow to approximately \$47.6 billion by 2020, representing an estimated CAGR of 12.5%, according to Euromonitor International. According to our estimates, based on Euromonitor International market data, we had a market share of approximately 11% of the Latin American online travel market, as measured by gross bookings projected for 2016. Online travel penetration in Latin America, measured as online bookings as a percentage of total travel bookings, is expected to increase based on projections from approximately 31% in 2016 to approximately 36% in 2020, according to Euromonitor International. Factors driving the growth in online travel bookings include the increase of internet penetration, further adoption of smartphones, tablets and other mobile devices and a growing middle class with greater access to banking services and credit products, together enabling a larger segment of the growing population to transact online or on mobile devices. We believe that our business will continue benefitting from these market trends, although we cannot assure you that our business will grow at the same rates as historic or forecasted market growth.

We organize our business into two segments: (1) Air, which consists of the sale of airline tickets, and (2) Packages, Hotels and Other Travel Products, which consists of travel packages (which can include airline tickets and hotel rooms), as well as stand-alone sales of hotel rooms (including vacation rentals), car rentals, bus tickets, cruise tickets, travel insurance and destination services. In the six months ended June 30, 2017, we derived 47.0% and 53.0% of our total revenue from our Air and our Packages, Hotels and Other Travel Products segments, respectively. In the six months ended June 30, 2016, we derived approximately 47.5% and 52.5% of our total revenue from our Air and our Packages, Hotels and Other Travel Products segments, respectively. In 2016, we derived 50.0% and 50.0% of our total revenue from our Air and our Packages, Hotels and Other Travel Products segments, respectively. In 2015, we derived 52.1% and 47.9% of our total revenue from our Air and our Packages, Hotels and Other Travel Products segments, respectively.

We report our revenue on a net basis, deducting cancellations and amounts that we collect as sales taxes. We derive most of our revenue from commissions and other incentive payments paid by our suppliers and service

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fees paid by our customers. In our Air segment, we recognize revenue for certain up-front incentive commissions and service fees at the time of sale. In our Packages, Hotels and Other Travel Products segment, we generally recognize revenue at the time of travel, except for non-reimbursable transactions, for which we recognize revenue at the time of booking.

For the six months ended June 30, 2017 and 2016:

- revenue was \$248.5 million and \$193.9 million, respectively;
- operating income was \$32.9 million and \$8.3 million, respectively; and
- net income / (loss) was \$18.8 million and \$(0.6) million, respectively.

For the years ended December 31, 2016 and 2015:

- revenue was \$411.2 million and \$421.7 million, respectively;
- operating income / (loss) was \$35.1 million and \$(54.4) million, respectively; and
- net income / (loss) was \$17.8 million and \$(85.3) million, respectively.

In May 2017, the stockholders of our predecessor, Decolar.com, Inc., a Delaware corporation, exchanged their shares for ordinary shares of Despegar.com, Corp., a business company incorporated in the British Virgin Islands to create a new BVI holding company. Following the exchange, our existing shareholders own shares of Despegar.com, Corp. and Decolar.com, Inc. is a subsidiary of Despegar.com, Corp. The audited consolidated financial statements as of and for the years ended December 31, 2016 and 2015, and the unaudited condensed consolidated financial statements as of June 30, 2017 and for the six months ended June 30, 2017 and 2016 to the extent related to the events and periods prior to May 3, 2017, are the consolidated financial statements of Decolar.com, Inc., which is our predecessor for accounting purposes.

### **Key Trends and Factors Affecting Our Business**

We believe that our results of operations and financial performance will be driven primarily by the following trends and factors:

- *Growth in and Retention of our Customer Base* : A key driver of our revenue will be the number of customer transactions and the growth in our customer base. We have grown our customer base from 2.7 million distinct customers booking travel with us in 2012 to 4.0 million in the year ended December 31, 2016 and 2.5 million in the six months ended June 30, 2017. One important driver of growth in our customer base is consumer awareness of our brand which we foster via our online and offline marketing throughout our target markets in Latin America. We also benefit from network effects, in that a larger customer base helps us to attract additional suppliers and, in turn, a larger network of suppliers helps us to attract new customers as well as drive retention and repeat purchases. We focus on maintaining strong customer satisfaction to build long-term customer relationships. In the six months ended June 30, 2017 and in the year ended December 31, 2016, approximately 65% and 60%, respectively, of our transactions were with repeat customers who had previously purchased other travel products through our platform.
- *Cross-Selling* : Our financial results are also driven by our ability to cross-sell and increase the number of products that we are able to sell in connection with each trip, which allows us to increase our revenue from each transaction without incurring the costs of acquiring additional customers.
- *Changes in Product Mix and New Product Offerings* : In addition to the total volume of transactions, our operating results also vary depending on product mix. In particular, packages and hotels tend to have higher margins than air travel. Our Packages, Hotels and Other Travel Products segment has grown from 33% of our total number of transactions in 2012 to 41% in both the six months ended

June 30, 2017 and the year ended December 31, 2016. In addition, we continually seek to expand our product offerings, whether by adding new product categories, such as our introduction of our bus, local concierge and vacation rentals products, which may have higher or lower margins than our overall business, or by the ongoing expansion of our supplier base.

- *Shift to Mobile Transactions* : As smart phone penetration in Latin America continues to increase, Latin American consumers have begun to make greater use of mobile devices to transact online. Mobile is an increasingly important part of our business, as consumers are quickly able to access and browse our real-time travel offerings, compare prices and make purchases through their mobile devices. During the six months ended June 30, 2017 and the year ended December 31, 2016, mobile accounted for approximately 55% and 50%, respectively, of all of our user visits, and approximately 27% and 23%, respectively, of our transactions were completed on our mobile platform, complementing our desktop website traffic. Our strategic focus on mobile enables us to remain connected to customers and provides the opportunity for customers to access our platform after they have arrived at their destination to purchase additional products, such as rental cars, destination services and travel insurance, or make last-minute hotel or air travel bookings.
- *Selling and Marketing Expenditures* : Our number of transactions and gross bookings, and consequently our revenue and results of operations, are impacted by the level of our selling and marketing expenditures. We monitor our selling and marketing expenditures and their impact on our revenue in many cases virtually in real-time, as a significant amount of our selling and marketing expenditures relate to online advertising for which we can obtain real-time click-through data. As a result, we are able to adjust our selling and marketing expenditures to respond rapidly to changing market conditions. During 2016, our selling and marketing expenditures decreased 28.6% compared to 2015 due to the following: (1) we responded to adverse macroeconomic conditions particularly in Brazil and Argentina, (2) currency depreciations, particularly in Argentina in December 2015, reduced our expenditures in dollar terms, (3) we reduced expenditures during the imposition of our more restrictive anti-fraud protocol at the beginning of 2016, and (4) we adjusted our customer acquisition strategy to balance market share and customer profitability. During 2016, our number of transactions declined 6.5% and gross bookings declined 9.2%, in both cases compared to 2015. Our selling and marketing expenditures increased by 36.6% from the six months ended June 30, 2016 to the six months ended June 30, 2017. During the six months ended June 30, 2017, our number of transactions increased by 30.0% and gross bookings increased by 46.3%, in both cases compared to the six months ended June 30, 2016. For the full year of 2017, we currently expect to increase our selling and marketing expenditures in absolute terms in line with the expected growth in our business as a result of what we believe to be improving macroeconomic conditions in our markets; however, market conditions can change rapidly and affect our levels of expenditures on selling and marketing.
- *Macroeconomic and Political Environment Conditions in the Countries in which We Operate* : Our customers are primarily located in Latin America, particularly in Brazil and Argentina, and to a lesser extent in Mexico and other countries in the region. Our results of operations and financial condition are significantly influenced by political and economic developments in the countries in which our customers reside and, to a lesser extent, in the countries to which our customers may travel, and the effect that these factors may have on the availability of credit, employment rates, disposable income, average wages and demand for travel in those countries. In the mid- to long-term, we believe that macroeconomic changes in the region will generally benefit us due to an expanding middle class, increasing disposable income, reduced unemployment and lower interest rates, among other factors.
- *Currency Exchange Rates* : We report our financial results in dollars, but most of our revenue and expenses are denominated in local currencies. Any changes in the exchange rates of any such currencies against the dollar will affect our reported financial results as translated into dollars. Furthermore, many of our customers travel internationally and any changes in the exchange rate between their home currency and the currency of their destination may influence their travel purchases.

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- *Inflation* : Historically, certain countries in Latin America, such as Argentina, have experienced high rates of inflation. Changes in inflation rates can affect our pricing as well as our expenses, including employee salaries, and the inflation rates in the countries where we generate revenue in any period may be higher or lower than the inflation rates in the countries where we incur expenses. In addition, higher inflation may lead our customers to make more purchases using installments or other financing options, which may result in an increase in the costs associated with offering such financing options to our customers. We currently believe that our overhead expenses will continue to increase for the remainder of 2017 as a result of continued high inflation expected in Argentina, the rate of which may exceed devaluation. Inflation can lead to frequent wage negotiations with our workforce.
- Below is a summary of certain macroeconomic data for Brazil and Argentina, our two largest markets, for 2016 and 2015:

<b>Brazil</b>		
	<b>2016</b>	<b>2015</b>
Real GDP growth (decline) (1)	(3.6)%	(3.8)%
Nominal GDP per capita (in \$) (2)	9,300	7,490
Population (in millions) (1)	207	205
Inflation (1)(3)	6.3%	10.7%
Exchange rate (4)	3.2591	3.9048

(1) Source: Instituto Brasileiro de Geografia e Estatística (IBGE), measured in local currency.

(2) Calculated based on Central Bank nominal GDP and IBGE Population, using end of period foreign exchange rate.

(3) Inflation for the first six months of 2017 was 1.18%.

(4) Source: Banco Central do Brasil. Data as of December 31 of each year. As of July 31, 2017, the exchange rate was R\$3.13 per \$1.00.

<b>Argentina</b>		
	<b>2016</b>	<b>2015</b>
Real GDP growth (decline) (1)	(2.2)%	2.6%
Nominal GDP per capita (\$) (2)	11,472	10,205
Population (in millions) (1)	43.59	43.13
Inflation (1)(3)	41%	27%
Exchange rate (4)	16.10	13.30

(1) Source: Instituto Nacional de Estadística y Censos (INDEC), measured in local currency.

(2) Calculated based on INDEC GDP in USD and INDEC Population.

(3) Inflation for the first six months of 2017 was 11.8%.

(4) Source: Banco de la Nación Argentina. Data as of December 31 of each year. As of July 31, 2017, the exchange rate was AR\$17.85 per \$1.00.

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**Key Business Metrics**

We regularly review the following key metrics to evaluate our business, measure our performance, identify trends in our business, prepare financial projections and make strategic decisions.

	Six Months Ended June 30,			Year Ended December 31,		
	2017	2016	% Change	2016	2015	% Change
<b>Operational</b>	(in thousands)			(in thousands)		
Number of transactions						
By country						
Brazil	1,784	1,375	29.7	2,924	3,620	(19.2)
Argentina	1,069	833	28.8	1,798	1,787	0.6
Other	1,486	1,130	31.5	2,490	2,298	8.4
Total	4,339	3,338	30.0	7,212	7,705	(6.4)
By segment						
Air	2,570	1,936	40.0	4,250	4,385	(3.1)
Packages, Hotels and Other Travel Products	1,769	1,402	26.2	2,963	3,320	(10.8)
Total	4,339	3,338	30.0	7,212	7,705	(6.4)
Gross bookings	\$2,080,128	\$1,422,176	46.3	\$3,260,307	\$3,591,885	(9.2)
<b>Financial</b>						
Adjusted EBITDA (unaudited)	\$ 41,227	\$ 14,581	182.7	\$ 48,585	\$ (39,067)	NM

*Note: "NM" denotes not meaningful.*

**Number of Transactions**

The number of transactions for a period is an operating measure that represents the total number of customer orders completed on our platform in such period. We monitor the total number of transactions, as well as the number of transactions in each of our segments and the number of transactions with customers in each of Brazil, Argentina and the other countries in which we operate. The number of transactions is an important metric because it is an indicator of the level of engagement with our customers and the scale of our business from period to period but, unlike gross bookings and our financial metrics, the number of transactions is independent of the average selling price of each transaction, which can be significantly influenced by fluctuations in currency exchange rates.

**Gross Bookings**

Gross bookings is an operating measure that represents the aggregate purchase price of all travel products booked by our customers through our platform during a given period. We generate substantially all of our revenue from commissions and other incentive payments paid by our suppliers and service fees paid by our customers for transactions through our platform, and, as a result, we monitor gross bookings as an important indicator of our ability to generate revenue.

**Adjusted EBITDA**

We define Adjusted EBITDA as net income / (loss) exclusive of financial income / (expense), income tax, depreciation, amortization and share-based compensation.

We believe that Adjusted EBITDA, a non-GAAP financial measure, provides useful supplemental information to investors about us and our results. Adjusted EBITDA is among the measures used by our management team to evaluate our financial and operating performance and make day-to-day financial and operating decisions. In addition, Adjusted EBITDA is frequently used by securities analysts, investors and other

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parties to evaluate companies in the online travel industry. We also believe that Adjusted EBITDA is helpful to investors because it provides additional information about trends in our core operating performance prior to considering the impact of capital structure, depreciation, amortization, and taxation on our results.

Adjusted EBITDA should not be considered in isolation or as a substitute for other measures of financial performance reported in accordance with U.S. GAAP. Adjusted EBITDA has limitations as an analytical tool, including:

- Adjusted EBITDA does not reflect changes in, including cash requirements for, our working capital needs or contractual commitments;
- Adjusted EBITDA does not reflect our financial expenses, or the cash requirements to service interest or principal payments on our indebtedness, or interest income or other financial income;
- Adjusted EBITDA does not reflect our income tax expense or the cash requirements to pay our income taxes;
- although depreciation and amortization are non-cash charges, the assets being depreciated or amortized often will need to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for these replacements;
- although share-based compensation is a non-cash charge, Adjusted EBITDA does not consider the potentially dilutive impact of share-based compensation; and
- other companies may calculate Adjusted EBITDA differently, limiting its usefulness as a comparative measure.

We compensate for the inherent limitations associated with using Adjusted EBITDA through disclosure of these limitations, presentation of our consolidated financial statements in accordance with U.S. GAAP and reconciliation of Adjusted EBITDA to the most directly comparable U.S. GAAP measure, net income / (loss).

The table below provides a reconciliation of our net income / (loss) to Adjusted EBITDA:

	<u>Six Months Ended June 30,</u>		<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
			(unaudited)	
			(in thousands)	
Net income / (loss)	\$ 18,801	\$ (556)	\$ 17,797	\$ (85,276)
Financial income	(915)	(3,923)	(8,327)	(10,797)
Financial expense	8,682	7,962	15,079	23,702
Income tax expense	6,292	4,824	10,538	18,004
Depreciation expense	2,705	2,528	5,089	5,152
Amortization of intangible assets	3,556	3,646	7,835	9,287
Share-based compensation expense	2,106	100	574	861
Adjusted EBITDA	<u>\$ 41,227</u>	<u>\$ 14,681</u>	<u>\$ 48,585</u>	<u>\$ (39,067)</u>

## Components of Results of Operations

### Revenue

We report our revenue on a net basis, deducting cancellations and amounts that we collect as sales taxes. We derive substantially all of our revenue from commissions and other incentive payments paid by our suppliers and service fees paid by our customers for transactions through our platform. To a lesser extent, we also derive revenue from the sale of third-party advertisements on our websites and from certain suppliers when their brands appears in our advertisements in mass media, which in the six months ended June 30, 2017, the year ended December 31, 2016 and the year ended December 31, 2015 amounted to 2.6%, 1.3% and 1.8%, respectively, of total revenue.

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The structure of our fees and commissions varies significantly by product. Supplier incentives take several forms, including up-front commissions, which we recognize at the time of booking or upon check-in; back-end commissions and other bonuses based on satisfying volume targets for certain suppliers; as well as certain payments from our GDS suppliers and other suppliers. We also receive certain service fees from our customers, which vary based on a number of factors, including the type of product, destination and point of sale.

In our Air segment, we recognize revenue for certain up-front incentives commissions and service fees at the time of sale. In our Packages, Hotels and Other Travel Products segment, in most cases we recognize revenue at the time of travel, or, in the case of non-reimbursable transactions, at the time of booking. In our merchant, or pre-pay, model transactions, our supplier agreements allow us to receive full payment at the time of booking from the customer while the supplier is paid after check-out. In our agency, or pay-at-destination, model, we may either record the booking without taking payment from the customer or collect an amount equal to the commission from the customer while the customer pays the supplier only at check-out.

We seek to develop and maintain long-term relationships with travel suppliers, GDSs and other intermediaries. Our travel supplier management personnel work directly with travel suppliers to optimize access to their travel products for visitors to our platform, including through promotional activity, and maximize our revenue. In most cases, we enter into non-exclusive contracts with our travel suppliers, although in the case of some travel suppliers we may have informal arrangements without written contracts. Typically, supplier payment terms are negotiated on a regular basis. We have an exclusive contract with Expedia and its affiliates to offer through our platform hotel and other lodging products for all countries outside of Latin America. The contract establishes agreed payment terms. In the six months ended June 30, 2017 and in the year ended December 31, 2016, 9.5% and 9.6% of our gross bookings, respectively, were attributable to supply provided by affiliates of Expedia. For more information about our relationships with Expedia, see “Business—Material Agreements,” “Principal and Selling Shareholders” and “Certain Relationships and Related Person Transactions.” Given the fragmentation in travel suppliers in our markets, the frequency of negotiations of payment terms and competitive conditions, we have experienced what we consider to be limited volatility related to our arrangements with suppliers; however, we cannot assure you that we will not experience more volatility in the future.

### ***Cost of Revenue***

Cost of revenue consists of (1) credit card processing fees, (2) fees that we pay to banks relating to the installment plans that we offer, (3) the costs of operating our fulfillment center, customer service and risk management, (4) costs borne by us as a result of credit card chargebacks, including those related to fraud, (5) claims against us under consumer protection laws, (6) certain transaction-based taxes, other than income taxes (which are included under income tax expense) and sales taxes (which are deducted from our revenue) and (7) a portion of overhead expenses distributed based on the percentage of our employees attributable to cost of revenue.

### ***Selling and Marketing***

Selling and marketing expense is comprised of direct costs, including online marketing such as search engine and social media marketing, and offline marketing, such as television and print advertising. It also includes expenses of our selling and marketing personnel and related overhead usually distributed based on the percentage of our employees attributable to selling and marketing (for example, rent, facilities, depreciation etc.) Lastly, selling and marketing expense also includes commissions paid to certain third-party affiliates for sales that they generate through our systems.

### ***General and Administrative***

General and administrative expense consists primarily of personnel expenses for management, including both senior management and local managers, and employees involved in general corporate functions, including

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finance, accounting, tax, legal, human resources and commercial analysts, our share-based compensation expenses for grants to members of our management team and professional and consulting fees. General and administrative expense also includes a portion of the overhead distributed based on the percentage of our employees attributable to general and administrative (for example, rent, facilities, depreciation etc.) General and administrative expense also includes bad debt expense that we recognize relating to the risk that we are unable to collect receivables from certain suppliers.

***Technology and Product Development***

Technology and product development expense includes the costs of developing our platform, as well as information technology costs to support our infrastructure, back-office operations and overall monitoring and security of our networks. This expense is principally comprised of personnel and depreciation and amortization of technology assets, including hardware, and purchased and internally-developed software. Technology and product development expense also includes a portion of the overhead expense for our facilities, based on the percentage of our employees attributable to technology and product development. During the six months ended June 30, 2017 and 2016 and the years ended December 31, 2016 and 2015, we capitalized \$5.4 million, \$4.5 million, \$12.2 million and \$13.6 million, respectively, for internal-use software and website development costs.

We classify our supplier relationships as a component of the products that we offer to our customers and, accordingly, our costs of acquiring and maintaining supplier relationships, including the costs of our personnel engaged in supplier relationships, are included as a component of technology and product development expense.

***Financial Income / (Expense)***

The functional currency of Despegar.com, Corp. and the functional currency of certain of our subsidiaries, including our U.S., Ecuador and Venezuela subsidiaries, as well as one of our Uruguay subsidiaries, is the dollar. Each of our other subsidiaries uses its local currency as its functional currency. Gains and losses resulting from transactions by each entity in non-functional currency are included in financial income / (expense). Financial income / (expense) also includes gains and losses on certain derivative financial instruments that we use to manage our exposure to foreign exchange volatility.

In addition, our assets and liabilities are translated from local currencies into dollars at the end of each period. However, any gains and losses resulting from such translations are reflected in our consolidated statement of comprehensive income / (loss) and are not reflected in our consolidated statements of operations. See also “—Quantitative and Qualitative Disclosures about Market Risk—Foreign Exchange Risk.”

Many of our customers finance their purchases from us using installment plans offered by third-party financial institutions. When customers make purchases using installment plans, the third-party financial institution bears the risk that the customer will make the required installment payments. In all markets except Brazil, we typically receive payment in full in less than one month after booking. However, our agreements with financing providers in Brazil allow for a significant delay between the initial transaction and the payment of the purchase price to us. In Brazil, we generally receive payment from the installment financing provider only after each scheduled payment due date from the customer. In the interim, the payment obligation is recognized as a receivable on our balance sheet. In some cases, we elect to factor or discount these Brazilian installment receivables, allowing us to receive the payment of the purchase price more quickly. The difference between the book value of the receivable and the amount that we receive for factoring such receivable is recognized as financial expense.

We also maintain revolving credit facilities in certain jurisdictions, and the associated interest expense is also included in financial income / (expense). As of June 30, 2017, we had outstanding borrowings of \$13.9 million under these facilities.

[Table of Contents](#)**Income Tax Expense**

As a Delaware corporation, our predecessor and subsidiary Decolar.com, Inc. is subject to taxation in the United States. In May 2017, the stockholders of Decolar.com, Inc. exchanged their shares for newly issued shares of Despegar.com, Corp. Although Despegar.com, Corp. is organized in the BVI, as a result of the exchange, under the “anti-inversion” rules of Section 7874 of the U.S. Internal Revenue Code, Despegar.com, Corp. is treated for U.S. federal tax purposes as a U.S. corporation and, accordingly, Despegar.com, Corp. is subject to U.S. federal income tax on its worldwide income, currently at a maximum rate of 35%.

We are subject to foreign taxes in the multiple jurisdictions in which we operate. In Brazil and Argentina, the income tax statutory rates are 34% and 35%, respectively.

In certain jurisdictions, we have outstanding net operating losses from prior periods. Deferred taxes related to these loss carryforwards are fully reserved.

**Results of Operations****Six Month Period Ended June 30, 2017 Compared to the Six Month Period Ended June 30, 2016**

	Six Months Ended June 30,				
	2017	2016			
	(in thousands)				
		% of Revenue		% of Revenue	% Change
<b>Revenue</b>					
Air	\$ 116,653	47.0	\$ 92,149	47.5	26.6
Packages, Hotels and Other Travel Products	131,808	53.0	101,763	52.5	29.5
<b>Total revenue</b>	<b>248,461</b>	<b>100.0</b>	<b>193,912</b>	<b>100.0</b>	<b>28.1</b>
Cost of revenue	66,227	26.7	67,246	34.7	(1.5)
<b>Gross profit</b>	182,234	73.3	126,666	65.3	43.9
<b>Operating expenses</b>					
Selling and marketing	78,835	31.7	57,710	29.8	36.6
General and administrative	37,487	15.1	29,146	15.0	28.6
Technology and product development	33,052	13.3	31,503	16.2	4.9
<b>Total operating expenses</b>	<b>149,374</b>	<b>60.1</b>	<b>118,359</b>	<b>61.0</b>	<b>26.2</b>
<b>Operating income</b>	32,860	13.2	8,307	4.3	295.6
Financial income / (expense)	(7,767)	(3.1)	(4,039)	(2.1)	92.3
<b>Net income before income taxes</b>	25,093	10.1	4,268	2.2	487.9
Income tax expense	6,292	2.5	4,824	2.5	30.4
<b>Net income / (loss)</b>	<b>\$ 18,801</b>	<b>7.6</b>	<b>\$ (556)</b>	<b>(0.3)</b>	<b>NM</b>

Note: “NM” denotes not meaningful.

**Revenue**

Revenue increased by 28.1%, from \$193.9 million in the six months ended June 30, 2016 to \$248.5 million in the six months ended June 30, 2017. This increase in revenue was primarily as a result of a 30.0% increase in the number of transactions from 3.3 million in the six months ended June 30, 2016 to 4.3 million in the six months ended June 30, 2017, and a 46.3% increase in gross bookings from \$1,422.2 million during the six months ended June 30, 2016 to \$2,080.1 million in the six months ended June 30, 2017 compared to the six months ended June 30, 2016. The increase in number of transactions and gross bookings was primarily due to stabilizing

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macroeconomic conditions in Brazil and Argentina, an increase in our selling and marketing activities, changes in product mix with an increase in the proportion of international travel that typically results in higher revenue per transaction, and the real appreciation of local currencies in Brazil and Argentina.

The following is a discussion of our revenue broken down by our two business segments: Air; and Packages, Hotels and Other Travel Products.

*Air Segment.* The revenue in our Air segment increased by 26.6%, from \$92.1 million in the six months ended June 30, 2016 to \$116.7 million in the six months ended June 30, 2017, primarily due to an increase of 32.8% in the number of Air transactions. This increase was partially offset by a decrease of 4.7% in the average revenue per transaction for the segment, resulting primarily from a decrease in our rate of commissions, incentives and fees.

*Packages, Hotels and Other Travel Products Segment.* The revenue in our Packages, Hotels and Other Travel Products segment increased by 29.5%, from \$101.8 million in the six months ended June 30, 2016 to \$131.8 million in the six months ended June 30, 2017. This was primarily due to an increase of 26.2% in the number of transactions in this segment, as well as an increase of 2.7% in the revenue per transaction, resulting primarily from a greater product mix of international travel.

The following presents a breakdown of our revenue by: commissions, incentives and fees; advertising; commissions for the release of aged payables; and deferred revenue.

	<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
	<b>(in thousands)</b>	
Commissions, incentives and fees (1)	\$ 237,949	\$ 177,608
Advertising (1)	6,375	2,587
Commissions for release of aged payables	3,537	7,205
Deferred revenue	600	6,512
<b>Total revenue</b>	<b>\$ 248,461</b>	<b>\$ 193,912</b>

(1) Net of revenue tax.

In the six months ended June 30, 2016, we instituted a new clause in our contracts with suppliers of prepaid products, imposing a 12-month time limit from the check-out date for our travel suppliers to invoice us for payment. As a result of that change, we were able to recognize \$7.2 million in commissions for release of aged payables during the six months ended June 30, 2016. Although we may incur higher commissions for the release of aged payables in the future as a result of this new 12-month time limit, we did not have a similar magnitude of impact during the six months ended June 30, 2017 and we do not anticipate such a large effect on our revenue going forward because we recognized the effects of the new policy for prior years in 2016.

In addition, in the six months ended June 30, 2016, our deferred revenue was \$5.9 million higher than in the six months ended June 30, 2017 primarily due to increased booking activity in the fourth quarter of 2015 in Argentina in anticipation of an expected significant devaluation in the peso with a new president and administration taking office in December 2015. Consistent with our accounting policies, we deferred the related revenue of refundable transactions for 2015 from these bookings until the check-outs took place in the six months ended June 30, 2016.

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The following table presents a breakdown of our revenue for commissions, incentives and fees by: pre-pay model; pay-at-destination model; and other.

	<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
	<b>(in thousands)</b>	
Pre-pay model	\$ 190,734	\$ 140,573
Pay-at-destination model	11,738	11,238
Other (1)	35,477	25,797
<b>Total</b>	<b>\$ 237,949</b>	<b>\$ 177,608</b>

(1) Includes incentives from our travel suppliers, primarily airlines and GDSs.

Our revenue from our pre-pay model increased 35.7% in the six months ended June 30, 2017 as compared to the six months ended June 30, 2016, while our revenue from our pay-at-destination model increased 4.4% in the same period. Higher growth in pre-pay model was partially due to our increased promotional activity to take advantage of higher demand for sales in installments. Other revenue increased 37.5%, mainly due to the growth in revenue from our Air segment and the negotiation of more favorable terms with GDSs.

#### *Cost of Revenue*

Cost of revenue declined from \$67.2 million in the six months ended June 30, 2016 to \$66.2 million in the six months ended June 30, 2017, or a decline of 1.5%. The decline was primarily a result of lower fraud expense recognized in the six months ended June 30, 2017 as compared to the six months ended June 30, 2016, which we believe was due in part to our implementation of more restrictive anti-fraud protocol at the beginning of 2016.

#### *Gross Profit*

Gross profit increased from \$126.7 million in the six months ended June 30, 2016 to \$182.2 million in the six months ended June 30, 2017, or an increase of 43.9%. As a percentage of revenue, gross profit increased from 65.3% in the six months ended June 30, 2016 to 73.3% in the six months ended June 30, 2017.

#### *Selling and Marketing*

Selling and marketing expense increased from \$57.7 million in the six months ended June 30, 2016 to \$78.8 million in the six months ended June 30, 2017, or an increase of 36.6%. This increase in selling and marketing expense was primarily due to our response to stabilizing macroeconomic conditions as well as our reduction in selling and marketing spending during the six months ended June 30, 2016 in response to an increase in fraud activity at the end of 2015. As a percentage of revenue, selling and marketing expense increased from 29.8% in the six months ended June 30, 2016 to 31.7% in the six months ended June 30, 2017.

#### *General and Administrative*

General and administrative expense increased from \$29.1 million in the six months ended June 30, 2016 to \$37.5 million in the six months ended June 30, 2017, or an increase of 28.6%. This increase in general and administrative was primarily related to higher share-based compensation and higher bonus accrual resulting from our improved performance, as well as an increase in personnel costs and consulting expenses. As a percentage of revenue, general and administrative expense increased slightly from 15.0% in the six months ended June 30, 2016 to 15.1% in the six months ended June 30, 2017.

#### *Technology and Product Development*

Technology and product development expense increased from \$31.5 million in the six months ended June 30, 2016 to \$33.1 million in the six months ended June 30, 2017, or an increase of 4.9%. This increase in

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technology and product development was primarily due higher personnel costs. As a percentage of revenue, technology and product development expense declined from 16.2% in the six months ended June 30, 2016 to 13.3% in the six months ended June 30, 2017.

### Operating Income

Operating income increased from \$8.3 million in the six months ended June 30, 2016 to \$32.9 million in the six months ended June 30, 2017, or an increase of 295.6% as a result of the increase in our gross profit in excess of the increase in our operating expenses. As a percentage of revenue, our operating income increased from 4.3% in the six months ended June 30, 2016 to 13.2% in the six months ended June 30, 2017.

The following table presents a breakdown of our operating income / (loss) by our two business segments:

	As of June 30,	
	2017	2016
	(in thousands)	
Air	\$26,533	\$ (2,684)
Packages, Hotels and Other Travel Products	16,169	11,213
Unallocated corporate expenses	(9,842)	(222)
<b>Total</b>	<b>\$32,860</b>	<b>\$ 8,307</b>

Finance personnel and expenses are not allocated. Corporate expense allocation is based on the expenses planned in the annual budget, and variances to the budget are also recorded in unallocated corporate expenses. Unallocated corporate expenses increased in the six months ending June 30, 2017 due to increases in stock compensation expense, consulting expenses, management bonus accrual and management personnel expense as compared to the annual budget.

*Air Segment.* Our operating income / (loss) from our Air segment increased from a loss of \$(2.7) million in the six months ended June 30, 2016 to income of \$26.5 million in the six months ended June 30, 2017, primarily due to an increase in Air revenue and decrease in fraud expenses.

*Packages, Hotels and Other Travel Products Segment.* Our operating income from our Packages, Hotels and Other Travel Products segment increased by 44.2%, from \$11.2 million in the six months ended June 30, 2016 to \$16.2 million in the six months ended June 30, 2017, primarily due to an increase in Packages, Hotels and Other Travel Products revenue partially offset by higher deferred revenue during the six months ended June 30, 2016.

### Financial Income / (Expense)

Financial expense increased from \$4.0 million in the six months ended June 30, 2016 to \$7.8 million in the six months ended June 30, 2017. This increase in financial expense was primarily a result of higher factoring activity in Brazil related to the increase in number of transactions and gross bookings as well as lower foreign exchange gain due to the lower rates of depreciation in the local currencies. As a percentage of revenue, financial expense increased from 2.1% in the six months ended June 30, 2016 to 3.1% in the six months ended June 30, 2017.

### Income Tax Expense

We are subject to taxes in the multiple jurisdictions where we operate. Our tax obligations consist of current and deferred income taxes (or, in certain jurisdictions, taxes based on our assets rather than our taxable income) and withholding taxes incurred in these jurisdictions. Income tax expense increased from \$4.8 million in the six months ended June 30, 2016 to \$6.3 million in the six months ended June 30, 2017, primarily as a result of higher pre-tax income.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

	Year Ended December 31,		Year Ended December 31,		% Change
	2016		2015		
	(in thousands)				
		% of Revenue		% of Revenue	
<b>Revenue</b>					
Air	\$205,721	50.0	\$219,817	52.1	(6.4)
Packages, Hotels and Other Travel Products	205,441	50.0	201,894	47.9	1.8
<b>Total revenue</b>	<b>411,162</b>	<b>100.0</b>	<b>421,711</b>	<b>100.0</b>	<b>(2.5)</b>
Cost of revenue	126,675	30.8	154,213	36.6	(17.9)
<b>Gross profit</b>	<b>284,487</b>	<b>69.2</b>	<b>267,498</b>	<b>63.4</b>	<b>6.4</b>
<b>Operating expenses</b>					
Selling and marketing	121,466	29.5	170,149	40.3	(28.6)
General and administrative	64,683	15.7	78,181	18.5	(17.3)
Technology and product development	63,251	15.4	73,535	17.4	(14.0)
<b>Total operating expenses</b>	<b>249,400</b>	<b>60.7</b>	<b>321,865</b>	<b>76.3</b>	<b>(22.5)</b>
<b>Operating income / (loss)</b>	<b>35,087</b>	<b>8.5</b>	<b>(54,367)</b>	<b>(12.9)</b>	<b>NM</b>
Financial income / (expense)	(6,752)	(1.6)	(12,905)	(3.1)	(47.7)
<b>Net income / (loss) before income taxes</b>	<b>28,335</b>	<b>6.9</b>	<b>(67,272)</b>	<b>(16.0)</b>	<b>NM</b>
Income tax expense	10,538	2.6	18,004	4.3	NM
<b>Net income / (loss)</b>	<b>\$ 17,797</b>	<b>4.3</b>	<b>\$ (85,276)</b>	<b>(20.2)</b>	<b>NM</b>

Note: "NM" denotes not meaningful.

Revenue

Revenue declined by 2.5%, from \$421.7 million in 2015 to \$411.2 million in 2016. The decline in revenue was primarily a result of a lower number of transactions, which declined by 6.5% from 7.7 million in 2015 to 7.2 million in 2016, and lower gross bookings, which declined by 9.2% from \$3,592 million in 2015 to \$3,260 million in 2016. The reduction in number of transactions and gross bookings was partially a result of economic weakness in our largest markets of Brazil and Argentina, including a decline in the value of the Brazilian real and the Argentine peso, which contributed to a decrease of almost 20% in the number of transactions in Brazil as travel became more expensive for our customers, as well as a decrease in the revenue per transaction expressed in dollars.

We imposed a more restrictive anti-fraud protocol in 2016 as a response to an increase in attempted fraudulent transactions, which resulted in an increased rate of rejection of legitimate transactions, also reducing gross bookings. Our anti-fraud protocols were further refined in late 2016, and we believe that we are now better able to identify fraudulent transactions while rejecting fewer legitimate transactions.

In addition, our revenue for 2016 was positively affected by \$9.4 million in commissions for the release of aged payables resulting primarily from our institution of a new clause in our contracts with suppliers, as well as \$6.4 million in lower deferred revenue relating to the anticipation of the currency devaluation in Argentina in December 2015, both as described below, which partially offset the decline in revenue from 2015.

The following is a discussion of our revenue broken down by our two business segments: Air; and Packages, Hotels and Other Travel Products.

*Air Segment*. The revenue in our Air segment declined by 6.4%, to \$205.7 million in 2016 from \$219.8 million in 2015, primarily due to (i) a decrease of 3% in the volume of Air transactions and (ii) a decrease of 3.5% in the average revenue per transaction for the segment, resulting from a similar decrease in our average selling price for the segment.

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*Packages, Hotels and Other Travel Products Segment*. The revenue in our Packages, Hotels and Other Travel Products segment increased by 1.8%, to \$205.4 million in 2016 from \$201.9 million in 2015. Excluding the effects of commissions for the release of aged payables and deferred revenue, as discussed below, segment revenue would have decreased 5.4% primarily due to (i) a decrease of 11.1% in the volume of Packages, Hotels and Other Travel Products transactions, net of (ii) an increase of 6.7% in the average revenue per transaction for the segment. This increase in the revenue per transaction was due to higher revenue margins and a change in product mix with an increase in the share of packages, which have the highest average revenue per transaction in the segment.

The following presents a breakdown of our revenue by: commissions, incentives and fees; advertising; commissions for the release of aged payables; and deferred revenue.

	Year ended December 31,	
	2016	2015
	(in thousands)	
Commissions, incentives and fees (1)	\$ 396,892	\$ 422,554
Advertising (1)	7,375	7,274
Commissions for release of aged payables	9,378	722
Deferred revenue	(2,483)	(8,839)
<b>Total revenue</b>	<b>\$ 411,162</b>	<b>\$ 421,711</b>

(1) Net of sales tax.

In 2016, we instituted a new clause in our contracts with suppliers of prepaid products, imposing a 12-month time limit from the check-out date for our travel suppliers to invoice us for payment. As a result of that change, we were able to recognize approximately \$9.4 million in commissions for release of aged payables. Although we may incur higher commissions for the release of aged payables in the future as a result of this new 12-month time limit, we do not anticipate such a large effect on our revenue in any period going forward because we recognized the effects of the new policy for prior years in 2016.

In addition, in 2016 we had a decrease of \$6.4 million in deferred revenue primarily due to increased booking activity in the fourth quarter of 2015 in Argentina in anticipation of an expected significant devaluation in the peso with a new president and administration taking office in December 2015. Consistent with our accounting policies, we deferred the related revenue of refundable transactions for 2015 from these bookings until the check-outs took place in 2016.

The following table presents a breakdown of our revenue for commissions, incentives and fees by: pre-pay model; pay-at-destination model; and other.

	Year ended December 31,	
	2016	2015
	(in thousands)	
Pre-pay model	\$ 321,990	\$ 332,277
Pay-at-destination model	22,907	35,495
Other (1)	51,995	54,782
<b>Total</b>	<b>\$ 396,892</b>	<b>\$ 422,554</b>

(1) Includes incentives from our travel suppliers, primarily airlines and GDSs.

Our revenue from our pre-pay model decreased by 3.1% in 2016, which is consistent with our decline in total revenue, as explained above. Our revenue from our pay-at-destination model declined by 35.5% in 2016, mainly because in 2016 we were more selective in the hotels for which we offered pay-at-destination rates, in an

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effort to decrease the level of bad debt, which is higher in this model. Other revenue decreased 5.1% in 2016, mainly due to the impact of lower Air revenue in connection with incentives provided by GDS partners.

*Cost of Revenue*

Cost of revenue declined from \$154.2 million in 2015 to \$126.7 million in 2016, or a decline of 17.9%. The decline was partially a result of lower fraud expense recognized in 2016 as compared to 2015, which we believe was due in part to our implementation of more restrictive anti-fraud protocol. Although the chargebacks that we experienced due to the heightened fraud attempts from late 2015 through 2016 were more prominent in 2016, we were able to identify the trend in fraud attempts in 2015 and we created a reserve for increased fraud expense in 2015. The decline in cost of revenue was also partially a result of improved efficiency as we were able to reduce headcount at our fulfillment center by 23% from mid-2015 to the end of 2016, and a result of the decline in revenue and gross bookings. As a percentage of revenue, cost of revenue declined from 36.6% in 2015 to 30.8% in 2016.

*Gross Profit*

Gross profit increased from \$267.5 million in 2015 to \$284.5 million in 2016, or an increase of 6.4%, as our reduction in cost of revenue more than offset our decline in revenue. As a percentage of revenue, gross profit increased from 63.4% in 2015 to 69.2% in 2016.

*Selling and Marketing*

Selling and marketing expense declined from \$170.1 million in 2015 to \$121.5 million in 2016, or a decline of 28.6%. The decline was partially a result of a reduction of marketing activities, totaling approximately \$47.0 million, mostly in Brazil and Argentina, as we adjusted our customer acquisition strategy to balance the expansion of market share and customer profitability. The decline was also partially a result of currency depreciation, particularly the Argentine peso, relative to our reporting currency of the dollar. As a percentage of revenue, selling and marketing expense declined from 40.3% in 2015 to 29.5% in 2016.

*General and Administrative*

General and administrative expense declined from \$78.2 million in 2015 to \$64.7 million in 2016, or a decline of 17.3%. The decline was primarily a result of a reduction in compensation costs as a result of currency depreciation, particularly the Argentine peso, relative to our reporting currency of the dollar, as many of our general and administrative functions are located in Argentina as well as a reduction in headcount of administrative personnel, partially as a result of our use of ERP processes for certain finance and accounting functions. The decline was also partially a result of a \$9.8 million tax contingency recorded in 2015. As a percentage of revenue, general and administrative expense declined from 18.5% in 2015 to 15.7% in 2016.

*Technology and Product Development*

Technology and product development expense declined from \$73.5 million in 2015 to \$63.3 million in 2016, or a decline of 14.0%. The decline was primarily a result of a reduction in compensation costs. The decline in compensation costs was a result of currency depreciation, particularly in the Argentine peso, as compared to our reporting currency of the dollar, as well as reductions in headcount of our travel supplier management personnel, partially as a result of automation, and of our operations and customer service personnel, primarily due to outsourcing. As a percentage of revenue, technology and product development expense declined from 17.4% in 2015 to 15.4% in 2016.

*Operating Income / (Loss)*

In 2015, we had an operating loss of \$54.4 million as compared to operating income of \$35.1 million in 2016, or an increase in operating income of \$89.5 million. This increase was a result of declines in cost of

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revenue and in each component of our operating expenses, partially as a result of currency depreciation, particularly in the Argentine peso, as compared to our reporting currency of the dollar. These declines in expenses were partially offset by a decline in revenue. As a percentage of revenue, our operating income / (loss) increased from (12.9)% in 2015 to 8.5% in 2016.

The following table presents a breakdown of our operating income / (loss) by our two business segments.

	<u>Year ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
	<u>(in thousands)</u>	
Air	\$ 23,841	\$ 1,909
Packages, Hotels and Other Travel Products	16,801	(36,255)
Unallocated corporate expenses	(5,555)	(20,021)
<b>Total</b>	<b>\$ 35,087</b>	<b>\$ (54,367)</b>

Finance personnel and expenses are not allocated. Corporate expense allocation is based on the expenses planned in the annual budget, and variances to the budget are also recorded in unallocated corporate expenses. Unallocated corporate expenses in both 2016 and 2015 were less than expected as compared to the annual budget which is used as the basis of allocation. Expenses were less than budgeted due to reductions in headcount and cost reduction initiatives.

*Air Segment*. Our operating income from our Air segment increased from \$1.9 million in 2015 to \$23.8 million in 2016, primarily due to (i) the recognition in 2015 of a Brazilian tax authority claim, as discussed in Note 13 to the consolidated financial statements, (ii) lower marketing and IT expenses, and (iii) lower fraud charges. As a percentage of revenue from our Air segment, our operating income from our Air segment increased from 0.9% in 2015 to 11.6% in 2016.

*Packages, Hotels and Other Travel Products Segment*. Our operating income / (loss) from our Packages, Hotels and Other Travel Products segment increased from a \$(36.3) million loss in 2015 to \$16.8 million of income in 2016, primarily due to the reasons described above, which caused the variation in the Air segment, plus the effects of commissions for the release of aged payables and deferred revenue. As a percentage of revenue from our Packages, Hotels and Other Travel Products segment, our operating income / (loss) from our Packages, Hotels and Other Travel Products segment increased from (18.0)% in 2015 to 8.2% in 2016.

#### *Financial Income / (Expense)*

Financial expense declined by 47.7%, from \$12.9 million in 2015 to \$6.8 million in 2016. The decline was primarily a result of our election to reduce our factoring of receivables for outstanding payments from third-party financial institutions relating to customer purchases using installment plans in Brazil. We reduced our use of factoring in 2016 in part to increase the total amount of our receivables denominated in Brazilian reais in order to reduce our net currency exposure to the Brazilian real. Increasing our receivables denominated in Brazilian reais reduced our net currency exposure to the Brazilian real because we also carry an accounts payable balance due to suppliers in Brazil that is also denominated in Brazilian reais. We also were able to reduce our use of factoring in part because our stronger operating cash flows in 2016 reduced our financing needs. As a percentage of revenue, financial expense declined from 3.1% in 2015 to 1.6% in 2016.

#### *Income Tax Expense*

We are subject to taxes in the multiple jurisdictions where we operate. Our tax obligations consist of current and deferred income taxes (or, in certain jurisdictions, taxes based on our assets rather than our taxable income) and withholding taxes incurred in these jurisdictions. Income tax expense decreased from \$18.0 million to \$10.5 million, primarily as a result of (1) lower non-deductible expenses and (2) an increase in non-taxable income.

#### **Seasonality**

We generally experience seasonal fluctuations in our financial results. Latin American travelers, particularly leisure travelers who are our primary customers, tend to travel most frequently at the end of the fourth quarter

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and during the first quarter of each year. Leisure travel is more common in Latin America at that time because those quarters include the summer months in the southern hemisphere, along with many school holidays and the Christmas holiday season. We typically experience a higher volume of transactions in the fourth quarter relating to travel in that period. However, many of the transactions booked in the fourth quarter relate to travel dates in the first quarter of the following fiscal year and, as a result, much of the revenue associated with those transactions is not recognized until the first quarter of the following year.

Our financial results experience fluctuations due to seasonal variations in demand for travel services. Bookings for vacation and leisure travel are generally higher during the fourth quarter, although we have recognized more revenue associated with those bookings in the first quarter of each year. The decrease in our results of operations from the first quarter of 2017 to the second quarter of 2017 is primarily the result of this seasonality. For 2015 and 2016, the effects of seasonality were negated by macroeconomic conditions and other factors that impacted our results.

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**Quarterly Information**

The following table sets forth our unaudited quarterly results and certain key business metrics for each fiscal quarter in the six months ended June 30, 2017 and in the years ended December 31, 2016 and 2015. The unaudited quarterly results set forth below have been prepared on a basis consistent with our audited consolidated financial statements, and we believe they include all normal recurring adjustments necessary for a fair statement of the financial information presented below. The following table should be read in conjunction with our audited consolidated financial statements included elsewhere in this prospectus.

	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017
	(unaudited) (in thousands)									
<b>Revenue</b>	96,777	102,509	108,367	114,058	95,115	98,797	106,088	111,162	124,999	123,462
Cost of revenue	(29,248)	(27,610)	(34,681)	(62,674)	(33,494)	(33,752)	(26,150)	(33,279)	(31,140)	(35,087)
<b>Gross profit</b>	<b>67,529</b>	<b>74,899</b>	<b>73,686</b>	<b>51,384</b>	<b>61,621</b>	<b>65,045</b>	<b>79,938</b>	<b>77,883</b>	<b>93,859</b>	<b>88,375</b>
<b>Operating expenses</b>										
Selling and marketing	(45,178)	(52,893)	(36,185)	(35,893)	(28,577)	(29,133)	(31,374)	(32,382)	(35,546)	(43,289)
General and administrative	(19,606)	(16,991)	(13,360)	(28,224)	(15,186)	(13,960)	(13,576)	(21,961)	(18,869)	(18,618)
Technology and content	(19,070)	(20,055)	(15,262)	(19,148)	(15,561)	(15,943)	(15,718)	(16,030)	(15,408)	(17,644)
<b>Total operating expenses</b>	<b>(83,854)</b>	<b>(89,939)</b>	<b>(64,807)</b>	<b>(83,265)</b>	<b>(59,324)</b>	<b>(59,036)</b>	<b>(60,668)</b>	<b>(70,373)</b>	<b>(69,823)</b>	<b>(79,551)</b>
<b>Operating income / (loss)</b>	<b>(16,325)</b>	<b>(15,040)</b>	<b>8,879</b>	<b>(31,881)</b>	<b>2,297</b>	<b>6,009</b>	<b>19,270</b>	<b>7,510</b>	<b>24,036</b>	<b>8,824</b>
Financial income / (expense)	(5,552)	671	(4,622)	(3,402)	(386)	(3,653)	(850)	(1,863)	(6,156)	(1,611)
Net income / (loss) before income taxes	(21,877)	(14,369)	4,257	(35,283)	1,911	2,356	18,420	5,647	17,880	7,213
Income tax expense	(4,344)	(1,585)	(5,909)	(6,166)	(2,646)	(2,177)	(4,067)	(1,647)	(2,486)	(3,806)
<b>Net income / (loss)</b>	<b>\$ (26,221)</b>	<b>\$ (15,954)</b>	<b>\$ (1,652)</b>	<b>\$ (41,449)</b>	<b>\$ (735)</b>	<b>\$ 179</b>	<b>\$ 14,353</b>	<b>\$ 4,000</b>	<b>\$ 15,394</b>	<b>\$ 3,407</b>

**Key Business Metrics:**

<b>Operational</b>										
Number of transactions	1,739	1,846	2,022	2,095	1,632	1,706	1,839	2,035	2,129	2,210
Gross bookings	\$ 810,961	\$ 868,562	\$ 941,076	\$ 970,195	\$ 661,409	\$ 755,433	\$ 844,866	\$ 998,526	\$1,019,102	\$1,061,026
<b>Financial</b>										
Adjusted EBITDA (unaudited) <sup>(1)</sup>	\$ (12,265)	\$ (10,999)	\$ 12,637	\$ (28,440)	\$ 5,340	\$ 9,232	\$ 22,831	\$ 11,173	\$ 28,157	\$ 13,070

(1) The table below provides a reconciliation of our net income/loss to Adjusted EBITDA.

	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017
	(unaudited) (in thousands)									
<b>Net income / (loss)</b>	<b>\$ (26,221)</b>	<b>\$ (15,954)</b>	<b>\$ (1,652)</b>	<b>\$ (41,449)</b>	<b>\$ (735)</b>	<b>\$ 179</b>	<b>\$ 14,353</b>	<b>\$ 4,000</b>	<b>\$ 15,394</b>	<b>\$ 3,407</b>
Financial Income	86	5,502	2,517	2,547	4,377	815	1,708	1,787	448	467
Financial Expense	(5,743)	(4,756)	(6,881)	(6,177)	(4,763)	(4,468)	(2,559)	(3,649)	(6,604)	(2,078)
Income tax expense	(4,344)	(1,585)	(5,909)	(6,166)	(2,646)	(2,177)	(4,067)	(1,647)	(2,486)	(3,806)
Depreciation expense	(1,267)	(1,371)	(1,253)	(1,261)	(1,265)	(1,255)	(1,450)	(1,111)	(1,343)	(1,362)
Amortization of intangible assets	(2,367)	(2,371)	(2,389)	(2,160)	(1,728)	(1,918)	(2,060)	(2,129)	(1,517)	(2,039)
Share-based compensation expense	(321)	(374)	(374)	208	(50)	(50)	(50)	(424)	(1,176)	(930)
<b>Adjusted EBITDA</b>	<b>\$ (12,265)</b>	<b>\$ (10,999)</b>	<b>\$ 12,637</b>	<b>\$ (28,440)</b>	<b>\$ 5,340</b>	<b>\$ 9,232</b>	<b>\$ 22,831</b>	<b>\$ 11,173</b>	<b>\$ 28,157</b>	<b>\$ 13,055</b>

## **Liquidity and Capital Resources**

As described under “Use of Proceeds,” we intend to use the net proceeds from this offering for general corporate purposes, including potential acquisitions or other strategic opportunities in the future. In addition, we do not currently expect to pay any cash dividends to our shareholders in the foreseeable future.

We believe, based on our current operating plan, that our existing cash and cash equivalents, together with other sources of financing and cash flows from operating activities, will be sufficient to meet our anticipated cash needs for working capital, financial liabilities, capital expenditures and business expansion for at least the next twelve months. Although we believe that upon the completion of this offering we will have a sufficient level of cash and cash equivalents to cover our working capital needs in the ordinary course of business and to continue to expand our business, we may, from time to time, explore additional financing sources to lower our cost of capital, which could include equity, equity-linked and debt financing. In addition, from time to time, we may evaluate acquisitions and other strategic opportunities. If we elect to pursue any such investments, we may fund them with internally generated funds, proceeds from this offering, bank financing, the issuance of debt or equity or a combination thereof. In addition, our payment terms with our customers and suppliers often allow us to receive payment from customers before we are required to make payments to our suppliers, which also reduces our need to use external sources of financing.

The ability of certain of our subsidiaries to pay dividends to us is subject to their having satisfied requirements under local law to set aside a portion of their net income in each year to legal reserves, as described below. In accordance with Argentine and Uruguayan companies law, our subsidiaries incorporated in Argentina and in Uruguay must set aside at least 5% of their net profit (determined on the basis of their statutory accounts) in each year to legal reserves, until such reserves equal 20% of their respective issued share capital. As of June 30, 2017, no legal reserves were required at our Argentine subsidiary because it had accumulated losses. As of that date, our Uruguayan subsidiary was required to set aside a legal reserve of \$0.8 million, which was fully constituted.

### ***Restricted and Unrestricted Cash and Cash Equivalents***

As of June 30, 2017 and 2016, we had unrestricted cash and cash equivalents of \$92.1 million and \$85.6 million. As of December 31, 2016 and 2015, we had unrestricted cash and cash equivalents of \$76.0 million and \$102.1 million, respectively. In addition, as of December 31, 2015 we had short-term investments of \$40.0 million, with a maturity greater than three months. After December 31, 2015, those funds were reinvested in short-term investments with a maturity shorter than three months and, as a result, the amounts were classified as cash and cash equivalents rather than short-term investments as of December 31, 2016.

Additionally, as of June 30, 2017 and 2016, we had restricted cash and cash equivalents of \$49.2 million and \$35.1 million. As of December 31, 2016 and 2015, we had restricted cash and cash equivalents of \$43.2 million and \$33.8 million, respectively, which primarily consisted of amounts held in restricted accounts to secure our obligations to various suppliers.

### ***Positive Cash Cycle***

The cash cycle in our business presents a source of working capital for our company. Our pre-pay model allows us to collect cash amounts from transactions with our customers well before we are required to make payments to our travel suppliers, which allows us to use the cash for other business purposes in the interim. Under our pre-pay model, we receive cash payments through credit card companies used by customers at or near the time of booking, and we are required to make payments related to the booking to the relevant suppliers generally two to three months afterwards, typically after the customer uses the reservation and the supplier invoices us. As of June 30, 2017, June 30, 2016, December 31, 2016 and 2015, we had deferred merchant bookings of \$85.0 million, \$46.6 million, \$84.5 million and \$90.6 million, respectively.

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If our pre-pay model declines relative to our pay-at-destination, model or our overall business, or if there are changes to the pre-pay model such as changes in booking patterns or customer or supplier payment terms, our overall working capital benefits could be reduced. In such event, we could be required to obtain additional working capital financing, including using factoring, which would increase our financial expense. In addition, in the event of a significantly contracting market or a prolonged market disruption, or a prolonged disruption to our platform, we could face liquidity constraints if we have used cash received from customers in our business and are not able to obtain cash through our operations or from financing to make subsequent payments to travel suppliers. In addition, a significant change in currency values could affect our payment obligations to travel suppliers, although we believe that our hedging policies mitigate our exposure to currency fluctuations.

## Cash Flows

### *Cash Flows for the Six Month Period Ended June 30, 2017 Compared to the Six Month Period Ended June 30, 2016*

The following table sets forth certain consolidated cash flow information for the six months ended June 30, 2017 and 2016:

(in thousands)	Six Months Ended June 30,	
	2017	2016
	(unaudited)	
Net cash flows provided by (used in) operating activities	\$ 25,281	\$ (47,652)
Net cash flows (used in) / from investing activities	(15,990)	31,997
Net cash flows provided by financing activities	6,676	1,000
Effect of exchange rate changes on cash and cash equivalents	172	(1,892)
Net (decrease) / increase in cash and cash equivalents	16,139	(16,547)

#### *Net Cash Flows Provided by / (Used in) Operating Activities*

Operating activities provided net cash of \$25.3 million in the six months ended June 30, 2017 and used \$47.7 million in the six months ended June 30, 2016. While in the six months ended June 30, 2016 net cash used in operating activities was impacted by the payment of the heightened fraud attempts from late 2015, net cash in the six months ended June 30, 2017 was benefitted by the increase of \$24.6 million in operating income.

#### *Net Cash Flows (Used in) / From Investing Activities*

Investing activities used net cash of \$16.0 million in the six months ended June 30, 2017 and provided net cash of \$32.0 million in the six months ended June 30, 2016. While in the six months ended June 30, 2016 cash provided by investing activities was primarily the result of the realization of a short term investment made in 2015, in the six months ended June 30, 2017 cash was impacted mainly by an increase of restricted cash caused by the increase in business volume.

#### *Net Cash Flows Provided by Financing Activities*

Net cash flows provided by financing activities were \$6.7 million in the six months ended June 30, 2017 and \$1.0 million in the six months ended June 30, 2016.

#### *Currency Exchange Rates*

The translation effect of converting cash held in local currencies to dollars impacted our cash and cash equivalents by \$1.9 million and \$0.2 million in the six months ended June 30, 2016 and 2017, respectively.

[Table of Contents](#)**Cash Flows for the Year Ended December 31, 2016 Compared to Year Ended December 31, 2015**

The following table sets forth certain consolidated cash flow information for the years ended December 31, 2016 and 2015:

(in thousands)	Year Ended December 31,	
	2016	2015
Net cash flows used in operating activities	\$ (43,292)	\$ (24,249)
Net cash flows provided by / (used in) investing activities	14,384	(80,986)
Net cash flows provided by financing activities	5,142	198,793
Effect of exchange rate changes on cash and cash equivalents	(2,382)	(12,478)
Net (decrease) / increase in cash and cash equivalents	(26,148)	81,080

*Net Cash Flows Used in Operating Activities*

Operating activities used net cash of \$43.3 million in 2016 and \$24.2 million in 2015. The increase in net cash used in operating activities was primarily the result of an increase in receivables, which was primarily a result of our decision to allow our receivables from third-party financial institutions relating to installment plan purchases in Brazil to remain outstanding for a longer period instead of factoring such receivables to receive payment more quickly. We reduced our use of factoring in 2016 in part to increase the total amount of our receivables denominated in Brazilian reais to reduce our currency risk with respect to our balance of accounts payable to suppliers in Brazil that are denominated in Brazilian reais. We also were able to reduce our use of factoring in part because our otherwise stronger operating cash flows in 2016 reduced our financing needs. The increase in cash used in operating activities was partially offset by an increase in net income in 2016.

*Net Cash Flows Provided by / (Used in) Investing Activities*

Investing activities provided net cash of \$14.4 million in 2016 and used net cash of \$81.0 million in 2015. The increase in net cash provided by investing activities was primarily the result of holding \$40.0 million in short-term investments with a maturity longer than three months in 2015, which was classified as a short-term investment, and then reinvesting that \$40.0 million in investments with a maturity shorter than three months in 2016, which was classified as cash and cash equivalents. The increase in net cash flows from investing activities was partially offset by an increase in investment in intangible assets in 2016. In addition, in 2015 we pledged \$10.0 million of cash to Expedia, which was then classified as restricted cash (see note 12 to our audited consolidated financial statements).

*Net Cash Flows Provided by Financing Activities*

Net cash flows provided by financing activities were \$198.8 million in 2015 and \$5.1 million in 2016. The net cash flows provided by financing activities in 2015 were primarily a result of Expedia's investment in the common stock of Decolar.com, Inc. (our predecessor), which provided us with \$270.0 million, of which \$45.0 million was used to repurchase shares from other stockholders and \$50.0 million was used to repay a portion of our indebtedness. The net cash flows provided by financing activities in 2016 were primarily a result of increased borrowings under our revolving credit facilities.

*Currency Exchange Rates*

The translation effect of converting cash held in local currencies to dollars reduced our cash and cash equivalents by \$12.5 million and \$2.4 million in 2015 and 2016, respectively.

[Table of Contents](#)**Contractual Obligations and Other Commitments**

The following table represents our contractual commitments as of December 31, 2016:

(in thousands)	Payments Due by Period				
	Total	Within 1 Year	2-3 Years	4-5 Years	After 5 Years
Operating lease obligations	\$ 13,627	\$3,720	\$6,262	\$3,434	\$ 110
Other long-term liabilities (1)	125,000	—	—	—	125,000
Total contractual obligations	<u>\$ 138,627</u>	<u>\$ 3,720</u>	<u>\$ 6,262</u>	<u>\$ 3,434</u>	<u>\$ 125,110</u>

- (1) We may be required to make a termination payment of \$125.0 million to Expedia if, among other things, we elect to terminate the Expedia Outsourcing Agreement on or after March 6, 2022 or the marketing fee threshold of \$5.0 million over a rolling six month period is not achieved. Such amount is reflected as a long-term liability on our balance sheet. For more information on our relationship of Expedia, see “Business—Material Agreements,” “Principal and Selling Shareholders” and “Certain Relationships and Related Person Transactions.” Since we entered into the Expedia Outsourcing Agreement in March 2015, we have not failed to meet the required threshold. Our average margin from March 2015 through June 2017 has been 188% of the threshold, with our lowest margin being 151% of the threshold during the six-month period ended April 2015 and our highest margin being 27% of the threshold during the six-month period ended June 2017. Although we are significantly above the required threshold and believe that we have sufficient flexibility to continue to meet the threshold on a going forward basis, our ability to do so could be impaired by a significant and prolonged disruption in the global travel industry or our platform. For more information, see “Risk Factors.”

There have been no material changes to our contractual obligations since December 31, 2016.

**Off-Balance Sheet Arrangements**

As of June 30, 2017, except for operating lease obligations as described above, we did not have any material off-balance sheet arrangements.

**Research and Development**

Our research and development activities are primarily focused on the development of software, which we view as an important element of the investments we make in our technology and our business. Our primary software development activities have been focused on providing an effective and engaging platform for our customers and on collecting and using data to better customize the user experience, pricing and marketing efforts for our customers. In the six months ended June 30, 2017 and June 30, 2016 and in the years ended December 31, 2016 and 2015, we spent \$39.3 million, \$37.2 million, \$75.4 million and \$87.1 million, respectively, on software development and other research and development activities.

**Certain Relationships and Related Party Transactions**

We have engaged in a number of related party transactions. See the notes to our consolidated financial statements, as well as “Certain Relationships and Related Person Transactions,” included elsewhere in this prospectus.

**Recent Accounting Pronouncements**

For a discussion of new accounting pronouncements, see note 3 in our audited consolidated financial statements and unaudited condensed consolidated financial statements included elsewhere in this prospectus.

## **Critical Accounting Policies and Use of Estimates**

Critical accounting policies and estimates are those that we believe are important in the preparation of our consolidated financial statements because they require that we use judgment and estimates in applying those policies. We prepare our consolidated financial statements and accompanying notes in accordance with U.S. GAAP.

Preparation of the consolidated financial statements included elsewhere in this prospectus requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements as well as revenue and expenses during the periods reported. We base our estimates on historical experience, where applicable, and other assumptions that we believe are reasonable under the circumstances. Actual results may differ from our estimates under different assumptions or conditions.

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements. We believe that the following critical accounting policies reflect the more significant estimates and assumptions used in the preparation of our consolidated financial statements. You should read the following descriptions of critical accounting policies, judgments and estimates in conjunction with our audited consolidated financial statements and the notes thereto included elsewhere in this prospectus.

There are certain critical estimates that we believe require significant judgment in the preparation of our consolidated financial statements. We consider an accounting estimate to be critical if:

- it requires us to make an assumption because information was not available at the time or it included matters that were highly uncertain at the time we were making the estimate; and
- changes in the estimate or different estimates that we could have selected may have had a material impact on our financial condition or results of operations.

For more information on each of these policies, see note 3—Summary of Significant Accounting Policies, in the notes to our audited consolidated financial statements included elsewhere in this prospectus. We discuss information about the nature and rationale for our critical accounting estimates below.

### ***Accounting for Certain Pre-pay Revenue***

We accrue the cost of certain pre-pay revenue based on the amount we expect to be billed by suppliers. In certain instances when a supplier invoices us for less than the cost we accrued, we generally recognize those amounts as revenue twelve months in arrears, when we determine it is not probable that we will be required to pay the supplier, based on historical experience and contract terms. Actual revenue could be greater or less than the amounts estimated due to changes in hotel billing practices or changes in traveler behavior.

### ***Recoverability of Goodwill and Indefinite and Definite-Lived Intangible Assets***

*Goodwill.* We assess goodwill for impairment annually as of December 31, if events and circumstances indicate impairment may have occurred. In the evaluation of goodwill for impairment, we typically first perform a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than the carrying amount. If so, we perform a quantitative assessment and compare the fair value of the reporting unit to the carrying value. If the carrying value of a reporting unit exceeds its fair value, the goodwill of that reporting unit is potentially impaired and we proceed to step two of the impairment analysis. In step two of

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the analysis, we will record an impairment loss equal to the excess of the carrying value of the reporting unit's goodwill over its implied fair value should such a circumstance arise. Periodically, we may choose to forgo the initial qualitative assessment and perform quantitative analysis to assist in our annual evaluation.

We generally base our measurement of fair value of reporting units on an analysis of the present value of future discounted cash flows. The discounted cash flows model indicates the fair value of the reporting units based on the present value of the cash flows that we expect the reporting units to generate in the future. Our significant estimates in the discounted cash flows model include: our weighted average cost of capital, long-term rate of growth and profitability of our business and working capital effects.

We believe the weighted use of discounted cash flows is the best method for determining the fair value of our reporting units because these are the most common valuation methodology used within the travel and internet industries.

*Indefinite-Lived Intangible Assets*. We base our measurement of fair value of indefinite-lived intangible assets, which primarily consist of brands and domains, using the relief-from-royalty method. This method assumes that the brands and domains have value to the extent that their owner is relieved of the obligation to pay royalties for the benefits received from them. This method requires us to estimate the future revenue for the related brands, the appropriate royalty rate and the weighted average cost of capital.

*Definite-Lived Intangible Assets*. We review the carrying value of long-lived assets or asset groups to be used in operations whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Factors that would necessitate an impairment assessment include a significant adverse change in the extent or manner in which an asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset, or a significant decline in the observable market value of an asset, among others. If such facts indicate a potential impairment, we would assess the recoverability of an asset group by determining if the carrying value of the asset group exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the assets over the remaining economic life of the primary asset in the asset group. If the recoverability test indicates that the carrying value of the asset group is not recoverable, we will estimate the fair value of the asset group using appropriate valuation methodologies, which would typically include an estimate of discounted cash flows. Any impairment would be measured as the difference between the asset groups carrying amount and its estimated fair value.

The use of different estimates or assumptions in determining the fair value of our goodwill, indefinite-lived and definite-lived intangible assets may result in different values for these assets, which could result in an impairment or, in the period in which an impairment is recognized, could result in a materially different impairment charge.

## **Income Taxes**

We record income taxes under the liability method. Deferred tax assets and liabilities reflect our estimation of the future tax consequences of temporary differences between the carrying amounts of assets and liabilities for book and tax purposes. We determine deferred income taxes based on the differences in accounting methods and timing between financial statement and income tax reporting. Accordingly, we determine the deferred tax asset or liability for each temporary difference based on the enacted tax rates expected to be in effect when we realize the underlying items of income and expense. We consider many factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience by jurisdiction, expectations of future taxable income, and the carryforward periods available to us for tax reporting purposes, as well as other relevant factors. We may establish a valuation allowance to reduce deferred tax assets to the amount we believe is more likely than not to be realized. Due to inherent complexities arising from the nature of our businesses, future changes in income tax law, tax sharing agreements or variances between our actual and anticipated operating results, we make certain judgments and estimates. Therefore, actual income taxes could materially vary from these estimates.

### ***Other Long-Term Liabilities***

*Various Legal and Tax Contingencies* . We record liabilities to address potential exposures related to business and tax positions we have taken that have been or could be challenged by taxing authorities. In addition, we record liabilities associated with legal proceedings and lawsuits. These liabilities are recorded when the likelihood of payment is probable and the amounts can be reasonably estimated. The determination for required liabilities is based upon analysis of each individual tax issue, or legal proceeding, taking into consideration the likelihood of adverse judgments and the range of possible loss. In addition, our analysis may be based on discussions with outside legal counsel. The ultimate resolution of these potential tax exposures and legal proceedings may be greater or less than the liabilities recorded.

### ***Stock-Based Compensation***

Our primary form of employee stock-based compensation is stock option awards. We measure the value of stock option awards on the date of grant at fair value using the appropriate valuation techniques, including the Black-Scholes and Monte Carlo option-pricing models. We amortize the fair value over the remaining term on a straight-line basis. We account for forfeitures as they occur. The pricing models require various highly judgmental assumptions including volatility and expected option term. If any of the assumptions used in the models change significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period.

### **Public Company Cost**

Upon consummation of our initial public offering, we will become a public company, and our ordinary shares will be publicly traded on the New York Stock Exchange. As a result, we will need to comply with new laws, regulations and requirements that we did not need to comply with as a private company, including provisions of the Sarbanes-Oxley Act, other applicable SEC regulations and the requirements of the New York Stock Exchange. Compliance with the requirements of being a public company will require us to increase our general and administrative expenses in order to pay our employees, legal counsel and independent registered public accountants to assist us in, among other things, instituting and monitoring a more comprehensive compliance and board governance function, establishing and maintaining internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act and preparing and distributing periodic public reports in compliance with our obligations under the federal securities laws. In addition, as a public company, it will be more expensive for us to obtain directors' and officers' liability insurance.

### **Jumpstart Our Business Startups Act of 2012**

The JOBS Act permits an EGC such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected not to take advantage of the extended transition period to comply with new or revised accounting standards; however, we have elected to adopt certain of the reduced disclosure requirements available to EGCs.

### **Quantitative and Qualitative Disclosures About Market Risk**

#### ***Foreign Exchange Risk***

We report our financial results in dollars, but most of our revenue and expenses are denominated in other currencies, particularly the Argentine peso and the Brazilian real. Any changes in the exchange rates of any such currencies against the dollar will affect our reported financial results as translated into dollars. Furthermore, many of our customers travel internationally and any changes in the exchange rate between their home currency and the currency of their intended destination may influence their travel purchases. We also use derivative financial instruments in some cases to manage our foreign exchange risk.

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Our supplier arrangements often result in significant balances of both accounts payable and accounts receivable denominated in various currencies. To the extent that the timing of such payments are within our control, we often attempt to accelerate or delay such payments to minimize the disparity between our accounts payable and accounts receivable denominated in each currency, which reduces the effect of exchange rate fluctuations on our reported financial results. For example, we reduced our factoring of Brazilian installment receivables in 2016 in part to increase the total amount of our receivables denominated in Brazilian reais to partially offset our larger balance of accounts payable to suppliers in Brazil that are denominated in Brazilian reais. In addition, we can be exposed to foreign exchange risk with respect to international travel if we accept upfront payment at the time of booking in a customer's home currency and are later required to pay the supplier in the supplier's home currency.

***Inflation and Interest Rate Risk***

Brazil, Argentina and many other countries in Latin America have historically experienced high rates of inflation. Inflationary pressures persist, and actions taken in an effort to curb inflation, coupled with public speculation about possible future governmental actions, have in the past contributed to economic uncertainty in Brazil, Argentina and other Latin America countries and heightened volatility in the Latin America financial markets. Changes in inflation rates can affect our pricing as well as our expenses, and the inflation rates in the countries where we generate revenue in any period may be higher or lower than the inflation rates in the countries where we incur expenses. In addition, higher inflation may lead our customers to make more purchases using installment or other financing options, and may make such financing options more expensive for us.

The inflation rate in Brazil, as reflected by the IPCA index, was 10.7% in 2015, 6.3% in 2016 and 1.2% in the first half of 2017. The inflation rate in Argentina, as measured by the City of Buenos Aires Consumer Price Index, was 26.9% in 2015 and 41.0% in 2016. According to measurements from INDEC of the Consumer Price Index, inflation for the first nine months of 2015 was 10.7%, for the period from May to December 2016 was 16.9% and for the first half of 2017 was 11.8%, respectively. National statistical data was not available in Argentina from October 2015 to April 2016.

Interest rates are highly sensitive to many factors, including fiscal and monetary policies to combat inflation and economic and political and other factors beyond our control. From time to time, we factor our receivables to receive cash more quickly. The costs of factoring are driven primarily by interest rates which, in turn, are influenced significantly by inflation and expectations for future inflation. In addition, we maintain revolving credit facilities in certain countries, and the interest rates payable with respect to those facilities also vary based on local market interest rates.

## BUSINESS

### Overview

We are the leading online travel company in Latin America, known by our two brands, Despegar, our global brand, and Decolar, our Brazilian brand. We have a comprehensive product offering, including airline tickets, packages, hotels and other travel-related products, which enables consumers to find, compare, plan and purchase travel products easily through our marketplace. We provide our network of travel suppliers a technology platform for managing the distribution of their products and access to our users. We believe that our focus on the underpenetrated Latin American online travel market, our knowledge of the consumer and supplier landscape in the region and our ability to manage the business successfully through economic cycles will allow us to continue our industry leadership. In the six months ended June 30, 2017 and the year ended December 31, 2016, we had approximately 2.5 million and 4.0 million customers, generating \$248.5 million and \$411.2 million in revenue, respectively. Our gross bookings were \$2.1 billion and \$3.3 billion in the six month ended June 30, 2017 and the year ended December 31, 2016, respectively.

Total Latin America online travel bookings are projected to be approximately \$29.7 billion in 2016 and are expected to grow to approximately \$47.6 billion by 2020, representing an estimated CAGR of 12.5%, according to Euromonitor International, with projected penetration of online travel bookings expected to increase from approximately 31% in 2016 to approximately 36% in 2020. Factors driving the growth in online travel bookings include the increase of internet penetration, further adoption of smartphones, tablets and other mobile devices and a growing middle class with greater access to banking services and credit products, together enabling a larger segment of the growing population to transact online or on mobile devices.

The Latin American travel industry is characterized by significant fragmentation in suppliers across airlines, hotels and other travel products. This fragmentation is compounded by regional complexities, including differences in language, local customs, travel preferences, currencies and regulatory regimes across the more than 40 countries in the region. These factors create challenges for suppliers to reach customers directly and, consequently, create a significant market opportunity for us.

We believe we have the broadest travel portfolio among OTAs in Latin America, with inventory from global suppliers, including over 250 airlines and over 300,000 hotels, as well as approximately 900 car rental agencies and approximately 250 destination services suppliers with more than 7,000 activities. Additionally, we have accumulated approximately nine million user-generated reviews, of which 1.1 million and 1.9 million were submitted in the six months ended June 30, 2017 and in the year ended December 31, 2016, respectively, which we believe drive user engagement. Our business benefits from network effects: our large customer base helps us to attract additional travel suppliers and, in turn, a larger network of travel suppliers helps us to attract new customers by enhancing our product offering. Additionally, as we continue to grow our marketplace, we are increasingly able to offer more competitive pricing and product availability to our customers as well as enhance the effectiveness of our marketing strategy.

We launched our award-winning mobile travel app in 2012 and it is an increasingly important part of our business, as it allows consumers to access and browse our real-time inventory, compare prices and transact through their mobile devices quickly. As of June 30, 2017, our apps have more than 33 million cumulative downloads from the iOS App Store and Google Play (22 million of which were downloaded in the last two years ended June 30, 2017) and we believe they are the most downloaded OTA apps in Latin America. During the six months ended June 30, 2017 and in the year ended December 31, 2016, mobile accounted for approximately 55% and 50%, respectively, of all of our user visits, and approximately 27% and 19%, respectively, of our gross bookings were purchased on our mobile platform, complementing our desktop website traffic. As internet, smartphone and other mobile device penetration continue to increase, we believe that our strength in mobile will continue to be a strategic advantage.

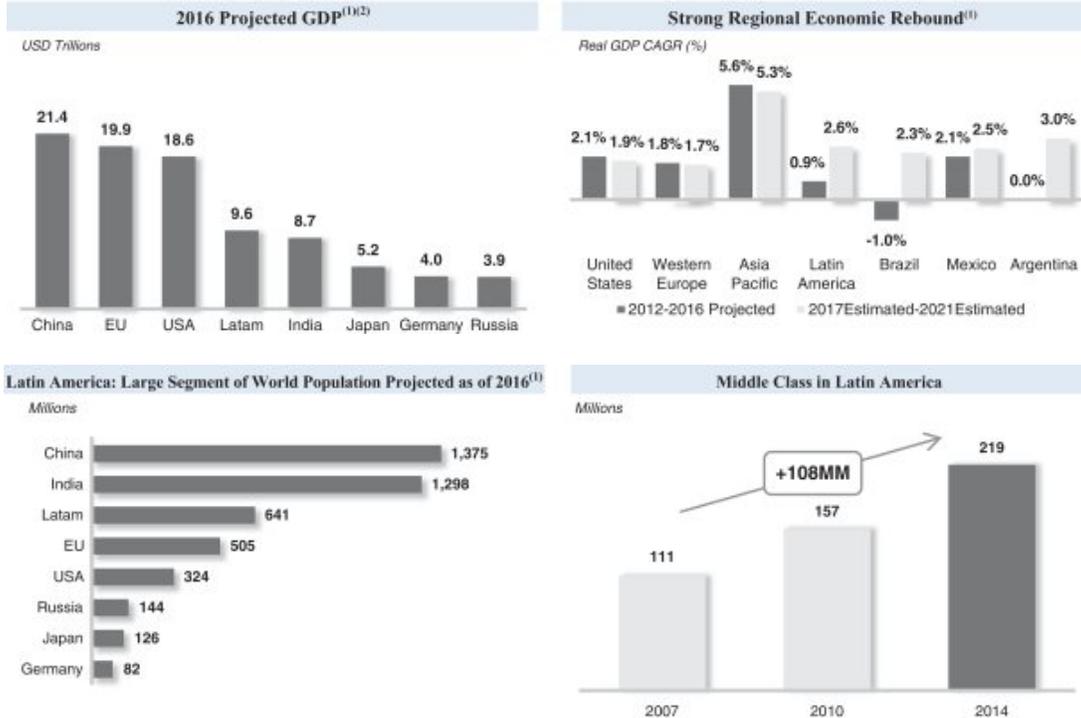
We view our brand recognition among Latin America travelers as one of our key competitive advantages. We believe that our brands, Despegar and Decolar, have the highest brand awareness in online travel across Latin

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America, with approximately 140 million unique visitors to our platform in the last twelve months ended June 30, 2017, based on our internal estimates. According to data from Google Adwords, Despegar and Decolar had the highest brand recognition among OTAs in Latin America. In the six months ended June 30, 2017 and in the year ended December 31, 2016, approximately 52% and 50%, respectively, of the traffic on our platform was from visitors coming to our platform directly, or through other free channels, rather than through paid channels, largely due to the strength of our brand. To date, we have invested more than \$1.0 billion in marketing and branding initiatives promoting our brand, which we believe, combined with the quality of the service we have delivered over the years, has made us a trusted brand with our customers. Based on our own customer surveys, we had an NPS of 61 in 2016, which reflects our favorable brand affinity among our customers. In addition, our leading web and mobile platform and comprehensive product offering enable us to retain current customers. In 2016, 60% of our transactions were with repeat customers.

**Travel Market Opportunity in Latin America**

Latin America is one of the largest and most diverse regions in the world. Comprised of over 40 countries with a total population of over 600 million, the region encompasses multiple languages, currencies and regulatory regimes. The travel market serving Latin American consumers presents a significant opportunity for us due to its large market size, highly fragmented base of travel suppliers and rapid growth in the adoption of technology-based solutions for consumers and travel suppliers. The following charts show certain statistics for the Latin American region.



(1) According to Euromonitor International.  
 (2) In dollars.

### ***Large and Growing Travel Industry***

The Latin American travel industry, comprised of air, hotel, car rentals and attractions within Latin America and inbound to the region, including corporate travel, represented an estimated \$97.5 billion market as projected for 2016 and is expected to grow to approximately \$130.9 billion by 2020, according to Euromonitor International. This represents an estimated CAGR of 7.6% from 2016 to 2020. In 2016, airline bookings in Latin America are projected to be approximately \$43.3 billion, hotel bookings are projected to be approximately \$46.0 billion and together car rentals and attractions are projected to be approximately \$8.2 billion, according to Euromonitor International.

Long-term favorable macroeconomic trends in the region have contributed to the expansion of the middle class and increased consumption in the region. According to the World Bank, the middle class (defined as per capita income of \$3,650 to \$18,250 per year) comprised approximately 35% of the Latin American population in 2014, compared to less than 25% a decade prior. This amounted to an additional 108 million people moving into the middle class. The growth in the middle class and the expansion of GDP per capita have increased disposable income available for discretionary purchases, including travel.

### ***Overview of Suppliers in the Latin American Travel Industry***

The Latin American travel industry is characterized by significant supplier fragmentation across airlines, hotels and other travel products. Regional complexities, including differences in language, local customs, travel preferences, currencies and regulatory regimes across the more than 40 countries in the region create challenges for suppliers to reach customers directly, at scale and across the region.

The airline industry in the region is highly fragmented, as evidenced by the fact that the largest four airlines in Latin America by bookings accounted for approximately 40% of total bookings per year in 2015 in comparison to 68% in the United States during the same period, according to Euromonitor International. Further driving this fragmentation is the growing number of smaller airlines, including low-cost airlines that have been commencing operation in recent years. According to CAPA Center for Aviation, 11 new airlines commenced operations in Latin America in 2016 and a further 11 are expected to do so in 2017. Today, travel agencies are the leading distribution channel in the region for airlines, due to their ability to provide greater selection and scale across the region.

Additionally, Latin America's hotel industry is characterized by higher fragmentation and lower occupancy rates than that of other developed markets. These factors increase our importance to hotels. In Latin America, the top ten hotel chains had an estimated 15.3% market share in 2015, compared to 51.8% in the United States during the same period, according to Euromonitor International. Furthermore, a large portion of the room capacity in Latin America is provided by independent hotels, with major chains accounting for only approximately 46% of total capacity, compared to 72% in the United States, according to Skift and SiteMinder. The hotel occupancy rate in South America was approximately 55% in 2016, compared to 65% in North America and 70% in Europe, according to STR Global. As such, we have a broad supplier base, with approximately 7,000 hotels generating approximately 90% of our hotel revenue. We believe that due to a lack of scale or unified brand, other travel services in Latin America tend to be even more fragmented, operating in specific cities or countries.

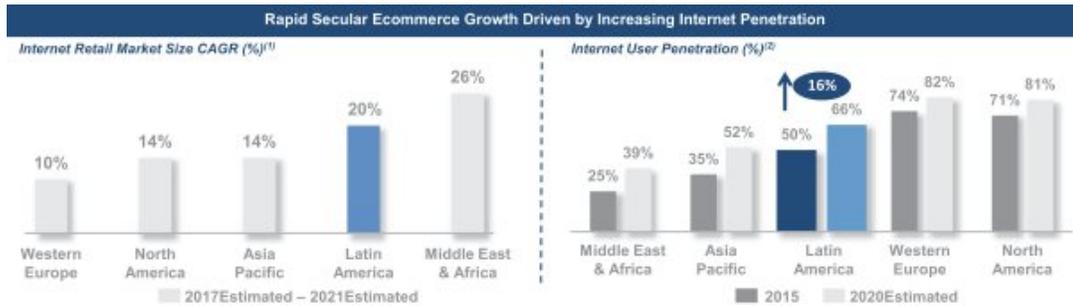
### ***Trends Driving Online Travel and Our Growth***

An expanding and evolving travel market, coupled with greater internet, smartphone and other mobile device penetration, is expected to drive robust growth in online travel bookings in Latin America. Total Latin America online travel bookings were approximately \$13.7 billion in 2010 and projected to be approximately \$29.7 billion in 2016, and are expected to further increase to approximately \$47.6 billion by 2020, according to Euromonitor International. This represents an estimated CAGR of 12.5% from 2016 to 2020. According to our

estimates, based on Euromonitor International market data, we had a market share of approximately 11% of the Latin American online travel market, as measured by gross bookings projected by Euromonitor International for 2016. We believe that our business will continue benefiting from these market trends, although we cannot assure you that our business will grow at the same rates as historic or forecasted market growth.

According to Euromonitor International, online travel penetration in Latin America, measured as online bookings as a percentage of total travel bookings, increased from approximately 16% in 2010 to approximately 31% projected for 2016 and is expected to climb to approximately 36% by 2020. By comparison, in the United States, Western Europe and Asia, online booking penetration is projected to be 49%, 52% and 36%, respectively, in 2016. As consumers shift to researching and booking travel online, travel suppliers have adapted their offerings and deepened their relationships with online marketing and booking channels, such as OTAs, to generate revenue. OTAs provide travel suppliers with scale and distribution into new and existing markets and 24/7 customer service and localization services, including language and payment capabilities. Factors driving the growth in online travel include:

- Increasing internet penetration** . In 2015, internet penetration in Latin America was approximately 50%, and is expected to increase to approximately 66% by 2020, according to Euromonitor International. By comparison, North America and Western Europe had demonstrated internet penetration of 71% and 74%, respectively, in 2015 and, are expected to increase to 81% and 82%, respectively, in 2020. As such, while internet penetration in Latin America has increased, we believe it has substantial room for growth. As internet penetration increases, Latin American consumers are increasingly using the internet to research and purchase products, including travel.



Source: Euromonitor International

**Notes:**

- Retail value (RSVP) including sales tax, at fixed 2016 exchange rates
- Percentage of total population using internet

- Increasing adoption of mobile devices** . The number of unique mobile subscribers, in Latin America is expected to grow by approximately 110 million new unique subscribers, according to the GSM Association, bringing the total to approximately 524 million in the region by 2020. With the proliferation of smartphones and tablets, mobile has become a prominent tool for travelers to search, discover and purchase travel services.
- Superior user experience** . Online travel booking channels, which include websites and mobile apps, empower travelers to search products and user-generated reviews and easily compare real-time availability and pricing options from multiple travel providers simultaneously, which we believe leads to higher user engagement and customer conversion.
- Growth in banked consumers and proliferation of credit products** . With the continued development of the Latin American economy, a larger portion of the population has opened bank accounts, enabling access to new forms of payments including credit cards and other financial products. With the increased number of consumers with bank and credit card accounts, more people have the ability to make purchases online. According to Euromonitor International, the number of credit cards outstanding

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in Latin America (measured in millions of credit cards) has grown at a CAGR of approximately 6.9% between 2006 and projections for 2016. Access to bank accounts and credit cards also gives consumers access to additional financing options from banks, such as payment by installments.



Source: World Bank (left), Euromonitor International (right)

Notes:

- (1) As of 2015
- (2) Millions of credit card transactions CAGR calculated for 2015-2020 estimated period

As the leading OTA in Latin America, we believe we are well positioned to succeed as consumers’ destination of choice for fast, easily searchable and more transparent travel research and shopping. As our market share grows, we are increasingly able to capture significant amounts of customer data including travel history and preferences and serve personalized recommendations to drive higher customer conversion. Additionally, we are able to provide better pricing through scale and by bundling multiple travel products together in a single offer.

**Our Competitive Strengths**

We are the leading OTA in Latin America, offering our customers a broad and diversified selection of travel products at attractive prices. Our leadership position is a result of our following core strengths:

**Industry Leader in Latin America**

With our launch in 1999, we have benefited from an early mover advantage in Latin America, which has allowed us to achieve significant scale and brand awareness, with approximately 140 million unique visitors to our platform in the last twelve months ended June 30, 2017, based on our internal estimates. In the six months ended June 30, 2017 and in the year ended December 31, 2016, we had approximately 2.5 million and 4.0 million customers primarily in Latin America, generating \$248.5 million and \$411.2 million in revenue and approximately \$2.1 billion and \$3.3 billion, respectively, in gross bookings. In 2016, we held the #1 ranking of all OTAs in Latin America by desktop traffic, according to SimilarWeb.

We have established relationships with a large and growing network of travel suppliers in Latin America and we have become the leading online air ticketing provider in Latin America, having sold approximately 15% of all airline tickets purchased through GDS in the region during 2016, according to Amadeus. Additionally, we believe we provide our customers with the largest travel portfolio among Latin American OTAs, with access to over 250 global airlines and over 300,000 hotels globally as well as approximately 900 car rental agencies and approximately 250 destination services suppliers with more than 7,000 activities. Additionally, we have accumulated approximately nine million user-generated reviews in total as of June 30, 2017, of which 1.9 million were submitted in the year ended December 31, 2016 and 1.1 million in the first half of 2017, which we believe drive user engagement. Our platform is also of increasing importance to airlines based outside of Latin America, which generally have a limited local presence in the region, and which account for over 70% of the outbound international travel booked on our platform. Such international travel is more attractive because of its price point and higher commission structure.

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Our technology platform allows us to offer our customers the ability to create custom packages of two or more products, such as a combination of airfare and a hotel booking for a particular trip, allowing us to offer customers lower combined prices that may not be available for individual products. We are also able to better cross-sell multiple travel products and provide customers with a comprehensive solution for their travel needs.

We benefit from network effects: our large customer base helps us to attract additional travel suppliers and, in turn, a larger network of travel suppliers helps us to attract new customers by enhancing our product offering. Furthermore, by growing our user base and aggregating different products from our supplier base, we are able to offer attractive pricing and availability of travel products to our customers as well as enhance the effectiveness of our marketing strategy.

***Strong Brand Recognition and Awareness***

Despegar, our global brand, and Decolar, our Brazilian brand, have leading brand awareness in online travel in key markets, including Brazil and Argentina. According to search engine trend data that is based on the relative number of searches of brand related keywords on Google during the six months ended June 30, 2017, we had a 27% share (in each case, as compared with what we believe to be the next five largest competitors in the market) in Latin America, 24% in Brazil, 37% in Argentina, 37% in Chile and 25% in Colombia, which represented the strongest brand awareness (as compared with the next five largest competitors in the market) in each of these markets, and a 20% share in Mexico, where we had the second strongest brand awareness. We have dedicated significant efforts and resources to building our brands throughout our 18-year history, including more than \$1.0 billion in lifetime investment in marketing and branding activities. Based on our own customer surveys, we had an NPS of 63 in the six months ended June 30, 2017, which we believe represents a strong willingness of our customers to recommend our offerings to others. In the six months ended June 30, 2017 and the year ended December 31, 2016, approximately 52% and approximately 50%, respectively, of the traffic on our platform was from visitors coming to our platform, or through other free channels, rather than visitors coming to our platform through paid channels, largely due to the strength of our brand.

***Local Market Expertise and Leadership***

We have a strong track record in Latin America, with a point of sale in 20 markets, representing 95% of the region's population, and with a leading OTA presence in key markets such as Brazil, Argentina, Mexico, Chile, and Colombia. In our two largest markets, Brazil and Argentina, we have operated for 17 and 18 years, respectively. Our knowledge of local consumers, and their buying patterns and travel preferences, as well as our ability to offer financing through our relationships with financial institutions, have enabled us to serve our customers more effectively than global competitors from outside the region. Furthermore, our extensive supplier relationships allow us to offer a greater scale and breadth of offerings than smaller, local competitors. We understand the objectives of, and challenges faced by, Latin American travel suppliers and we are well-positioned to address those challenges by helping the suppliers grow their businesses, all to the benefit of consumers who receive more choice at attractive pricing.

As the leading Latin American OTA, we have developed long-standing relationships with a wide range of local banks to offer installment payment plans to their credit card holders as an alternative purchase option. We believe that local banks look to partner with us because of our scale, access to our online audience and high transaction volume. We believe this differentiates us from other local and global travel agencies as those agencies either do not offer installment plans or offer installment plans from a more limited selection of financing providers. We believe our portfolio of installment plans is a meaningful driver of traffic to our platform as well as conversion. Approximately 54% of our transactions in both the six months ended June 30, 2017 and 2016, and approximately 55% and 53% of our transactions in the years ended December 31, 2016 and 2015, respectively, were paid by installment. Our agreements with local banks allow us to offer installment plans without assuming collection risk from the customer.

### ***Leading Mobile Offering***

Mobile is an increasingly important part of our business, as consumers are quickly able to access and browse our real-time travel offerings, compare prices and make purchases through their mobile devices. We launched our leading mobile travel apps in 2012. As of June 30, 2017, our mobile apps have more than 33 million cumulative downloads from the iOS App Store and Google Play (22 million of which were downloaded in the last two years ended June 30, 2017) and we believe they are the most downloaded OTA apps in Latin America 2012 to 2016. In addition, our iOS App Store and Google Play apps received ratings of 4.5 and 4.4 stars as of June. During the six months ended June 30, 2017 and the year ended December 31, 2016, mobile, which includes both mobile web and our mobile apps, accounted for approximately 55% and approximately 50%, respectively, of all of our user visits, and approximately 27% and 23%, respectively, of our transactions. We continue to provide innovative features and functionality to consumers through our mobile apps, including push notifications, dynamic updates, inventory alerts and personalized promotions as well as in-app customer service. Our customers using mobile devices have historically made more repeat transactions than customers using desktop computers. Additionally, our mobile presence allows in-destination marketing, which facilitates cross-selling of additional travel products, such as rental cars and destination services to customers, after they have arrived at their destination.

Many of our customers use their mobile device to search for travel products but complete their transactions on their desktop. However, as mobile purchasing becomes increasingly prevalent in the region, we believe our award-winning mobile platform, coupled with the widespread adoption of our apps, positions us well for an increasingly mobile future.

### ***Powerful Data and Analytics Platform***

Our large web and mobile audience and transaction volume generate a significant amount of data that allows us to better understand our customers and provide personalized travel offerings and also helps us to drive our sales, marketing and operational strategy. To offer the most effective content and products for each customer, we extensively analyze the data we collect to identify and highlight the most valuable products and destinations in each customer interaction. By gathering and analyzing data in real-time, we are quickly able to assess and react to changes in customer behavior, market pricing and other market dynamics. Currently, the majority of visitors to our platform see a personalized landing page based on such factors as user account information, past search and purchasing history and geolocation. We believe that this personalization of the user experience increases engagement and likelihood of purchase.

### ***Effective Marketing Capabilities***

We have invested significant resources in our marketing team, which we believe is a significant driver of our business. Through our vertically-integrated, in-house marketing team, we are able to control all aspects of our budget, marketing campaigns and market analytics, without the need for agencies or external consultants. Our marketing team's local knowledge and expertise in our key markets have allowed us to develop direct relationships with a broad range of local and regional media providers and purchase media directly, avoiding more costly intermediaries. We have invested in our own creative, production and media execution teams, composed of approximately 122 employees, who are quickly able to adapt our marketing strategy, while also leveraging our extensive data and analytics capabilities for more precise audience targeting. Furthermore, we have developed our own software platform for managing our search optimization capabilities, allowing us to tailor messages effectively for specific target markets and customers.

### ***Proven and Experienced Team***

Our management team has significant experience in the travel sector and across a variety of industries in Latin America. Members of our management team have worked at organizations such as Expedia, Kimberly-Clark, LATAM Airlines, McKinsey, Morgan Stanley, PwC and Thales, among others. In addition to our management team, we have an extensive technology team including more than 800 developers. By fostering a distinctive, collaborative and high-performance working culture, we attract software developers with world-class talent and offer an engaging working environment for ongoing career development. We believe we are perceived

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as a top talent recruiter for IT professionals in Latin America, allowing us to attract the highest quality professionals and specialists dedicated to the enhancement of our platform.

## **Our Strategy**

Our goal is to further expand our leading position, continue to innovate by better serving customer and supplier needs and increase our profitability with the following key strategies:

### ***Continue to Grow and Develop Our Customer Base in Latin America***

We believe there are significant opportunities to expand further our customer base in the region and, at the same time, increase our share of total travel spend by our customers. During the six months ended June 30, 2017, approximately 2.5 million customers transacted on our platform and approximately 65% of our transactions were with repeat customers, and during 2016, approximately 4.0 million customers transacted on our platform and approximately 60% of our transactions were with repeat customers. Furthermore, we believe that our personalized customer experience, comprehensive product offering and high-impact marketing, such as online advertising, television, radio and print media will allow us to continue to drive repeat purchases and attract new customers to our platform.

### ***Continue to Enhance Our Product Offerings***

We believe that we can grow our business by further tailoring and expanding our product offering to address the needs of new and existing customers. For example, in recent years, we have launched new products, including travel insurance, bus trips, vacation rentals, and our local concierge product, in several of our existing markets. We believe this strategy can also be replicated in additional markets. We are continuing to expand our installment payments plan and add other payment options, such as debit cards and acceptance of multiple credit cards in a single transaction, as well as several market-specific localized payment options, to attract more customers to our platform and improve purchase conversion at checkout.

### ***Increase Cross-Selling***

We plan to grow our revenue by further capitalizing on our large scale, high volume traffic and technology to continue to increase cross-selling. We believe there is significant room to grow our packages, hotels and other travel products businesses through focused marketing and cross-selling initiatives, such as offering exclusive discounts on related products upon checkout, targeted post-sale emails and personalized in-destination mobile marketing with offers for additional travel products that may be relevant to customers' initial purchase.

### ***Expand and Deepen Supplier Relationships***

We plan to expand our supplier base as well as deepen our relationships with suppliers. We intend to continue to provide access to our broad customer base and offer multiple rate plans and package deals, to drive demand for our suppliers' products and help them grow their businesses. We will also continue to invest in our software to offer our suppliers tools to better manage their inventory.

### ***Continue to Invest in Our Mobile Offering***

We will continue to invest in our mobile platform by launching new mobile features and functionality. Additionally, we will continue to invest in mobile-focused marketing in order to augment our app downloads and mobile conversion, which we believe represents a significant growth opportunity for our business. Through mobile-only rates, personalized packaged products and in-destination targeted marketing through our mobile apps, we offer our customers an attractive range of travel products in an efficient manner. We believe that by taking a mobile first approach and providing customers with the ability to use the latest mobile technology, such as account recognition, in-app customer service, automated payment options, location-based targeting and highly-targeted push and in-app notifications, will allow us to continue to accelerate our mobile growth.

***Focus on Operational Efficiency***

We have invested aggressively over the years to scale our operations and support the growth of our business. We intend to continue enhancing the infrastructure and technology that support our platform in order to facilitate the best product offering, provide reliable site performance and ensure high quality customer service by promptly processing requests and frequently monitoring performance.

We also plan to invest in initiatives to promote further automation and improve efficiency, which will simplify our operations and reduce costs. We will continue to define and implement fraud-prevention strategies, and invest in tools to minimize both fraud exposure and legitimate sales rejections. Moreover, we will continue our focus on minimizing fulfillment leakage and costs by improving internal processes and supplier inventory integration, as we believe there is significant opportunity to capture additional growth in these areas.

***Opportunistically Pursue Strategic Acquisitions***

We may expand our business through opportunistic acquisitions that enable us to enhance our customer offerings, build our marketplace, enter new geographies or enhance our operational infrastructure. We may also consider acquiring additional technology capabilities through alliances and partnerships. We believe our industry and operational experience and our open and collaborative culture will help us to integrate acquired businesses.

## Our History and Development

Our business has grown substantially in revenue, products and geographic scope since launching in 1999. The following table shows the timeline of key milestones:

- |             |  |
|-------------|--|
| <b>1999</b> | <ul style="list-style-type: none"><li>• Launched site in Argentina</li></ul>   |
| <b>2000</b> | <ul style="list-style-type: none"><li>• Launched sites in Brazil, Chile, Colombia, Mexico and Uruguay</li></ul>  |
| <b>2001</b> | <ul style="list-style-type: none"><li>• Launched sites in the United States and Venezuela</li></ul>  |
| <b>2007</b> | <ul style="list-style-type: none"><li>• Launched site in Peru</li></ul>  |
| <b>2009</b> | <ul style="list-style-type: none"><li>• Expanded our offering to include hotels</li><li>• Launched sites in Bolivia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Nicaragua, Panama, Paraguay and Puerto Rico</li></ul>   |
| <b>2010</b> | <ul style="list-style-type: none"><li>• Launched sites in El Salvador and Honduras, reaching our 20th market</li><li>• Cumulative one million customers served</li></ul>   |
| <b>2012</b> | <ul style="list-style-type: none"><li>• Launched our mobile apps on Android and iOS</li><li>• Expanded offering to include packages, rental cars and cruise products</li></ul>   |
| <b>2013</b> | <ul style="list-style-type: none"><li>• Reached one million downloads of our mobile app</li><li>• Expanded our offering to include destination services</li><li>• Expanded hotel offering to include vacation rentals</li></ul>  |
| <b>2014</b> | <ul style="list-style-type: none"><li>• Cumulative 10 million customers served</li><li>• Our mobile app is included in the iTunes Store's "Best of 2014"</li><li>• Launched travel affiliates program</li><li>• Expanded our offering to include travel insurance</li></ul>                                      |
| <b>2015</b> | <ul style="list-style-type: none"><li>• Reached 10 million downloads of our mobile app</li><li>• Completed migration from call center sales to fully online model</li><li>• Deepened strategic partnership with Expedia, including its equity investment in our Company</li></ul>                                |
| <b>2016</b> | <ul style="list-style-type: none"><li>• Awarded "E-commerce Leader in the Tourism Industry in LATAM" by the Latin American E-Commerce Institute</li><li>• Expanded our offering to include our bus product</li><li>• Expanded our destination services offering to include our local concierge product</li></ul> |

## Our Customers

In the six months ended June 30, 2017 and in the year ended December 31, 2016 we had approximately 2.5 million and 4.0 million customers, respectively, primarily in Latin America. Our customers are primarily from Latin America traveling domestically within their own country of origin, to other countries in the Latin American region, and outside of Latin America. Most of our customers are traveling for leisure, although we do have some independent business travelers as well.

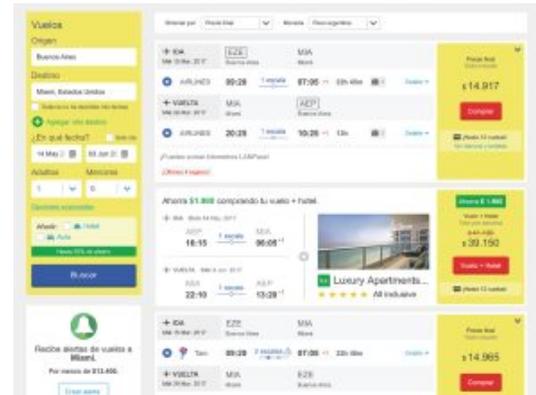
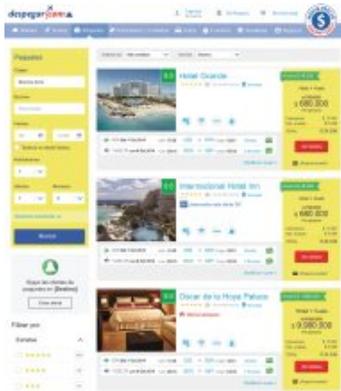
## Our Products

We offer a wide range of travel and travel-related products catering to the needs of Latin Americans traveling domestically within their own country of origin, to other countries in the Latin American region and

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outside of Latin America. We provide these travelers with the comprehensive tools and information, in multiple languages, that they need to research, plan, book and purchase travel products efficiently. That information includes approximately nine million user-generated reviews in total, 1.1 million of which were submitted in the six months ended June 30, 2017 and 1.9 million of which were submitted in the year ended December 31, 2016. We organize our business into two segments: (1) Air, which consists of the sale of airline tickets, and (2) Packages, Hotels and Other Travel Products, which consists of travel packages (which can include airline tickets and hotel rooms), as well as stand-alone sales of hotel rooms (including vacation rentals), car rentals, bus tickets, cruise tickets, travel insurance and destination services. We offer our products online through our website and mobile apps, and use data and analytics to personalize the customer experience on our platform, which we believe increases engagement and likelihood of purchase. Currently, approximately 93% of visitors to our platform see a personalized landing page based on geolocation, past search and purchasing history and social network interactions.

The images below provide a sample of our product offering, including search results for different products through our website and through our mobile apps in iOS and Android devices.



## ***Air***

Through our Air segment, we offer airline tickets, primarily targeted at leisure travelers in Latin America, including travel domestically, to other countries in the region and outside of Latin America. Our Air segment includes airline tickets purchased on a stand-alone basis but excludes airline tickets that are packaged with other non-airline flight products. Our customers booked approximately 2.6 million and 1.9 million transactions in our Air segment using our platform in the six months ended June 30, 2017 and 2016, respectively. Our customers booked approximately 4.3 million and 4.4 million transactions in our Air segment using our platform in the years ended December 31, 2016 and 2015, respectively.

We provide our customers with access to over 250 full service and low-cost airlines, which account for 97% of the market based on tickets sold. We obtain inventory from these airlines either through a GDS or, primarily in the case of low cost airlines, via direct connections to the airlines' booking systems. We believe our platform provides comprehensive information to our customers in a time efficient and transparent manner. Customers are quickly and easily able to evaluate a broad range of fares and airline combinations. Customers may search for flights based on their preferred travel dates, destinations, number of passengers, number of stops and class of travel, or they may use our more advanced search tool and include additional search parameters. Customers can also filter and sort the results of their search easily according to their preferences.

## ***Packages, Hotels and Other Travel Products***

The total number of transactions in our Packages, Hotels and Other Travel Products segment was 1.8 million and 1.4 million in the six months ended June 30, 2017 and 2016, respectively. The total number of

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transactions in this segment was 3.0 million and 3.3 million in the years ended December 31, 2016 and 2015, respectively.

*Packages*

We offer travelers the opportunity to create custom packages by combining two or more travel products, such as airline tickets and hotel, airline tickets and car rental or hotel and car rental, and booking them in a single transaction. Combining multiple products into a package with a single quoted price allows us to offer customers lower prices than are available for individual products and also helps us to cross-sell multiple products in a single transaction.

*Hotels*

Through our platform, customers can search, compare and book reservations at more than 300,000 hotels globally through our direct network and third-party inventory. In addition, since 2013 our hotels offering includes vacation rentals.

Customers may search for hotels based on their destination and preferred dates for check-in and checkout, and may filter and sort our search results easily by selecting star ratings, specific hotel chains and location. Customers can also indicate amenity preferences such as business services, internet access, fitness centers, swimming pools and more. Customers can also view hotel pictures and read hotel reviews from other Despegar customers on our platform. Our platform features approximately nine million user-generated reviews in total as of June 30, 2017, 1.1 million and 1.9 million of which were generated in the six months ended June 30, 2017 and in the year ended December 31, 2016.

As of June 30, 2017, approximately 23,000 of our hotel suppliers in Latin America were directly connected to our booking system. Through these direct connections, our hotel suppliers allocate rooms to us either by managing their room inventory directly on an extranet supported by us, or on an extranet supported by one of our more than 35 third-party channel managers.

In the six months ended June 30, 2017 and the year ended December 31, 2016, 9.5% and 9.6%, respectively, of our gross bookings for hotels were attributable to supply provided to us by affiliates of Expedia. Expedia, the beneficial owner of 16.4% of our ordinary shares outstanding as of August 12, 2017, holds certain rights in its capacity as a shareholder. For more information on our relationships with Expedia, see “—Material Agreements,” “Principal and Selling Shareholders” and “Certain Relationships and Related Person Transactions” for more information.

We typically do not assume inventory risk as we do not pre-purchase hotel room inventory from our hotel suppliers. Hotel suppliers are paid by one of two methods: “pre-pay” and “pay at destination.” Under the pre-pay model, the customer pays us at the time of booking and we pay the hotel after the customer checks out. Under the pay-at-destination model, the customer pays the hotel directly at checkout and we either receive our commission from the hotel or from the customer, separate from the amount payable to the hotel, at the time of booking.

*Other Travel Products*

We also offer other travel products on our platform. We provide our customers access to approximately 900 car rental agencies, more than 200 bus carriers, six cruise carriers, approximately 250 destination services suppliers with more than 7,000 activities, and two travel insurance suppliers. While we offer both pre-pay and pay-at-destination options for car rentals, the other travel products that we offer must be prepaid.

*Destination Services:* We introduced the sale of destination services in 2013. We offer in-destination services as an opportunity for us to offer attractions, tickets, tours and activities and local concierge services

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to package with other products and as a way to encourage in-destination transactions. The wide array of options offered is intended to suit varying budgets and preferences of potential customers. We booked approximately 185,000 transactions for destination services in the six months ended June 30, 2017 and approximately 275,000 in the year ended December 31, 2016.

*Car Rentals:* We introduced car rentals in 2012. Currently, we offer car rentals worldwide, with a focus in Latin America and the United States. We booked approximately 185,000 transactions for car rentals in the six months ended June 30, 2017 and approximately 300,000 in the year ended December 31, 2016.

*Cruise Tickets:* We introduced the sale of cruise tickets in 2012. Currently, cruise tickets are available to customers in Argentina, Brazil, Chile, Colombia and Mexico. We currently have relationships with six cruise carriers. We booked approximately 5,100 transactions for cruise tickets in the six months ended June 30, 2017 and 12,000 transactions for cruise tickets in the year ended December 31, 2016.

*Travel Insurance:* We introduced travel insurance products in 2014. We offer travel insurance products in all of our markets except Venezuela and Costa Rica through two third-party providers in Latin America, Assist Card and Travel Ace Assistance. Customers can choose from a range of coverage options depending on their particular needs, such as medical insurance and lost or damaged baggage. Typically, this product is requested in conjunction with a flight and hotel booking. Prior to confirming and proceeding with the reservation of and payment for a flight or hotel booking or a package booking, our customers are offered the opportunity to purchase travel insurance.

*Bus Tickets:* We introduced the sale of bus tickets within Latin America in January 2016. Currently, bus tickets are available only in Brazil and Argentina, and we intend to expand our coverage further to major cities in Latin America. We currently have relationships with three suppliers that give us access to more than 130 bus carriers. We booked approximately 24,000 transactions for bus tickets in the six months ended June 30, 2017 and approximately 26,000 transactions for bus tickets in the year ended December 31, 2016.

In addition, we sell digital advertising on our platform.

### **Payment Options**

Credit cards are the primary means of payment for products on our platform. We allow for the use of more than one credit card in a single transaction, permitting customers with lower credit limits to make larger purchases. We also offer other payment alternatives including debit cards as well as several localized payment options by market.

In addition, we have established agreements with a wide range of local and regional banks that allow their credit card holders to purchase our travel products via installment purchase plans, which we believe differentiates us from other global travel agencies which either do not offer installment plans or offer installment plans from a more limited selection of financing providers. Local banks look to partner with us because of our scale, access to our online audience and high transaction volume. Credit card customers may choose from a range of installment plan offerings and terms from different financial institutions with which the customer holds or obtains a credit card. Many of these installment plan offerings are interest-free to the customer. Installment plans allow our customers to make larger purchases than they may otherwise be able to make in a single payment. Our agreements with local banks allow us to offer installment payment plans without assuming collection risk from the customer and receive payment in full (provided we choose not to factor such installment payments). When customers make purchases using installment plans, the facilitating bank bears the risk that the customer will make the required installment payments. In all markets except Brazil, we typically receive payment in less than one month after booking. In Brazil, we generally receive payment from the installment financing bank only after each scheduled payment due date from the customer (whether or not the customer makes the scheduled payments to the bank). In some cases, we elect to factor or discount these longer-term Brazilian installment receivables, allowing us to receive the payment of the purchase price more quickly. Approximately 54% and 55% of our transactions in the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, were completed using an installment plan.

## Marketing and Affiliates

### Marketing

We execute a multi-channel marketing strategy. Through this effort, we have created a long-standing brand that is associated with superior travel products, high quality services and competitive prices in Latin America. We have an experienced in-house marketing team composed of 122 people dedicated to delivering efficient allocation of time and resources across media channels, without relying on outside agencies or consultants. Key elements of our marketing strategy include:

***In-house Teams.*** We have teams dedicated to: audiovisual content generation across online and offline channels; negotiation with media and agencies to control budget; performance trends and market analysis through strong data analytics; and targeted campaign monitoring.

***Buy Direct.*** Through our direct relationships with key media suppliers throughout Latin America, we believe we are able to secure highly competitive rates across the region, without unnecessary interaction with intermediaries.

***“Always On” Strategy.*** We have 24/7 continuity of marketing campaigns through a combination of online, television, radio, print and other channels tailored for every country and market. We run campaigns to drive maximum awareness, and we use a multi-channel approach in our top markets.

***Cross-Device Insights and Custom Attribution Model and Bidding Tools.*** We measure marketing success across all media channels and devices by reconstructing the user’s marketing path across devices and applying our custom attribution model that feeds our optimization strategy. We have also developed proprietary tools to optimize our investment in search engine marketing (“SEM”) campaigns for Google Adwords by tracking sources of traffic and attributing a percentage of conversions to each event in a user’s marketing path.

***Focus on Efficient Use of Media.*** We continuously analyze the minimum frequency needed on each media channel to deliver targeted marketing messages, events and promotions to customers based on the specific demographics of each market.

***Promotions and Sales.*** We focus aggressively on promotions including discounts, holiday campaigns and financing options. Our technology-driven marketing allows us to dynamically optimize promotions on a daily basis. Some of our recurring promotions are included below:



### Affiliates

We have relationships with a network of 8,100 affiliates, including travel agents, airlines, websites and other third parties such as online and offline retailers, in seven countries across Latin America. Our agreements with these affiliates allows them to access our product inventory directly through our platform or through our application program interface (“API”). In the six months ended June 30, 2017 and in the year ended December 31, 2016, transactions executed through affiliates accounted for approximately 2% and 3% of our total transactions, respectively. We believe our affiliate program is attractive because we provide access to a range of travel products that our affiliates otherwise may not be able to access cost-effectively or at all. Our affiliates earn commissions from us depending on country and type of products sold. Furthermore, our affiliate program allows us to expand our footprint in Latin America and distribution network in a cost-effective manner.

## **Customer Service**

Customer experience is a key focus for our business and we believe this is reflected in our strong brand recognition and loyalty throughout Latin America. We emphasize providing personalized support throughout the customer purchase cycle, including automated web-based support and support from live customer service representatives.

The first point of contact for customer service inquiries is our self-service digital platform. Our “My Account” feature works 24/7 and our customers are able to resolve more than 50% of inquiries through our self-service digital platform. We have a team of over 100 IT staff members developing after-sale software to strengthen our digital customer service platform.

In addition to our customer service centers in Brazil and Colombia, we rely on outsourced services to provide 24/7 support to our customers for issues that cannot be resolved through our platform. Our customer service facilities in Brazil are dedicated to our Portuguese-speaking customers, while our customer service facilities in Colombia serve Spanish-speaking customers. Many of our customer service staff at these facilities speak English in addition to Portuguese and/or Spanish. We also have a team of customer service staff dedicated specifically to addressing urgent customer needs, primarily those of customers that are in-destination.

To control expenditures related to customer support, we also outsource certain functions to international call center service providers. These outsourced customer service providers support our internal call center operations and improve our ability to support customers around the world.

We also have implemented comprehensive performance measures to monitor our calls to ensure that our customers receive quality service. In addition, as a part of our customer experience we maintain a database containing customer transactions and user preferences for each customer who has booked services through us in order to provide customized support and offerings in the future. We believe that the design of our existing systems can scale to meet further increases in call volume.

## **Technology and Data**

We use our technology platform to improve the customer experience and optimize the efficiency of our business operations. We have successfully built an innovative technology culture that we believe is unique in Latin America and enables us to attract and retain some of the best talent in the region. We employ more than 800 dedicated technology professionals. We actively recruit and train these highly-skilled technology professionals and many of our current technology managers started in our training program.

We own our technology platform, which is comprised of applications that we develop in-house using primarily open source software. Our technology team has adopted a continuous improvement, high-frequency testing approach to our business, aimed at improving both traffic and conversion rates, while maintaining reliability. During a period of approximately three months in the first half of 2017, our platform was able to process approximately four million price calculations per hour and was updated approximately once every three minutes.

Our platform is engineered to provide a personalized and secure experience to our customers. During the six months ended June 30, 2017, approximately 85% of customer requests were initiated in a self-service manner through our technology platform, while approximately 57% of customer requests were resolved automatically by our technology platform. We invest heavily in understanding our customers’ behavior and intentions through a combination of detailed behavioral data collection and machine learning algorithms. Our machine learning algorithms also help us detect fraud attempts. We collect, maintain and analyze behavioral data from all the devices our customers are using to interact with our platform. The insights derived from the analysis of this data form the basis of our enhanced conversion strategies. We use email, social media marketing and retargeting campaigns to remind customers of their searches.

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We believe our technology can scale to accommodate significantly higher volumes of site traffic, customers, bookings and the overall growth in our business. We routinely test and expand the capacity of our servers so we are prepared to provide our customers with uninterrupted access to our sites during periods with high levels of user traffic, such as when we are offering promotions. Our information technology platform employs a horizontal architecture, which allows us to increase our processing capacity by adding more hardware in parallel with our existing servers. With this structure, we can grow our platform to accommodate the growth of our business with minimal disruption to the operation of our customer-facing platform and without having to replace our existing equipment.

Our system has been designed around an open architecture with a focus on robust reliability to reduce downtime in the event of outages or catastrophic occurrences. Our platform provides 24/7 availability, except during twice-monthly planned maintenance periods. Our system hardware, which we own, is hosted by a third-party data center in Miami, Florida, which also provides redundant communications lines and emergency power backup.

We believe our technology infrastructure is an important asset due to its robustness, cost-effectiveness and scalability. We continuously evaluate, research and develop new services, platforms infrastructure, and software to improve and solidify our technological systems further and provide a reliable, personalized, fast and secure experience to our customers.

For more information, see “—Intellectual Property” and “Risk Factors—Risks Related to Our Business—We may not be able to adequately protect and enforce our intellectual property rights; and we could potentially face claims alleging that our technologies infringe the property rights of others.”

### **Security, Privacy and Anti-Fraud**

We are committed to operating a secure online business. We use various security methods in an effort to protect the integrity of our networks and the confidential data collected and stored on our servers. For example, we use firewalls to protect access to our networks and to the servers and databases on which we store confidential data; we restrict access to our network by virtual private network (“VPN”) with two-factor authentication and conduct periodic audits of data access and modifications of our network; and we use password-protected encryption technology to protect our communication channels and sensitive customer data. In addition, we have developed and use internal policies and procedures to protect the personal information of our customers, and we comply with the Payment Card Industry Data Security Standard (“PCI DSS”). To enforce our security framework we have a dedicated cybersecurity team that conducts penetration testing and application security analysis, develops policies and standards, and ensures compliance with those policies and standards.

We believe that issues relating to privacy and the use of personally identifiable information are becoming increasingly important as the internet and its commercial use continue to grow. We have adopted what we believe is a detailed privacy policy that complies with local legal requirements in each of the Latin American countries in which we operate and outlines the information that we collect concerning our users and how we use it. Users must acknowledge and expressly agree to this policy when registering with our platform, signing up for our newsletters, or making a purchase.

Although we send marketing communications to our users periodically, we use our best efforts to ensure that we respect users’ communication preferences. For example, when users register with us, they can opt out of receiving marketing e-mails from us. Users can modify their communication preferences at any time in the “My Account” section of our sites.

We use information about our users for internal purposes in order to improve marketing and promotional efforts and in order to improve our content, product offerings and site layout. We may also disclose information about our users in response to legal requirements. All information is stored on our servers located in Miami, Florida.

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Moreover, we are committed to detecting and deterring possible instances of fraudulent transactions before they are completed. The key components of our fraud-prevention strategy include: (1) a dedicated and specialized fraud prevention team that works closely with our IT staff; (2) engagement with key actors in the online travel industry, such as banks and airlines, which strengthens our early-detection capabilities, thereby reducing the exposure period to potential fraud events; and (3) machine learning systems that analyze multiple factors, including intelligence gathered from our industry relationships, to help us adapt better to changing market conditions and detect and address fraudulent transactions. Our in-house team works with third-party vendors, allowing us to leverage best practices and scale quickly.

### **Competition**

We operate in a highly competitive and evolving market. Travelers have a range of options, both online and offline, to research, find, compare, plan and book air, packages, hotels and other travel products.

Our competitors include:

- global OTAs with presence in Latin America, such as Booking.com and Expedia and travel metasearch sites;
- search websites and apps, such as Google and its travel businesses, and e-commerce and group buying websites and apps;
- alternative accommodation and vacation rental businesses, such as Airbnb;
- local offline travel agency chains and tour operators, such as CVC Brasil Operadora e Agência de Viagens; and
- smaller online travel agencies lacking a pan-regional presence.

In addition, our customers have the option to book travel directly with travel suppliers, including airlines, hotels and other travel service providers via online and offline channels. See “Risk Factors—Risks Related to Our Business—We operate in a highly competitive and evolving market, and pressure from existing and new companies may adversely affect our business and results of operations” for more information.

We believe that the primary competitive factors in the travel industry, in particular as consumers increasingly research, plan and book travel online, are, among other things, brand recognition, price, availability and breadth of choice of travel services and products, customer service, ease of use, fees charged to travelers, accessibility and reliability. We believe our brands, scale, operational and technological capabilities, including our local knowledge and marketing expertise, provide us with a sustainable competitive advantage.

### **Material Agreements**

#### ***Expedia Outsourcing Agreement***

The hotel and other lodging products that we offer through our platform for all the countries outside Latin America are provided to us exclusively by affiliates of Expedia, Inc. (“Expedia”) pursuant to a lodging outsourcing agreement entered into with Expedia on March 6, 2015 (the “Expedia Outsourcing Agreement”). Under the agreement, Expedia is also the preferred provider to us of hotel and other lodging products in Latin America. Expedia is also one of our shareholders and holds certain rights in that capacity. For further information on our relationships with Expedia, see “Principal and Selling Shareholders” and “Certain Relationships and Related Persons Transactions.”

Expedia makes its hotel products available to us. We are required to reach a threshold of marketing fees (which are defined in the Expedia Outsourcing Agreement as a specified percentage of gross profit received by Expedia from travel bookings made through our platform) equal to \$5.0 million in any rolling six month period, or else Expedia may require us to pay a \$125.0 million termination fee. Since we entered into the Expedia

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Outsourcing Agreement in March 2015, we have not failed to meet the required threshold. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Other Commitments.”

### ***Despegar Outsourcing Agreement***

Pursuant to a lodging outsourcing agreement dated August 17, 2016 (the “Despegar Outsourcing Agreement”), Expedia began to offer through its platform our hotel products, on a non-exclusive basis.

Under the Despegar Outsourcing Agreement, we make our hotel products available to certain affiliates of Expedia (each an “Expedia Affiliate” and, together with Expedia, the “Expedia Parties”) and the relevant Expedia Affiliate receives compensation equal to a percentage of the revenue earned by us from the property owner.

### **Intellectual Property**

We regard our intellectual property as critical to our future success and rely on a combination of trademark laws and contractual restrictions to establish and protect our proprietary rights in our products. Our intellectual property includes trademarks and domain names associated with the names “Despegar.com” and “Decolar.com.” To protect our platform and technology, we have entered into confidentiality and invention assignment agreements with our employees and certain contractors and suppliers. We own our technology platform, which is comprised of applications that we develop in-house using primarily open source software. We have not registered our technology, however, because we believe it would be difficult to replicate and that it is adequately protected by the agreements we have in place. Additionally, our technology is constantly evolving and any registration may run the risk of protecting outdated technology. We cannot assure you that all our intellectual property is fully protected and enforceable vis-à-vis third parties under all applicable laws in Latin America. For more information, see “Risk Factors—Risks Related to our Business—We may not be able to adequately protect and enforce our intellectual property rights; and we could potentially face claims alleging that our technologies infringe the property rights of others.”

In addition, we are the registrar for certain generic Top-Level Domains (“gTLDs”), namely “.hoteles”, “.vuelos” and “.passagens”. The gTLDs “.hoteles” and “.vuelos” have already completed the sunrise period, while “.passagens” is yet to begin the process.

### **Employees**

As of June 30, 2017, we had 2,781 employees. We also contracted with certain third-party providers to support our call center employees. As of June 30, 2017, we contracted hours equivalent to approximately 400 outsourced employees. The following tables show a breakdown of our employees as of June 30, 2017 and December 31, 2016 and 2015 by category of activity.

<b>Division/Function</b>	<b>Number of Employees as of</b>		
	<b>June 30, 2017</b>	<b>December 31, 2016</b>	<b>2015</b>
Operations and customer service	1,061	1,161	1,493
Sales and marketing	183	177	194
Technology and content	1,004	1,010	1,053
General and administrative (1)	533	550	662
<b>Total</b>	<b>2,781</b>	<b>2,898</b>	<b>3,402</b>

(1) Includes business development, administration, finance and accounting, legal and human resources.

As of June 30, 2017, 334 of our employees in Argentina, all of our employees in Brazil and all of our employees in Mexico were represented by labor unions. We believe that our relations with our employees are

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good and we implement a variety of human resources practices, programs and policies that are designed to hire, retain, develop and compensate our employees.

We believe that our employees are among the most knowledgeable in the Latin American internet industry, and they have developed a deep understanding of our business and e-commerce in general.

Our development of IT talent begins with recruiting qualified recent university graduates to our “Despegar University High-flying Youth—School of Development,” a three-month training program where we provide young people the opportunity to be trained for a career in the IT field with the best tools and technologies available. At the end of the program, we offer the best candidates a position with our permanent IT staff. We develop our IT talent based on what we refer to as a “70/20/10 methodology”, comprised of 70% work experience, 20% coaching, networks and collaborative working, and 10% “classroom” training through courses and programs. We are committed to promoting from within and, as a result, a significant portion of our personnel has been with the company for several years.

We have attracted and retained outstanding individuals over the years and we strive to bring more talent by hiring individuals with internet-related experience. We believe our future success will depend on our ability to attract and retain capable professionals.

## Facilities

The following table shows the location of our significant leased offices and customer service centers, and the term of the leases under which they operate.

City, Country	Facility	Address	Approximate Square Meters	Agreement Expiration Date
Buenos Aires Argentina	Argentina operation and regional functions	Avenida Corrientes 746	2,040	03/31/2020
Buenos Aires, Argentina	Argentina operation and regional functions	Juana Manso 999	4,422	8/31/2021
La Plata, Buenos Aires Argentina	Argentina operation	Calle 532, Nbr. 1211	1,500	9/14/2020
São Paulo, Guarulhos, Brazil	Brazil operation	Avenida Timóteo Penteado Nbr. 1578	2,792	8/10/2019
Bogotá, Colombia	Colombia operation and customer service center	Interior 101, Manzana 15, Carretera 106 Nbr. 15A-25, Free Trade Zone	1,754	2/15/2018 <sup>(1)</sup>
Montevideo, Uruguay	International Hotels, Packages and Other Travel Products operations and Shared service center	Ruta 8 Km. 17,500, local 318, edificio 300, Zonamerica	2,092	9/14/2020

(1) Renews automatically for one-year periods.

We also own two properties: (1) an approximately 2,077 square meter facility at Jujuy 2013 in the Parque Patricios tech district of Buenos Aires, Argentina, which houses part of our Argentina operations including IT support, and (2) an approximately 223 square meter facility on Avenida Francisco de Miranda in Caracas, Venezuela, which houses our Venezuela operations.

## Legal and Regulatory

### Regulatory

#### *Regulations Related to the Travel Industry*

The laws and regulations applicable to the travel industry affect us and our travel suppliers in the jurisdictions in which we operate, the jurisdictions in which our customers reside and the jurisdictions of their destinations. We are also required to be accredited by the International Air Transport Association (“IATA”) in order to promote and sell tickets for airlines connected to IATA.

#### Brazil

In addition to the standard licenses and permits required for all companies to operate in the travel industry in Brazil, we are subject to a specific registration of tourism providers with the Ministry of Tourism (“CADASTUR”). In Brazil, there are four main norms that govern the activities related to tourism, as well as the enrollment of services providers in the tourism industry: (i) Law No. 11,771/2008, which regulates the National Tourism Policy and defines the responsibilities of the federal government in planning, developing and stimulating the tourism sector; (ii) Decree No. 7,381/2010, which regulates Law No. 11,771/2008; (iii) Ordinance No. 130/2011 from the Ministry of Tourism, which establishes the CADASTUR, the CADASTUR’s consulting committee and regulates other measures; and (iv) Law No. 12,974/2014, which regulates the activities of tourism agencies.

#### Argentina

As a travel agency in Argentina, Despegar.com.ar must be registered with the Registry of Travel Agents ( *Registro de Agentes de Viajes* ) created by Section 5 of Decree No. 2,182/72. The local regulation on commercial tourism activities is comprised of: (i) Law 25,997 and its applicable regulation which governs the development and promotion of tourism in Argentina; (ii) Law 18,829 which defines the regulations applicable to travel agents; (iii) the resolutions issued by the Secretariat of Tourism; and (iv) Law 24,240 as amended, which sets forth the provisions for the protection of consumers.

#### *Regulations that apply to the E-Commerce Industry*

We are also subject to a variety of laws, decrees and regulations that affect companies conducting business on the internet in the countries where we operate related to e-commerce, electronic or mobile payments; data collection; data protection; privacy; information requirements for internet providers; taxation (including value added taxes (“VAT”) or sales tax collection obligations); obligations to provide information to certain authorities; and other legislation which also applies to other companies conducting business in general. It is not clear how existing laws in Latin America governing issues such as general commercial activities, property ownership, copyrights and other intellectual property issues, taxation, consumer protection, digital signatures and personal privacy, apply to online businesses. Some of these laws were adopted before the internet was available and, as a result, do not contemplate or address the unique issues of the internet. Due to these areas of legal uncertainty, and the increasing popularity and use of the internet and other online services in our markets, it is possible that new laws and regulations will be adopted with respect to the internet or other online services. These regulations could cover a wide variety of issues, including e-commerce; internet service providers’ responsibility for third-party content hosted in their servers; user privacy; electronic or mobile payments; pricing, content and quality of products and services; taxation (including VAT or sales tax collection obligations, obligation to provide certain information about transactions that occurred through our platform, or about our users); advertising; intellectual property rights; consumer protection and information security. See “Risk Factors—Risks Related to our Business—We process, store and use personal information, card payment information and other consumer data, which subjects us to risks stemming from possible failure to comply with governmental regulation and other legal obligations” and “Risk Factors—Risks Related to our Business—Internet regulation in the countries where we operate is scarce, and several legal issues related to the internet are uncertain” for more information.

## Brazil

On July 27, 2017, the Central Bank of Brazil issued the resolution ( *Circular* ) No. 3,842 which establishes that, as of September 28, 2018 (“Marketplace Rule”) all entities that keep any amounts received from customers in their bank accounts before transferring them to the suppliers, including marketplaces, are required to join a regulated payment arrangement (“ *arranjo de pagamento* ”) with credit card companies and as a result, will be required to perform online credit-card based payments to their suppliers through a settlement system called “CIP” ( *Câmara Interbancária de Pagamentos* ), an entity formed by banks that guarantees the safety and liquidity of the payment transactions. The main purpose of the Marketplace Rule is to reduce default risks with Brazilian credit card transactions where the customer has paid the intermediary, but the funds have not reached the supplier due to a default of the intermediary.

Accordingly, beginning on September 28, 2018, Brazilian entities that operate in a marketplace platform, such as our Brazilian subsidiary, are expected to have of their commercial transactions with certain suppliers (i.e., airlines, hotels, car rental companies, etc.) settle simultaneously with the receipt of funds from their customers, whenever the purchase made by the customer is paid with a credit card issued in Brazil. In such event, our Brazilian subsidiary would receive only the commission in respect of transactions where the payment due to the supplier is directly transferred to the supplier through the CIP.

We are currently assessing the potential impact of this new rule on our business in Brazil. However, as the rule has only recently been adopted, and as its implementation is still unclear, we are not currently able to predict the effects, if any.

## *Regulations Related to Consumer and Data Protection*

We are subject to consumer and data protection laws in every country where we have a website.

## Brazil

There are several laws in Brazil dealing with privacy and data protection, including: (i) the Brazilian Federal Constitution, which provides for the protection of individuals’ fundamental and inviolable rights of intimacy/privacy, private life and image; (ii) the Brazilian Civil Code (Law No. 10,406/2002), which reaffirms the Federal Constitution’s provision of fundamental rights, and provides for the right to act against violators in order to cease the violation and seek compensation for suffered damage; (iii) the Consumer Protection and Defense Code (Law No. 8,078/1990), which provides for consumer-related databases, data collection and penalties related therewith; (iv) the Brazilian Internet Act (Law No. 12,965/2014), which establishes principles, guarantees, rights and obligations related to the use of the internet in Brazil; and (v) the Brazilian Internet Act Regulation (Decree No. 8,771/2016), which sets forth security standards to be complied with by internet connection and application providers (online platform operators) when storing personal data.

Brazilian consumer protection authorities and courts take the view that the express consent of the consumer must be obtained before the collection, treatment, sharing and transmission of personal data. With regard to data collection, the Brazilian Internet Act provides that personal data collection, use, storage, sharing, transmission and treatment must be authorized previously and expressly by the individual, consistent with the general privacy principle set forth by the Federal Constitution and Consumer Defense Code. For the purposes of the Brazilian Internet Act and its regulation, personal data is deemed any data related to an identified or identifiable individual, including identifying numbers, location data or electronic identifiers, when related to an individual.

In addition, Law No. 9,507/1997 regulates privacy requirements and the habeas data process, by which individual citizens can ask a court to issue an order to protect, correct or remove their personal data, and recognizes consumers’ rights to access, correct and update their personal information stored in governmental or public databases. For the purposes of this law, a public database is composed by information that either: (i) is and/or may be transmitted to third parties; or (ii) is not exclusively used by the governmental agency or legal entity generating or managing the information.

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As an internet-based retailer, we are also subject to several laws and regulations designed to protect consumer rights—most importantly the Consumer Protection and Defense Code, which regulates commercial practices, product and service liability, strict liability of the supplier of products or services, reversal of the burden of proof to the benefit of consumers, joint and several liability of all companies within the supply chain, abuse of rights in contractual clauses, and advertising and information on products and services offered to the public. The Consumer Protection and Defense Code establishes the legal framework for the protection of consumers, setting out certain basic rights, including the right to clear and accurate information about products and services offered in the consumer market, with correct specification of characteristics, structure, quality and price and the risks they pose. In addition, Executive Decree No. 7.962/13 applies with regards to retaining of service in an online environment. This legislation describes, among others, the rules on disclosure of information, consumer service, payment protection and other procedures for the rendering of online services.

Argentina

In Argentina, we are subject to e-commerce laws such as Resolution No. 104/05 adopted by the Ministry of Economy and the Argentine Consumer Protection Agency, which establishes certain information requirements for internet providers, and Law No. 25,326, as amended, and its corresponding regulations, which mandate the registration of databases with the Data Protection Agency and regulate, among other things, the type of information that can be collected, and how such information can be used.

Moreover, Law No. 24,240, as amended (the “Consumer Protection Law”), sets forth certain rules and principles designed to protect consumers. The Consumer Protection Law was amended on March 12, 2008 by Law No. 26,361 in several respects, including: (i) an increase in the size of the overall group of persons deemed to be consumers, or recipients of the protections of the Consumer Protection Law; (ii) an increase in the maximum penalties applicable to providers that breach the law to AR\$5 million, as discussed below, and the granting of power to the administrative authority to require the payment of direct damages by any provider; (iii) requirements that providers pay punitive damages to consumers (which may not exceed AR\$5 million); and (iv) regulations regarding the possibility for consumer associations to initiate class actions on behalf of consumer groups. The Argentine Secretary of Commerce, which is part of the Argentine Ministry of Economy, is the national enforcement authority of the Consumer Protection Law, while the Autonomous City of Buenos Aires and the provinces act as local enforcement authorities.

*Regulations Related to Taxation*

Brazil

In Brazil, between 2011 and 2015, our Brazilian subsidiary was exempt from collection of withholding income tax (“WHT”) on remittances to cover travel expenses of Brazilian individuals abroad, within the parameters established by applicable law. From January 1, 2016 to March 1, 2016, the applicable WHT for payments, credits, delivery, use by or remittance of these amounts to foreign persons was 25%. In February 2016, our Brazilian subsidiary filed a writ of mandamus (a judicial complaint) against the federal tax authority claiming that WHT should not be applicable due to a provision of “non-imposition” contained in the Income Tax Regulations. In March 2016, the court granted our Brazilian subsidiary a preliminary injunction on the writ of mandamus, which allowed our Brazilian subsidiary to make remittances free of WHT while the preliminary injunction was in place. In December 2016, the court published a decision on the merits of the case, against our Brazilian subsidiary (which terminated the effects of the preliminary injunction). Also in December 2016, our Brazilian subsidiary filed a Motion for Clarification, in an attempt to request the court to issue an opinion on the possible application of tax treaties to allow our Brazilian subsidiary to not collect WHT on the basis of their provisions.

Since March 2, 2016, the former WHT exemption was converted into a WHT imposition of 6% on remittances to cover travel expenses of Brazilian individuals abroad, within the parameters established by applicable law. This reduced WHT rate is effective until December 31, 2019 and we cannot assure you that it will

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be extended in the future. Our Brazilian subsidiary is currently depositing the relevant amounts before the court in order to guarantee that (i) if the company is not successful in the plea before the court, the applicable WHT will be converted into income of the federal revenue, without the imposition of any fines or interest and (ii) if the company is successful in its plea, the amount corresponding to the WHT will be returned to our Brazilian subsidiary with monetary adjustments.

### Argentina

Since 2013 we have been the beneficiary of a tax exemption, applicable until January 30th, 2019, under Buenos Aires Municipal Law No. 2,972, which includes, among others, the turnover tax exemption. This law exempts from the turnover tax (as described below) any revenue directly connected to services performed through software applied to e-commerce that are performed within the designated IT district located in *Parque Patricios* in the city of Buenos Aires, only when: (i) said entity/person is registered under the Information and Communications Technologies Registry; and (ii) the entity/person keeps or increases the number of employees hired at the time of registration. Agreements executed by registered individuals in order to develop any of the activities promoted will also be exempt from stamp tax when the activities are carried out within or from the district. Because we perform e-commerce activity within and outside the IT district, these exemptions are partially applied. Revenue must be attributed to the IT district (and, thus, considered exempt) using a reasonable parameter.

On December 30, 2016, we applied to register under Argentine National Law No. 25,922, as amended, and its corresponding regulations (the “Software Promotion Law”), which sets forth a promotion regime for the software industry that remains in effect until December 31, 2019. Registration with the National Registry of Software Producers and the Special Registry of Exporters of Services grants significant tax benefits, including (i) the ability to maintain the aggregate federal tax rate in effect at the time of the beneficiary’s registration through December 31, 2019; (ii) the ability to convert up to 70% of certain monthly social security tax (contribution) payments into a tax credit; (iii) exemption from value-added tax withholding or collection regimes; (iv) a 60% reduction in the total amount of corporate income tax as applied to income from the activities of creation, design, development, production, implementation or adjustment (upgrade) of developed software systems and their associated documents; and (v) the exemption of imports by the beneficiaries of goods necessary for software production activities from present or future restriction on currency transfers. Our application is currently pending with the Ministry of Production.

### Uruguay and Others

We operate as a free trade zone user of the Zonamerica Free Trade Zone in Montevideo, Uruguay (the “Free Trade Zone”), under Law No. 15,921 and its corresponding regulations. No domestic Uruguayan tax whatsoever applies in the Free Trade Zone, except for social security contributions for any Uruguayan employees. No social security contributions are required for non-Uruguayan employees, so long as they do not exceed 25% of the personnel working in the facility located in the Free Trade Zone. In addition, the inflow of goods and services to the Free Trade Zone, as well as their outflow abroad, are tax exempt. The movement of goods and services into a Free Trade Zone from non-Free Trade Zone Uruguayan territory is treated as an export and therefore also exempt from VAT and the Specific Internal Tax (*Impuesto Especifico Interno* or “IEI”). On the other hand, if goods are introduced into non-free Uruguayan territory from a Free Trade Zone, the corresponding import tax will apply. Exporting services from a Free Trade Zone to non-Free Trade Zone Uruguayan territory is generally prohibited. However, in 2016, our Uruguay subsidiary located in the Free Trade Zone was authorized by the Ministry of Economy in Uruguay to have limited operations with a related party located in Uruguay. By law, the Uruguayan state is liable for damages if the tax exemptions, benefits and rights of users of Free Zones granted pursuant to the law are not fulfilled during the term of their contracts.

We also receive certain tax benefits, consisting primarily of a reduced income tax rate, as a free trade zone user in Bogotá, Colombia under Decree 2147.

### *Regulations Related to Foreign Currency and Exchange Rates*

There are also laws and regulations that address foreign currency and exchange rates in many of the countries in which we operate. In certain countries where we operate, we need governmental authorization to pay invoices to a foreign supplier or send money abroad due to foreign exchange restrictions. See “Risk Factors—Risks Related to Latin America—We are subject to significant foreign currency exchange controls in certain countries in which we operate.”

### *Legal Proceedings*

From time to time, we are involved in disputes and legal and administrative proceedings that arise in the ordinary course of our business. We are currently engaged in several legal proceedings, including consumer protection, tax, labor and other proceedings. Any claims against us, regardless of whether meritorious, can be time-consuming, result in costly litigation, require significant management time and result in the diversion of significant operational resources.

We have established provisions for such disputes and proceedings in an aggregate amount of \$24.8 million as of June 30, 2017. We record a provision in our balance sheet for losses arising from litigation based on an evaluation of the likelihood of loss by our external and internal legal counsel, the progress of related proceedings, the history of losses in similar cases and the individual analysis of each contingency. We record provisions for contingencies based on probable loss or when so required under accounting rules. We do not reserve provisions for possible and remote losses.

We are currently not a party to any legal, arbitration or administrative proceedings that, in the opinion of our management, is likely to have a material and adverse effect on our business, financial condition or results of operations, other than as set forth below.

#### Brazil

On June 25, 2014, the National Association of Citizenship and Consumer Defense (“ANADEC”) filed a public civil action against our Brazilian subsidiary to (i) dispute the validity of cancellation clauses which establish a penalty in a percentage higher than 20% of the price paid by the consumer; and (ii) request the return of the amounts paid by all consumers above this percentage. We successfully defended this claim in the trial court and the ANADEC has appealed the decision, which is ongoing. We believe this claim is without merit.

On July 27, 2016, a Brazilian hotel sector association—*Forum de Operadores Hoteleiros do Brasil*—filed a complaint with the Brazilian Administrative Council for Economic Defence (“CADE”) against us, Booking.com, and Expedia, with respect to parity provisions in supply contracts. In September 2016, we submitted our response to the complaint to CADE. This administrative inquiry before CADE is still ongoing.

Between May and July 2016, Booking.com filed several complaints against us with various public offices: Public Prosecution Office of the State of Rio Grande do Sul, Public Prosecution Office of the State of São Paulo, Consumer Defense Office of the State of Rio de Janeiro, Consumer Defense Office of the State of São Paulo, Consumer Defense Office of the Department of Justice, Consumer Defense Committee of the Legislative Assembly of the State of Rio de Janeiro and the Public Prosecution Office of the State of Rio de Janeiro. Booking.com alleges that (i) we offered higher prices to Brazilian consumers than those offered to foreign consumers for the same accommodation during the same period of time (“geopricing”) and (ii) we made accommodations unavailable for Brazilian consumers whereas foreign consumers were allowed to book the same accommodations (“geoblocking”). Based on these allegations, Booking is requesting that the public prosecution offices order us to pay penalties and/or to initiate public civil actions against us in order to prevent the alleged practices. We have presented our administrative defenses to all claims and currently the public prosecution offices are collecting evidence. We believe these complaints are without merit.

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On October 25, 2016, the National Federation of Hotels, Restaurants, Bars and Similar filed a public civil action against our Brazilian subsidiary with the main purpose of (1) preventing us from increasing the commission percentage charged from the hotels connected to the Federation; (2) requiring us to maintain the current 15% commission percentage with the possibility of adjustment according to an inflation index; (3) requiring us to pay an indemnification to be fixed by the judge and proportional to the alleged violation of rights of the consumers and of the business community; (4) requiring us to pay a penalty of at least 10% of our Brazilian subsidiary's revenue, after taxes for the last fiscal year, for alleged violation of the economic order; (5) requiring that our directors and/or officers are jointly responsible to pay a fine equivalent to 5% of the penalty imposed on us; (6) preventing us from entering into agreements with public financial institutions or participating in public bids for at least 5 years; (7) obtaining a "recommendation" for the federal tax authority to not allow us to pay any federal taxes by installments or to cancel any tax incentive or public subsidy granted to us; (8) to publish the decision rendered in a newspaper to be determined by the judge for two consecutive days during a 1 to 3 week period; and (9) the offender's registration under the consumer defense national registry (*Cadastro Nacional de Defesa do Consumidor*). This proceeding has been dismissed and was not appealed.

### Argentina

On June 28, 2017, the *Sindicato Empleados de Comercio de Capital Federal* (Union for Employees of the Commercial Sector in the City of Buenos Aires, or "SECCF") filed a lawsuit against our Argentine subsidiary, Despegar.com.ar, in which SECCF is demanding the application of its collective labor agreement to all of the employees of the subsidiary. According to SECCF's claim, Despegar.com.ar should have withheld and transferred to SECCF an amount equal to 2% of the gross monthly salaries of all of its employees for the period from October 2011 through October 2016. As a result, SECCF is demanding payment of approximately AR\$18 million. Certain of Despegar.com.ar's employees are members of this union, however, we believe that other employees, such as senior management and IT personnel, are not required to be part of this union. Despegar.com.ar filed a response in a timely manner on July 13, 2017, rejecting all the claims. Although we believe Despegar.com.ar has meritorious defenses to this lawsuit, we cannot assure you what the ultimate outcome of this matter will be. The final resolution of these claims, which could take several years, is not likely to have a material effect on our financial position or results of operations.

### *Tax Proceedings*

#### Brazil

In March 2013, São Paulo tax authorities have asserted Brazilian municipal taxes ("*Imposto Sobre Serviço*") and fines against our Brazilian subsidiary relating to the period from 2008 to 2011 in an approximate amount of \$21.5 million, including ordinary taxable services on commissions earned. On April 2, 2013, the Company's Brazilian subsidiary filed an administrative defense against the authorities' claim. In a decision published on August 30, 2014, the São Paulo tax authorities ruled against the Brazilian subsidiary upholding the claimed taxes and the fines previously imposed. An appeal to the São Paulo City Administrative Court was filed on September 30, 2014. On December 4, 2015, the Administrative Court ruled against the Brazilian subsidiary upholding the claimed taxes and the fines previously imposed.

On July 5, 2017, the Municipality of São Paulo, as was expected, published the terms of a special installment program called "*Programa de Parcelamento Incentivado*, PPI 2017". This program offers two alternatives for paying this tax liability (adjusted by interest and penalties through the date the company applies to the program):

- (i) a single installment with a 85% reduction in the interest due and 75% reduction in the penalties; or
- (ii) payments in 120 monthly installments. Under this alternative, the interest and penalties through the date of application will be reduced by 60% and 50%, respectively. Each installment accrues interest at the monthly *Sistema Especial de Liquidação e Custódia* (Special Clearance and Escrow System or SELIC) interest rate plus 1%.

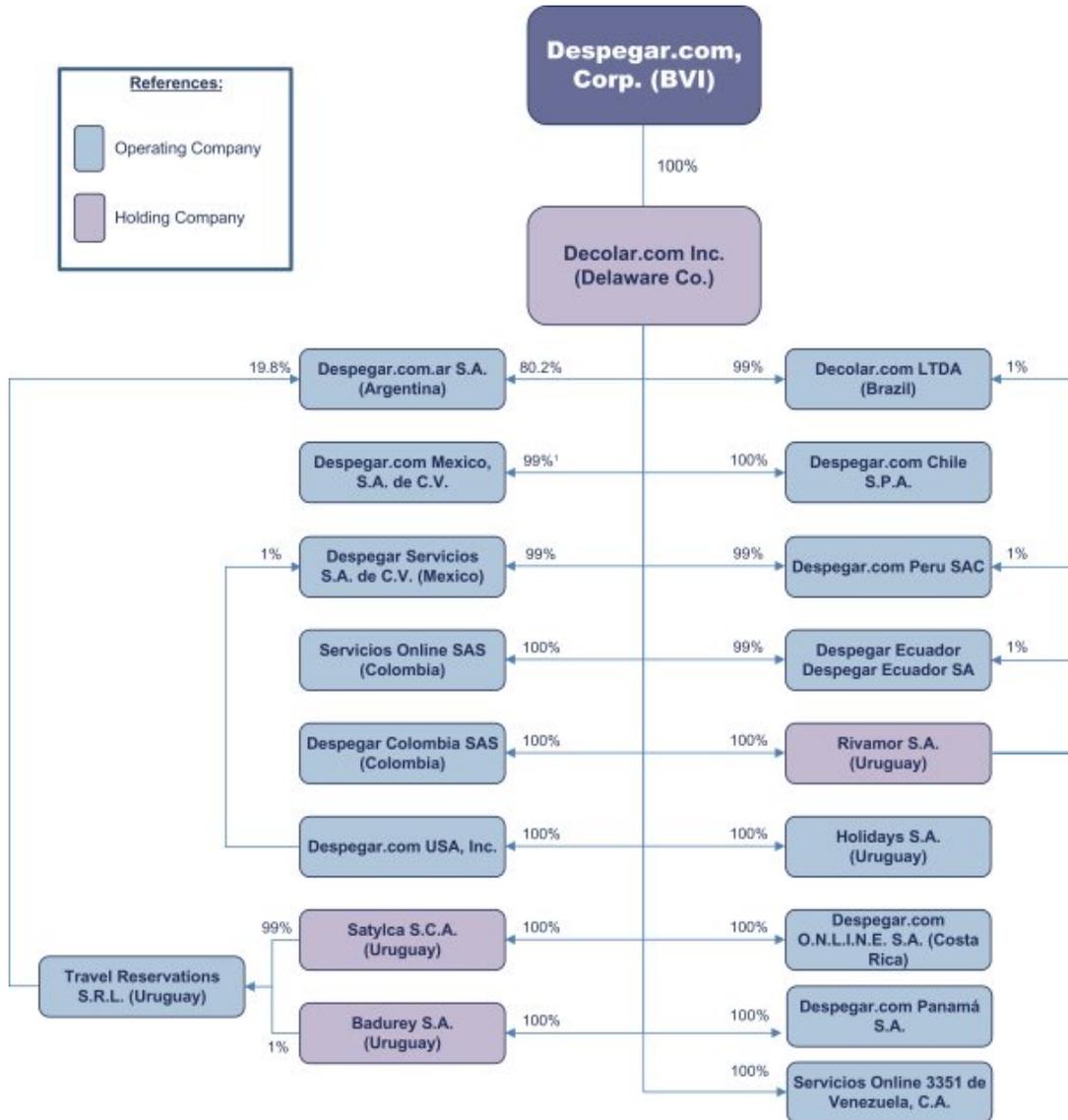
We are currently evaluating whether to apply to this program and, if so, which alternative we would choose.

Argentina

In April 2013 the Argentine Tax authority (“AFIP”) brought criminal charges against Despegar.com.ar SA’s directors on the grounds of an alleged infringement of Law No. 24,769 (as amended, the “Argentine Criminal Tax Law”) following several customers claims related to lack of invoicing and some assumptions generated on high amounts of intercompany balances on financials. AFIP alleged that Despegar.com.ar SA failed to pay certain amounts related to income tax for fiscal years 2009, 2010 and 2011. The criminal court requested AFIP to prepare and produce tax adjustments for the fiscal years included in the accusation. During the assessment process, AFIP determined a taxable base due to intercompany liabilities without supporting documentation and revenue connected to some functions not recognized according to transfer pricing rules. Despegar.com.ar SA amended the corresponding tax returns and paid the corresponding amounts due. In December 2014, the criminal court concluded that the amounts owed by Despegar.com.ar SA for income tax for the fiscal years under review did not reach the minimum threshold required by the Argentine Criminal Tax Law to allow a criminal prosecution. In March 2015, Despegar.com.ar SA was acquitted and the charges dismissed by the criminal court. Despegar.com.ar SA does not have an outstanding contingency relating to this case.

**Corporate Structure**

Despegar.com, Corp. is a holding company organized in the British Virgin Islands, which owns, directly or indirectly, all of our operating subsidiaries. The diagram below depicts the organizational structure of our key subsidiaries:



Notes: <sup>1</sup>The remaining 1% of Despegar.com Mexico, S.A. de C.V. is owned by Viajo.com de Mexico

## MANAGEMENT

### Board of Directors

The business and affairs of the Company will be managed by, or under the direction or supervision of, our board of directors. Our board of directors has all the powers necessary for managing, and for directing and supervising, the business and affairs of the Company and may exercise all the powers of the Company and do all such lawful acts and things as are not by applicable law or our IPO memorandum and articles of association required to be exercised or done by our shareholders. Accordingly, our board of directors will have significant discretion (and, regarding the vast majority of management and governance matters, exclusive discretion) in the management and control of our business and affairs.

Upon the consummation of our initial public offering, we expect our board of directors will consist of seven members. Our IPO memorandum and articles of association authorize us to have seven directors or such other number of directors as is from time to time fixed by resolution of the board.

Upon the consummation of our initial public offering, our board of directors will be divided into three classes designated as the “Class I Directors,” “Class II Directors” and “Class III Directors.” Pursuant to our IPO memorandum and articles of association, each of our directors will be appointed at an annual meeting of shareholders for a period of three years, with each director serving until the third annual meeting of shareholders following his or her election (except that the terms of the initial Class I Directors, Class II Directors and Class III Directors will expire at our annual meetings in 2018, 2019 and 2020, respectively). Upon the expiration of the term of a class of directors, candidates will be elected (or re-elected, as the case may be) as directors of that particular class for three-year terms at the annual meeting of shareholders in the year of such expiration. Our directors will be divided among the three classes as follows:

- the Class I Directors will be \_\_\_\_\_, and their terms will expire at the annual meeting of stockholders to be held in 2018;
- the Class II Directors will be \_\_\_\_\_, and their terms will expire at the annual meeting of stockholders to be held in 2019; and
- the Class III Directors will be \_\_\_\_\_, and their terms will expire at the annual meeting of stockholders to be held in 2020.

Elections will take place by a plurality of the votes of the shares present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors. No director may be elected or re-elected at any special meeting of our shareholders.

The following table presents the names and ages of the members of our board of directors as it will be constituted upon the closing of the initial public offering.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Jason Lenga	43	Chairman of the Board and Director
Damián Scokin	50	Chief Executive Officer and Director
Rodrigo Catunda	31	Director
Nilesh Lakhani	58	Director
Gary Morrison	49	Director
Martin Rastellino	47	Director
Mario Eduardo Vázquez	81	Director

Our board of directors has the exclusive power to fill any vacancy arising on the board from time to time and to increase the size of the board of directors from time to time and appoint additional directors in connection therewith. Our shareholders may not vote to fill any vacancy or to change the size of our board.

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A director of the Company may only be removed: (i) with cause, by a resolution approved by shareholders holding not less than two-thirds of the voting rights at a meeting of shareholders called for the stated purpose of removing the director or for stated purposes including the removal of the director, or (ii) with cause, by a resolution approved by directors holding not less than two-thirds of the voting rights of all of those directors entitled to vote on the resolution at a meeting of directors or by way of unanimous written consent of those directors entitled to vote on the removal. See “Description of our Share Capital—Differences in Corporate Law—Removal of Directors” for further information.

The following is a brief summary of the business experience of our directors. The current business addresses for our directors is Juana Manso 999, Ciudad Autónoma de Buenos Aires, Argentina (C1107CBR).

*Jason Lenga* has served as a member of our board of directors and as chairman of our board since April 2015. Mr. Lenga is an Operating Partner at Tiger Global Australia Pty Ltd, which he joined in 2015. Prior to joining Tiger Global, Mr. Lenga was a senior executive at Australian Stock Exchange listed Seek Limited, a leading global online employment marketplace. From December 1999 to June 2015, Mr. Lenga worked at Seek Limited in a variety of senior roles developing Seek’s strategic direction as well as establishing and driving key parts of its business, including the development of the group’s significant international assets. Prior to joining Seek, Mr. Lenga was a solicitor in the mergers and acquisitions practice of Mallesons Stephen Jaques, an Australian commercial law firm. Mr. Lenga also serves on the board of directors of Zhaopin Limited (NYSE: ZPIN). Mr. Lenga received a Bachelor of Laws degree and a Bachelor of Commerce degree from the University of New South Wales in Australia.

*Damián Scokin* joined Despegar in December 2016 and has served as our Chief Executive Officer (“CEO”) since February 2017 and as a member of our board of directors since April 2017. From 2005 to 2015, prior to becoming our CEO, Mr. Scokin held several positions within the LATAM Airlines Group. From 2012 to 2015, Mr. Scokin served as CEO for LATAM’s International Business Unit, where he was in charge of leading the merger and integration process of LAN Airlines, LATAM Airlines Group’s predecessor and the biggest airline in Chile, and TAM Linhas Aereas, one of Brazil leading airlines. Prior to the merger process, Mr. Scokin worked as CEO for the International Business Unit of Lan Airlines in Chile and as CEO for LAN Argentina before that, where he was in charge of the company’s startup and early development in Argentina. Mr. Scokin started his career in 1995 as an associate of McKinsey & Company in Boston, where he eventually became partner and manager of its Buenos Aires office in 2004. Mr. Scokin holds BAs in Economics and Industrial Engineering from the University of Buenos Aires and an MBA from Harvard Business School.

*Rodrigo Catunda* has served as a member of our board of directors since January 2017. Mr. Catunda is a Vice President in General Atlantic’s Sao Paulo office, which he joined in September 2011, where he focuses on investments in a variety of industries in Latin America. Mr. Catunda is closely involved with General Atlantic’s investments in Despegar, Pague Menos, XP Investimentos, Smiles and Ourofino. From January 2007 to August 2011, Mr. Catunda was an investment banking associate at J.P. Morgan in São Paulo and New York, focused in Latin America. Mr. Catunda also serves on the board of XP Investimentos, a Brazilian financial institution. Mr. Catunda received a Bachelor of Science in Business Administration from Fundação Getulio Vargas—FGV in Sao Paulo.

*Nilesh Lakhani* has served as a member of our board of directors since October 2012. Mr. Lakhani serves on the board of directors of Netshoes (Cayman) Limited (NYSE: NETS) and, from 2013 to 2014, served on the board of directors of QIWI plc (Nasdaq: QIWI). Mr. Lakhani has been an Operating Partner at Lumia Capital LLC, an emerging markets focused technology venture fund since 2015 and has also held key executive positions with growth companies in the technology, media and financial services industries. From 2010 to 2012, he was the Chief Financial Officer of oDesk Corporation. Prior to that, from 2007 to 2010, he was the Chief Financial Officer of Yandex N.V. (Nasdaq: YNDX). He also served as Chief Financial Officer of CTC Media, Inc. (Nasdaq: CTCM) from 2004 to 2007. Prior to that, Mr. Lakhani was the Chief Financial Officer of Pogo.com, and was Vice President of Global Operations at Electronic Arts after it acquired Pogo.com. Mr. Lakhani also

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served as senior vice president with Transamerica Corporation from 1991 to 1997, and worked with GE Capital from 1984 to 1991. Mr. Lakhani received a Bachelor of Arts in Economics from the University of Manchester and a Master of Business Administration in Finance from the University of San Francisco.

*Gary Morrison* has served as a member of our board of directors since April 2015. Mr. Morrison is Vice President and General Manager EMEA and Senior Vice President and Head of Retail Expedia Worldwide of Expedia, Inc., which he joined in 2011. From October 2008 to November 2009, Mr. Morrison served as the Head of Global Sales Operations for Google, Inc.'s Online Sales Channel. Prior to that, Mr. Morrison held several senior management positions at Motorola Solutions Inc. (NYSE: MSI) in its Mobile Devices division and consulting and engineering roles at General Electric Corporation (NYSE: GE), Booz Allen & Hamilton Inc. (NYSE: BAH) and Schlumberger SA. He also serves on the board of directors for Voyages-sncf.com, a distribution channel of SNCF, and AirAsiaExpedia, a division of Expedia, Inc. Mr. Morrison received a Master of Business Administration from INSEAD and a Masters in Engineering (M. Eng. Distinction) from Leeds University U.K.

*Martin Rastellino* has served as a member of our board of directors since June 2017. Mr. Rastellino is a co-founder of the Company and has been extensively involved in the management of the Company from 1999 until June 2017. He has served as our Chief Operating Officer and Head of Hotels Business, among other key managerial positions. Prior to joining the Company, Mr. Rastellino served as a Manager for Teleglobe in the United States and has also worked as an auditor for Arthur Andersen in Argentina between 1993 and 1997. Mr. Rastellino received a Bachelor of Science in Public Accounting from the University of Buenos Aires and a Masters of Business Administration from Duke University.

*Mario Eduardo Vázquez* has served as a member of our board of directors since August 2014. From June 2003 to November 2006, he served as the Chief Executive Officer of Grupo Telefónica in Argentina. Prior to that, Mr. Vázquez worked in auditing for Arthur Andersen for 33 years, including as a partner and general director covering Latin American markets, including Argentina, Chile, Uruguay, and Paraguay. Mr. Vázquez previously taught as a professor of Auditing at the Economics School of the Universidad de Buenos Aires. Mr. Vázquez also serves on the board of directors and is president of the Audit Committee of Globant S.A. (NYSE: GLOB) and MercadoLibre, Inc. (NYSE:MELI) He has also served as a member of the board of directors of Telefónica Argentina S.A., Telefónica Holding Argentina S.A., Telefónica S.A. (Spain), Banco Santander Rio S.A., Banco Supervielle Societe General S.A., and CMF Banco S.A., and as alternate member of the board of directors of Telefónica de Chile S.A. Mr. Vázquez also previously served as a member of the board of directors and as the president of the Audit Committee of YPF, S.A. (NYSE:YPF) Mr. Vázquez received a Degree in Public Accounting from the Universidad de Buenos Aires.

## **Executive Officers**

The following table lists the current executive officers of our group:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Damián Scokin	50	Chief Executive Officer
Michael Doyle	47	Chief Financial Officer
Juan Pablo Alvarado	47	General Counsel
Sebastián Mackinnon	46	Head of Air
Martin Molinari	45	Head of Packages, Hotels and Other Travel Products
Pablo Montivero Araya	48	Head of Distribution

The following is a brief summary of the business experience of our executive officers who are not also directors. Unless otherwise indicated, the current business addresses for our executive officers is Juana Manso 999, Ciudad Autónoma de Buenos Aires, Argentina (C1107CBR).

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*Michael Doyle* has served as our Chief Financial Officer (“CFO”) since June 2013. Prior to becoming our CFO, Mr. Doyle was the Chief Financial Officer of eLong, Inc, a formerly Nasdaq-listed, online travel company in China. Mr. Doyle was also the Chief Financial Officer of Expedia Asia Pacific, a division of Expedia, based in Hong Kong and Seattle. Prior to Expedia, Mr. Doyle worked as Chief Financial Officer of Teledesic, a Seattle-based broadband communications company founded by Craig McCaw and Bill Gates. Mr. Doyle started his career as an investment banker at Morgan Stanley & Company in New York and Singapore. While in Singapore, he also worked for the Government of Singapore Investment Corporation, structuring private equity investments in Southeast Asia. Mr. Doyle holds a BA in Finance from Southern Methodist University and an MBA from Harvard Business School.

*Juan Pablo Alvarado* has served as our General Counsel since August 2015. From December 2014 to July 2015, Mr. Alvarado served as Of Counsel at Estudio Beccar Varela. From 2006 to 2013, Mr. Alvarado served as General Counsel and member of the Executive Committee of El Tejar Limited. From 2001 to 2003, he served in various positions at Mondeléz International, most recently as the Legal Director for the Southern Cone Region in South America. Mr. Alvarado also serves as a member of the board of directors of Asociación Latinoamericana de Internet and served as President of Fundación para la Integración Social Oscar Alvarado, a not-for profit organization. Mr. Alvarado received a high school diploma from Colegio Cardenal Newman, Law Degree from the Universidad Católica Argentina de Derecho and a Master of Laws Degree from Duke University.

*Sebastián Mackinnon* has served as our Head of Air, with a regional scope, since December 2015. From October 2001 to December 2015, Mr. Mackinnon served in various positions at Diageo plc, an international alcoholic beverages company, mostly recently as General Manager covering Peru, Bolivia and Ecuador. Prior to that, Mr. Mackinnon held various positions at Mondeléz International and Kimberly-Clark Corporation. Mr. Mackinnon received a high school diploma from Colegio Cardenal Newman, a Degree in Business Administration from the Pontificia Universidad Católica Argentina and a Master of Business Administration from the CEMA University in Buenos Aires.

*Martin Molinari* has served as our Head of Packages, Hotels and Other Travel Products since March 2017. Prior to that, Mr. Molinari served as our Head of Cross-Selling from March 2013 to March 2017 and as our Mexico Country Manager from August 2005 to February 2013. Prior to that, Mr. Molinari served as General Manager for Iberojet Internacional, a tour operator that is a division of Iberostar Group. Mr. Molinari received a Bachelor’s Degree in Tourism Business Management from the Universidad de Morón. Mr. Molinari is based in Montevideo, Uruguay.

*Pablo Montivero Araya* has served as our Head of Distribution since February 2015 with responsibilities for overseeing all countries as well as distribution channels and loyalty programs. Prior to joining us, he served in various positions at PepsiCo, Inc., most recently as Senior Vice President and General Manager for PepsiCo Foods South Cone. Mr. Montivero Araya received a Bachelor of Engineering in Industrial Engineering from the Universidad de Buenos Aires and a Master in Business Administration in International Business from the Thunderbird School of Global Management at Arizona State University. Mr. Montivero Araya is based in Montevideo, Uruguay.

#### ***Family Relationships***

There are no family relationships among any of our directors or executive officers.

#### ***Board Committees***

Our board of directors may establish committees from time to time with such responsibilities as determined by our board. Members will serve on these committees until their resignation or until otherwise determined by our board. Our board of directors has established an audit committee, as described below.

### *Audit Committee*

Our audit committee consists of Mario Eduardo Vázquez, Nilesh Lakhani and Martin Rastellino, with Mr. Vázquez serving as chair. Messrs. Vázquez and Lakhani satisfy the independence requirements of Rule 10A-3 under the Exchange Act. Our board of directors also has determined that Messrs. Vázquez, Lakhani and Rastellino qualify as audit committee financial experts within the meaning of the SEC rules. Our audit committee oversees our accounting and financial reporting processes and the audits of our consolidated financial statements. Our audit committee will be responsible for, among other things:

- selecting our independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by our independent auditors;
- regularly reviewing the independence of our independent auditors;
- reviewing all related party transactions on an ongoing basis;
- discussing the annual and quarterly audited consolidated financial statements with management and our independent auditors;
- periodically reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately and periodically with management and our internal and independent auditors;
- reporting regularly to our full board of directors; and
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time.

### **Equity Incentive Plans**

Our board of directors has adopted two stock option plans, namely, the 2015 Stock Option Plan (the “2015 Plan”) and Amended and Restated 2016 Stock Incentive Plan (the “2016 Plan”) and, together with the 2015 Plan, the “Plans”). The terms of the 2015 Plan and the 2016 Plan are substantially similar. The purpose of these plans is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees, outside directors and consultants, and to promote the success of our business. Our board of directors believes that our Company’s long term success is dependent upon our ability to attract and retain superior individuals who, by virtue of their ability and qualifications, make important contributions to our business.

On March 6, 2015, we granted 90,626 RSUs under the 2015 Plan. Each RSU represents the right to receive one ordinary share. We will not issue any additional awards under the 2015 Plan to our employees.

We have reserved an aggregate of 4,861,777 of our ordinary shares for issuance under the 2016 Plan, of which 3,025,000 were issuable upon the exercise of outstanding options as of August 12, 2017.

*Administration* . The Plans are administered by our board of directors or a committee designated by our board of directors constituted to comply with applicable laws. In each case, our board of directors or the committee it designates will determine the provisions, terms and conditions of each award.

*Eligibility* . Only employees, outside directors and consultants are eligible for the grant of non-incentive stock options (“NSOs”), and the direct award or sale of shares or RSUs or other share-based awards, in the case of the 2016 Plan. Only employees are eligible for the grant of incentive stock options (“ISOs”). The term “option” as used in this section refers to both NSOs and ISOs.

Moreover, a person who owns more than 10% of the total combined voting power of all classes of our outstanding share capital is not eligible for ISO grants unless (i) the exercise price is at least 110% of the fair market value of a share on the date of the grant and (ii) such ISO by its terms is not exercisable after the expiration of five years from the date of the grant.

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*Vesting Schedule* . Options, other share-based awards and RSUs may be subject to vesting requirements, as set forth in the applicable award agreement. In the case of the currently outstanding RSUs, two vesting requirements must be satisfied on or before the expiration date in order for the ordinary shares subject to the award to vest: (i) a time-based service requirement where a portion of the RSUs vest in each of three years from the grant date, provided that the recipient remains in continuous service through each applicable date and (ii) a requirement that the Company completes an initial public offering or change of control event (the “Liquidity Event Requirement”). If the Liquidity Event Requirement is triggered by an initial public offering, it will be deemed satisfied upon the earliest of (i) the 181<sup>st</sup> day following the initial public offering; (ii) the March 15<sup>th</sup> following the year in which the initial public offering occurs, or (iii) the expiration date. The options granted under the 2016 Plan also feature both (i) a time-based service requirement, by which vesting occurs in installments over five years and (ii) a Liquidity Event Requirement. In the case of the options granted under the 2016 Plan, if the Liquidity Event Requirement is triggered by an initial public offering then it will be deemed satisfied upon the earliest of (i) the 181<sup>st</sup> day following the initial public offering and (ii) the day immediately preceding the expiration date. In addition, in the case of options granted under the 2016 Plan to our Chief Executive Officer and his direct reports, if the optionee is subject to an involuntary termination without cause within 12 months after a change of control event occurs, then his or her options immediately vest and become exercisable with respect to all then-unvested shares upon such termination, and the time-based service requirement is deemed to have been satisfied with respect to all shares subject to those options.

*Award Agreement* . Awards granted under the Plans are evidenced by an award agreement providing for the number of ordinary shares subject to the award, and the terms and conditions of the award.

*Transfer Restrictions* . Options, other share-based awards and RSUs may not be transferred other than by will or the laws of succession or by gift or domestic relations order to an immediate family member of the optionee or, in the case of options under the 2016 Plan, a trust established by the optionee for the benefit of the optionee and/or one or more of the optionee’s immediate family, and are exercisable during the lifetime of the optionee only by the optionee or by the optionee’s guardian or legal representative.

*Exercise of Awards* . The term of options may not exceed ten years from the date of grant. The consideration to be paid for our ordinary shares upon exercise of an option will be determined by the stock option plan administrator and may include cash or cash equivalents, a promissory note, ordinary shares, delivery of an irrevocable direction to a securities broker appointed by us to sell the shares and deliver all or part of the proceeds to us, consideration received by us under a cashless exercise program implemented by us, or any other form of payment permitted by applicable law. No cash consideration is required of the recipient in connection with the grant of the RSUs.

*Termination of Awards* . Where the option agreement permits the exercise of the options granted for a certain period of time following the recipient’s termination of service with us, or the recipient’s disability or death, the options will terminate to the extent not exercised on the last day of the specified period or the last day of the original term of the options, whichever occurs first. Unvested RSUs are forfeited to us upon the recipient’s termination of service with us. Treatment of other share-based awards upon a termination of service are as set forth in the award agreement.

*Third-Party Acquisition* . If a third-party acquires us through the purchase of all or substantially all of our assets, a merger or other business combination, all outstanding awards will be treated in the manner described in the definitive transaction agreement (or, in the event the transaction does not entail a definitive agreement to which we are party, in the manner determined by our board of directors in its capacity as administrator of the Plans, with such determination having final and binding effect on all parties), which agreement or determination need not treat all awards (or all portions of an award) in an identical manner.

*Amendment, Suspension or Termination* . Our board of directors has the authority to amend, suspend or terminate the Plans at any time and for any reason, without shareholder approval, except to the extent required by

applicable law. Unless terminated earlier, the Plans will terminate automatically ten years from the later of (i) the date when the Plan was adopted or (ii) the date when our board of directors approved the most recent increase in the number of shares reserved for issuance; provided that the ability to grant ISOs under the 2016 Plan will terminate on the tenth anniversary of the date when the maximum number of shares reserved for ISOs was approved by our shareholders. As noted above, no further awards will be granted under our 2015 Plan.

### **Compensation of Directors and Executive Officers**

For the years ended December 31, 2016 and 2015, the aggregate compensation to the officers and independent members of our board of directors amounted to \$4,418,091 and \$1,538,406, respectively. We did not pay any compensation to the remaining directors in 2016 and 2015, and did not pay any other cash compensation or benefits in kind to our directors in 2016 and 2015. Additionally, during 2015 and 2016 we entered into certain severance and non-compete arrangements with our founders, including a founder who is currently a member of our board of directors and our audit committee. For more information, see note 14 to our audited consolidated financial statements and our unaudited condensed consolidated financial statements included in this prospectus. Our officers receive comparable benefits generally provided to our employees, such as pension, retirement and health insurance coverage, with some variations with regard to company car benefits and levels of health insurance coverage. For information regarding share options and RSUs granted to our current officers and directors, see “—Equity Incentive Plans.”

**PRINCIPAL AND SELLING SHAREHOLDERS**

The following table sets forth information regarding the beneficial ownership of our ordinary shares by (1) each person known to us to beneficially own more than 5% of any class of our outstanding voting securities, (2) each of our directors and executive officers and (3) all of our directors and executive officers as a group.

Applicable percentage ownership is based on 58,518,679 ordinary shares outstanding as of August 12, 2017. In computing the number of ordinary shares beneficially owned by a person or entity and the percentage ownership of that person or entity, we deemed to be outstanding all ordinary shares subject to options or RSUs held by that person or entity that are currently exercisable or that will become exercisable or vested, as applicable, within 60 days of August 12, 2017. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person or entity. Unless otherwise indicated, the address of each beneficial owner listed in the table below is Juana Manso 999, Ciudad Autónoma de Buenos Aires, Argentina (C1107CBR).

The following table does not reflect any ordinary shares that may be purchased pursuant to our directed share program described under “Underwriters—Directed Share Program.”

Name of Beneficial Owner	Prior to the Offering		After the Offering Assuming Underwriters’ Option is Not Exercised		After the Offering Assuming Underwriters’ Option is Exercised in Full		Ordinary Shares Being Offered	Ordinary Shares Subject to Option
	Number	%	Number	%	Number	%		
<b>5% Shareholders and Selling Shareholders</b>								
Tiger Global (1)	33,560,192	57.3						
Expedia, Inc. (2)	9,590,623	16.4						
General Atlantic Partners (3)	3,175,223	5.4						
<b>Directors and Executive Officers:</b>								
Rodrigo Catunda (4)	—	—						
Nilesh Lakhani (5)	7,929	*						
Jason Lenga (6)	—	—						
Gary Morrison	—	—						
Martín Rastellino (7)	600,000	1.0						
Damián Scokin (8)	—	—						
Mario Eduardo Vázquez	—	—						
Juan Pablo Alvarado (9)	—	—						
Michael Doyle (10)	—	—						
Sebastián Mackinnon (11)	—	—						
Martín Molinari (12)	164,631	*						
Pablo Montivero Araya (13)	—	—						
<b>Directors and executive officers as a group (14 persons)</b>	<b>772,560</b>	<b>1.3</b>						

(\*) Represents beneficial ownership of less than 1%.

(1) Consists of ordinary shares held by Tiger Global Private Investment Partners IV, L.P. (“PIP IV”), Tiger Global Investments, L.P. (together with PIP IV, “Tiger Global”), and other affiliates of Tiger Global Management, LLC. Tiger Global Management, LLC is controlled by Chase Coleman, Scott Shleifer and Lee Fixel. The business address for each of these entities and individuals is c/o Tiger Global Management, LLC, 9 West 57<sup>th</sup> Street, 35<sup>th</sup> Floor, New York, NY 10019.

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- (2) Consists of ordinary shares held by Expedia, Inc. (“Expedia”), a Washington corporation, a direct wholly owned subsidiary of Expedia, Inc., a Delaware corporation. The principal business address for Expedia is 333 108th Avenue NE, Bellevue, WA 98004.
- (3) Consists of (i) 2,977,640 ordinary shares held by General Atlantic Partners (Bermuda) II, L.P (“GAP BII”); (ii) 154,697 ordinary shares held by GAP Coinvestments III, LLC (“GAPCO III”); (iii) 29,687 ordinary shares held by GAP Coinvestments IV, LLC (“GAPCO IV”); (iii) 6,756 ordinary shares held by GAP Coinvestments CDA, L.P. (“GAPCO CDA”); and (v) 6,443 ordinary shares held by GAPCO GmbH & Co. KG (“GAPCO KG” and, together with GAP BII, GAPCO III, GAPCO IV and GAPCO CDA, the “GA Funds”). The general partner of GAP BII is General Atlantic GenPar (Bermuda), L.P. (“GA GenPar Bermuda”). GAP (Bermuda) Limited (“GAP Bermuda”) is the general partner of GA GenPar Bermuda. General Atlantic LLC (“GA LLC”) is the managing member of GAPCO III, GAPCO IV and the general partner of GAPCO CDA. The general partner of GAPCO KG is GAPCO Management GmbH (“GAPCO Management”). The Managing Directors of GA LLC (the “GA Managing Directors”) are also the directors and voting shareholders of GAP Bermuda. The GA Managing Directors control the voting and investment decisions with respect to securities held by GAPCO KG and GAPCO Management. The GA Managing Directors are William E. Ford, John Bernstein, J. Frank Brown, Gabriel Caillaux, Andrew Crawford, Alexander Crisses, Steven A. Denning, Mark F. Dzialga, Martin Escobari, Aaron Goldman, David C. Hodgson, Rene M. Kern, Jonathan Korngold, Christopher G. Lanning, Anton J. Levy, Thomas J. Murphy, Sandeep Naik, Joern Nikolay, Andrew C. Pearson, Shantanu Rastogi, David A. Rosenstein, E. Graves Tompkins, N. Robbert Vorhoff, Ke Wei, and Eric (Chi) Zhang. The GA Managing Directors may be deemed to share voting and dispositive control with respect to shares and interests held by the GA Funds. Each of the Managing Directors of GA LLC disclaims beneficial ownership of the ordinary shares held by the GA Funds except to the extent each has a pecuniary interest therein. GAP BII, GA GenPar Bermuda, GAP Bermuda, GAPCO KG, GAPCO Management, GAPCO CDA, GAPCO III, GAPCO IV, and GA LLC (collectively, the “GA Group”) are a “group” within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934, as amended. The principal business address of the foregoing General Atlantic entities other than GAPCO KG, GAPCO Management, GAP BII, GA GenPar Bermuda and GAP Bermuda is c/o General Atlantic Service Company, LLC, 55 East 52nd Street, 33rd Floor, New York, NY 10055. The principal business address of GAPCO KG and GAPCO Management is c/o General Atlantic GmbH, Maximilianstrasse 35b, 80359 Munich, Germany. The mailing address of GAP BII, GA GenPar Bermuda and GAP Bermuda is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (4) Mr. Catunda is a Vice President in General Atlantic’s São Paulo office. Mr. Catunda is not deemed to share voting or dispositive control over the shares held by the GA Funds listed in footnote (3) above. Mr. Catunda disclaims beneficial ownership of such shares.
- (5) Consists of 7,929 ordinary shares held by Mr. Lakhani, a member of our board of directors.
- (6) Mr. Lenga is an Operating Partner at Tiger Global Australia Pty Ltd. Mr. Lenga is not deemed to share voting or dispositive control over the shares held by Tiger Global listed in footnote (1) above. Mr. Lenga disclaims beneficial ownership of such shares.
- (7) Consists of 600,000 ordinary shares held of record by Birbey S.A. Mr. Rastellino has sole voting and dispositive control over such shares and directly or indirectly owns 100% of the share capital of Birbey S.A.
- (8) Does not reflect any shares that may be issued upon settlement of outstanding options, none of which will be exercisable within 60 days of August 12, 2017. In March 2017, Mr. Scokin was granted 400,000 options (i) 5% of which will vest on December 1, 2017; (ii) 10% of which will vest on December 1, 2018; (iii) 15% of which will vest on December 1, 2019; (iv) 20% of which will vest on December 1, 2020; (v) 25% of which will vest on December 1, 2021 and (vi) 25% of which will vest on December 1, 2022, in each case provided that Mr. Scokin remains in continuous service as an employee, director or consultant of the Company through each applicable date and subject to the satisfaction of the Liquidity Event Requirement (as defined in the Stock Option Grant dated March 17, 2017). The Liquidity Event Requirement will be deemed satisfied upon the 181<sup>st</sup> day following the date of this offering. See “Management—Equity Incentive Plans.” Mr. Scokin is our Chief Executive Officer and a director.
- (9) Does not reflect any shares that may be issued upon settlement of outstanding options, none of which will be exercisable within 60 days of August 12, 2017. In March 2017, Mr. Alvarado was granted 100,000 options

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- (i) 5% of which will vest on December 1, 2017; (ii) 10% of which will vest on December 1, 2018; (iii) 15% of which will vest on December 1, 2019; (iv) 20% of which will vest on December 1, 2020; (v) 25% of which will vest on December 1, 2021 and (vi) 25% of which will vest on December 1, 2022, in each case provided that Mr. Alvarado remains in continuous service as an employee, director or consultant of the Company through each applicable date and subject to the satisfaction of the Liquidity Event Requirement (as defined in the Notice of Stock Option Grant dated March 17, 2017). The Liquidity Event Requirement will be deemed satisfied upon the 181st day following the date of this offering. See “Management – Equity Incentive Plans.” Mr. Alvarado is our General Counsel.
- (10) Does not reflect any shares that may be issued upon settlement of outstanding RSUs, none of which will be exercisable within 60 days of August 12, 2017. In March 2015, Mr. Doyle was granted 90,626 RSUs, (i) 40,626 of which vested on January 1, 2016; (ii) 20,000 of which vested on January 1, 2017; (iii) 20,000 of which will vest on January 1, 2018; and (iv) 10,000 of which will vest on July 1, 2018, in each case provided that Mr. Doyle remains in continuous service as an employee, director or consultant of the Company through each applicable date and subject to the satisfaction of the Liquidity Event Requirement (as defined in the Notice of Restricted Stock Unit Award dated March 6, 2015). The Liquidity Event Requirement will be deemed satisfied upon the 181<sup>st</sup> day following the date of this offering. In addition, does not reflect any shares that may be issued upon settlement of outstanding options, none of which will be exercisable within 60 days of August 12, 2017. In March 2017, Mr. Doyle was granted 200,000 options (i) 5% of which will vest on December 1, 2017; (ii) 10% of which will vest on December 1, 2018; (iii) 15% of which will vest on December 1, 2019; (iv) 20% of which will vest on December 1, 2020; (v) 25% of which will vest on December 1, 2021 and (vi) 25% of which will vest on December 1, 2022, in each case provided that Mr. Doyle remains in continuous service as an employee, director or consultant of the Company through each applicable date and subject to the satisfaction of the Liquidity Event Requirement (as defined in the Notice of Stock Option Grant dated March 17, 2017). The Liquidity Event Requirement will be deemed satisfied upon the 181st day following the date of this offering. See “Management—Equity Incentive Plans.” Mr. Doyle is our Chief Financial Officer.
- (11) Does not reflect any shares that may be issued upon settlement of outstanding options, none of which will be exercisable within 60 days of August 12, 2017. In March 2017, Mr. Mackinnon was granted 200,000 options (i) 5% of which will vest on December 1, 2017; (ii) 10% of which will vest on December 1, 2018; (iii) 15% of which will vest on December 1, 2019; (iv) 20% of which will vest on December 1, 2020; (v) 25% of which will vest on December 1, 2021 and (vi) 25% of which will vest on December 1, 2022, in each case provided that Mr. Mackinnon remains in continuous service as an employee, director or consultant of the Company through each applicable date and subject to the satisfaction of the Liquidity Event Requirement (as defined in the Notice of Stock Option Grant dated March 17, 2017). The Liquidity Event Requirement will be deemed satisfied upon the 181st day following the date of this offering. See “Management – Equity Incentive Plans.” Mr. Mackinnon is our Head of Air.
- (12) Consists of (i) 114,631 ordinary shares held of record by Ioannis S.A. and (ii) 50,000 ordinary shares held of record by Busmont S.A. Mr. Molinari has sole voting and dispositive control over such shares and directly or indirectly owns 100% of the share capital of both Ioannis S.A. and of Busmont S.A. Does not reflect any shares that may be issued upon settlement of outstanding options, none of which will be exercisable within 60 days of August 12, 2017. In March 2017, Mr. Molinari was granted 200,000 options (i) 5% of which will vest on December 1, 2017; (ii) 10% of which will vest on December 1, 2018; (iii) 15% of which will vest on December 1, 2019; (iv) 20% of which will vest on December 1, 2020; (v) 25% of which will vest on December 1, 2021 and (vi) 25% of which will vest on December 1, 2022, in each case provided that Mr. Molinari remains in continuous service as an employee, director or consultant of the Company through each applicable date and subject to the satisfaction of the Liquidity Event Requirement (as defined in the Notice of Stock Option Grant dated March 17, 2017). The Liquidity Event Requirement will be deemed satisfied upon the 181st day following the date of this offering. See “Management —Equity Incentive Plans.” Mr. Molinari is our Head of Packages, Hotels and Other Travel Products.
- (13) Does not reflect any shares that may be issued upon settlement of outstanding options, none of which will be exercisable within 60 days of August 12, 2017. In March 2017, Mr. Montivero Araya was granted 200,000 options (i) 5% of which will vest on December 1, 2017; (ii) 10% of which will vest on December 1, 2018;

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(iii) 15% of which will vest on December 1, 2019; (iv) 20% of which will vest on December 1, 2020; (v) 25% of which will vest on December 1, 2021 and (vi) 25% of which will vest on December 1, 2022, in each case provided that Mr. Montivero Araya remains in continuous service as an employee, director or consultant of the Company through each applicable date and subject to the satisfaction of the Liquidity Event Requirement (as defined in the Notice of Stock Option Grant dated March 17, 2017). The Liquidity Event Requirement will be deemed satisfied upon the 181st day following the date of this offering. See “Management—Equity Incentive Plans.” Mr. Montivero Araya is our Head of Distribution.

## CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

### **Related Person Transactions in Connection with the Expedia Investment**

Our predecessor, Decolar.com, Inc., issued the following promissory notes to Tiger Global and its affiliates, on an interest-free basis: \$10.0 million on August 26, 2013 with a maturity of nine years, \$15.0 million on November 8, 2013 with a maturity of nine years, and \$25.0 million on February 6, 2015 with a maturity of seven years.

On March 6, 2015, Expedia purchased 9,590,623 shares of common stock (the “2015 Expedia Shares”) from our predecessor, Decolar.com, Inc., representing 16.4% of its capital stock, for an aggregate purchase price of \$270.0 million. Decolar.com, Inc. used \$50.0 million of the proceeds to repay the promissory notes to Tiger Global and its affiliates in full and \$45.0 million to repurchase 1,598,434 shares of its common stock from certain stockholders, including key management personnel and entities affiliated with key management personnel.

In connection with Expedia’s investment in March 2015, we entered into certain amended shareholder arrangements that will terminate in accordance with their terms upon completion of this offering, except as set forth in the Shareholder Agreements (as defined below).

### **Relationship with Expedia**

#### ***Expedia Outsourcing Agreement***

We entered into the Expedia Outsourcing Agreement with affiliates of Expedia on March 6, 2015. Expedia is the beneficial owner of 16.4% of our ordinary shares outstanding as of August 12, 2017.

All hotel and other lodging products that we offer through our platform for all countries outside Latin America are provided to us exclusively by Expedia pursuant to the Expedia Outsourcing Agreement. Under the agreement, Expedia is also the preferred provider to us of hotel and other lodging products in Latin America. Expedia makes its hotel and other lodging products available to us. We are required to reach a threshold of marketing fees (which are defined in the Expedia Outsourcing Agreement as a specified percentage of gross profit received by Expedia from travel bookings made through our platform) equal to \$5.0 million in any six-month period, or else Expedia may require us to pay a \$125.0 million termination fee. Since we entered into the Expedia Outsourcing Agreement in March 2015, we have not failed to meet the required threshold. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Other Commitments.”

We receive a marketing fee for each booking using rates and availability provided by Expedia through our platform based on the compensation that Expedia is entitled to receive from the relevant property owner. For the six months ended June 30, 2017, marketing fees paid by Expedia to us under the Expedia Outsourcing Agreement, net of fees we paid to Expedia under the Despegar Outsourcing Agreement (described below), amounted to \$18.9 million, which represented 7.6% of our revenue for the six months ended June 30, 2017. For 2016, marketing fees paid by Expedia to us under the Expedia Outsourcing Agreement, net of fees we paid to Expedia under the Despegar Outsourcing Agreement (described below), amounted to \$27 million, which represented 6.6% of our revenue for the year. From time to time, the Expedia Outsourcing Agreement has been supplemented by one-time incentives paid to us for reaching certain booking targets during a specified time period.

As of June 30, 2017, our receivables from Expedia under the Expedia Outsourcing Agreement, net of our payables under the Despegar Outsourcing Agreement, were \$77.6 million.

The term of the Expedia Outsourcing Agreement automatically renews annually unless terminated in certain cases, including (1) by mutual consent or by a party in the case of a material breach by the other party (with a

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\$125.0 million termination payment if terminated by Expedia due to our breach or our failure to meet certain minimum performance requirements), (2) unilaterally by us without cause after March 6, 2022 upon payment to Expedia of a \$125.0 million termination payment, and (3) unilaterally by Expedia in the event of a change of control of our Company. A change of control under the agreement is defined as the sale, lease or transfer of all or substantially all of our assets to or acquisition of more than 50% of voting or economic power in our Company or any parent of our Company by an entity in the consumer or corporate travel industry or an internet-enabled provider of travel search or information services. Unilateral termination of the Expedia Outsourcing Agreement by us as described in (2) above, in addition to triggering the termination payment, also gives Expedia the right to sell the 2015 Expedia Shares back to us for fair market value under the Shareholder Agreements described below.

We may also terminate the agreement if Expedia ceases to hold all of the 2015 Expedia Shares unless the disposition of those shares was (1) approved by a majority of members of our Board of Directors that were not designated by Expedia, (2) involuntary or (3) the result of an action taken by us or any of our affiliates.

The foregoing description of the Expedia Outsourcing Agreement is qualified in its entirety by reference to the Expedia Outsourcing Agreement, which is filed as an exhibit to the registration statement of which this prospectus forms a part.

### ***Despegar Outsourcing Agreement***

We entered into the Despegar Outsourcing Agreement with certain affiliates of Expedia on August 17, 2016. Under the Despegar Outsourcing Agreement, we are required to make our hotel products available to certain affiliates of Expedia. The relevant Expedia Affiliate receives compensation equal to a percentage of the revenue earned by us from the property owner.

The agreement has a three-year term that automatically renews for one-year periods, unless either party elects not to renew. We are required to indemnify Expedia and/or its affiliates for losses derived from end user claims. However, if during any contract year Expedia and/or its affiliates suffer losses derived from end user claims exceeding 1% of the annual aggregate room price of the bookings made by the Company during such year, we may terminate the agreement.

The foregoing description of the Despegar Outsourcing Agreement is qualified in its entirety by reference to the Despegar Outsourcing Agreement, which is filed as an exhibit to the registration statement of which this prospectus forms a part.

### **Shareholder Agreements**

We are party to the following agreements with our shareholders: (i) the Fifth Amended and Restated Investors' Rights Agreement, dated as of March 6, 2015, by and among the Company, (1) Tiger Global Private Investment Partners IV, L.P., Tiger Global Investments, L.P., The Scott Shleifer 2011 Descendants' Trust pursuant to an agreement dated as of January 20, 2011, LFX Trust under an agreement dated as of January 26, 2011 and Ventoux V LLC (together, the "Tiger Global Shareholders"), (2) Porto Palma S.A, Vistamare S.A., Tielis Park S.A., Prosventre S.A., Pausania S.A., Bynum Company S.A., Birbey S.A., Prefisul S.A., Pranaguspi S.A. (together, the "Former Management Shareholders"); (3) SC US GF V HOLDINGS, LTD., SCGE FUND, L.P., SCHF (M) PV, L.P. (together, the "Sequoia Shareholders"), Insight Venture Partners VII, LP, Insight Venture Partners VII (CoInvestors), LP, Insight Venture Partners (Cayman) VII LP, Insight Venture Partners (Delaware) VII LP (together, the "Insight Shareholders"), Accel Growth Fund II L.P., Accel Growth Fund II Strategic Partners L.P., Accel Growth Fund 2012 Investors L.L.C. (together, the "Accel Shareholders"), General Atlantic Partners (Bermuda) II, L.P., GAPCO GmbH & Co. KG, GAP Coinvestments CDA, L.P., GAP Coinvestments III, LLC, GAP Coinvestments IV, LLC (together, the "General Atlantic Shareholders" and, together, with the Sequoia Shareholders, the Insight Shareholders and the Accel Shareholders, the "Other

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Investor Shareholders”); and (4) Expedia (together, with the Tiger Global Shareholders, the Former Management Shareholders and the Other Investor Shareholders, the “Principal Shareholders”), as amended on May 3, 2017 (the “Fifth Amended and Restated Investors’ Rights Agreement”); (ii) the Third Amended and Restated Voting Agreement dated as of March 6, 2015, by and among the Company, the Principal Shareholders, Nilesh Lakhani, Edgardo Sokolowicz, Alipio Camanzano, Martin Molinari (through investment vehicles), Christian Adonajlo, Cristian Camsen, Daniel Goldstein and Michael Doyle (together, the “Additional Shareholders”), as amended on May 3, 2017 (the “Third Amended and Restated Voting Agreement”); and (iii) the Third Amended and Restated First Refusal and Co-Sale Agreement dated as of March 6, 2015 by and among the Company, the Principal Shareholders and the Additional Shareholders, as amended on May 3, 2017 (the “Third Amended and Restated First Refusal and Co-Sale Agreement”). For purposes of this prospectus we refer to the Fifth Amended and Restated Investors’ Rights Agreement, the Third Amended and Restated Voting Agreement and the Third Amended and Restated First Refusal and Co-Sale Agreement as the “Shareholder Agreements.” The Shareholder Agreements will provide Expedia and the Tiger Global Shareholders with the rights and obligations described below.

***Expedia Preemptive Rights***

As long as Expedia beneficially owns at least 5% of our share capital (calculated on a fully-diluted basis), it has preemptive rights to purchase newly issued shares to maintain its percentage ownership in all future offerings by us of our shares or of securities convertible into, or exchangeable or exercisable for, any of our shares, including the ordinary shares to be issued and sold in this offering, subject to certain limited exceptions.

***Expedia Standstill***

For three years from the date of this offering, Expedia and its affiliates are prohibited from acquiring more than 35% of the voting or economic power of our outstanding shares, except by a tender offer, exchange offer or other offer for all of the outstanding shares, directly or indirectly, in which case they are only permitted to consummate such offer if it would result in their owning more than 75% of the voting or economic power of our outstanding shares entitled to vote in the election of our board of directors. In addition, if after this offering (1) we enter into a definitive agreement providing for a Liquidation Event (as defined in the Shareholder Agreements), (2) a tender or exchange offer which if consummated would constitute a Liquidation Event is made (by a person other than Expedia) for our securities and our board of directors either accepts such offer or fails to recommend that our shareholders reject such offer within ten business days, or (3) our board of directors resolves to engage in a formal process which is intended to result in a transaction which, if consummated, would constitute a Liquidation Event, then, notwithstanding the above restriction, with respect to clauses (1) and (2), Expedia is entitled to make an offer for and acquire our shares in a transaction for at least as many shares or equivalent as contemplated in the relevant Liquidation Event, and, with respect to clause (3), Expedia is entitled to participate in such process on the same terms and conditions as the other participants.

***Expedia Put Right***

We are required to buy back from Expedia, or in certain circumstances facilitate the sale of, the 2015 Expedia shares for fair market value, if we exercise our right to terminate the Expedia Outsourcing Agreement on or after March 6, 2022 and make the required termination payment of \$125.0 million to Expedia in connection therewith. The procedures for determining fair market value of the 2015 Expedia Shares depend upon whether we are a public company with securities traded on a recognized securities exchange. If we complete the underwritten initial public offering described in this prospectus and we remain a public company with securities traded on a recognized securities exchange at the time we receive notice that Expedia is exercising its put right, then we are required to (1) use our best efforts to prepare and file with the SEC a registration statement covering the 2015 Expedia Shares, (2) request, in conjunction with Expedia, quotes from five internationally-recognized underwriting banks for a firm and fully underwritten sale of the 2015 Expedia Shares and (3) assist Expedia in its sale of the 2015 Expedia Shares on a recognized securities exchange or market or otherwise. If the 2015 Expedia Shares cannot be sold in this manner, we are required to purchase the 2015 Expedia Shares at the highest quoted

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price then available from the aforementioned underwriting banks. If we are no longer a public company with securities traded on a recognized securities exchange, fair market value will be a price agreed upon by the Company and Expedia or, if the parties cannot agree, a price determined through the assistance of third-party valuation experts.

***Expedia Non-Solicitation Restriction***

Expedia is also prohibited from soliciting certain of our employees, and vice versa, until one year after Expedia beneficially owns less than 10% of our share capital. A similar non-solicitation covenant applies during the term of the Expedia Outsourcing Agreement.

***Expedia Director Business Opportunities***

Subject to applicable confidentiality obligations, directors who have or currently serve as directors, officers, employees or agents of Expedia (the “Expedia Directors”) are not precluded from referring potential business opportunities in which we could have an interest to Expedia. If the Expedia Directors do so, we would be considered to have renounced our interest in such opportunity, unless the opportunity in question was presented to the director solely in his or her capacity as our director or for our benefit, in which case it can only be referred to Expedia if a majority of our board of directors (excluding the Expedia Directors) has formally declined the opportunity pursuant to a resolution.

***Expedia Director Potential Conflicts of Interest***

The Expedia Directors may be excluded from the relevant portion of any board or committee meeting or relevant resolutions of directors relating to any transaction, agreement or arrangement with respect to which (1) Expedia or any of its affiliates is a counterparty or has a material economic interest in the counterparty or (2) in the reasonable opinion of a majority of the members of the board that are not designated or nominated by, or employed by, Expedia or any of its affiliates, there would exist a conflict of interest between the interests of Expedia or its affiliates, on the one hand, and our interests, on the other (conflict of interest is defined for such purpose as a specific material economic or competitive interest of Expedia or any of its affiliates in a potential transaction, agreement or arrangement of the Company would be reasonably likely to materially impair the independence or objectivity of the Expedia Directors in the discharge of their responsibilities and duties to the Company, in light of their affiliation to Expedia).

***Registration Rights***

The Tiger Global Shareholders and Expedia are each entitled to two demand registrations as long as such holder owns 5% or more of our outstanding ordinary shares (calculated on a fully-diluted basis). Moreover, any other party to our Shareholder Agreements that owns 10% or more our outstanding ordinary shares (calculated on a fully-diluted basis) will also be entitled to two demand registrations. We will also be required to effect up to two registrations on Form F-3 in any twelve-month period, upon the request of any such shareholders that own 10% or more of our outstanding ordinary shares (calculated on a fully-diluted basis). The Shareholder Agreements will also provide the shareholders party thereto with customary piggyback registration rights. Moreover, we are required to pay certain expenses relating to such registrations and indemnify such shareholders against certain liabilities that may arise under the Securities Act. In addition, as previously described, we may also be required to facilitate the sale by Expedia of the 2015 Expedia Shares.

***Restrictions on Transactions and Transfers to***

Until three years from the date of this offering, we may not enter into any arrangement with \_\_\_\_\_, whether or not such businesses remain a part of the operations of \_\_\_\_\_, or any future business of \_\_\_\_\_ which is similar in size and nature to the \_\_\_\_\_, whether or not such business remains a part of the operations of \_\_\_\_\_. In addition, until three years from the date of this offering, certain restrictions apply to transfers of our securities by us or by the Principal Shareholders to \_\_\_\_\_.

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However, these restrictions cease to apply if the Expedia Outsourcing Agreement has been validly terminated in accordance with its terms, except if such termination was due to a failure by us to meet certain minimum performance requirements or a material breach by us, in which case these restrictions will continue to apply until the earliest of (1) the third anniversary of this offering, (2) the seventh anniversary of the Expedia Outsourcing Agreement (provided that we make the required termination payment of \$125.0 million), (3) the date on which Expedia sells the 2015 Expedia Shares unless the disposition of such shares was (a) approved by a majority of our board of directors that were not designated by Expedia, (b) involuntary, or (c) the result of an action taken by us or any of our affiliates (e.g., a stock buyback, reverse stock split, merger, share exchange or other transaction resulting in the change in form of the 2015 Expedia Shares); or (4) a material and uncured breach by Expedia of its agreement not to acquire more than 35% of the voting or economic power of our outstanding share capital within three years of this offering except by means of a tender offer, exchange offer or other offer that if consummated would result in Expedia being the beneficial owner of more than 75% of the voting or economic power of our outstanding share capital entitled to vote in the election of the board of directors.

The foregoing description of the Shareholder Agreements and the rights contained therein is qualified in its entirety by reference to the Shareholder Agreements, which are filed as exhibits to the registration statement of which this prospectus forms a part.

### **Directed Share Program**

At our request, the underwriters have reserved 5% of the ordinary shares offered by this prospectus for sale, at the initial public offering price, to our directors, executive officers, employees and certain other persons as part of a directed share program. We do not currently know the extent to which these related persons will participate in our directed share program, if at all.

### **Statement of Policy Regarding Transactions with Related Persons**

Prior to the completion of this offering, our board of directors will adopt a written statement of policy regarding transactions with related persons, which we refer to as our “related person policy.” Our related person policy requires that a “related person” (as defined as in paragraph (a) of Item 404 of Regulation S-K) must promptly disclose to our general counsel any “related person transaction” (defined as any transaction that is anticipated would be reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds \$120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. The head of compliance will then promptly communicate that information to our board of directors. No related person transaction will be executed without the approval or ratification of our board of directors. It is our policy that directors interested in a related person transaction will recuse themselves from any vote of a related person transaction in which they have an interest. Our policy does not specify the standards to be applied by directors in determining whether or not to approve or ratify a related person transaction and we accordingly anticipate that these determinations will be made in accordance with principles of the laws of the BVI generally applicable to directors of a BVI company.

## DESCRIPTION OF OUR SHARE CAPITAL

### General

We are a BVI business company incorporated with limited liability and our affairs are governed by the provisions of our memorandum and articles of association, as amended and restated from time to time, and by the provisions of applicable BVI law, including the BVI Business Companies Act, 2004 (the “BVI Act”). Under “Description of Our Share Capital,” “we,” “us,” “our” and “our company” refer to Despegar.com, Corp. and not to any of its subsidiaries.

Our company number in the BVI is 1936519. As provided in regulation 4 of our memorandum of association, subject to BVI law, we have full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and, for such purposes, full rights, powers and privileges. Our registered office is at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands and our registered agent is Conyers Trust Company (BVI) Limited of Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands.

Upon the completion of this offering, ordinary shares will be issued, fully paid and outstanding.

We have applied to list our ordinary shares on the New York Stock Exchange under the symbol “DESP.”

The transfer agent and registrar for our ordinary shares is Computershare Trust Company, N.A., which maintains the register of members of the Company at 480 Washington Boulevard, Jersey City, NJ 07310, USA. The shares of the Company are held in uncertificated (book-entry) form and no shareholder has the right to require issuance or provision to it at any time of any share certificate.

Initial settlement of our ordinary shares will take place on the closing date of this offering through The Depository Trust Company (“DTC”) in accordance with customary settlement procedures for equity securities. Each person owning ordinary shares held through DTC must rely on the procedures thereof and on institutions that have accounts therewith to exercise any rights of a holder of ordinary shares. Persons wishing to obtain certificates for their ordinary shares must make arrangements with DTC.

The following is a summary of the material provisions of our share capital and our IPO memorandum and articles of association to be adopted immediately prior to the consummation of our initial public offering. This discussion does not purport to be complete and is qualified in its entirety by reference to our IPO memorandum and articles of association. The form of our IPO memorandum and articles of association will be filed as an exhibit to the registration statement of which this prospectus forms a part.

### Ordinary Shares

The following summarizes the rights of holders of our ordinary shares. Each ordinary share confers on the holder:

- (a) the right to one vote at a meeting per share on all matters to be voted on by shareholders generally, including the election of directors at an annual meeting of the shareholders;
- (b) the right to an equal share in any dividend paid by the Company and payable in respect of our ordinary shares and as may be declared from time to time by our board of directors out of funds legally available for that purpose, if any; and
- (c) upon our liquidation, dissolution or winding up, the right to an equal share in the distribution of the surplus assets of the Company available to the ordinary shareholders,

but subject in each case to the rights attaching to any additional class or classes of shares (including any preferred shares) that may be authorized and issued after the closing date of this offering. Our ordinary shares do not confer cumulative voting rights.

### **Additional Shares**

Our board of directors may determine the rights, privileges, restrictions and conditions attaching to each such class of preferred shares (which may be more favorable than those attaching to the ordinary shares), as the board of directors may determine in its sole and absolute discretion, including without limitation:

- the number of shares constituting the additional class of preferred shares;
- the dividend and other distribution rights of the class of preferred shares and, (which may be payable in preference to, or in relation to, the dividends payable on our ordinary shares or any other class or classes of shares);
- whether the class of preferred shares shall have voting rights and, if so, whether they shall vote separately or together as a single class with the ordinary shares and/or any other class of shares;
- whether the class of preferred shares shall have conversion and/or exchange rights and privileges and, if so, the terms and conditions of such conversion and/or exchange;
- whether the class of preferred shares shall impose conditions and restrictions upon the business and affairs of the Company and/or any of its subsidiaries or the right to approve and/or veto certain matters and/or to appoint and/or remove one or more directors of the Company; and
- the rights of the preferred shares in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, including, without limitation, any liquidation preference and whether such rights shall be in preference to, or in relation to, the comparable rights of the ordinary shares or any other class or classes of shares;

### **Limitation on Liability and Indemnification Matters**

Under BVI law, each of our directors, in exercising his powers or performing his duties, is required to act honestly and in good faith and in what the director believes to be in our best interests, is required to exercise his powers as a director for a proper purpose, may not act, or agree to us acting, in a manner that contravenes the BVI Act or our memorandum or articles of association, and is required to exercise the care, diligence and skill that a reasonable director would exercise in the same circumstances (taking into account, but without limitation, the nature of the company; the nature of the decision; and the position of the director and the nature of the responsibilities undertaken by him).

Our IPO memorandum and articles of association provide that, to the fullest extent permitted by law, the Company is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Company (and any other persons to which the Company is permitted to provide indemnification under applicable law) through provisions in the IPO memorandum and articles of association, agreements with such directors, officers agents or other persons, vote of disinterested directors or otherwise, subject only to limits created by the BVI Act.

Our IPO memorandum and articles of association provide that the Company shall indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who: (a) is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a director, an officer or a liquidator of the Company; or (b) is or was, at the request of the Company, serving as a director, officer or liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise; provided that such indemnification shall not apply unless the person claiming such indemnification acted honestly and in good faith and in what he believed to be the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.

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We may pay any expenses, including legal fees, incurred by any such person in defending any legal, administrative or investigative proceedings in advance of the final disposition of the proceedings. If a person to be indemnified has been successful in defense of any proceedings referred to above, the person is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the person in connection with the proceedings.

We may purchase and maintain insurance in relation to any person who is or was a director, an officer or a liquidator of the Company, or who at the request of the Company is or was serving as a director, an officer or a liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not we have or would have had the power to indemnify the person against the liability as provided in our IPO memorandum and articles of association.

### **Shareholders' Meetings and Consents**

The following summarizes certain relevant provisions of BVI laws and our IPO memorandum and articles of association in relation to our shareholders' meetings:

- Our IPO memorandum and articles of association contemplate two types of shareholders' meetings, namely:
  - an annual meeting of shareholders (each an "annual meeting"); and
  - any meeting of shareholders which is not an annual meeting (each a "special meeting").
- Only the board of directors may convene an annual meeting. The first annual meeting following this offering shall take place on a date to be determined by the board of directors which shall not be later than December 31 in 2018 (or such other date determined by resolution of directors and notified to shareholders), and thereafter an annual meeting shall be held in each calendar year. All annual meetings shall be held at such date, time and place, either within or outside the BVI, as shall be determined from time to time by the board of directors. The business of an annual meeting shall be the election and re-election of directors for those board seats whose terms expire at such meeting and any other items of business proposed by the board of directors and/or otherwise duly proposed by eligible shareholders in accordance with the IPO memorandum and articles of association.
- Special meetings may only be called: (i) by the board of directors at its own initiative; or (ii) by the board of directors upon receiving a compliant written request from a shareholder or shareholders entitled to exercise at least 30% of the voting rights in respect of the matter for which the meeting is requested. Upon receipt of a compliant requisition notice, the board of directors shall convene the requested special meeting for a date not later than 90 days after the date of receipt of the requisition notice, provided the various restrictions, conditions and provision of information and other procedural requirements set out in the IPO memorandum and articles of association have been met by the requisitionists. A special meeting may be held at such date, time and place, within or outside the BVI, as shall be stated in the notice of the meeting.
- Director elections and re-elections by shareholders may occur only at annual meetings (not special meetings) and then only in respect of those board seats whose terms expire at such meeting. Nominations of persons for election or re-election as directors of the Company at an annual meeting may only be made by (i) the board of directors; or (ii) any shareholder (or shareholders collectively) holding not less than 3% of the voting rights that may be exercised at the annual meeting entitled to attend and vote at such meeting, provided the various restrictions, conditions and provision of information and other procedural requirements set out in the IPO memorandum and articles of association have been met by the nominating shareholders. The board of directors will also retain discretion to veto inappropriate candidates nominated by shareholders for election as a director in certain enumerated circumstances, including (a) where the candidate is not qualified, does not have the

necessary experience, has a conflict of interest or is otherwise unsuitable or unfit for office; and (b) where an appointment may adversely affect the Company's (and/or its subsidiaries' respective) reputation or business; or would result in the Company not having the required number of independent directors for its audit committee; or would result in the Company losing its "foreign private issuer" status.

- Written notice of any shareholder meeting shall be given to each shareholder entitled to vote at such meeting and each director not fewer than 10 nor more than 120 days before the date of the meeting. The inadvertent failure or accidental omission to give notice of a meeting to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice shall not invalidate the shareholder meeting or the proceedings at that meeting. A meeting of shareholders held in contravention of such notice requirements is valid if shareholders holding at least 90% of the total voting rights on all the matters to be considered at the meeting have waived notice of the meeting and, for this purpose, the presence of a shareholder at the meeting shall be deemed to constitute waiver on his part.
- A shareholder may be represented at a meeting of shareholders by a proxy who may speak and vote on behalf of the shareholder.
- A meeting of shareholders is duly constituted and quorate if, at the commencement of the meeting, there are present in person or by proxy holders of not less than a simple majority of the votes of the shares entitled to vote on the resolutions to be considered at the meeting. If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be dissolved; in any other case it shall stand adjourned to such other date, time and place as the chairman may determine and announce at the meeting (without the need for any further notice to shareholders). At any such adjourned meeting at which a quorum shall be present or represented, any business may be transacted that might have been transacted at the meeting as originally notified. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.
- A resolution of shareholders is valid only if approved at a duly constituted and quorate meeting of shareholders by the affirmative vote of a simple majority (or such greater majority as may be specified in respect of a particular matter in the IPO memorandum and articles of association) of the votes of those shareholders present at the meeting and entitled to vote and voting on the resolution. Shareholders are prohibited from adopting resolutions by written consent and all resolutions of the shareholders will need to be adopted at a meeting of our shareholders convened in accordance with our IPO memorandum and articles of association.
- In addition, in order to nominate candidates for election as a director at an annual meeting or propose topics for consideration at an annual meeting or special meeting of shareholders, shareholders must notify the Company in writing prior to the meeting at which directors are to be elected or the proposals are to be acted upon, and such notice must contain the documentation and information specified in our IPO memorandum and articles of association. To be timely, notice with respect to an annual meeting of shareholders must be received by not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day, prior to the first anniversary of the preceding year's annual meeting (provided that if the Company did not have an annual meeting the preceding year not later than the close of business on June 30 of the calendar year in which the annual meeting is to be held or such other date notified to shareholders by the board of directors). In the case of any business or other matter to be considered at a special meeting of shareholders, notice of such business or other matter must be included with the original requisition notice. Various other restrictions, conditions and provision of information and other procedural requirements set out in the IPO memorandum and articles of association shall also apply. Such advance notice requirements and other provisions may preclude or limit the ability of shareholders to nominate candidates for election as a director or propose topics for consideration at a meeting of shareholders. Furthermore, our board of directors may in certain

circumstances veto candidates proposed by shareholders (as described in the fourth bullet point in this section). We expect that the first annual meeting of shareholders following this offering will be held in the third or fourth quarter of 2018.

## **Differences in Corporate Law**

We were incorporated under, and are governed by, the laws of the BVI. Set forth below is a summary of some of the key differences between provisions of the BVI Act applicable to us and the laws applicable to companies incorporated in the State of Delaware in the United States and their shareholders, which should not be taken as exhaustive.

### ***Director's Fiduciary Duties***

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling stockholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

BVI law provides that every director of a BVI company in exercising his powers or performing his duties shall act honestly and in good faith and in what the director believes to be in the best interests of the company. Additionally, the director shall exercise the care, diligence, and skill that a reasonable director would exercise in the same circumstances (taking into account but without limitation, the nature of the company, the nature of the decision and the position of the director and the nature of the responsibilities undertaken by him). In addition, BVI law provides that a director shall exercise his powers as a director for a proper purpose and shall not act, or agree to the company acting, in a manner that contravenes the BVI Act or the memorandum association or articles of association of the company.

### ***Amendment of Governing Documents***

Under Delaware corporate law, with very limited exceptions, a vote of the shareholders is required to amend the certificate of incorporation. In addition, Delaware corporate law provides that shareholders have the right to amend the bylaws, and the certificate of incorporation also may confer on the directors the right to amend the bylaws.

The laws of the BVI provide more flexibility as to the approvals required for amending the governing documents of the company. Our IPO memorandum and articles of association provide they may only be amended by way of:

- (a) both an ordinary resolution of shareholders (passed by a simple majority vote) and a resolution of directors (passed by a simple majority vote at a meeting of directors or by unanimous written consent), but written subject to the condition that the resolution of directors is adopted not later than the seventh day following the adoption of the resolution of shareholders;

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- (b) a special resolution of members (passed by a two-thirds (66 2/3 %) super majority vote), save that certain provisions may not be amended in this manner, as further described below; or
- (c) a resolution of directors (passed by a simple majority vote at a meeting of directors or by unanimous written consent), save that certain provisions may not be amended in this manner, as further described below.

The provisions of our IPO memorandum and articles of association that may not be amended pursuant to (b) and (c) above include provisions (and related definitions) relating to the capacity and powers of the Company; the powers of our board to issue shares and authorize and issue additional classes of shares and the repurchase of the Company's own shares, and to fix a record date for shareholder meetings; the powers of our board or shareholders to amend the IPO memorandum and articles; most provisions regarding shareholder meetings and the ability of shareholders to requisition meetings and make proposals and nominate candidates for election as directors at shareholder meetings; the powers of the board of directors and the officers of the Company and their proceedings; dividends and other distributions; director conflicts and indemnification; appointment of auditors and the audit process; the voluntary liquidation of the Company; the redomiciliation of the Company to a foreign jurisdiction, and the exclusive jurisdiction clause. Further, at any time that Expedia owns 5% or more of the outstanding ordinary shares of the Company, Article 26 of the IPO articles of association (which relates to Expedia's and its nominated directors' ability to pursue opportunities that may compete with the Company) may not be amended, altered, changed or repealed without the prior written consent of Expedia.

***Written Consent of Directors***

Under Delaware corporate law, directors may act by written consent only on the basis of a unanimous vote.

Similarly, under our IPO memorandum and articles of association, a resolution of our directors in writing shall be valid only if consented to by all of the directors (or all of the members of a committee of directors, as the case may be) entitled to vote on the resolution.

***Written Consent of Shareholders***

Under Delaware corporate law, unless otherwise provided in the certificate of incorporation, any action to be taken at any annual or special meeting of shareholders of a corporation may be taken by written consent of the holders of outstanding stock having not less than the minimum number of votes that would be necessary to take that action at a meeting at which all shareholders entitled to vote were present and voted.

Our IPO memorandum and articles of association provide that a resolution of shareholders is valid only if approved at a duly constituted and quorate meeting of shareholders by the affirmative vote of a simple majority (or such greater majority as may be specified in respect of a particular matter in the IPO memorandum and articles of association) of the votes of those shareholders present at the meeting and entitled to vote and voting on the resolution.

***Shareholder Proposals***

Under Delaware corporate law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

BVI law and our IPO memorandum and articles of association provide that (i) our directors shall call a special meeting of the shareholders if requested in writing to do so by shareholders entitled to exercise at least 30% of the voting rights in respect of the matter for which the meeting is requested; and (ii) shareholders may put forward proposals at an annual meeting or, with the prior consent of our board of directors, at any special meeting convened by our board of directors, in each case subject to the various restrictions, conditions, and

provision of information and other procedural requirements (including lengthy advance notice periods) described above in “—Shareholders’ Meetings and Consents”.

### ***Sale of Assets***

Under Delaware corporate law, a vote of the shareholders is required to approve the sale of assets only when all or substantially all assets are being sold.

Under the BVI Act, unless otherwise provided in the memorandum and articles of association, shareholder approval is required when more than 50% of the company’s total assets by value are being disposed of or sold if not made in the usual or regular course of the business carried out by the company. However, this provision is without effect under our IPO memorandum and articles of association, and the directors may by resolution of directors sell, transfer, lease, exchange or otherwise dispose of the assets of the Company without the sale, transfer, lease, exchange or other disposition being authorised by a resolution of the shareholders.

### ***Dissolution; Winding Up***

Under Delaware corporate law, unless the board of directors approves the proposal to dissolve, dissolution must be approved in writing by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation’s outstanding shares. Delaware corporate law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

As permitted by BVI law and our IPO memorandum and articles of association, we may be voluntarily liquidated under Part XII of the BVI Act by resolution of shareholders with the prior approval of a resolution of directors if we have no liabilities or we are able to pay our debts as they fall due and the value of the Company’s assets equals or exceeds its liabilities.

### ***Continuation under Foreign Law***

As permitted by BVI law and our IPO memorandum and articles of association, we may with the approval of both a resolution of directors and resolution of shareholders continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws.

### ***Redemption of Shares***

Under Delaware corporate law, any stock may be made subject to redemption by the corporation at its option, at the option of the holders of that stock or upon the happening of a specified event, provided shares with full voting power remain outstanding. The stock may be made redeemable for cash, property or rights, as specified in the certificate of incorporation or in the resolution of the board of directors providing for the issue of the stock.

As permitted by BVI law and our IPO memorandum and articles of association, shares may be repurchased, redeemed or otherwise acquired and held by us (a) with the prior written consent of the holder of such shares (which consent may be given by agreement in advance and may be either unconditional or conditional); (b) in accordance with the terms and restrictions of such shares or the terms upon which such shares are issued, without the consent of the holder of such shares; or (c) as described under “Compulsory Acquisition” below, without the consent of the holder of such shares, subject in cases (a) and (b) to compliance with applicable BVI laws regarding solvency unless the redemption is made pursuant to a right of the shareholder to have his shares redeemed or to have his shares exchanged for money or other property of the company.

### ***Compulsory Acquisition***

Under Delaware General Corporation Law §253, in a process known as a “short form” merger, a corporation that owns at least 90% of the outstanding shares of each class of stock of another corporation may either merge the other corporation into itself and assume all of its obligations or merge itself into the other corporation by executing, acknowledging and filing with the Delaware Secretary of State a certificate of such ownership and merger setting forth a copy of the resolution of its board of directors authorizing such merger. If the parent corporation is a Delaware corporation that is not the surviving corporation, the merger also must be approved by a majority of the outstanding stock of the parent corporation. If the parent corporation does not own all of the stock of the subsidiary corporation immediately prior to the merger, the minority shareholders of the subsidiary corporation party to the merger may have appraisal rights as set forth in §262 of the Delaware General Corporation Law.

Under the BVI Act, subject to any limitations in a company’s memorandum or articles, members holding 90% of the votes of the outstanding shares entitled to vote, and members holding 90% of the votes of the outstanding shares of each class of shares entitled to vote as a class, may give a written instruction to the company directing the company to redeem the shares held by the remaining members. Upon receipt of such written instruction, the company shall redeem the shares specified in the written instruction, irrespective of whether or not the shares are by their terms redeemable. The company shall give written notice to each member whose shares are to be redeemed stating the redemption price and the manner in which the redemption is to be effected. A member whose shares are to be so compulsorily redeemed is entitled to dissent from such redemption, and to be paid the fair value of his shares, as described under “—Appraisal Rights” below.

### ***Variation of Rights of Shares***

Under Delaware corporate law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of that class, unless the certificate of incorporation provides otherwise. Under our IPO memorandum and articles of association, the rights attached to any class of shares may be varied pursuant to any permitted means of amendment to our IPO memorandum and articles of association (in this regard, see “—Amendment of Governing Documents” above) with no express provisions or additional investor protections regarding variations of class rights.

### ***Removal of Directors***

Under Delaware corporate law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Our IPO memorandum and articles of association provide that a director of the Company may only be removed: (i) with cause, by a resolution approved by shareholders holding not less than two-thirds of the voting rights at a meeting of shareholders called for the stated purpose of removing the director or for stated purposes including the removal of the director, or (ii) with cause, by a resolution approved by directors holding not less than two-thirds of the voting rights of all of those directors entitled to vote on the resolution at a meeting of directors or by way of unanimous written consent of those directors entitled to vote on the removal. For these purposes, “cause” is to be given the same meaning it has under Delaware corporate law.

### ***Mergers***

Under Delaware corporate law, one or more constituent corporations may merge into and become part of another constituent corporation in a process known as a merger. A Delaware corporation may merge with a foreign corporation as long as the law of the foreign jurisdiction permits such a merger. To effect a merger under Delaware General Corporation Law §251, an agreement of merger must be properly adopted and the agreement

of merger or a certificate of merger must be filed with the Delaware Secretary of State. In order to be properly adopted, the agreement of merger must be adopted by the board of directors of each constituent corporation by a resolution or unanimous written consent. In addition, the agreement of merger generally must be approved at a meeting of stockholders of each constituent corporation by a majority of the outstanding stock of the corporation entitled to vote, unless the certificate of incorporation provides for a supermajority vote. In general, the surviving corporation assumes all of the assets and liabilities of the disappearing corporation or corporations as a result of the merger.

Under the BVI Act, two or more BVI companies may merge or consolidate in accordance with the statutory provisions. A merger means the merging of two or more constituent companies into one of the constituent companies, and a consolidation means the uniting of two or more constituent companies into a new company. In order to merge or consolidate, the directors of each constituent BVI company must approve a written plan of merger or consolidation which must be authorized by a resolution of shareholders. One or more BVI companies may also merge or consolidate with one or more companies incorporated under the laws of jurisdictions outside the BVI, if the merger or consolidation is permitted by the laws of the jurisdictions in which the companies incorporated outside the BVI are incorporated. In respect of such a merger or consolidation a BVI company is required to comply with the provisions of the BVI Act and a company incorporated outside the BVI is required to comply with the laws of its jurisdiction of incorporation.

### ***Inspection of Books and Records***

Under Delaware corporate law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records. Under BVI law, members of the general public, on payment of a nominal fee, can obtain copies of the public records of a company available at the office of the BVI Registrar of Corporate Affairs which will include the company's certificate of incorporation, its memorandum and articles of association (with any amendments) and records of license fees paid to date and will also disclose any articles of dissolution, articles of merger and a register of charges if the company has elected to file such a register.

A shareholder of a BVI company is entitled, on giving written notice to the company, to inspect:

- (1) the memorandum and articles;
- (2) the register of members;
- (3) the register of directors; and
- (4) the minutes of meetings and resolutions of shareholders and of those classes of members of which he or she is a shareholder; and to make copies of or take extracts from the documents and records referred to in (1) to (4) above.

However, subject to the memorandum and articles, the directors may, if they are satisfied that it would be contrary to the company's interests to allow a shareholder to inspect any document, or part of a document, specified in (b), (c) or (d) above, refuse to permit the shareholder to inspect the document or limit the inspection of the document, including limiting the making of copies or the taking of extracts from the records.

Where a company fails or refuses to permit a shareholder to inspect a document or permits a shareholder to inspect a document subject to limitations, that shareholder may apply to the BVI courts for an order that he should be permitted to inspect the document or to inspect the document without limitation.

A BVI company is required to keep at the office of its registered agent the memorandum and articles of the company; the register of shareholders maintained or a copy of the register of shareholders; the register of directors or a copy of the register of directors; and copies of all notices and other documents filed by the company in the previous ten years.

Where a company keeps a copy of the register of shareholders or the register of directors at the office of its registered agent, it is required to notify any changes to the originals of such registers to the registered agent, in writing, within 15 days of any change; and to provide the registered agent with a written record of the physical address of the place or places at which the original register of shareholders or the original register of directors is kept. Where the place at which the original register of shareholders or the original register of directors is changed, the company is required to provide the registered agent with the physical address of the new location of the records within fourteen days of the change of location.

A BVI company is also required to keep at the office of its registered agent or at such other place or places, within or outside the BVI, as the directors determine the minutes of meetings and resolutions of shareholders and of classes of shareholders; and the minutes of meetings and resolutions of directors and committees of directors. If such records are kept at a place other than at the office of the company's registered agent, the company is required to provide the registered agent with a written record of the physical address of the place or places at which the records are kept and to notify the registered agent, within 14 days, of the physical address of any new location where such records may be kept.

A BVI company is also required to keep at the office of its registered agent or at such other place or places, within or outside the BVI, as the directors may determine, the records and underlying documentation of the company which shall be in such form as are sufficient to show and explain the company's transactions and will, at any time, enable the financial position of the company to be determined with reasonable accuracy. If such records and underlying documentation are kept at a place other than at the office of the company's registered agent, the company is required to provide the registered agent with a written record of the physical address of the place or places at which the records and underlying documentation are kept and of the name of the person who maintains and controls the company's records and underlying documentation and to notify the registered agent, within 14 days, of any change to such details.

### ***Conflict of Interest***

Under Delaware corporate law, a contract between a corporation and a director or officer, or between a corporation and any other organization in which a director or officer has a financial interest, is not void as long as the material facts as to the director's or officer's relationship or interest are disclosed or known and either a majority of the disinterested directors authorizes the contract in good faith or the shareholders vote in good faith to approve the contract. Nor will any such contract be void if it is fair to the corporation when it is authorized, approved or ratified by the board of directors, a committee or the shareholders.

The BVI Act provides that a director shall, forthwith after becoming aware that he is interested in a transaction entered into or to be entered into by the company, disclose that interest to the board of directors of the company. The failure of a director to disclose that interest does not affect the validity of a transaction entered into by the director or the company, so long as the director's interest was disclosed to the board prior to the company's entry into the transaction or was not required to be disclosed because the transaction is between the company and the director himself and is otherwise in the ordinary course of business and on usual terms and conditions.

As permitted by BVI law and our IPO memorandum and articles of association, a director interested in a particular transaction may generally vote on it, attend meetings at which it is considered and sign documents on our behalf which relate to the transaction, or do any other thing in his capacity as director that relates to the transaction. However, under our IPO memorandum and articles there is an exception relating to any transaction, agreement or arrangement with respect to which (i) Expedia is a counterparty or has a material economic interest in the counterparty or (ii) in the reasonable opinion of a majority of the members of our board that are not designated or nominated by, or employed by, Expedia, there would exist a conflict of interest (as defined in our IPO memorandum and articles of association) between the interests of Expedia, on the one hand, and that of the Company, on the other hand. In such circumstances, subject to certain conditions, the directors appointed by Expedia may be excluded from the relevant portion of the board or committee meeting.

Our IPO memorandum and articles also contain an acknowledgment that the Company and its affiliates may engage in the same, similar or related lines of business as those engaged in by Expedia and that the Company may have an interest in the same areas of business opportunity as Expedia. Our IPO memorandum and articles provide that, to the fullest extent permitted by law but subject to compliance with any confidentiality obligations owed to the Company, directors of the Company appointed by Expedia may (without any liability or any duty to account for profits) refer potential business opportunities to Expedia (and shall have no obligation to refer such potential business opportunities to the Company) which may pursue them without any restriction or liability, unless the potential business opportunity was presented or offered to the director solely in his or her capacity as a director of the Company or for the benefit of the Company. Furthermore, even a potential business opportunity presented or offered to a director appointed by Expedia solely in his or her capacity as a director of the Company or for the benefit of the Company may be referred to and pursued by Expedia in the event our board of directors (excluding the directors appointed by Expedia) declines to pursue such an opportunity.

#### ***Transactions with Interested Shareholders***

Delaware corporate law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by that statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an “interested shareholder” for three years following the date that the person becomes an interested shareholder. An interested shareholder generally is a person or group who or that owns or owned 15% or more of the target’s outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which the shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction that resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target’s board of directors.

BVI law has no comparable provision. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although BVI law does not expressly regulate transactions between a company and its significant shareholders, it does provide that transactions by the Company must be entered into bona fide in the best interests of the company and not with the effect of oppressing or constituting a fraud on the minority shareholders.

#### ***Independent Directors***

There are no provisions under Delaware corporate law or under the BVI Act that require a majority of our directors to be independent.

#### ***Cumulative Voting***

Under Delaware corporate law, cumulative voting for elections of directors is not permitted unless the company’s certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder’s voting power with respect to electing such director. There are no prohibitions to cumulative voting under the laws of the British Virgin Islands, but our IPO memorandum of association and articles of association do not provide for cumulative voting.

#### ***Shareholders’ Suits***

The enforcement of the Company’s rights will ordinarily be a matter for our directors. However, in certain limited circumstances, a shareholder may have the right to seek certain remedies against us in the event the

directors are in breach of their duties under the BVI Act. Pursuant to Section 184B of the BVI Act, if a company or director of a company engages in, proposes to engage in or has engaged in, conduct that contravenes the provisions of the BVI Act or the memorandum or articles of association of the company, a BVI court may, on application of a shareholder or director of the company, make an order directing the company or director to comply with, or restraining the company or director from engaging in conduct that contravenes, the BVI Act or the memorandum or articles. Furthermore, pursuant to Section 184I of the BVI Act a shareholder of a company who considers that the affairs of the company have been, are being or are likely to be, conducted in a manner that is, or any acts of the company have been, or are likely to be, oppressive, unfairly discriminatory or unfairly prejudicial to him in that capacity, may apply to the BVI court for an order which can, if the court considers that it is just and equitable to do so, require the company or any other person to pay compensation to the shareholders (among various other potential orders and remedies). Under Section 184G of the BVI Act, a shareholder of a company may bring an action against the company for breach of a duty owed by the company to him as a shareholder.

Under Section 184C of the BVI Act, a shareholder also may, with the permission of the BVI court, bring an action or intervene in a matter in the name of the company, in certain circumstances. Such actions are known as derivative actions. The BVI court may only grant permission to bring a derivative action where the following circumstances apply: (i) the company does not intend to bring, diligently continue or defend or discontinue proceedings; or (ii) it is in the interests of the company that the conduct of the proceedings not be left to the directors or to the determination of the shareholders as a whole.

When considering whether to grant leave, the BVI court is also required to have regard to the following matters: whether the shareholder is acting in good faith; whether a derivative action is in the interests of the company, taking into account the directors' views on commercial matters; whether the proceedings are likely to succeed; the costs of the proceedings in relation to the relief likely to be obtained; and whether an alternative remedy is available.

Any shareholder of a company may apply to BVI court under the Insolvency Act, 2003 of the BVI for the appointment of a liquidator to liquidate the company and the court may appoint a liquidator for the company if it is of the opinion that it is just and equitable to do so.

Generally any other claims against a BVI company by its shareholders must be based on the general laws of contract or tort applicable in the BVI or their individual rights as shareholders as established by the BVI Act or the company's memorandum and articles of association. There are also common law rights for the protection of shareholders that may be invoked, largely derived from English common law. Under general English company law known as the rule in *Foss v. Harbottle*, a court will generally refuse to interfere with the management of a company at the insistence of a minority of its shareholders who express dissatisfaction with the conduct of the company's affairs by the majority or the board of directors. However, every shareholder is entitled to seek to have the affairs of the company conducted properly according to law and the constituent documents of the corporation. As such, if those who control the company have persistently disregarded the requirements of company law or the provisions of the company's memorandum and articles of association, then the courts may grant relief. Generally, the areas in which the courts may intervene are the following: a company is acting or proposing to act illegally or beyond the scope of its authority; the act complained of, although not beyond the scope of the authority, could only be effected if duly authorized by more than the number of votes which have actually been obtained; the individual rights of the plaintiff shareholder have been infringed or are about to be infringed; or those who control the company are perpetrating a "fraud on the minority."

### ***Appraisal Rights***

The BVI Act provides that any shareholder of a BVI company is entitled to payment of the fair value of his shares upon dissenting from any of the following: (a) a merger if the company is a constituent company, unless the company is the surviving company and the shareholder continues to hold the same or similar shares; (b) a

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consolidation if the company is a constituent company; (c) any sale, transfer, lease, exchange or other disposition of more than 50% in value of the assets or business of the company if not made in the usual or regular course of the business carried on by the company (unless, as in our case, such appraisal right is excluded in the memorandum and articles of association) but not including: (i) a disposition pursuant to an order of the court having jurisdiction in the matter, (ii) a disposition for money on terms requiring all or substantially all net proceeds to be distributed to the shareholders in accordance with their respective interest within one year after the date of disposition, or (iii) a transfer pursuant to the power of the directors to transfer assets for the protection thereof; (d) a compulsory redemption of 10% or fewer of the issued shares of the company required by the holders of 90% or more of the shares of the company pursuant to the terms of the BVI Act; and (e) an arrangement, if permitted by the BVI court.

## SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our ordinary shares. We cannot predict the effect, if any, future sales of ordinary shares, or the availability for future sale of ordinary shares, will have on the market price of our ordinary shares prevailing from time to time. The sale of substantial amounts of our ordinary shares in the public market, or the perception that such sales could occur, could harm the prevailing market price of our ordinary shares.

Upon completion of this offering we will have a total of \_\_\_\_\_ ordinary shares outstanding. The ordinary shares sold in this offering (other than any shares sold to our directors and officers pursuant to our directed share program that are subject to the lock-up restrictions as described under “Underwriters—Directed Share Program”) will be freely tradable without restriction or further registration under the Securities Act by persons other than our “affiliates.” Under the Securities Act, an “affiliate” of an issuer is a person that directly or indirectly controls, is controlled by or is under common control with that issuer.

### Registration Rights

Under our Shareholder Agreements, the Tiger Global Shareholders and Expedia are each entitled to two demand registrations as long as such holder owns 5% or more of our outstanding ordinary shares. Moreover, any other party to our Shareholder Agreements that owns 10% or more our outstanding ordinary shares will also be entitled to two demand registrations. In addition, we will be required to effect up to two registrations on Form F-3 in any twelve-month period, upon the request of any such shareholders that own 10% or more of our outstanding ordinary shares. The Shareholder Agreements also provide the shareholders party thereto with customary piggyback registration rights. Moreover, we are required to pay certain expenses relating to such registrations and indemnify such shareholders against certain liabilities that may arise under the Securities Act. See “Certain Relationships and Related Person Transactions—Registration Rights.”

### Lock-Up Agreements

We have agreed, subject to enumerated exceptions, that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any of our ordinary shares or securities convertible into or exchangeable or exercisable for any of our ordinary shares, or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of Morgan Stanley & Co. LLC and Citigroup Global Markets Inc. for a period of 180 days after the date of this prospectus. Our executive officers, directors and substantially all of our existing shareholders have agreed, subject to enumerated exceptions, that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our ordinary shares or securities convertible into or exchangeable or exercisable for any of our ordinary shares, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our ordinary shares, whether any of these transactions are to be settled by delivery of our ordinary shares or other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Morgan Stanley & Co. LLC and Citigroup Global Markets Inc. for a period of 180 days after the date of this prospectus.

### Rule 144

In general, under Rule 144 a person (or persons whose shares are aggregated), including any person who may be deemed our affiliate, is entitled to sell within any three-month period a number of restricted securities that does not exceed the greater of 1% of the then outstanding ordinary shares and the average weekly trading volume during the four calendar weeks preceding each such sale, provided that at least six months has elapsed since such ordinary shares were acquired from us or any affiliate of ours and certain manner of sale, notice

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requirements and requirements as to availability of current public information about us are satisfied. Any person who is deemed to be our affiliate must comply with the provisions of Rule 144 (other than the six-month holding period requirement) in order to sell ordinary shares which are not restricted securities (such as ordinary shares acquired by affiliates either in this offering or through purchases in the open market following this offering). In addition, a person who is not our affiliate, and who has not been our affiliate at any time during the 90 days preceding any sale, is entitled to sell ordinary shares without regard to the foregoing limitations, provided that at least one year has elapsed since the ordinary shares were acquired from us or any affiliate of ours.

## TAXATION

*The following summary of the material BVI and U.S. federal income tax consequences of the acquisition, ownership and disposition of our ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ordinary shares, such as the tax consequences under state, local and other tax laws.*

### British Virgin Islands Tax Considerations

We are not liable to pay any form of taxation in the BVI and all dividends, interests, rents, royalties, compensations and other amounts paid by us to persons who are not persons resident in the BVI are exempt from all forms of taxation in the BVI and any capital gains realized with respect to any shares, debt obligations, or other securities of ours by persons who are not persons resident in the BVI are exempt from all forms of taxation in the BVI. The BVI is not party to any double tax treaties that are applicable to any payments made to or by us.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the BVI with respect to any shares, debt obligation or other securities of ours.

Subject to the payment of stamp duty on the acquisition of property in the BVI by us (and in respect of certain transactions in respect of the shares, debt obligations or other securities of BVI incorporated companies owning land in the BVI), all instruments relating to transfers of property to or by us and all instruments relating to transactions in respect of the shares, debt obligations or other securities of ours and all instruments relating to other transactions relating to our business are exempt from payment of stamp duty in the BVI.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to us or our shareholders.

### U.S. Federal Income Taxation

The following is a summary of certain material U.S. federal income and, in the case of a non-U.S. holder (as defined below), estate tax consequences of the purchase, ownership and disposition of our ordinary shares as of the date hereof. This summary deals only with our ordinary shares that are held as capital assets within the meaning of Section 1221 of the Code (generally, for investment purposes) by a beneficial owner.

As used herein, a “U.S. holder” means a beneficial owner of our ordinary shares that is, for U.S. federal income tax purposes, any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

As used herein, the term “non-U.S. holder” means a beneficial owner of our ordinary shares (other than a partnership or other pass-through entity for U.S. federal income tax purposes) that is not a U.S. holder.

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This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income and estate tax consequences different from those summarized below.

This discussion does not represent a detailed description of the U.S. federal income tax consequences applicable to you if you are subject to special treatment under the U.S. federal income tax laws, including if you are:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding our ordinary shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a partnership or other pass-through entity for U.S. federal income tax purposes;
- a U.S. holder whose “functional currency” is not the dollar;
- a “controlled foreign corporation”;
- a “passive foreign investment company”; or
- a U.S. expatriate.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds our ordinary shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our ordinary shares, you should consult your tax advisors.

Notwithstanding our corporate reincorporation in the BVI, under Section 7874 of the Code, the Company will be treated for U.S. federal tax purposes as a U.S. corporation and, among other consequences, is subject to U.S. federal income tax on its worldwide income. This discussion assumes that Section 7874 of the Code continues to apply to treat us as a U.S. corporation for all purposes under the Code. If, for some reason (e.g., future repeal of Section 7874 of the Code), we were no longer treated as a U.S. corporation under the Code, the U.S. federal income tax consequences described herein could be materially and adversely affected.

This discussion does not contain a detailed description of all the U.S. federal income and estate tax consequences to you in light of your particular circumstances and does not address the Medicare tax on net investment income or the effects of any state, local or non-U.S. tax laws. **If you are considering the purchase of our ordinary shares, you should consult your own tax advisors concerning the particular U.S. federal income and estate tax consequences to you of the purchase, ownership and disposition of our ordinary shares, as well as the consequences to you arising under other U.S. federal tax laws and the laws of any other taxing jurisdiction.**

## **Consequences to U.S. Holders**

### *Dividends*

In the event that we make a distribution of cash or other property (other than certain pro rata distributions of our stock) in respect of our ordinary shares, the distribution generally will be treated as a dividend for U.S. federal income tax purposes to the extent it is paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Any portion of a distribution that exceeds our current and accumulated earnings and profits generally will be treated first as a tax-free return of capital, causing a reduction in the adjusted tax basis of a U.S. holder's ordinary shares, and to the extent the amount of the distribution exceeds a U.S. holder's adjusted tax basis in our ordinary shares, the excess will be treated as gain from the disposition of our ordinary shares (the tax treatment of which is discussed below under "— Gain on Disposition of Ordinary Shares"). Subject to certain holding period and other requirements, (a) any dividends received by a U.S. holder that is a corporation will be eligible for the dividends received deduction and (b) any dividends received by a non-corporate U.S. holder (including an individual) will be eligible for the reduced tax rates that apply to "qualified dividend income."

The amount of any dividend paid in foreign currency will equal the dollar value of the foreign currency received calculated by reference to the exchange rate in effect on the date the dividend is actually or constructively received by a U.S. holder, regardless of whether the foreign currency is converted into dollars. If the foreign currency received as a dividend is converted into dollars on the date it is received, a U.S. holder generally will not be required to recognize foreign currency gain or loss in respect of the dividend income. If the foreign currency received as a dividend is not converted into dollars on the date of receipt, a U.S. holder will have a basis in the foreign currency equal to its dollar value on the date of receipt. Any gain or loss realized on a subsequent conversion or other disposition of the foreign currency will be treated as U.S. source ordinary income or loss.

### *Gain on Disposition of Ordinary Shares*

U.S. holders of our ordinary shares will recognize capital gain or loss on any sale, exchange, or other taxable disposition of our ordinary shares in an amount equal to the difference between the amount realized for the ordinary shares and the U.S. holder's tax basis in the ordinary shares. Such gain or loss generally will be long-term capital gain or loss if the ordinary shares have been held for more than one year. Long-term capital gains of non-corporate U.S. holders (including individuals) are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

## **Consequences to Non-U.S. Holders**

### *Dividends*

The rules applicable to non-U.S. holders for determining the extent to which distributions on our ordinary shares, if any, constitute dividends for U.S. federal income tax purposes are the same as for U.S. holders. See "—Consequences to U.S. Holders—Dividends."

Dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the non-U.S. holder within the United States (and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment) are not subject to the withholding tax, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to U.S. federal income tax on a net income basis in the same manner as if the non-U.S. holder were a United States person as defined under the Code. Any such effectively connected dividends received by a foreign corporation may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

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A non-U.S. holder who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends will be required (a) to provide the applicable withholding agent with a properly executed Internal Revenue Service (“IRS”) Form W-BEN or Form W-8BEN-E (or other applicable form) certifying under penalty of perjury that such holder is not a United States person as defined under the Code and is eligible for treaty benefits or (b) if our ordinary shares are held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable U.S. Treasury regulations. Special certification and other requirements apply to certain non-U.S. holders that are pass-through entities rather than corporations or individuals.

A non-U.S. holder eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

#### *Gain on Disposition of Ordinary Shares*

Subject to the discussion of backup withholding and FATCA below, any gain realized by a non-U.S. holder on the sale or other disposition of our ordinary shares generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the non-U.S. holder);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- we are or have been a “United States real property holding corporation” for U.S. federal income tax purposes and certain other conditions are met.

A non-U.S. holder described in the first bullet point immediately above will be subject to tax on the gain derived from the sale or other disposition in the same manner as if the non-U.S. holder were a United States person as defined under the Code. In addition, if any non-U.S. holder described in the first bullet point immediately above is a foreign corporation, the gain realized by such non-U.S. holder may be subject to an additional “branch profits tax” at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. An individual non-U.S. holder described in the second bullet point immediately above will be subject to a 30% (or such lower rate as may be specified by an applicable income tax treaty) tax on the gain derived from the sale or other disposition, which gain may be offset by U.S.-source capital losses even though the individual is not considered a resident of the United States.

Generally, a U.S. corporation is a “United States real property holding corporation” if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (all as determined for U.S. federal income tax purposes). We believe we are not and do not anticipate becoming a “United States real property holding corporation” for U.S. federal income tax purposes.

#### *U.S. Federal Estate Tax*

Ordinary shares held by an individual non-U.S. holder at the time of death will be included in such holder’s gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

### **Information Reporting and Backup Withholding**

#### *U.S. Holders*

In general, information reporting will apply to dividends in respect of our ordinary shares and the proceeds from the sale, exchange or other disposition of our ordinary shares that are paid to you within the United States

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(and in certain cases, outside the United States), unless you are an exempt recipient. A backup withholding tax may apply to such payments if you fail to provide a taxpayer identification number or certification of exempt status or fail to report in full dividend and interest income.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

*Non-U.S. Holders*

Distributions paid to a non-U.S. holder and the amount of any tax withheld with respect to such distributions generally will be reported to the IRS. Copies of the information returns reporting such distributions and any withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder will not be subject to backup withholding on dividends received if such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a United States person as defined under the Code), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of our ordinary shares made within the United States or conducted through certain U.S.-related financial intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code), or such owner otherwise establishes an exemption.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

**Additional Withholding Requirements**

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as "FATCA"), a 30% U.S. federal withholding tax may apply to any dividends paid on our ordinary shares and, for a disposition of our ordinary shares occurring after December 31, 2018, the gross proceeds from such disposition, in each case paid to (i) a "foreign financial institution" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (ii) a "non-financial foreign entity" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial U.S. beneficial owners of such entity (if any). If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under "—Consequences to Non-U.S. Holders—Dividends," the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. You should consult your own tax advisors regarding these requirements and whether they may be relevant to your ownership and disposition of our ordinary shares.

## UNDERWRITING

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for which Morgan Stanley & Co. LLC, Citigroup Global Markets Inc., Itau BBA USA Securities, Inc. and UBS Securities LLC are acting as representatives, have severally agreed to purchase, and we and the selling shareholders have agreed to sell to them, severally, the number of shares indicated below:

<u>Name</u>	<u>Number of Shares</u>
Morgan Stanley & Co. LLC	
Citigroup Global Markets Inc.	
Itau BBA USA Securities, Inc.	
UBS Securities LLC	
Cowen and Company, LLC	
KeyBanc Capital Markets Inc.	
<b>Total</b>	

The addresses of the representatives are as follows: for Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036, USA; for Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York 10036, USA; for Itau BBA USA Securities, Inc., 767 5<sup>th</sup> Avenue, Suite 50-13, New York, New York 10153, USA; and for UBS Securities LLC, 1285 Avenue of the Americas, New York, New York 10019, USA.

The underwriters and the representatives are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters are offering the ordinary shares subject to their acceptance of the shares from us and the selling shareholders. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ordinary shares offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the ordinary shares offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters’ over-allotment option described below.

The underwriters initially propose to offer part of the ordinary shares directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of \$ \_\_\_\_\_ per share under the public offering price. After the initial offering of the ordinary shares, the offering price and other selling terms may from time to time be varied by the representatives. Sales of ordinary shares made outside of the United States may be made by affiliates of the underwriters.

The selling shareholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional ordinary shares at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the ordinary shares offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional ordinary shares as the number listed next to the underwriter’s name in the preceding table bears to the total number of ordinary shares listed next to the names of all underwriters in the preceding table.

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The following table shows the per-share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us and the selling shareholders. These amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option.

	<u>Per Share</u>	<u>Total</u>	
		<u>No Exercise</u>	<u>Full Exercise</u>
Public offering price	\$	\$	\$
Underwriting discounts and commissions to be paid by us			
Underwriting discounts and commissions to be paid by the selling shareholders			
Proceeds, before expenses, to us			
Proceeds, before expenses, to the selling shareholders	\$	\$	\$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately \$ million. We have agreed to reimburse the underwriters for their expenses relating to clearance of this offering with the Financial Industry Regulatory Authority up to \$ and expenses incurred in connection with the directed share program.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of ordinary shares offered by them.

We have applied to list our ordinary shares on the New York Stock Exchange under the trading symbol "DESP."

We, all of our directors and executive officers and substantially all of our existing shareholders have agreed that, without the prior written consent of Morgan Stanley & Co. LLC and Citigroup Global Markets Inc. on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus (the "restricted period"):

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares;
- file any registration statement with the Securities and Exchange Commission relating to the offering of any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares,

whether any such transaction described above is to be settled by delivery of ordinary shares or such other securities, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of Morgan Stanley & Co. LLC and Citigroup Global Markets Inc., on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any ordinary shares or any security convertible into or exercisable or exchangeable for ordinary shares.

The above restrictions apply to any shares purchased by directors and officers pursuant to our directed share program.

Morgan Stanley & Co. LLC and Citigroup Global Markets Inc., in their sole discretion, may release the ordinary shares and other securities subject to the lock-up agreements described above in whole or in part at any time.

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In order to facilitate the offering of the ordinary shares, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the ordinary shares. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option described above. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ordinary shares in the open market after pricing that could adversely affect investors who purchase ordinary shares in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, ordinary shares in the open market to stabilize the price of the ordinary shares. These activities may raise or maintain the market price of the ordinary shares above independent market levels or prevent or retard a decline in the market price of the ordinary shares. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act and liabilities incurred in connection with the directed share program referred to below.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters participating in this offering. The representatives may agree to allocate a number of ordinary shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

### **Pricing of the Offering**

Prior to this offering, there has been no public market for our ordinary shares. The initial public offering price will be determined by negotiations among us, the selling stockholders and the representatives. Among the factors to be considered in determining the initial public offering price will be our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

## **Directed Share Program**

At our request, the underwriters have reserved 5% of the ordinary shares offered by this prospectus for sale, at the initial public offering price, to our directors, executive officers, other employees and certain other persons. If purchased by directors, officers or certain other persons (but not employees), these shares will be subject to a 180-day lock-up restriction. The number of ordinary shares available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus.

## **Selling Restrictions**

### ***United Kingdom***

Each underwriter has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”) received by it in connection with the issue or sale of the ordinary shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to our ordinary shares in, from or otherwise involving the United Kingdom.

### ***Argentina***

The ordinary shares are not authorized for public offering in Argentina by the Argentine Securities Commission ( *Comisión Nacional de Valores* , “CNV”) and they may not be sold publicly under the Argentine Capital Markets Law No. 26,831, as amended and complemented. Therefore, any such transaction must be made privately.

### ***Australia***

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, or ASIC, in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons, or the Exempt Investors, who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take into account the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities

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recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate for their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

***Brazil***

The offering will not be carried out by any means that would constitute a public offering in Brazil under Law 6385, of December 7, 1976, as amended, and under CVM Rule ( *instrução* ) No. 400, of December 29, 2003, as amended. The issuance, placement and sale of the ordinary shares have not been and will not be registered with the Brazilian Securities Commission ( *Comissão de Valores Mobiliários* , “CVM”). Any representation to the contrary is untruthful and unlawful. Any public offering or distribution, as defined under Brazilian laws and regulations, of the new units in Brazil is not legal without such prior registration. Documents relating to the offering of the common shares, as well as information contained therein, may not be supplied to the public in Brazil, as the offering of the common shares is not a public offering of securities in Brazil, nor may they be used in connection with any public offer for subscription or sale of the ordinary shares to the public in Brazil.

***British Virgin Islands***

This prospectus does not constitute, and there will not be, an offering of securities to the public in the British Virgin Islands.

***Canada***

The ordinary shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* . Any resale of the ordinary shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* ( **NI 33-105** ), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

***European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, each a Relevant Member State, an offer to the public of any ordinary shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any ordinary shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the

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- Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the ordinary shares shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any ordinary shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any of the ordinary shares to be offered so as to enable an investor to decide to purchase any of the ordinary shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

### **Chile**

The ordinary shares are not registered in the Securities Registry ( *Registro de Valores* ) or subject to the control of the Chilean Securities and Exchange Commission ( *Superintendencia de Valores y Seguros de Chile* ). This prospectus supplement and other offering materials relating to the offer of the shares do not constitute a public offer of, or an invitation to subscribe for or purchase, the shares in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act ( *Ley de Mercado de Valores* ) (an offer that is not “addressed to the public at large or to a certain sector or specific group of the public”).

### **Singapore**

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ordinary shares may not be circulated or distributed, nor may the ordinary shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the ordinary shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the ordinary shares pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

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- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

***Dubai International Financial Centre***

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

***Qatar***

The securities have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar (“Qatar”) in a manner that would constitute a public offering. This prospectus has not been reviewed or approved by or registered with the Qatar Central Bank, the Qatar Exchange or the Qatar Financial Markets Authority. This prospectus is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof.

***Hong Kong***

The ordinary shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the ordinary shares has been or may be issued or has been or may be in the possession of any person for the purposes of issuance, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the ordinary shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

***Switzerland***

The ordinary shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”), or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland. Neither this document nor any other

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offering or marketing material relating to the offering, us, or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, or FINMA, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

## VALIDITY OF THE SECURITIES

The validity of the ordinary shares offered in this offering and certain other legal matters as to British Virgin Islands law in connection with this offering will be passed upon for us by Conyers Dill & Pearman. Certain legal matters with respect to U.S. federal and New York State law in connection with this offering will be passed upon for us by Simpson Thacher & Bartlett LLP. Certain legal matters with respect to U.S. federal and New York State law in connection with this offering will be passed upon for the underwriters by Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP. Legal matters as to Brazilian law will be passed upon for us by TozziniFreire Advogados and legal matters as to Argentine law will be passed upon for us by Estudio Beccar Varela.

## ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of the BVI. A majority of our directors and officers, as well as certain of the experts named herein, reside outside of the United States. A substantial portion of our assets and the assets of such directors, officers and experts are located outside of the United States.

### British Virgin Islands

We have been advised by Conyers Dill & Pearman, our counsel as to BVI law, that the United States and the BVI do not have a treaty providing for reciprocal recognition and enforcement of judgments of courts of the United States in civil and commercial matters and that a final judgment for the payment of money rendered by any general or state court in the United States based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would not be automatically enforceable in the BVI. We have also been advised by Conyers Dill and Pearman that at common law, the courts of the BVI may enforce a foreign judgment *in personam*, given by a foreign court with jurisdiction to give that judgment and which is not impeachable if the judgment is (a) for a debt, or definite sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty) and (b) final and conclusive. A foreign judgment is impeachable if the courts of the foreign court did not have jurisdiction, there has been a fraud by the party in whose favor the judgment was given or on the part of the pronouncing court, it is contrary to public policy, or the proceedings in which the judgment was obtained were opposed to natural justice. Such a judgment would be enforced by treating the judgment as a debt and commencing an action on the foreign judgment debt in the Court of the BVI, with a view to proceeding with the claim by way of summary judgment.

Furthermore, our IPO memorandum and articles of association include an exclusive jurisdiction clause pursuant to which to the fullest extent permitted by law (i) other than claims specified in clause (ii), and except as may otherwise be expressly agreed between the Company and a shareholder or between two or more shareholders in relation to the Company, we and all our shareholders agree that the BVI courts shall have exclusive jurisdiction to hear and determine all disputes of any kind regarding us and shareholders' respective investments in us, irrevocably submit to the jurisdiction of the BVI courts, irrevocably waive any objection to the BVI courts being nominated as the forum to hear and determine any such dispute, and undertake and agree not to claim any such court is not a convenient or appropriate forum; and (ii) the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, in each case unless our board of directors consents in writing to the selection of an alternative forum.

### Brazil

We have been advised by TozziniFreire Advogados that a judgment of a United States court for civil liabilities predicated upon the federal securities laws of the United States may be enforced in Brazil, subject to certain requirements described below. We believe a judgment against us, the members of our board of directors or our executive officers obtained in the United States would be enforceable in Brazil upon confirmation of that judgment by the Brazilian Superior Tribunal of Justice (Superior Tribunal de Justiça), or STJ. That confirmation will be made without review on the merits, and will only be available if the U.S. judgment:

- is enforceable in the jurisdiction where it was rendered;
- is given by a competent court after the proper service of process on the parties, or after sufficient evidence of the parties absence has been given as established pursuant to applicable law;
- is not subject to appeal;
- does not conflict with a decision no longer subject to appeal, rendered in Brazil, involving the same parties and the same subject matter;
- does not offend Brazilian national sovereignty, public policy, good morals, or the human dignity; and

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- is apostilled ( *apostilado* ) by the competent authorities of the United States considering that country is signatory of the Hague Convention Abolishing the Requirement of Legalization for Foreign Public Documents dated as of October 5, 1961 (the “Apostille Convention”) and accompanied by a sworn translation thereof into Portuguese.

The judicial recognition process may be time-consuming and may also give rise to difficulties in enforcing such foreign judgment in Brazil. Accordingly, we cannot assure you that judicial recognition of a foreign judgment would be successful, that the judicial recognition process would be conducted in a timely manner or that a Brazilian court would enforce a judgment of countries other than Brazil.

We believe original actions may be brought in connection with this initial public offering predicated on the federal securities laws of the United States in Brazilian courts and that, subject to applicable law, Brazilian courts may enforce liabilities in such actions against us or the members of our board of directors or our executive officers and certain advisors named herein.

In addition, a plaintiff (whether Brazilian or non-Brazilian) that resides outside Brazil or is outside Brazil during the course of litigation in Brazil and who does not own real property in Brazil must post a bond to guarantee the payment of the defendant’s legal fees and court expenses in connection with court procedures for the collection of money, except in the case of (1) enforcement on an instrument (a title that shall be enforced in Brazilian courts without a review on the merits, or *título executivo extrajudicial* ); (2) enforcement of a judgment; (3) counterclaims; and (4) when some international agreement signed by Brazil dismisses the obligation to post a bond.

If proceedings are brought in the courts of Brazil seeking to enforce our obligations with respect to our ordinary shares, payment shall be made in Brazilian reais. Any judgment rendered in Brazilian courts in respect of any payment obligations with respect to our ordinary shares would be expressed in Brazilian reais.

We have also been advised that the ability of a judgment creditor to satisfy a judgment by attaching certain assets of the defendant in Brazil is governed and limited by provisions of Brazilian law.

## **Argentina**

We have been advised by our Argentine counsel, Estudio Beccar Varela, that there is doubt as to the enforceability to the same extent and in as timely a manner as a U.S. or other non-Argentine court, in original actions in Argentine courts, of liabilities predicated solely upon the federal securities laws of the United States and as to the enforceability in Argentine courts of judgments of United States courts obtained in actions against us predicated upon the civil liability provisions of the federal securities laws of the United States that will be subject to compliance with certain requirements under Argentine law mentioned below, including the condition that any such judgment does not violate Argentine public policy ( *orden público* ).

Foreign judgments would be recognized and enforced by the courts in Argentina according to international treaties between Argentina and the country where the judgment was rendered. In the absence of a treaty, the following requirements of Article 517 of the National Civil and Commercial Procedure Code (if enforcement is sought before federal courts) would apply: (1) the judgment, which must be final in the jurisdiction where rendered, must have been issued by a court with jurisdiction in accordance with Argentine principles regarding international jurisdiction; (2) the judgment must result from a personal action, or an *in rem* action with respect to personal property if such was transferred to Argentine territory during or after the prosecution of the foreign action; (3) the defendant against whom enforcement of the judgment is sought must have been duly served with the summons and, in accordance with due process of law, given an opportunity to defend against foreign action; (4) the judgment must be valid in the jurisdiction where rendered, its authenticity must be established in accordance with the requirements of Argentine law, (5) the judgment must not violate the principles of public policy of Argentine law, and (6) the judgment must not be contrary to a prior or simultaneous judgment of an Argentine court. Reciprocity is not required for an Argentine court to recognize a foreign judgment.

Pursuant to Article 519 *bis* of the National Civil and Commercial Procedure Code, awards issued by foreign arbitral tribunals can be enforced in Argentina following the procedure established for the enforcement of foreign judgments, provided that: (1) the applicable requirements of Article 517 are met; (2) the waiver by a foreign Court of its jurisdiction is not prohibited by law; and (3) the matter debated in the case may be subjected to arbitration.

## WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form F-1 under the Securities Act with respect to our ordinary shares offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules that are part of the registration statement. For further information about us and about the ordinary shares, you should refer to our registration statement and its exhibits. This prospectus summarizes the content of contracts and other documents to which we refer you. Since this prospectus may not contain all of the information that is important to you, you should review the full text of these documents. We have included copies of these documents as exhibits to our registration statement.

Upon the completion of this offering, we will become subject to periodic reporting and other information requirements of the Exchange Act as applicable to foreign private issuers and will file reports, including annual reports on Form 20-F, and other information with the SEC. As we are a foreign private issuer and an EGC, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. You may read and copy any document we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information on the public reference rooms and their copy charges. The SEC also maintains a website that contains reports and other information regarding issuers, such as us, who file electronically with the SEC. The address of that website is <http://www.sec.gov>.

## EXPERTS

The financial statements as of December 31, 2016 and 2015 and for each of the two years in the period ended December 31, 2016 included in this prospectus have been so included in reliance on the report of Price Waterhouse & Co. S.R.L., an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

**EXPENSES RELATING TO THIS OFFERING**

We estimate that our expenses in connection with this offering, other than underwriting discounts and commissions, will be as follows:

<u>Expenses</u>	<u>Amount</u>
Securities and Exchange Commission registration fee	\$ *
Exchange listing fee	*
Financial Industry Regulatory Authority filing fees	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Miscellaneous costs	*
Total	<u>\$ *</u>

\* to be filed by amendment.

All amounts in the table are estimated, except the Securities and Exchange Commission registration fee, the exchange listing fee and the Financial Industry Regulatory Authority filing fees, and accordingly are subject to change.

The total underwriting discounts and commissions that we and the selling shareholders will be required to pay will be approximately \$ million and \$ million, % and %, of the gross proceeds of this offering, respectively, assuming no exercise of the over-allotment option.

We will not receive any proceeds from the sale by the selling shareholders of ordinary shares in this offering.

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## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive income / (loss), changes in shareholder's deficit and cash flows present fairly, in all material respects, the financial position of Decolar.com, Inc. and its subsidiaries at December 31, 2016 and 2015 and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Buenos Aires, Argentina  
May 4, 2017

PRICE WATERHOUSE & CO. S.R.L.

by           /s/ Mariano Carlos Tomatis  
Mariano Carlos Tomatis (Partner)

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Decolar.com, Inc.

Consolidated Balance Sheets as of December 31, 2016 and 2015  
(in thousands U.S. dollars)

	As of December 31, <u>2016</u>	As of December 31, <u>2015</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	75,968	102,116
Restricted cash and cash equivalents	22,738	19,075
Short term investments	—	40,013
Accounts receivable, net of allowances	121,098	54,985
Related party receivable	2,240	1,947
Other current assets and prepaid expenses	27,184	34,434
<b>Total current assets</b>	<b>\$ 249,228</b>	<b>\$ 252,570</b>
<b>Non-current assets</b>		
Restricted cash and cash equivalents	20,459	14,697
Property and equipment, net	13,717	15,168
Intangible assets, net	31,412	27,226
Goodwill	38,894	38,554
<b>Total non-current assets</b>	<b>\$ 104,482</b>	<b>\$ 95,645</b>
<b>TOTAL ASSETS</b>	<b>\$ 353,710</b>	<b>\$ 348,215</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	25,335	37,117
Travel suppliers payable	102,237	112,495
Related party payable	71,006	57,797
Loans and other financial liabilities	7,179	2,019
Deferred Revenue	29,095	36,681
Other liabilities	49,686	34,625
Contingent liabilities	3,613	2,761
<b>Total current liabilities</b>	<b>\$ 288,151</b>	<b>\$ 283,495</b>
<b>Non-current liabilities</b>		
Other liabilities	409	861
Contingent liabilities	22,413	21,992
Related party liability	125,000	125,000
<b>Total non-current liabilities</b>	<b>\$ 147,822</b>	<b>\$ 147,853</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 435,973</b>	<b>\$ 431,348</b>
<b>SHAREHOLDERS' DEFICIT</b>		
Common stock (1)	6	6
Additional paid-in capital	312,155	311,581
Other reserves	(728)	(728)
Accumulated other comprehensive income	16,286	33,787
Accumulated losses	(409,982)	(427,779)
<b>Total Deficit attributable to Decolar.com, Inc.</b>	<b>\$ (82,263)</b>	<b>\$ (83,133)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>	<b>\$ 353,710</b>	<b>\$ 348,215</b>

(1) 58,518 shares issued and outstanding at December 31, 2016 and 2015.

The accompanying notes are an integral part of these consolidated financial statements.

## Decolar.com, Inc.

**Consolidated Statements of Operations**  
**for the years ended December 31, 2016 and 2015**  
(in thousands U.S. dollars)

	Year ended December 31,	
	2016	2015
Revenue (1)	411,162	421,711
Cost of revenue	(126,675)	(154,213)
<b>Gross profit</b>	<b>\$ 284,487</b>	<b>\$ 267,498</b>
<b>Operating expenses</b>		
Selling and marketing	(121,466)	(170,149)
General and administrative	(64,683)	(78,181)
Technology and product development	(63,251)	(73,535)
<b>Total operating expenses</b>	<b>\$ (249,400)</b>	<b>\$ (321,865)</b>
<b>Operating income / (loss)</b>	<b>\$ 35,087</b>	<b>\$ (54,367)</b>
Financial income	8,327	10,797
Financial expense (2)	(15,079)	(23,702)
<b>Income / (loss) before income taxes</b>	<b>\$ 28,335</b>	<b>\$ (67,272)</b>
Income tax expense	(10,538)	(18,004)
<b>Net income / (loss)</b>	<b>\$ 17,797</b>	<b>\$ (85,276)</b>

(1) Includes \$27,008 and \$22,911 for related party transactions for the years 2016 and 2015, respectively. See note 14.

(2) Includes \$10,516 and \$17,218 for factoring of credit card receivables for the years ended 2016 and 2015, respectively.

**Earnings per share available to common stockholders:**

Basic	0.30	(1.49)
Diluted	0.30	n/a

**Shares used in computing earnings per share (in thousands):**

Basic	58,518	57,078
Diluted	58,609	57,186

The accompanying notes are an integral part of these consolidated financial statements.

**Decolar.com, Inc.**

**Consolidated Statements of Comprehensive Income / (Loss)**  
**for the years ended December 31, 2016 and 2015**  
(in thousands U.S. dollars)

	Year ended December 31,	
	2016	2015
<b>Net income / (loss)</b>	<b>\$ 17,797</b>	<b>\$ (85,276)</b>
<b>Other comprehensive loss, net of tax</b>		
Foreign currency translation adjustment (1)	(17,501)	(6,733)
<b>Comprehensive income / (loss)</b>	<b>\$ 296</b>	<b>\$ (92,009)</b>

(1) No tax impact.

The accompanying notes are an integral part of these consolidated financial statements.

## Decolar.com, Inc.

**Consolidated Statements of Changes in Shareholders' Deficit**  
**for the years ended December 31, 2016 and 2015**  
(in thousands U.S. dollars)

	Common stock		Additional paid-in capital	Other reserves	Accumulated other comprehensive income	Accumulated Losses	Total Deficit
	Number of shares (in thousands)	Amount					
<b>Balance as of December 31, 2014</b>	<b>50,463</b>	<b>5</b>	<b>192,338</b>	<b>(728)</b>	<b>40,520</b>	<b>(321,713)</b>	<b>(89,578)</b>
Stock-based compensation expense	—	—	861	—	—	—	861
Foreign currency translation adjustment	—	—	—	—	(6,733)	—	(6,733)
Exercise of Stock Options by Employees	63	—	63	—	—	—	63
Shareholders contributions (1) (2)	9,590	1	142,529	—	—	—	142,530
Repurchase of common stocks (2)	(1,598)	—	(24,210)	—	—	(20,790)	(45,000)
Net loss for the year	—	—	—	—	—	(85,276)	(85,276)
<b>Balance as of December 31, 2015</b>	<b>58,518</b>	<b>6</b>	<b>311,581</b>	<b>(728)</b>	<b>33,787</b>	<b>(427,779)</b>	<b>(83,133)</b>
Stock-based compensation expense	—	—	574	—	—	—	574
Foreign currency translation adjustment	—	—	—	—	(17,501)	—	(17,501)
Net income for the year	—	—	—	—	—	17,797	17,797
<b>Balance as of December 31, 2016</b>	<b>58,518</b>	<b>6</b>	<b>312,155</b>	<b>(728)</b>	<b>16,286</b>	<b>(409,982)</b>	<b>(82,263)</b>

(1) Net of issuance costs of \$2,470.

(2) See note 14.

The accompanying notes are an integral part of these consolidated financial statements.

Decolar.com, Inc.

**Consolidated Statements of Cash Flows**  
**for the years ended December 31, 2016 and 2015**  
(in thousands U.S. dollars)

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
Net income / (loss)	\$ 17,797	\$ (85,276)
Adjustments to reconcile net income / (loss) to net cash flows from operating activities:		
Unrealized foreign currency translation losses	466	2,762
Depreciation expense	5,089	5,152
Amortization of intangible assets	7,835	9,287
Stock based compensation expense	574	861
Interest and penalties	1,494	2,439
Income taxes	3,846	8,340
Allowance for doubtful accounts	2,548	2,142
Provision for contingencies	526	10,347
<b>Changes in assets and liabilities, net of non-cash transactions:</b>		
(Increase) / Decrease in accounts receivable, net of allowances	(71,389)	(22,834)
(Increase) / Decrease Related party receivables	(293)	(1,947)
(Increase) / Decrease in other assets and prepaid expenses	3,591	(8,030)
Increase / (Decrease) in accounts payable and accrued expenses	(13,895)	22,689
Increase / (Decrease) in travel suppliers payable	(20,121)	(15,079)
Increase / (Decrease) in other liabilities	10,440	(19,835)
Increase / (Decrease) in contingencies	618	1,170
Increase / (Decrease) in related party liabilities	13,210	57,797
Deferred revenue	(5,628)	5,766
<b>Net cash flows used in operating activities</b>	<b>\$ (43,292)</b>	<b>\$ (24,249)</b>
<b>Cash flows from investing activities:</b>		
Sales of short-term investments	40,013	—
Payments for short-term investments	—	(40,013)
Acquisition of property and equipment	(4,419)	(7,085)
Increase of intangible assets, including internal-use software and website development	(12,159)	(13,552)
(Increase) in restricted cash and cash equivalents	(9,051)	(20,336)
<b>Net cash flows provided by / (used in) investing activities</b>	<b>\$ 14,384</b>	<b>\$ (80,986)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of shares (1)	—	267,593
Repurchase of common stocks (2)	—	(45,000)
Loans received (2)	—	25,000
Payments of loans (2)	—	(50,000)
Increase / (decrease) in loans and other financial liabilities	5,142	1,200
<b>Net cash flows provided by financing activities</b>	<b>\$ 5,142</b>	<b>\$198,793</b>
Effect of exchange rate changes on cash and cash equivalents	(2,382)	(12,478)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>\$ (26,148)</b>	<b>\$ 81,080</b>
Cash and cash equivalents as of beginning of the year	\$102,116	\$ 21,036
Cash and cash equivalents as of end of the period	\$ 75,968	\$102,116
<b>Supplemental cash flow information</b>		
Cash paid for income and minimum notional income taxes	\$ 6,111	\$ 16,316
Interest paid	\$ 684	\$ 1,519

(1) As of December 31, 2015, net of issuance costs paid of \$2,470. See note 14.

(2) See note 14.

The accompanying notes are an integral part of these consolidated financial statements.

**Decolar.com, Inc.**  
**Notes to the Consolidated Financial Statements**  
(in thousands U.S. dollars)

**1. Operations of the Company**

Decolar.com, Inc. (formerly Despegar.com, Inc.), a Delaware holding company (“Decolar.com” or the “Company”) is an online travel agency, which provides leisure and business travelers the tools and information they need to make travel reservations with providers of travel products around the world.

Decolar.com started operations in 1999 under the name Despegar.com, Inc. In October 2012, the Company amended its certificate of incorporation to rename the Company as “Decolar.com, Inc.”

Decolar.com is the leading online travel agency in Latin America and includes both the Decolar and Despegar brands. With a presence in 20 countries, Decolar’s websites and mobile apps help leisure and business travelers to book hotel rooms, airline tickets, packages, rental cars, cruises, destination services and travel insurance around the world. The Company operates primarily under the “Despegar.com” brand for Spanish and English speaking customers and the “Decolar.com” brand for Portuguese speaking customers. The Company also generates additional revenue through the sale of advertising on its websites.

Decolar.com provides its customers with multiple ways to save on travel-related products and multiple alternatives to pay for such products.

**2. Basis of consolidation**

The consolidated financial statements include the accounts of the Company and its subsidiaries. The following are the Company’s main operating subsidiaries (all wholly-owned):

<u>Name of the Subsidiary</u>	<u>Country of Incorporation</u>
Despegar.com.ar S.A.	Argentina
La Inc S.A.	Argentina
Decolar.com LTDA.	Brazil
Despegar.com Chile SpA	Chile
Servicios Online S.A.S.	Colombia
Despegar Colombia S.A.S.	Colombia
DespegarEcuador Despegar Ecuador S.A.	Ecuador
Despegar.com México S.A. de C.V.	Mexico
Despegar.com Peru S.A.C.	Peru
Despegar.com USA, Inc.	United States
Travel Reservations S.R.L.	Uruguay

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). Although the subsidiaries transact the majority of their businesses in their local currencies, the Company has selected the United States dollar (“U.S. dollar”) as its reporting currency. All significant intercompany accounts and transactions have been eliminated.

**Foreign currency translation**

The Company’s foreign subsidiaries (except for Travel Reservations S.R.L in Uruguay and other subsidiaries in the United States, Ecuador and Venezuela, which use the U.S. dollar as functional currency) have determined the local currency to be their functional currency. Assets and liabilities are translated from their local currencies into U.S. dollars at the end-of-the-year exchange rates, and revenue and expenses are translated at average monthly rates in effect during the year. Translation adjustments are included in the consolidated statement of comprehensive income / (loss).

**Decolar.com, Inc.**  
**Notes to the Consolidated Financial Statements**  
(in thousands U.S. dollars)

Gains and losses resulting from transactions in non-functional currencies are recognized directly in the consolidated statements of operations under the caption “Financial income / (expense).”

**3. Summary of significant accounting policies**

The following is a summary of significant accounting policies followed by the Company in the preparation of these consolidated financial statements.

**Use of estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates. The significant estimates underlying the Company’s consolidated financial statements include revenue recognition, including the accounting for certain merchant revenue, allowance for doubtful accounts, recoverability of intangible assets with indefinite useful lives and goodwill, contingencies, fair value of stock based compensation and fair value of financial instruments. The consolidated financial statements reflect all adjustments considered, in the opinion of management, necessary to fairly present the results for the periods presented.

**Concentration of risk**

The Company’s business is subject to certain risks and concentrations including dependence on relationships with travel suppliers, primarily airlines, dependence on third-party technology providers, exposure to risks associated with online commerce security and payment related fraud. It also relies on global distribution system (“GDS”) partners and third-party service providers for certain fulfillment services.

Financial instruments, which potentially subject the Company to concentration of credit risk, mainly consist of cash and cash equivalents, short-term investments and accounts receivable (ie. clearing house for credit cards). The Company maintains cash, cash equivalents and short-term investments balances in financial institutions that management believes are high credit quality. Accounts receivable are settled mainly through customer credit cards and debit cards; the company maintains allowance for doubtful accounts based on management’s evaluation of various factors, including the credit risk of customers, historical trends and other information.

**Revenue recognition**

The Company generates revenue as a result of the booking of travel products and services on its websites and mobile apps. The Company provides customers the ability to book travel products and services on both a stand-alone basis or as a vacation package, primarily through its merchant and agency business models.

The Company derives its revenue mainly from:

- Commissions earned from intermediating services, including facilitating reservations of flight tickets, hotel accommodations, car rentals and other travel-related products and services;
- Service fees charged to customers for processing air tickets, hotel accommodations, car rentals and other travel-related products and services;
- Override commissions or incentives from suppliers and GDS providers if the Company meets certain volume thresholds; and
- Advertising revenue from the sale of advertising placements on the Company’s websites.

**Decolar.com, Inc.**  
**Notes to the Consolidated Financial Statements**  
(in thousands U.S. dollars)

Revenue is recognized when earned and realizable based on the following criteria: persuasive evidence of an agreement exists, the fee is fixed or determinable and collectability is reasonably assured.

The Company also evaluated the presentation of revenue on a “gross” versus a “net” basis. The consensus of the authoritative accounting literature is that the presentation of revenue as “the gross amount billed to a customer because it has earned revenue from the sale of goods or services” or “the net amount retained (i.e., the amount billed to a customer less the amount paid to a supplier) because it has earned a commission or fee” is a matter of judgment that depends on the relevant facts and circumstances. Decolar.com has determined net presentation is appropriate for the majority of its transactions. In making an evaluation of this issue, some of the factors that were considered are as follows: (i) the Company is not the primary obligor in the arrangement (strong indicator); (ii) the Company has no general supply risk (before customer order is placed or upon customer return) (strong indicator); and (iii) the Company has latitude in establishing price. The guidance clearly indicates that the evaluations of these factors, which at times can be contradictory, are subject to significant judgment and subjectivity. The Company concludes that it performs as an agent without assuming the risks and rewards of ownership of goods, and therefore revenue is reported on a net basis.

The Company offers travel products and services through the following business models: the Pre-pay/Merchant Model, which represents approximately 75% of total revenue and the Pay-at-destination/Agency Model, which represents approximately 5% of total revenue. Under the Pre-pay/Merchant Model, the Company is the merchant of record.

Pre-pay/Merchant Business Model

Through this model the Company provides customers the ability to book air travel, hotels, car rentals, cruises, destination services and vacation packages. The Company generates revenue based on the difference between the total amount that the customer pays for the travel product and the net rate owed to the supplier plus estimated taxes. Decolar.com also earns revenue by charging customers a service fee for booking their travel reservation. Customers generally pay at the time of booking and the Company generally pays to the supplier at a later date, which is normally at the time the customer uses the travel reservation.

Decolar.com records the payments as deferred merchant bookings in travel supplier payables in the balance sheet until the travel occurs; at that point, the Company recognizes the revenue for those refundable transactions on a net basis. For travel products that are cancelled by the customer after a specified period of time, the Company may charge a cancellation fee or penalty similar to the amount that the supplier charges for the cancellation. In nonrefundable transactions, and when the Company does not have significant post-delivery obligations, the revenue is recorded on a net basis when the customer completes the reservation process in the Company’s platform.

Packages and sales transactions performed by customers to affiliated agencies are recognized following the revenue recognition policy described above for refundable / non refundable transactions.

Pursuant to the terms of the Company’s merchant supplier agreements, the Company’s travel service suppliers are permitted to bill it for the underlying cost of the service during a specified period of time. In the event that the Company is not billed by the travel supplier within a 12-month period from the check-out date, the Company recognizes incremental commissions in the unbilled amounts.

**Decolar.com, Inc.**  
**Notes to the Consolidated Financial Statements**  
(in thousands U.S. dollars)

Pay-at-Destination/Agency Business Model

Through this model, the Company provides customers the ability to book hotels, car rentals and other travel-related products and services to be paid at destination. Decolar.com earns a commission paid directly by suppliers. The Company generally collects these commissions after the customer uses the travel reservation. In certain circumstances, the Company may also earn revenue by charging customers with a service fee for booking their travel reservation.

The Company generally records revenue on an accrual basis when the travel occurs and is presented on a net basis. In addition, the Company records an allowance for collection risk on this revenue based on historical experience.

Incentives

The Company may receive override commissions from air, hotel and other travel service suppliers when it meets certain contractual volume thresholds. These commissions are recognized when the amount of the commission becomes fixed or determinable, which is generally when collection is reasonably assured (i.e. upon notification of the respective air supplier).

Additionally the Company uses GDS services provided by recognized suppliers. Under GDS service agreements, the Company earns revenue in the form of an incentive payment for sales that are processed through a GDS if certain contractual volume thresholds are met. Revenue is recognized for these incentive payments on a monthly accrued basis in accordance with ratable volume thresholds.

Advertising

The Company records advertising revenue ratably over the advertising period or upon delivery of advertising material, depending on the terms of the advertising agreement.

Sales tax

The Company's subsidiaries in Brazil, Argentina and Colombia are subject to certain sales taxes, which are classified as contra-revenue.

**Cash and cash equivalents**

Cash and cash equivalents include investments with an original maturity of three months or less. All results generated from these investments are recorded as financial results when earned.

**Restricted cash and cash equivalents**

The primary purpose of restricted cash and cash equivalents is to collateralize operations with suppliers of travel products and services. In addition, the Company maintains \$10,000 as security deposit in Expedia, as established in the Expedia Outsourcing Agreement (see note 16).

**Short-term investments**

Short-term investments are primarily investments with original maturities between three to twelve months.

**Decolar.com, Inc.**  
**Notes to the Consolidated Financial Statements**  
(in thousands U.S. dollars)

**Accounts receivable, net of allowances for doubtful accounts**

Accounts receivables are recorded net of an allowance for doubtful accounts. The Company determines its allowance based on the aging of its receivables. While management uses the information available to make evaluations, future adjustments to the allowance may be necessary if future economic conditions differ substantially from the assumptions used in making the evaluations. Management has considered all events and/or transactions that are subject to reasonable and normal methods of estimations, and the consolidated financial statements reflect that consideration.

**Property and equipment, net**

Property and equipment are stated at acquisition cost, less accumulated depreciation. Depreciation expense is calculated using the straight-line method, based on rates determined in light of the estimated useful lives of the related assets.

The estimated useful lives (in years) of the main categories of the Company's property and equipment are as follows:

<u>Asset</u>	<u>Estimated useful life (years)</u>
Computer hardware	3
Cars	5
Office furniture and fixture	10
Buildings	50

Expenditures for repairs and maintenance are charged to expense as incurred. The cost of significant renewals and improvements is added to the carrying amount of the respective asset.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the consolidated statement of operations.

**Goodwill and Intangible assets, net**

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired in a business combination. Goodwill is not subject to amortization, but is subject to an annual assessment for impairment, or more frequently, if events and circumstances indicate impairment may have occurred, applying a fair-value based test.

Intangible assets resulting from the acquisition of companies were estimated by management based on the fair value of assets received. Identifiable intangible assets are comprised of trademarks and internet domains. Trademarks and domains are not subject to amortization, but subject to an annual impairment assessment.

Certain costs incurred related to the development of internal-use software are capitalized. Development costs incurred during the application development stage and upgrades and enhancement to existing software that provides additional functionality are capitalized. Costs incurred related to the preliminary project and post-implementation phases are expensed as incurred.

Software internally developed is amortized over a period of three years according to its expected useful life, using the straight-line method. In addition, the asset value of the software is evaluated for impairment periodically.

Financial systems are amortized over a period of 10 years, using the straight-line method.

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**Impairment of Long-Lived Assets**

The Company reviews long-lived assets for impairments whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired on this basis, the impairment loss to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Goodwill and intangible assets with indefinite lives are reviewed at least annually for impairment, generally as of December 31, or more frequently if events and circumstances indicate impairment may have occurred. Impairment of goodwill is tested at the reporting unit level by comparing the reporting units carrying amount, including goodwill, to the fair value of the reporting unit. The fair values of the reporting units are estimated using a combination of the income or discounted cash flows approach and the market approach, which utilizes comparable companies' data. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired and a second step is performed to measure the amount of impairment loss, if any. No impairments were recognized during the reporting years for goodwill or intangible assets with indefinite life.

**Pension information**

The Company does not maintain any pension plans. The laws in the different countries in which the Company carries out its operations provide for pension benefits to be paid to retired employees from government pension plans and/or private pension plans. Amounts payable to such plans are accounted for on an accrual basis.

**Severance payments**

The Company may register a liability for severance payments if the following criteria are met: (a) management, having the authority to approve the action, commits to a plan of termination; (b) the plan identifies the number of employees to be terminated, their job classifications or functions and their locations, and the expected completion date; (c) the plan establishes the terms of the benefit arrangement, including the benefits that employees will receive upon termination, in sufficient detail to enable employees to determine the type and amount of benefits they will receive if they are involuntarily terminated; (d) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn; and (e) the plan has been communicated to employees.

**Contingent liabilities**

The Company has certain regulatory and legal matters outstanding, as discussed further in note 13 "Commitments and Contingencies." Periodically, the status of all significant outstanding matters is reviewed to assess the potential financial exposure. When (i) it is probable that an asset has been impaired or a liability has been incurred and (ii) the amount of the loss can be reasonably estimated, the Company records the estimated loss in the consolidated statements of operations.

Additionally, disclosure in the notes to the consolidated financial statements is provided for loss contingencies that do not meet both of these conditions if there is a reasonable possibility that a loss may have been incurred that would materially impact the financial position and results of operations. Significant judgment is required to determine the probability that a liability has been incurred and whether such liability is reasonably estimable.

The Company records accruals related to commercial, labor and tax contingencies that may generate an obligation for the Company. Accruals are made on the best information available at the time; such analysis may

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be highly subjective. The final outcome of these matters could vary significantly from the amounts included in the accompanying consolidated financial statements.

#### Derivative instruments

Derivative instruments are carried at fair value on the consolidated balance sheets. The fair values of the derivative financial instruments generally represent the estimated amounts the Company would expect to receive or pay upon termination of the contracts as of the reporting date.

As of December 31, 2016 the Company maintained derivative instruments consisting of foreign currency forward contracts. The Company uses foreign currency forward contracts to hedge exposure in currencies different from the reporting currency. The goal in managing the foreign exchange risk is to reduce, to the extent practicable, the potential exposure to exchange rate fluctuations and its resulting effect on earnings, cash flows and financial position. The foreign currency forward contracts are typically short-term and do not qualify for hedge accounting treatment. Changes in fair value are recorded in financial results.

Following is the derivatives position as of December 31, 2016:

<u>Currency</u>	<u>Notional amount</u>	<u>Type</u>	<u>Due</u>	<u>Avg Price (1)</u>	<u>Fair value</u>
Brazilian Reais	\$ 15,000	Sell	Jan-17	3.37	1,489
Argentine pesos	\$ 5,000	Purchase	Jan-17	16.17	(774)

(1) In each respective currency.

The changes in fair value of derivatives has been accounted for under Financial income/(expense) in the consolidated statement of operations.

#### Comprehensive income / (loss)

Comprehensive income / (loss) includes net income / (loss) as currently reported under U.S. GAAP and also considers the effect of additional economic events that are not required to be recorded in determining net income, but are rather reported as a separate component of shareholders' deficit.

Other comprehensive income / (loss) includes the cumulative translation adjustment relating to the translation of the financial statements of the Company's foreign subsidiaries (see note 2—"Foreign currency translation").

#### Stock-based compensation

Compensation cost related to stock-based employee compensation arrangements are accounted for at fair value at the time of grant. The calculation of fair value is affected by the Company's stock price estimation as well as assumptions regarding a number of highly complex and subjective variables at the time of the grant. Compensation cost is recognized on a straight-line basis over the requisite service period which commences on the grant date as there exists a mutual understanding of the key terms and conditions at the date the award is approved by the board of directors or other management with relevant authority and the following conditions are met:

- The award is a unilateral grant and, therefore, the recipient does not have the ability to negotiate the key terms and conditions of the award with the employer.

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- The key terms and conditions of the award had been communicated to an individual recipient within a relatively short time period from the date of approval.

**Repurchase of shares**

The Company repurchased stock held by shareholders at a price which exceed its fair value, as described in note 14—“Transaction with Expedia Inc.” All shareholders other than the controlling shareholder participated in the repurchase of shares (on a pro rata basis). The Company followed the guideline in ASC 718 and considered premium paid by Expedia as a deemed dividend. The repurchase of shares is reflected in the statement of changes in shareholder’s deficit for the year ended December 31, 2015.

**Marketing and advertising expenses**

The Company incurs advertising expense consisting of offline costs, including television and radio advertising, and online advertising expense to promote the business. The Company expenses the production costs associated with advertisements in the period in which the advertisement first takes place. The Company expenses the costs of advertisement in the period during which the advertisement space or airtime is consumed. Internet advertising expenses are recognized based on the terms of the individual agreements, which is generally over the greater of (i) the ratio of the number of clicks delivered over the total number of contracted clicks, on a pay-per-click basis, or (ii) on a straight-line basis over the term of the contract.

Advertising expenses for 2016 and 2015 amounted \$102,770 and \$149,814, respectively.

**Accounting for income taxes**

The Company is subject to U.S. and foreign income taxes. The provision for income taxes includes federal and foreign taxes. Income taxes are accounted for under the asset and liabilities method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company set up a valuation allowance for that component of net deferred tax assets which does not meet the more-likely-than-not criterion for realization. A valuation allowance is recognized for a component of net deferred tax assets, including tax loss carryforward, which is assessed as not recoverable. As of December 31, 2016 and 2015 the valuation allowance amounted to \$45,526 and \$46,189, respectively.

Due to inherent complexities arising from the nature of the Company’s business, future changes in income tax law, transfer pricing new regulations or variances between actual and anticipated operating results, the Company makes certain judgments and estimates. Therefore, actual income taxes could materially vary from those estimates.

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**Expedia transaction**

As further discussed in note 14, the Company entered into a \$270,000 equity transaction with (sale of common stock to) Expedia, Inc. (“Expedia”) while at the same time an agreement (the “Expedia Outsourcing Agreement” a revenue arrangement for the Company to act as an agent for Expedia in certain countries) was signed which includes a \$125,000 termination fee if certain minimum revenue thresholds are not achieved or if and when the Company ultimately terminates the agreement. At the same time as these transactions occurred, the Company repurchased common stock of certain shareholders seeking liquidity at the same purchase price per share paid by Expedia to the Company under the Stock Purchase Agreement.

The termination provisions of the Expedia Outsourcing Agreement never expire and also could be triggered by Expedia if the Company does not meet certain minimum volume commitments, which is not within the Company’s control. Eventually, the Company will terminate the agreement or there may be a change of control and will need to refund \$125,000 to Expedia. Accordingly, this payment is not considered as a contingent payment but rather a known payment with just a contingency as to timing of payment.

Following the guidance in ASC 505 and ASC 605-50, equity was credited at its fair value with any remaining amounts paid attributable to other elements of the arrangement.

Management has determined the fair value of the equity issued to Expedia taking into account independent valuations, resulting in an amount of approximately \$145,000. Therefore, it was concluded that the Expedia transaction was issued at a premium of approximately \$125,000, which was recorded as a liability to reflect the termination fee.

According to the Expedia Outsourcing Agreement, the Company must consistently generate a certain minimum volume of paid customer activity for Expedia over the term of the Expedia Outsourcing Agreement or Expedia would have the right to terminate the agreement and the Company would be subject to pay \$125,000 in liquidated damages to Expedia. In addition, if in the future management and the Company’s directors determine that the Company should exit the Expedia Outsourcing Agreement after the minimum term of seven years, which the Company has no present intention of doing, it would be required to pay \$125,000 to do so. As the agreement with Expedia automatically renews indefinitely and there is no way for the Company to exit the agreement and avoid this payment without agreement from Expedia, the obligation to ultimately pay Expedia upon termination of the arrangement (even if delayed) represents a long-term liability in the amount of the \$125,000 termination fee.

The revenue derived from the Expedia Lodging outsourcing agreement is fixed and determinable and is not subject to any refund beyond the \$125,000 termination fee that has been fully accrued.

Stock issuance costs totaling \$2,470 were recorded as a reduction of stock purchase price.

**Recently issued accounting pronouncements**

The Company provides below a description of those standards which are relevant to the Company’s business only and the impact of their adoption if any.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued an Accounting Standard Update (“ASU”) amending revenue recognition guidance and requiring more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising

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from contracts with customers. In August 2015, the FASB issued an ASU deferring the effective date of the revenue standard so it would be effective for annual and interim reporting periods beginning after December 15, 2017. In addition, the FASB has also issued several amendments to the standard which clarify certain aspects of the guidance, including principal versus agent consideration and identifying performance obligations. The Company has made progress toward completing its evaluation of potential changes from adopting the new standard on its core revenue and continues to evaluate the impact of the adoption of this new revenue guidance on its consolidated financial statements. The Company expects to have its preliminary evaluation, including the selection of an adoption method, internal control implications and disclosure requirements, completed by the end of the second quarter of 2017. The Company is not planning on early adopting and currently expects to adopt the new revenue recognition guidance in the first quarter of 2018.

In November 2015, the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes*, which requires entities to present deferred tax assets and deferred tax liabilities as noncurrent in a classified statement of financial position. The amendments in this Update are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

In March, 2016 the FASB issued the ASU No. 2016-09. The FASB is issuing this Update as part of its initiative to reduce complexity in accounting standards. The areas for simplification in this Update involve several aspects of the accounting for employee share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Some of the areas for simplification apply only to nonpublic entities. For public entities, the amendments are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For all other entities, the amendments are effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

In November 2016, the FASB issued ASU No. 2016-18. The amendments require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flow. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The amendments should be applied using a retrospective transition method to each period presented. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

In January 2017, the FASB issued ASU No. 2017-04. To simplify the subsequent measurement of goodwill, the amendments eliminate Step 2 from the goodwill impairment test. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. In addition, income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit should be considered when measuring the goodwill impairment loss, if applicable. The amendments also eliminate the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. A public business entity should adopt the amendments for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. A public business entity that is not an SEC

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filer should adopt the amendments for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2020. All other entities should do so for their annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

#### 4. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As of December 31, 2016	As of December 31, 2015
Cash	10	13
Banks	22,681	23,180
Time deposits	50,000	60,029
Money market funds	3,277	18,894
	<u>\$ 75,968</u>	<u>\$ 102,116</u>

#### 5. Accounts receivable, net of allowances

Accounts receivable, net of allowances consist of the following:

	As of December 31, 2016	As of December 31, 2015
Accounts receivable	123,267	58,370
Others	1,344	16
Allowance for doubtful accounts	(3,513)	(3,401)
	<u>\$ 121,098</u>	<u>\$ 54,985</u>

#### 6. Other current assets and prepaid expenses

Other current assets and prepaid expenses consist of the following:

	As of December 31, 2016	As of December 31, 2015
Tax credits (1)	20,582	20,412
Cash managed by third parties	4,337	5,808
Advertising paid in advance	715	5,214
Others	1,550	3,000
	<u>\$ 27,184</u>	<u>\$ 34,434</u>

- (1) Mainly includes \$3,093 of VAT credits, \$11,432 of income tax credits (including net deferred tax assets), \$4,581 of sales tax credits and \$1,476 of other tax credits as of December 31, 2016; and \$5,246 of VAT credits, \$6,305 of income tax credits (including net deferred tax assets), \$3,364 of sales tax credits and \$5,497 other tax credits as of December 31, 2015.

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**7. Property and equipment, net**

Property and equipment, net consists of the following:

	As of December 31, 2016	As of December 31, 2015
Computer hardware and software	22,334	19,447
Office furniture and fixture	9,071	8,074
Buildings	2,298	2,594
Cars	—	123
Land	75	92
Total property and equipment	33,778	30,330
Accumulated depreciation	\$ (20,061)	\$ (15,162)
Total property and equipment, net	<u>\$ 13,717</u>	<u>\$ 15,168</u>

Total depreciation expense for the years 2016 and 2015 is \$5,089 and \$5,152, respectively.

**8. Goodwill and intangible assets, net**

Goodwill and intangible assets, net consists of the following:

	As of December 31, 2016	As of December 31, 2015
Goodwill (1)	38,894	38,554
Intangible assets with indefinite lives		
Brands and domains	13,882	13,837
Amortizable Intangible assets		
Internal-use software and site internally developed	35,217	23,241
Total intangible assets	49,099	37,078
Accumulated amortization (2)	(17,687)	(9,852)
Total intangible assets, net	<u>\$ 31,412</u>	<u>\$ 27,226</u>

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- (1) Following is the breakdown of Goodwill per reporting unit as of December 31, 2016 and 2015:

	<u>Balance of beginning of period</u>	<u>Other comprehensive Income / (Loss)</u>	<u>Balance at end of period</u>
<b>2015</b>			
Argentina	4,062	(1,397)	2,665
Brazil	15,901	(5,085)	10,816
Mexico	9,690	(1,456)	8,234
Uruguay	16,839	—	16,839
	<u>46,492</u>	<u>(7,938)</u>	<u>38,554</u>
<b>2016</b>			
Argentina	2,665	(478)	2,187
Brazil	10,816	2,143	12,959
Mexico	8,234	(1,325)	6,909
Uruguay	16,839	—	16,839
	<u>38,554</u>	<u>340</u>	<u>38,894</u>

Goodwill is fully attributable to the Air operating segment.

- (2) Total amortization expense for the years 2016 and 2015 is \$7,835 and \$9,287, respectively. The estimated future amortization expense related to intangible assets with definite lives as of December 31, 2016, assuming no subsequent impairment of the underlying assets, is as follows:

2017	7,241
2018	3,514
2019	3,514
2020	544
2021 and beyond	<u>2,717</u>
	<u>17,530</u>

**9. Accounts payable and accrued expenses**

Accounts payable and accrued expenses consist of the following:

	<u>As of December 31, 2016</u>	<u>As of December 31, 2015</u>
Marketing suppliers	15,723	16,488
Provision for invoices to be received	3,353	5,130
Affiliated agencies	690	799
Other suppliers	5,569	14,700
	<u>\$ 25,335</u>	<u>\$ 37,117</u>

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**10. Travel Supplier payables**

Travel Supplier payables consist of the following

	As of December 31, 2016	As of December 31, 2015
Hotels and other travel service suppliers (1)	96,357	103,152
Airlines	5,880	9,343
	<u>\$ 102,237</u>	<u>\$ 112,495</u>

- (1) Includes \$84,477 and \$90,577 as of December 31, 2016 and 2015, respectively, for deferred merchant bookings which will be due after the traveler has checked out.

**11. Other liabilities**

Other current liabilities consist of the following:

	As of December 31, 2016	As of December 31, 2015
Salaries payable (1)	33,266	24,248
Taxes payable (2)	14,914	8,234
Others	1,506	2,143
	<u>\$ 49,686</u>	<u>\$ 34,625</u>

- (1) Includes settlements payables with certain management stockholders (note 14)  
(2) Includes deferred tax liabilities. See note 12.

Other non-current liabilities consist of the following:

	As of December 31, 2016	As of December 31, 2015
Taxes payable	409	861
	<u>\$ 409</u>	<u>\$ 861</u>

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**12. Income taxes**

The following table presents a summary of U.S. and foreign income tax expense components:

	<u>As of December 31, 2016</u>	<u>As of December 31, 2015</u>
<b>Current:</b>		
Foreign	(4,459)	(9,879)
Federal	(50)	14
<b>Deferred:</b>		
Foreign	663	(220)
<b>Withholding:</b>		
Foreign	(6,692)	(7,919)
<b>Income tax expense</b>	<b><u>\$ (10,538)</u></b>	<b><u>\$ (18,004)</u></b>

Below the classification of deferred tax assets/liabilities by current and non-current:

	<u>As of December 31, 2016</u>	<u>As of December 31, 2015</u>
Current deferred tax assets	9,173	26,843
Non-Current deferred tax assets	39,950	22,376
<b>Total deferred tax assets</b>	<b><u>49,123</u></b>	<b><u>49,219</u></b>
Less valuation allowance	(45,526)	(46,189)
<b>Net deferred tax assets</b>	<b><u>3,597</u></b>	<b><u>3,030</u></b>
Current deferred tax liabilities	(1,002)	(1,098)
Non-Current deferred tax liabilities	—	—
<b>Total deferred tax liabilities</b>	<b><u>(1,002)</u></b>	<b><u>(1,098)</u></b>

As of December 31, 2016, consolidated loss carryforwards for income tax purposes were \$121,224. If not utilized, tax loss carryforwards will begin to expire as follows:

<u>Expiration Date</u>	<u>NOLs Amount</u>
Expires 2018	25
Expires 2019	12,026
Expires 2020	4,531
Expires 2021	22
Expires 2022	20
Thereafter	32,667
Without expiration dates	71,933
<b>TOTAL (1)</b>	<b>121,224</b>

(1) These tax loss carryforwards detailed above are fully reserved at December 31, 2016.

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NOLs Carryforwards expiration:

- Brazil: \$71,710. No expiration but offset limitation of 30% of the taxable income by fiscal year.
- USA: \$30,302. Expiration after 20 years but offset limitation of 90% of the taxable income by fiscal year.
- Argentina: \$14,650. Five fiscal years expiration.
- Colombia: \$2,707. Three fiscal years expiration.
- Venezuela: \$1,541. Three fiscal years expiration but offset limitation of 25% of the taxable income by fiscal year.
- Peru: \$222. No expiration but offset limitation of 50% of the taxable income by fiscal year.
- Mexico: \$92. Ten fiscal years expiration.

Deferred tax assets and liabilities are recognized for the future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax bases using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company has foreign subsidiaries with aggregated undistributed earnings of \$1,554 as of December 31, 2016. We have not provided deferred income taxes on taxable temporary differences related to investments in certain foreign subsidiaries where the foreign subsidiary has or will invest undistributed earnings indefinitely outside of the United States. In the event we distribute such earnings in the form of dividends or otherwise, we may be subject to income taxes. Further, a sale of these subsidiaries may cause these temporary differences to become taxable. Due to complexities in tax laws, uncertainties related to the timing and source of any potential distribution of such earnings, and other important factors such as the amount of associated foreign tax credits, it is not practicable to estimate the amount of unrecognized deferred taxes on these taxable temporary differences.

The following table summarizes the composition of deferred tax assets and liabilities as of the years ended December 31, 2016 and 2015:

	December 31, 2016	December 31, 2015
<b>Deferred Tax Assets</b>		
Tax loss carryforwards	39,950	22,376
Allowance for doubtful accounts	515	164
Royalties	1,249	2,950
Allowances	—	4,722
Provisions and other assets	7,409	19,007
<b>Total Deferred Tax Assets</b>	<b>49,123</b>	<b>49,219</b>
Less valuation allowance	(45,526)	(46,189)
<b>Total Deferred Tax Assets, net</b>	<b>3,597</b>	<b>3,030</b>
<b>Deferred Tax Liabilities</b>		
Property and equipment	(54)	(101)
Payroll and social security payable	—	(997)
Others	(948)	—
<b>Total Deferred Tax Liabilities</b>	<b>(1,002)</b>	<b>(1,098)</b>
<b>Total Deferred Tax</b>	<b>2,595</b>	<b>1,932</b>

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The following is a reconciliation of the difference between the actual provision for income taxes and the provision computed by applying the blended income tax rate (30%) for 2016 and 2015 to income / (loss) before taxes:

	As of December 31, 2016	As of December 31, 2015
Net Income / (Loss) before Income Tax	28,335	(67,272)
Weighted average income tax rate (3)	30%	30%
Income tax expense at weighted average income tax rate	8,501	(20,182)
<i>Permanent differences:</i>		
(Non-Taxable Income) / Non-Deductible Losses (1)	(6,826)	2,151
Foreign non-creditable withholding tax (2)	6,692	7,919
Non-deductible expenses	2,928	26,698
Others	(94)	1,198
Change in Valuation allowance	(663)	220
<b>Income Tax expense</b>	<b>10,538</b>	<b>18,004</b>

- (1) Includes tax benefits / non-deductible losses on export services to non-free Uruguayan territories from “Free Trade Zone” in Uruguay.
- (2) Includes foreign withholding taxes on royalties and services.
- (3) The Company uses a blended rate for the Income Tax reconciliation since most of its business operations are run by subsidiaries located outside the U.S. where the enacted tax rate is lower than the U.S. federal statutory rate. The calculation is performed based on an average of the enacted tax rates of the foreign jurisdictions.

The following table presents the changes in the Company’s valuation allowance as of December 31, 2016 and 2015:

	Balance of beginning of period	Increase	(Decrease)	Balance at end of period
2016	46,189	1,897	(2,560)	45,526
2015	45,969	9,039	(8,819)	46,189

**13. Commitments and contingencies**

Leases

The Company leases office space under operating lease agreements with original terms ranging from 2 to 5 years. Rent expense amounted to \$2,348 and \$3,107 for the years ended December 31, 2016 and 2015, respectively. The Company’s lease obligations under non-cancellable operating leases are as follows:

<u>Year ended December 31, 2016</u>	<u>Amount</u>
2017	3,720
2018	3,276
2019	2,986
2020	2,310
2021	1,124
2022	110
<b>Total</b>	<b>13,526</b>

**Decolar.com, Inc.**  
**Notes to the Consolidated Financial Statements**  
(in thousands U.S. dollars)

Employment agreements

The Company has entered into employment agreements with certain key employees providing compensation guidelines for each employee. Pursuant to the terms of the employment agreements, the executives are generally entitled to receive compensation in the form of (i) an annual salary payable in cash on a monthly basis and (ii) a yearly bonus subject to the fulfillment of certain performance targets.

Tax, legal and other

The Company is involved in disputes arising from its ordinary course of business. Although the ultimate resolution on these matters cannot be reasonably estimated at this time, management does not believe that they will have a material adverse effect on the financial condition or results of operations of the Company.

As of December 31, 2016 the Company had accrued liabilities of \$9,828 for the tax contingency discussed below and approximately \$11,700 related to unasserted tax claims. The Company currently estimates unasserted possible losses related to matters for which it has not accrued liabilities, as they are not deemed probable and reasonably estimable, to be approximately \$33,000. The Company evaluates the likelihood of probable and reasonably possible losses, if any, related to all known contingencies on an ongoing basis. As a result, future increases or decreases to its accrued liabilities may be necessary and will be recorded in the period when such amounts are determined to be probable and reasonably estimable.

Brazilian Tax Authority Claim

In March 2013, São Paulo tax authorities have asserted taxes (Brazilian municipal taxes “Imposto Sobre Serviço”) and fines against the Company’s Brazilian subsidiary relating to the period from 2008 to 2011 in an approximate updated amount of \$21,500, including ordinary taxable services on commissions earned. On April 2, 2013, the Company’s Brazilian subsidiary filed an administrative defense against the authorities’ claim. In a decision published on August 30, 2014 the São Paulo tax authorities ruled against the Brazilian subsidiary upholding the claimed taxes and the fines previously imposed. An appeal to the São Paulo City Administrative Court was filed on September 30, 2014. On December 4, 2015, the Administrative Court ruled partially against the Brazilian subsidiary upholding the claimed taxes and the fines previously imposed.

The Brazilian subsidiary has gradually moved its operations to Guarulhos City, Brazil; and pays taxes in such jurisdiction.

Company’s management and its legal counsel believe that the estimated probable loss is \$9,828; which has been provisioned for in the consolidated financial statements as of December 31, 2016 within non-current contingent liabilities.

**14. Related party transactions**

Settlement with Certain Management Stockholders

In the last two months of 2016, the Company entered into settlement agreements and terminated the employment of two management stockholders. The settlement agreements includes a payable cash amount of \$5,800, as a result of an employee relationship benefit and non competition and non disclosure agreement, out of which a 50% will be payable on July 1, 2018 or upon the occurrence of a liquidity event, which may result from the consummation of an initial public offering, or a capital injection among other conditions, and the rest will be paid during 2017.

**Decolar.com, Inc.**  
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In 2015, the Company terminated the employment of two management stockholders and entered into settlement agreements with each of them. The settlement agreement included the payment of a cash amount for approximately \$5,400 and the repurchase by the Company of a portion of their shares.

Transaction with Expedia, Inc.

Common stock agreement

On March 3, 2015 (“Transaction Date”), Expedia invested \$270,000 to purchase 9,590,623 of common stock, representing 16.36% of the Company’s issued and outstanding shares on a basic shares count basis as of that date. See note 3 – Expedia transaction, for an explanation of the accounting for this transaction.

In order to facilitate the transaction, the Company issued common shares to Expedia on the Transaction Date and then, as mandated in the agreement, repurchased 1,598,434 shares from selling shareholders. The repurchase of shares was made above the fair value at the Transaction Date.

The agreement specifically indicates the following use of the proceeds: (i) \$50,000 to repay certain Loans furnished by the shareholders; (ii) \$45,000 to repurchase shares from all shareholders other than the controlling shareholder; and (iii) \$175,000 for general corporate purposes.

Expedia Outsourcing Agreement

In conjunction with the Stock Subscription Agreement, the Company entered into a lodging outsourcing agreement (the “Expedia Outsourcing Agreement”) with Expedia expanding their commercial relationship. The Expedia Outsourcing Agreement broadened Expedia’s powering of Decolar.com’s hotel supply, including the designation of Expedia as provider of hotel inventory outside of Latin America as from April 1, 2015. During the term of the agreement, Expedia will pay Decolar.com a marketing fee for each booking of Expedia’s inventory. The Expedia Outsourcing Agreement includes customary terms for this type of long-term partnerships, and also includes: (a) the obligation to generate a minimum volume of transactions; and (b) a termination penalty of \$125,000; (see comment in note 3 — Expedia transaction), and (c) unilaterally by Expedia in the event of a change of control of the Company. In addition, the Expedia Outsourcing Agreement provided the opportunity for Expedia to access Decolar’s hotel supply inventory in Latin America.

Under the Expedia Outsourcing Agreement, “Change of Control” means (a) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all the assets of the Company and its subsidiaries, taken as a whole, to any Strategic Party or (b) the acquisition by any Strategic Party, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership, of more than 50% of the total voting or economic power of the securities of the Company or any direct or indirect parent of the Company. “Strategic Party” means any Person other than a single individual which does not directly or indirectly own or control any assets or companies operating (x) in the consumer or corporate travel industry, or (y) as an Internet-enabled provider of travel search or information services.

Unilateral termination of the Expedia Outsourcing Agreement by the Company, in addition to triggering the penalty described above, also gives Expedia the right to sell its shares back to the Company for fair market value.

Balances and operations with Expedia

Starting in March 2015, as a result of the execution of the Expedia Outsourcing Agreement executed with Expedia, the Company recognized balances and operations with Expedia as a related party.

**Decolar.com, Inc.**  
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The balances between the Company and Expedia are: \$2,240 and \$1,947 as of December 31, 2016 and 2015, respectively, recorded in Accounts receivable, net of allowances; and \$71,006 and \$57,797 as of December 31, 2016 and 2015, respectively, recorded in Tourism supplier payables.

The net related party transactions are \$27,008 and \$22,911 for the year ended December 31, 2016 and 2015, respectively, recorded in Revenue.

In addition, the Company has provided Expedia with a guaranty in form of security deposits in an aggregated amount of \$10,000. They are recorded in restricted cash and cash equivalents non-current.

Shareholders' loans

In 2013, Decolar.com Inc. received loans (the "Loans") from the following shareholders: Tiger Global Private Investment Partners IV, L.P., Tiger Global Investments, L.P., Scott Shleifer 2011 Descendants' Trust, Ventoux V LLC and Metal Monkey Trust (the "Lenders") for \$25,000. The Loans were instrumented through promissory notes, which included the following conditions:

- Interest rate: no interest shall accrue or be payable
- Voluntary prepayment: at the option of the Company, in whole or in part, at any time, without premium or penalty

In February 2015, Decolar.com Inc. received a loan (the "February Loan") from the Lenders for \$25,000. The February Loan was instrumented through a promissory note.

On March 2015, the Loans and the February Loan were prepaid in full with the proceeds of the Expedia transaction.

**15. Fair value measurements**

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015:

<u>Description</u>	<u>Balances as of December 31, 2016</u>	<u>Quoted prices in active markets for (Level 1)</u>	<u>Significant other (Level 2)</u>	<u>Balances as of December 31, 2015</u>	<u>Quoted prices in active markets for (Level 1)</u>	<u>Significant other (Level 2)</u>
<b>Assets</b>						
<b>Derivatives</b>						
Foreign currency forward contract	715	—	715	—	—	—
<b>Total financial assets</b>	<b>715</b>	<b>—</b>	<b>715</b>	<b>—</b>	<b>—</b>	<b>—</b>

As of December 31, 2016 and 2015, the Company's financial assets valued at fair value consisted of assets valued using; (i) Level 1 inputs: unadjusted quoted prices in active markets (Level 1 instrument valuations are obtained from observable inputs that reflect quoted prices (unadjusted) for identical assets in active markets); and (ii) Level 2 inputs, which are obtained from readily-available pricing sources for comparable instruments as well as instruments with inactive markets at the measurement date. As of December 31, 2016 and 2015, the Company did not have any assets without market values that would require a high level of judgment to determine fair value (Level 3).

**Decolar.com, Inc.**  
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As of December 31, 2016 and 2015, the carrying value of the Company's financial assets and liabilities measured at amortized cost approximated their fair value because of its short term maturity. These assets and liabilities included cash and cash equivalents; restricted cash; accounts receivables, net; other receivables and prepaid expenses; other non-current assets; accounts payable and accrued expenses; hotel suppliers payable; loans and other financial liabilities; salaries and social security payable; taxes payable and other liabilities. Loans payable approximate their fair value because the interest rates are not materially different from market interest rates.

The fair values for those financial assets and liabilities of the Company measured at amortized cost, is equal to their respective book values as of December 31, 2016 and 2015.

In addition, as of December 31, 2016 and 2015, the Company had \$93,197 and \$118,294 of cash and cash equivalents, short-term investments and restricted cash and cash equivalents, respectively, which consisted of time deposits. Those investments are accounted for at amortized cost, which, as of December 31, 2016 and 2015, approximates their fair values.

There have been no reclassifications among fair value levels.

## 16. Earnings per share

### Earnings per share

#### *Basic earnings per share*

Basics earnings per share was calculated for the year ended December 31, 2016 and 2015 using the weighted average number of common shares outstanding during the period.

#### *Diluted earnings per share*

For the year ended December 31, 2016, the Company computed diluted earnings per share using (i) the number of shares of common stock used in the basic earnings per share calculation as indicated above (ii) if diluted, the incremental common stock that the Company would issue upon the assumed exercise of restricted stock units. At December 31, 2016, stock options are out-of-the-money as the strike price exceeds current share price; therefore they are not included in the computation of diluted earnings per share. Antidilutive effect in 2016: 270 shares (no effect in 2015).

The following table presents basic and diluted earnings per share:

	<u>2016</u>	<u>2015</u>
Net income / (loss) attributable to Decolar.com Inc.	17,797	(85,276)
Earnings per share attributable to Decolar.com Inc.		
Basic	0.30	(1.49)
Diluted	0.30	n/a
Weighted average number of shares outstanding		
Basic	58,518	57,078
Dilutive effect of restricted stock units	90	n/a

**Decolar.com, Inc.**  
**Notes to the Consolidated Financial Statements**  
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**17. Stock based compensation**2015 Restricted Stock Unit Plan

On March 6, 2015, the shareholders of the Company approved a new restricted stock unit plan including the issuance of 90,626 restricted stock unit (the “RSUs”) in favor of an officer of the Company.

The RSUs include the following conditions:

- Time-based condition: satisfied with respect to
  - 40,626 RSUs on January 1, 2016;
  - 20,000 RSUs on January 1, 2017;
  - 20,000 RSUs on January 1, 2018; and
  - 10,000 RSUs on July 1, 2018;
provided that the officer remains in continuous service through each applicable date.
- Liquidity Event Requirement: satisfied on the earlier to occur of
  - an Initial Public Offering of the Company’s common stock, or
  - a change of control transaction (sale event).
- No additional vesting exists upon completion of a liquidity event.
- Restrictions:
  - Repurchase rights: in the event of a change of control, the Company has the right to repurchase certain shares contingent upon the valuation of the Company at such time, and
  - Transfer restrictions: after the consummation of an Initial Public Offering transfer restrictions apply limiting the ability to transfer certain shares subject to the valuation of the Company at such time.

The Company has used the Fair Value Method for determining the value of the RSU plan. The remaining vesting period as of December 31, 2016 is 18 months.

	<u>RSU’s</u>	<u>Weighted Average Grant Date Fair Value per share</u>
Balance as of January 1, 2015	—	—
Granted	90,626	7.47
Balance as of December 31, 2015	90,626	7.47
Granted	—	—
Vested / Cancelled	—	—
Balance as of December 31, 2016	90,626	7.47

2016 Stock Option Plan

On November 2016, the Board of Directors of the Company approved, subject to the approval of the Company’s Stockholders (which occurred in March 2017), to adopt a stock plan and reserve for issuance up to 4,000,000 stock options, from which 3,175,000 stock options were effectively granted in favor of some officers of the Company.

**Decolar.com, Inc.**  
**Notes to the Consolidated Financial Statements**  
(in thousands U.S. dollars)

The plan includes the following conditions:

- Time-based condition: satisfied with respect to:
  - 5% stock options on December 1, 2017;
  - 10% stock options on December 1, 2018;
  - 15% stock options on December 1, 2019;
  - 20% stock options on December 1, 2020;
  - 25% stock options on December 1, 2021; and
  - 25% stock options on December 1, 2022;

if the officer remains in continuous service through each applicable date.

- Liquidity Event Requirement: satisfied on the earlier to occur of
  - (i) an Initial Public Offering of the Company's common stock, or
  - (ii) a change of control event.
- No additional vesting exists upon completion of a liquidity event.

The Company has used the Fair Value Method for determining the value of the stock options plan. The remaining vesting period as of December 31, 2016 is 71 months.

The fair value of stock options granted during the year ended December 31, 2016, was estimated at the date of grant using the income approach valuation techniques, including the Black-Scholes and Monte Carlo option-pricing models, assuming the following weighted average assumptions:

Risk-free interest rate	1.84%
Expected volatility	39.9%
Expected life (in years)	6
Weighted-average estimated fair value of options granted during the year	\$6.90

The following table presents a summary of the Company's stock option activity:

	<u>Options</u>	<u>Weighted Average Exercise Price per share</u>	<u>Remaining Contractual Life</u>
Balance as of January 1, 2015	63,000	1.00	—
Exercised	(63,000)	1.00	—
Balance as of December 31, 2015	—		
Granted	3,175,000	26.02	
Balance as of December 31, 2016	3,175,000	26.02	6

As of December 31, 2016, there was approximately \$22,000 of unrecognized stock-based compensation expense related to unvested stock-based awards, which is expected to be recognized in expense over a weighted-average period of 5.8 years. Compensation cost will not be impacted upon completion of a liquidity event.

**Decolar.com, Inc.**  
**Notes to the Consolidated Financial Statements**  
(in thousands U.S. dollars)

**18. Guarantees**

The Company is required to be accredited by the International Air Transport Association (“IATA”) in order to promote and sell international air passenger transportation of airlines connected to IATA. During 2016, certain Decolar.com subsidiaries granted guarantees for \$43,197 for the benefit of the IATA, Expedia and other suppliers in the form of time deposits or bank and insurance guarantees, which were recorded as Restricted cash and cash equivalent in the consolidated balance sheet at December 31, 2016 and also granted a mortgage in favor of IATA on a building in Argentina.

**19. Valuation and qualifying accounts**

The following table presents the changes in the Company’s valuation and qualifying accounts.

	<u>Balance of beginning of period</u>	<u>Increase / (Decrease)</u>	<u>Utilization</u>	<u>Other comprehensive Income / (Loss)</u>	<u>Balance at end of period</u>
<b>2016</b>					
Allowance for doubtful accounts	3,401	2,548	(2,515)	79	3,513
<b>2015</b>					
Allowance for doubtful accounts	7,493	2,142	(5,388)	(846)	3,401

**20. Segment information**

In order to make operating decisions and assess performance, the Company’s chief operating decision function organized the Company’s business between two operating segments, namely “Air” and “Packages, Hotels and Other travel products”, each of them having their respective segment management.

The “Air” operating segment derives its revenue from commissions earned from facilitating reservations of flight tickets, service fees charged to customers for processing flight tickets and override commissions or incentives from suppliers and GDS if the Company meets certain volume thresholds.

The “Packages, Hotels and Other travel products” operating segment derives its revenue from commissions earned from facilitating reservations of hotel accommodations, car rentals and other travel related products and services, service fees charged to customers for processing bookings, advertising revenue from the sale of advertising placements on the Company’s websites and override commissions or incentives from suppliers if the Company meets certain volume thresholds. Packages are deals where the customer selects and buys multiple products, which may include air tickets, within the same session, while in these transactions the Company acts as intermediary as in other sales. The air portion of these packages is included within the “Packages, Hotels and Other travel products” operating segment.

The Company’s primary measure of segment’s profit or loss is Adjusted EBITDA, which includes allocations of certain expenses based on transaction volumes and other usage metrics. The Company does not allocate certain shared expenses such as accounting, human resources and legal to its reportable segments. The Company includes these expenses as Unallocated. The Company’s allocation methodology is periodically evaluated and may change.

The Company does not have:

- transactions between reportable segments

**Decolar.com, Inc.**  
**Notes to the Consolidated Financial Statements**  
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- assets allocated by segment, or
- revenue from transactions with a single customer amounting to 10 percent or more of revenue.

The following tables present the Company's segment information for 2016 and 2015. While depreciation and amortization is allocated to operating segments based on operational measures such as relative headcount and IT investment, property and equipment is not allocated to operating segments, and the Company does not report the assets by segment as it would not be meaningful. The Company does not regularly provide such information to its chief operating decision makers.

	2016			Total
	Air	Packages, Hotels and Other travel products	Unallocated	
Revenue	205,721	205,441	—	411,162
<b>Adjusted EBITDA</b>	<b>27,940</b>	<b>20,643</b>	<b>2</b>	<b>48,585</b>
Depreciation and amortization	(4,099)	(3,842)	(4,983)	(12,924)
Stock-based compensation	—	—	(574)	(574)
<b>Operating income / (loss)</b>	<b>23,841</b>	<b>16,801</b>	<b>(5,555)</b>	<b>35,087</b>
Financial income				8,327
Financial expense				(15,079)
<b>Income / (loss) before income tax</b>				<b>28,335</b>
Income tax expense				(10,538)
<b>Net income / (loss)</b>				<b>17,797</b>

	2015			Total
	Air	Packages, Hotels and other travel products	Unallocated	
Revenue	219,817	201,894	—	421,711
<b>Adjusted EBITDA</b>	<b>8,259</b>	<b>(34,383)</b>	<b>(12,943)</b>	<b>(39,067)</b>
Depreciation and amortization	(6,350)	(1,872)	(6,217)	(14,439)
Stock-based compensation	—	—	(861)	(861)
<b>Operating income / (loss)</b>	<b>1,909</b>	<b>(36,255)</b>	<b>(20,021)</b>	<b>(54,367)</b>
Financial income				10,797
Financial expense				(23,702)
<b>Income / (loss) before income tax</b>				<b>(67,272)</b>
Income tax expense				(18,004)
<b>Net income / (loss)</b>				<b>(85,276)</b>

**Geographic information**

In 2016, 27% of revenue was originated in transactions invoiced by the subsidiary in Argentina, 28% by the subsidiary in Brazil and 27% by subsidiaries in Uruguay (32%, 30% and 19%, respectively, in 2015). Subsidiaries in no individual country other than those detailed above accounted for more than 10% of revenue.

**21. Subsequent Events**

On May 3, 2017, the stockholders of Decolar.com, Inc., exchanged their shares for ordinary shares of Despegar.com, Corp. to create a new British Virgin Islands holding company. Following the exchange, the Company's shareholders own shares of Despegar.com, Corp., and Decolar.com, Inc. is a wholly-owned subsidiary of Despegar.com, Corp.

**Despegar.com, Corp.**

**Unaudited condensed consolidated Financial Statements as of  
June 30, 2017 and December 31, 2016 and  
for the six-month periods ended  
June 30, 2017 and 2016**

## Despegar.com, Corp.

**Unaudited Consolidated Balance Sheets**  
**as of June 30, 2017 and December 31, 2016**  
(in thousands U.S. dollars)

	As of June 30, <u>2017</u>	As of December 31, <u>2016</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	92,107	75,968
Restricted cash and cash equivalents	39,186	33,197
Short term investments	238	—
Accounts receivable, net of allowances	158,287	121,098
Related party receivable	3,626	2,240
Other current assets and prepaid expenses	26,425	27,184
<b>Total current assets</b>	<b>\$ 319,869</b>	<b>\$ 259,687</b>
<b>Non-current assets</b>		
Related party receivable	10,000	10,000
Property and equipment, net	14,719	13,717
Intangible assets, net	33,960	31,412
Goodwill	39,615	38,894
<b>Total non-current assets</b>	<b>\$ 98,294</b>	<b>\$ 94,023</b>
<b>TOTAL ASSETS</b>	<b>\$ 418,163</b>	<b>\$ 353,710</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	38,736	25,335
Travel suppliers payable	115,915	102,237
Related party payable	81,214	71,006
Loans and other financial liabilities	13,882	7,179
Deferred Revenue	23,242	29,095
Other liabilities	54,879	49,686
Contingent liabilities	4,002	3,613
<b>Total current liabilities</b>	<b>\$ 331,870</b>	<b>\$ 288,151</b>
<b>Non-current liabilities</b>		
Other liabilities	1,633	409
Contingent liabilities	20,847	22,413
Related party liability	125,000	125,000
<b>Total non-current liabilities</b>	<b>\$ 147,480</b>	<b>\$ 147,822</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 479,350</b>	<b>\$ 435,973</b>
Commitments and Contingencies (See Note 13)		
<b>SHAREHOLDERS' DEFICIT</b>		
Common stock (1)	6	6
Additional paid-in capital	314,261	312,155
Other reserves	(728)	(728)
Accumulated other comprehensive income	16,455	16,286
Accumulated losses	(391,181)	(409,982)
<b>Total Deficit attributable to Despegar.com, Corp.</b>	<b>\$ (61,187)</b>	<b>\$ (82,263)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>	<b>\$ 418,163</b>	<b>\$ 353,710</b>

(1) 58,518 shares issued and outstanding at June 30, 2017 and December 31, 2016.

The accompanying notes are an integral part of these consolidated financial statements.

**Despegar.com, Corp.****Unaudited Consolidated Statements of Operations**  
**for the six-month period ended June 30, 2017 and 2016**  
(in thousands U.S. dollars)

	Six-month period ended June 30,	
	2017	2016
Revenue (1)	248,461	193,912
Cost of revenue	(66,227)	(67,246)
<b>Gross profit</b>	<b>\$ 182,234</b>	<b>\$ 126,666</b>
<b>Operating expenses</b>		
Selling and marketing	(78,835)	(57,710)
General and administrative	(37,487)	(29,146)
Technology and product development	(33,052)	(31,503)
<b>Total operating expenses</b>	<b>\$ (149,374)</b>	<b>\$ (118,359)</b>
<b>Operating income</b>	<b>\$ 32,860</b>	<b>\$ 8,307</b>
Financial income	915	3,923
Financial expense	(8,682)	(7,962)
<b>Income before income taxes</b>	<b>\$ 25,093</b>	<b>\$ 4,268</b>
Income tax expense	(6,292)	(4,824)
<b>Net income / (loss)</b>	<b>\$ 18,801</b>	<b>\$ (556)</b>

(1) Includes \$ 18,900 and \$ 13,300 for related party transactions for the periods ended June 30, 2017 and 2016. See note 14.

	2017	2016
<b>Earnings per share available to common stockholders:</b>		
Basic	0.32	(0.01)
Diluted	0.32	(0.01)
<b>Shares used in computing earnings per share (in thousands):</b>		
Basic	58,518	58,518
Diluted	58,609	58,518

The accompanying notes are an integral part of these consolidated financial statements.

**Despegar.com, Corp.**

**Unaudited Consolidated Statements of Comprehensive Income / (Loss)  
for the six-month period ended June 30, 2017 and 2016**  
(in thousands U.S. dollars)

	Six-month period ended June 30,	
	2017	2016
<b>Net income / (loss)</b>	<b>\$18,801</b>	<b>\$ (556)</b>
<b>Other comprehensive income / (loss), net of tax</b>		
Foreign currency translation adjustment (1)	169	(16,249)
<b>Comprehensive income / (loss)</b>	<b>\$18,970</b>	<b>\$ (16,805)</b>

(1) No tax impact

The accompanying notes are an integral part of these consolidated financial statements.

Despegar.com, Corp.

**Unaudited Consolidated Statements of Changes in Shareholders' Deficit**  
**for the period ended June 30, 2017 and December 31, 2016**  
(in thousands U.S. dollars)

	Common stock		Additional paid-in capital	Other reserves	Accumulated other comprehensive income	Accumulated Losses	Total Deficit
	Number of shares (in thousands)	Amount					
<b>Balance as of December 31, 2015</b>	<u>58,518</u>	<u>6</u>	<u>311,581</u>	<u>(728)</u>	<u>33,787</u>	<u>(427,779)</u>	<u>(83,133)</u>
Stock-based compensation expense	—	—	100	—	—	—	100
Foreign currency translation adjustment	—	—	—	—	(16,249)	—	(16,249)
Net loss for the period	—	—	—	—	—	(556)	(556)
<b>Balance as of June 30, 2016</b>	<u>58,518</u>	<u>6</u>	<u>311,681</u>	<u>(728)</u>	<u>17,538</u>	<u>(428,335)</u>	<u>(99,838)</u>
<b>Balance as of December 31, 2016</b>	<u>58,518</u>	<u>6</u>	<u>312,155</u>	<u>(728)</u>	<u>16,286</u>	<u>(409,982)</u>	<u>(82,263)</u>
Stock-based compensation expense	—	—	2,106	—	—	—	2,106
Foreign currency translation adjustment	—	—	—	—	169	—	169
Net income for the period	—	—	—	—	—	18,801	18,801
<b>Balance as of June 30, 2017</b>	<u>58,518</u>	<u>6</u>	<u>314,261</u>	<u>(728)</u>	<u>16,455</u>	<u>(391,181)</u>	<u>(61,187)</u>

The accompanying notes are an integral part of these condensed financial statements.

## Despegar.com, Corp.

**Unaudited Statements of Cash Flows**  
**for the six-month period ended June 30, 2017 and 2016**  
(in thousands U.S. dollars)

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities:</b>		
Net income / (loss)	\$ 18,801	\$ (556)
Adjustments to reconcile net income / (loss) to net cash flows from operating activities:		
Unrealized foreign currency translation losses	686	994
Depreciation expense	2,705	2,528
Amortization of intangible assets	3,556	3,646
Stock based compensation expense	2,106	100
Interest and penalties	454	356
Income taxes	2,795	709
Allowance for doubtful accounts	743	1,397
Provision (recovery) for contingencies	779	(123)
<b>Changes in assets and liabilities, net of non-cash transactions:</b>		
(Increase) / Decrease in accounts receivable, net of allowances	(40,544)	(33,667)
(Increase) / Decrease in related party receivables	(1,386)	(110)
(Increase) / Decrease in other assets and prepaid expenses	430	3,407
Increase / (Decrease) in accounts payable and accrued expenses	13,621	(12,348)
Increase / (Decrease) in travel suppliers payable	14,251	(33,836)
Increase / (Decrease) in other liabilities	2,528	(2,791)
Increase / (Decrease) in contingencies	(637)	4,901
Increase / (Decrease) in related party liabilities	10,208	22,878
Increase / (Decrease) in deferred revenue	(5,815)	(5,137)
<b>Net cash flows provided by / (used in) operating activities</b>	<b>\$ 25,281</b>	<b>\$ (47,652)</b>
<b>Cash flows from investing activities:</b>		
(Increase) / Decrease in short-term investments	(238)	40,013
Acquisition of property and equipment	(4,122)	(1,875)
Increase of intangible assets, including internal-use software and website development	(6,157)	(5,683)
(Increase) / Decrease in restricted cash and cash equivalents	(5,473)	(458)
<b>Net cash flows (provided by) / used in investing activities</b>	<b>\$ (15,990)</b>	<b>\$ 31,997</b>
<b>Cash flows from financing activities:</b>		
Increase in loans and other financial liabilities	9,318	2,000
Decrease in loans and other financial liabilities	(2,642)	(1,000)
<b>Net cash flows provided by financing activities</b>	<b>\$ 6,676</b>	<b>\$ 1,000</b>
Effect of exchange rate changes on cash and cash equivalents	172	(1,892)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>\$ 16,139</b>	<b>\$ (16,547)</b>
Cash and cash equivalents as of beginning of the year	\$ 75,968	\$ 102,116
Cash and cash equivalents as of end of the period	\$ 92,107	\$ 85,569
<b>Supplemental cash flow information</b>		
Cash paid for income and minimum notional income taxes	\$ 7,476	\$ 6,593
Interest paid	\$ 454	\$ 356

The accompanying notes are an integral part of these condensed financial statements.

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**1. Operations of the Company**

On May 3, 2017, the stockholders of Decolar.com, Inc., exchanged their shares for ordinary shares of Despegar.com, Corp. to create a new British Virgin Island holding company. Following the exchange, the Company's shareholders own shares of Despegar.com, Corp. and Decolar.com, Inc. is a wholly-owned subsidiary of Despegar.com, Corp.

The audited consolidated financial statements as of and for the year ended December 31, 2016 and the unaudited condensed consolidated financial statements as of June 30, 2017 and for the six months ended June 30, 2017 and for the six months ended June 30, 2017 and 2016 to the extent related to the events and periods prior to May 3, 2017 are the consolidated financial statements of Decolar.com, Inc., which is our predecessor for accounting purposes.

Despegar.com, Corp. (formerly Decolar.com, Inc.), is an online travel agency, which provides leisure and business travelers the tools and information they need to make travel reservations with providers of travel products around the world.

Despegar.com is the leading online travel agency in Latin America and includes both the Decolar and Despegar brands. With a presence in 20 countries, Despegar's websites and mobile apps help leisure and business travelers to book hotel rooms, airline tickets, packages, rental cars, cruises, destination services and travel insurance around the world. The Company operates primarily under the "Despegar.com" brand for Spanish and English speaking customers and the "Decolar.com" brand for Portuguese speaking customers. The Company also generates additional revenue through the sale of advertising on its websites.

Despegar.com provides its customers with multiple ways to save on travel-related products and multiple alternatives to pay for such products.

**2. Basis of consolidation**

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position as of June 30, 2017, and its results of operations for the six months ended June 30, 2017 and 2016, and cash flows for the six months ended June 30, 2017 and 2016. The condensed consolidated balance sheet at December 31, 2016 was derived from audited annual consolidated financial statements but does not contain all of the footnote disclosures from the annual consolidated financial statements.

The unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. The following are the Company's main operating subsidiaries (all wholly-owned):

<u>Name of the Subsidiary</u>	<u>Country of Incorporation</u>
Despegar.com.ar S.A.	Argentina
Decolar.com LTDA.	Brazil
Despegar.com Chile SpA	Chile
Despegar Colombia S.A.S.	Colombia
Despegar Ecuador S.A.	Ecuador
Despegar.com México S.A. de C.V.	Mexico
Despegar.com Peru S.A.C.	Peru
Despegar.com USA, Inc.	United States
Travel Reservations S.R.L.	Uruguay

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The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). Although the subsidiaries transact the majority of their businesses in their local currencies, the Company has selected the United States dollar (“U.S. dollar”) as its reporting currency. All significant intercompany accounts and transactions have been eliminated.

**Foreign currency translation**

The Company’s foreign subsidiaries (except for Travel Reservations S.R.L in Uruguay and other subsidiaries in the United States, Ecuador and Venezuela, which use the U.S. dollar as functional currency) have determined the local currency to be their functional currency. Assets and liabilities are translated from their local currencies into U.S. dollars at the end-of-the-period exchange rates, and revenue and expenses are translated at average monthly rates in effect during the period. Translation adjustments are included in the consolidated statement of comprehensive income / (loss).

Gains and losses resulting from transactions in non-functional currencies are recognized directly in the unaudited consolidated statements of operations under the caption “Financial income / (expense)”.

**3. Recently issued accounting pronouncements**

The Company provides below a description of those standards which are relevant to the Company’s business only and the impact of their adoption if any.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued an Accounting Standard Update (“ASU”) amending revenue recognition guidance and requiring more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In August 2015, the FASB issued an ASU deferring the effective date of the revenue standard so it would be effective for annual and interim reporting periods beginning after December 15, 2017. In addition, the FASB has also issued several amendments to the standard which clarify certain aspects of the guidance, including principal versus agent consideration and identifying performance obligations.

The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective). We currently anticipate adopting the new guidance effective January 1, 2018 using the modified retrospective method, however, this decision is not final and is subject to the completion of our analysis of the guidance. While we are evaluating the full impact of the new standard on our consolidated financial statements, we have determined the new guidance will not change our previous conclusions on net presentation. Through the date of adoption, we will continue to update our assessment of the effect that the new revenue guidance will have on our consolidated financial statements, and will disclose further material effects, if any, when known.

In January 2017, the FASB issued ASU No. 2017-04. To simplify the subsequent measurement of goodwill, the amendments eliminate Step 2 from the goodwill impairment test. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. In addition, income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit should be considered when measuring the goodwill impairment loss, if applicable. The amendments also eliminate the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. An entity still has the option

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to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. A public business entity should adopt the amendments for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. A public business entity that is not an SEC filer should adopt the amendments for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2020. All other entities should do so for their annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

#### 4. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As of June 30, 2017	As of December 31, 2016
Cash	10	10
Banks	39,682	22,681
Time deposits	51,077	50,000
Money market funds	1,338	3,277
	<u>\$92,107</u>	<u>\$ 75,968</u>

#### 5. Accounts receivable, net of allowances

Accounts receivable, net of allowances consist of the following:

	As of June 30, 2017	As of December 31, 2016
Accounts receivable	161,640	123,267
Others	696	1,344
Allowance for doubtful accounts	(4,049)	(3,513)
	<u>\$ 158,287</u>	<u>\$ 121,098</u>

#### 6. Other current assets and prepaid expenses

Other current assets and prepaid expenses consist of the following:

	As of June 30, 2017	As of December 31, 2016
Tax credits (1)	21,559	20,582
Cash managed by third parties	1,639	4,337
Advertising paid in advance	338	715
Others	2,889	1,550
	<u>\$26,425</u>	<u>\$ 27,184</u>

- (1) Mainly includes \$ 3,459 of VAT credits, \$ 13,184 of income tax credits (including net deferred tax assets), \$4,253 of sales tax credits and \$ 663 of other tax credits as of June 30, 2017; and \$ 3,093 of VAT credits,

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\$11,432 of income tax credits (including net deferred tax assets), \$ 4,581 of sales tax credits and \$ 1,476 of other tax credits as of December 31, 2016

**7. Property and equipment, net**

Property and equipment, net consists of the following:

	<b>As of June 30, 2017</b>	<b>As of December 31, 2016</b>
Computer hardware and software	23,219	22,334
Office furniture and fixture	11,363	9,071
Buildings	2,752	2,298
Land	72	75
Total property and equipment	<u>37,406</u>	<u>33,778</u>
Accumulated depreciation	\$(22,687)	\$ (20,061)
Total property and equipment, net	<u>\$ 14,719</u>	<u>\$ 13,717</u>

Total depreciation expense for the six-month period ended June 30, 2017 is \$ 2,705 and for the year ended December 31, 2016 is \$ 5,089.

**8. Goodwill and intangible assets, net**

Goodwill and intangible assets, net consists of the following:

	<b>As of June 30, 2017</b>	<b>As of December 31, 2016</b>
Goodwill (1)	39,615	38,894
Intangible assets with indefinite lives		
Brands and domains	13,882	13,882
Amortizable Intangible assets		
Internal-use software and site internally developed	41,295	35,217
Total intangible assets	<u>55,177</u>	<u>49,099</u>
Accumulated amortization (2)	(21,217)	(17,687)
Total intangible assets, net	<u>\$ 33,960</u>	<u>\$ 31,412</u>

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- (1) Following is the breakdown of Goodwill per reporting unit as of June 30, 2017 and as of December 31, 2016:

	<b>Balance of beginning of period</b>	<b>Other comprehensive Income / (Loss)</b>	<b>Balance at end of period / year</b>
<b>2017</b>			
Argentina	2,187	(98)	2,089
Brazil	12,959	(192)	12,767
Mexico	6,909	1,011	7,920
Uruguay	16,839	—	16,839
	<u>38,894</u>	<u>721</u>	<u>39,615</u>
<b>2016</b>			
Argentina	2,665	(478)	2,187
Brazil	10,816	2,143	12,959
Mexico	8,234	(1,325)	6,909
Uruguay	16,839	—	16,839
	<u>38,554</u>	<u>340</u>	<u>38,894</u>

Goodwill is fully attributable to the Air operating segment.

- (2) Total amortization expense for the six-month period ended June 30, 2017 is \$3,556 and for the year ended December 31, 2016 is \$ 7,835. The estimated future amortization expense related to intangible assets with definite lives as of June 30, 2017, assuming no subsequent impairment of the underlying assets, is as follows:

Remaining 2017	3,843
2018	5,525
2019	5,525
2020	584
2021 and beyond	4,601
	<u>20,078</u>

**9. Accounts payable and accrued expenses**

Accounts payable and accrued expenses consist of the following:

	<b>As of June 30, 2017</b>	<b>As of December 31, 2016</b>
Marketing suppliers	23,619	15,723
Provision for invoices to be received	5,166	3,353
Affiliated agencies	570	690
Other suppliers	9,381	5,569
	<u>\$38,736</u>	<u>\$ 25,335</u>

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**10. Travel Supplier payables**

Travel Supplier payables consist of the following

	As of June 30, 2017	As of December 31, 2016
Hotels and other travel service suppliers (1)	94,200	96,357
Airlines	21,715	5,880
	<u>\$115,915</u>	<u>\$ 102,237</u>

- (1) Includes \$ 84,988 and \$ 84,477 as of June 30, 2017 and December 31, 2016, respectively, for deferred merchant bookings, which will be due after the traveler has checked out.

**11. Other liabilities**

Other current liabilities consist of the following:

	As of June 30, 2017	As of December 31, 2016
Salaries payable (1)	35,691	33,266
Taxes payable (2)	16,185	14,914
Others	3,003	1,506
	<u>\$54,879</u>	<u>\$ 49,686</u>

- (1) Includes \$ 5,075 settlements payables with certain management stockholders. See note 14.  
(2) Includes deferred tax liabilities. See note 12.

Other non-current liabilities consist of the following:

	As of June 30, 2017	As of December 31, 2016
Taxes payable	1,633	409
	<u>\$ 1,633</u>	<u>\$ 409</u>

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**12. Income taxes**

Below the classification of deferred tax assets/liabilities by current and non-current:

	As of June 30, 2017	As of December 31, 2016
Current deferred tax assets	19,335	9,173
Non-Current deferred tax assets	35,062	39,950
<b>Total deferred tax assets</b>	<b>54,397</b>	<b>49,123</b>
Less valuation allowance	(50,405)	(45,526)
<b>Net deferred tax assets</b>	<b>3,992</b>	<b>3,597</b>
Current deferred tax liabilities	—	(1,002)
<b>Total deferred tax liabilities</b>	<b>—</b>	<b>(1,002)</b>

The following is a reconciliation of the difference between the actual provision for income taxes and the provision computed by applying the blended income tax rate (30%) for 2017 and 2016 to income before taxes:

	As of June 30, 2017	As of June 30, 2016
Net Income before Income Tax	25,093	4,268
Weighted average income tax rate (3)	30%	30%
Income tax expense at weighted average income tax rate	7,528	1,280
<i>Permanent differences:</i>		
(Non-Taxable Income) (1)	(10,707)	(9,217)
Foreign non-creditable withholding tax (2)	3,498	3,040
Non-deductible expenses	1,059	3,566
Others	35	605
Change in Valuation allowance	4,879	5,550
<b>Income Tax expense</b>	<b>6,292</b>	<b>4,824</b>

- (1) Includes tax benefits on export services to non-free Uruguayan territories from “Free Trade Zone” in Uruguay.
- (2) Includes foreign withholding taxes on royalties and services.
- (3) The Company uses a blended rate for the income tax reconciliation, since most of the business operations are run by subsidiaries located outside the U.S., where the enacted tax rate is lower than the U.S. federal statutory rate. The calculation is performed based on an average between the enacted tax rates of the foreign jurisdictions.

**13. Commitments and contingencies**Leases

The Company leases office space under operating lease agreements with original terms ranging from 2 to 5 years. Rent expense amounted to \$2,277 and \$ 1,174 for the period ended June 30, 2017, and the year ended

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December 31, 2016, respectively. The Company's lease obligations under non-cancellable operating leases are as follows:

<u>Period ended June 30, 2017</u>	<u>Amount</u>
Within 1 year	3,751
2 – 3 years	6,730
4 – 5 years	3,109
After 5 years	37
Total	<u>13,627</u>

Employment agreements

The Company has entered into employment agreements with certain key employees providing compensation guidelines for each employee. Pursuant to the terms of the employment agreements, the executives are generally entitled to receive compensation in the form of (i) an annual salary payable in cash on a monthly basis and (ii) a yearly bonus subject to the fulfillment of certain performance targets.

Tax, legal and other

The Company is involved in disputes arising from its ordinary course of business. Although the ultimate resolution on these matters cannot be reasonably estimated at this time, management does not believe that they will have a material adverse effect on the financial condition or results of operations of the Company.

As of June 30, 2017 the Company had accrued liabilities of \$ 9,682 for the tax contingency discussed below and approximately \$11,800 related to unasserted tax claims. The Company currently estimates unasserted possible losses related to matters for which it has not accrued liabilities, as they are not deemed probable and reasonably estimable, to be approximately \$34,300. The Company evaluates the likelihood of probable and reasonably possible losses, if any, related to all known contingencies on an ongoing basis. As a result, future increases or decreases to its accrued liabilities may be necessary and will be recorded in the period when such amounts are determined to be probable and reasonably estimable.

Brazilian Tax Authority Claim

In March 2013, São Paulo tax authorities have asserted taxes (Brazilian municipal taxes “Imposto Sobre Serviço”) and fines against the Company's Brazilian subsidiary relating to the period from 2008 to 2011 in an approximate updated amount of \$ 21,500, including ordinary taxable services on commissions earned. On April 2, 2013, the Company's Brazilian subsidiary filed an administrative defense against the authorities' claim. In a decision published on August 30, 2014 the São Paulo tax authorities ruled against the Brazilian subsidiary upholding the claimed taxes and the fines previously imposed. An appeal to the São Paulo City Administrative Court was filed on September 30, 2014. On December 4, 2015, the Administrative Court ruled partially against the Brazilian subsidiary upholding the claimed taxes and the fines previously imposed.

The Brazilian subsidiary has gradually moved its operations to Guarulhos City, Brazil; and pays taxes in such jurisdiction.

On July 5, 2017, the Municipality of Sao Paulo, published the terms of a special installment program called “Programa de Parcelamento Incentivado, PPI 2017”. This program offers two alternatives for paying municipal

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tax liability (“Imposto Sobre Serviço”) (adjusted by interest and penalties through the date the company applies to the program):

- (i) a single installment with a 85% reduction in the interest due and 75% reduction in the penalties; or
- (ii) payments in 120 monthly installments. Under this alternative, the interest and penalties through the date of application will be reduced by 60% and 50%, respectively. Each installment accrues interest at the monthly Sistema Especial de Liquidação e Custódia (Special Clearance and Escrow System or SELIC) interest rate plus 1%.

Company’s management and its legal counsel believe that the estimated probable loss is \$9,682; which has been provisioned for in the consolidated financial statements as of June 30, 2017 within non-current contingent liabilities.

**14. Related party transactions**

Settlement with Certain Management Stockholders

In the last two months of 2016, the Company entered into settlement agreements and terminated the employment of two Management Stockholders. The settlement agreements includes a payable cash amount of \$5,800, as a result of an employee relationship benefit and non competition and non disclosure agreement, out of which a 50% will be payable on July 1, 2018 or upon the occurrence of a liquidity event, which may result from the consummation of an initial public offering, or a capital injection among other conditions, and the rest during 2017.

Expedia Outsourcing Agreement

In March 2015, the Company entered into a Lodging Outsourcing Agreement (the “Expedia Outsourcing Agreement”) with Expedia expanding their commercial relationship. The Expedia Outsourcing Agreement broadened Expedia’s powering of Despegar.com’s hotel supply, including the designation of Expedia as provider of hotel inventory outside of Latin America as from April 1, 2015. During the term of the agreement, Expedia will pay Despegar.com a marketing fee for each booking of Expedia’s inventory. The Expedia Outsourcing Agreement includes customary terms for this type of long-term partnerships, and also includes: (a) the obligation to generate a minimum volume of transactions; and (b) a termination penalty of \$ 125,000; and (c) unilaterally by Expedia in the event of a change of control of the Company. In addition, the Expedia Outsourcing Agreement provided the opportunity for Expedia to access Despegar’s hotel supply inventory in Latin America.

Under the Expedia Outsourcing Agreement, “Change of Control” means (a) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all the assets of the Company and its subsidiaries, taken as a whole, to any Strategic Party or (b) the acquisition by any Strategic Party, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership, of more than 50% of the total voting or economic power of the securities of the Company or any direct or indirect parent of the Company. “Strategic Party” means any Person other than a single individual which does not directly or indirectly own or control any assets or companies operating (x) in the consumer or corporate travel industry, or (y) as an Internet-enabled provider of travel search or information services.

Unilateral termination of the Expedia Outsourcing Agreement by the Company, in addition to triggering the penalty described above, also gives Expedia the right to sell its shares back to the Company for fair market value.

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Operations with Expedia

The balances between the Company and Expedia are: \$ 3,626 and \$ 2,240 as of June 30, 2017 and as of December 31, 2016, respectively, recorded in Related party receivable; and \$ 81,214 and \$ 71,006 as of June 30, 2017 and as of December 31, 2016, respectively, recorded in Related party payables.

The net related party transactions with Expedia are \$18,900 and \$ 13,300 for the periods ended June 30, 2017 and 2016, respectively, recorded in Revenue.

In addition, the Company has provided Expedia with a guaranty in form of security deposits in an aggregated amount of \$ 10,000. They are recorded in restricted cash and cash equivalents non-current.

**15. Fair value measurements**

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2017 and December 31, 2016:

Description	Balances as of June 30, 2017	Quoted prices in active markets for (Level 1)	Significant other (Level 2)	Balances as of December 31, 2016	Quoted prices in active markets for (Level 1)	Significant other (Level 2)
<b>Assets</b>						
<b>Derivatives</b>						
Foreign currency forward contract	2		2	715		715
<b>Total financial assets</b>	<b>2</b>		<b>2</b>	<b>715</b>		<b>715</b>

As of June 30, 2017 and as of December 31, 2016, the Company's financial assets valued at fair value consisted of assets valued using; (i) Level 1 inputs: unadjusted quoted prices in active markets (Level 1 instrument valuations are obtained from observable inputs that reflect quoted prices (unadjusted) for identical assets in active markets); and (ii) Level 2 inputs, which are obtained from readily-available pricing sources for comparable instruments as well as instruments with inactive markets at the measurement date. As of June 30, 2017 and as of December 31, 2016, the Company did not have any assets without market values that would require a high level of judgment to determine fair value (Level 3).

As of June 30, 2017 and as of December 31, 2016, the carrying value of the Company's financial assets and liabilities measured at amortized cost approximated their fair value because of its short term maturity. These assets and liabilities included cash and cash equivalents; restricted cash; accounts receivables, net; other receivables and prepaid expenses; other non-current assets; accounts payable and accrued expenses; hotel suppliers payable; loans and other financial liabilities; salaries and social security payable; taxes payable and other liabilities. Loans payable approximate their fair value because the interest rates are not materially different from market interest rates.

The fair values for those financial assets and liabilities of the Company measured at amortized cost, is equal to their respective book values as of June 30, 2017 and as of December 31, 2016.

In addition, as of June 30, 2017 and as of December 31, 2016, the Company had \$ 100,263 and \$ 93,197 of cash and cash equivalents and restricted cash and cash equivalents, respectively, which consisted of time deposits.

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Those investments are accounted for at amortized cost, which, as of June 30, 2017 and as of December 31, 2016, approximates their fair values.

There have been no reclassifications among fair value levels.

**16. Earnings per share**

Earnings per share

*Basic earnings per share*

Basic earnings per share was calculated using the weighted average number of common shares outstanding during the period.

*Diluted earnings per share*

The Company computed diluted earnings per share using (i) the number of shares of common stock used in the basic earnings per share calculation as indicated above (ii) if diluted, the incremental common stock that the Company would issue upon the assumed exercise of restricted stock units. Stock options are out-of-the-money as the strike price exceeds current share price; therefore they are not included in the computation of diluted earnings per share.

The following table presents basic and diluted earnings per share:

	<b>As of June 30, 2017</b>	<b>As of June 30, 2016</b>
Net income / (loss) attributable to Despegar.com, Corp.	18,801	(179)
Earnings per share attributable to Despegar.com, Corp.		
Basic	0.32	(0.01)
Diluted	0.32	(0.01)
Weighted average number of shares outstanding		
Basic	58,518	58,518
Dilutive effect of restricted stock units	91	—

**17. Stock based compensation**

2015 Restricted Stock Unit Plan

On March 6, 2015, the shareholders of the Company approved a new restricted stock unit plan including the issuance of 90,626 restricted stock unit (the “RSUs”) in favor of an officer of the Company.

The RSUs include the following conditions:

- Time-based condition: satisfied with respect to
  - 40,626 RSUs on January 1, 2016;
  - 20,000 RSUs on January 1, 2017;
  - 20,000 RSUs on January 1, 2018; and
  - 10,000 RSUs on July 1, 2018;

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provided that the officer remains in continuous service through each applicable date.

- Liquidity Event Requirement: satisfied on the earlier to occur of
  - an Initial Public Offering of the Company's common stock, or
  - a change of control transaction (sale event).
- No additional vesting exists upon completion of a liquidity event.
- Restrictions:
  - Repurchase rights: in the event of a change of control, the Company has the right to repurchase certain shares contingent upon the valuation of the Company at such time, and
  - Transfer restrictions: after the consummation of an Initial Public Offering transfer restrictions apply limiting the ability to transfer certain shares subject to the valuation of the Company at such time.

The Company has used the Fair Value Method for determining the value of the RSU plan. The remaining vesting period as of June 30, 2017 is 12 months.

2016 Stock Option Plan

On November 2016, the Board of Directors of the Company approved, subject to the approval of the Company's Stockholders (which occurred in March 2017), to adopt a stock plan and reserve for issuance up to 4,000,000 stock options, from which 3,175,000 stock options were effectively granted in favor of some officers of the Company.

The plan includes the following conditions:

- Time-based condition: satisfied with respect to:
  - 5% stock options on December 1, 2017;
  - 10% stock options on December 1, 2018;
  - 15% stock options on December 1, 2019;
  - 20% stock options on December 1, 2020;
  - 25% stock options on December 1, 2021; and
  - 25% stock options on December 1, 2022;

if the officer remains in continuous service through each applicable date.

- Liquidity Event Requirement: satisfied on the earlier to occur of
  - (i) an Initial Public Offering of the Company's common stock, or
  - (ii) a change of control event.
- No additional vesting exists upon completion of a liquidity event.

The Company has used the Fair Value Method for determining the value of the stock options plan. The remaining vesting period as of June 30, 2017 is 65 months.

**Despegar.com, Corp.**  
**Notes to the Unaudited Financial Statements**  
(in thousands U.S. dollars)

The fair value of stock options granted, was estimated at the date of grant using the income approach valuation techniques, including the Black-Scholes and Monte Carlo option-pricing models, assuming the following weighted average assumptions:

Risk-free interest rate	1.84%
Expected volatility	39.9%
Expected life (in years)	6
Weighted-average estimated fair value of options granted	\$6.90

The number of stock options granted (3,175,000) has not varied in the period.

As of June 30, 2017, there was approximately \$ 19,900 of unrecognized stock-based compensation expense related to unvested stock-based awards, which is expected to be recognized in expense over a weighted-average period of 5.5 years. Compensation cost will not be impacted upon completion of a liquidity event.

On August 10, 2017, the Board of Directors and the shareholders of the Company approved the Amended and Restated 2016 Stock Incentive Plan and reserved for issuance 861,777 shares, which increases the total number of shares subject to such plan to no more than 4,861,777 shares.

### 18. Guarantees

The Company is required to be accredited by the International Air Transport Association (“IATA”) in order to promote and sell international air passenger transportation of airlines connected to IATA . Certain Despegar.com subsidiaries granted guarantees for \$ 49,186 for the benefit of the IATA, Expedia and other suppliers in the form of time deposits or bank and insurance guarantees, which were recorded as Restricted cash and cash equivalent in the consolidated balance sheet and also granted a mortgage in favor of IATA on a building in Argentina.

### 19. Segment information

In order to make operating decisions and assess performance, the Company’s chief operating decision function organized the Company’s business between two operating segments, namely “Air” and “Packages, Hotels and Other travel products”, each of them having their respective segment management.

The “Air” operating segment derives its revenue from commissions earned from facilitating reservations of flight tickets, service fees charged to customers for processing flight tickets and override commissions or incentives from suppliers and GDS if the Company meets certain volume thresholds.

The “Packages, Hotels and Other travel products” operating segment derives its revenue from commissions earned from facilitating reservations of hotel accommodations, car rentals and other travel related products and services, service fees charged to customers for processing bookings, advertising revenue from the sale of advertising placements on the Company’s websites and override commissions or incentives from suppliers if the Company meets certain volume thresholds. Packages are bundle deals where the customer selects and buys multiple products, which may include air tickets, within the same session, while in these transactions the Company acts as intermediary as in other sales. The air portion of these packages is included within the “Packages, Hotels and Other travel products” operating segment.

The Company’s primary measure of segment’s profit or loss is Adjusted EBITDA, which includes allocations of certain expenses based on transaction volumes and other usage metrics. The Company does not allocate certain shared expenses such as accounting, human resources and legal to its reportable segments. The Company includes these expenses as Unallocated. The Company’s allocation methodology is periodically evaluated and may change.

**Despegar.com, Corp.**  
**Notes to the Unaudited Financial Statements**  
(in thousands U.S. dollars)

The Company does not have:

- transactions between reportable segments
- assets allocated by segment, or
- revenue from transactions with a single customer amounting to 10 percent or more of revenue.

The following tables present the Company's segment information for the periods ended June 30, 2017 and 2016. While depreciation and amortization is allocated to operating segments based on operational measures such as relative headcount and IT investment, property and equipment is not allocated to operating segments, and the Company does not report the assets by segment as it would not be meaningful. The Company does not regularly provide such information to its chief operating decision makers.

	Six-month period as of June 30, 2017			
	Air	Packages, Hotels and Other travel products	Unallocated	Total
Revenue	116,653	131,808	—	248,461
<b>Adjusted EBITDA</b>	<b>27,873</b>	<b>18,043</b>	<b>(4,689)</b>	<b>41,227</b>
Depreciation and amortization	(1,340)	(1,874)	(3,047)	(6,261)
Stock-based compensation	—	—	(2,106)	(2,106)
<b>Operating income / (loss)</b>	<b>26,533</b>	<b>16,169</b>	<b>(9,842)</b>	<b>32,860</b>
Financial income	—	—	—	915
Financial expense	—	—	—	(8,682)
<b>Income / (loss) before income tax</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>25,093</b>
Income tax expense	—	—	—	(6,292)
<b>Net income / (loss)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,801</b>

	Six-month period as of June 30, 2016			
	Air	Packages, Hotels and other travel products	Unallocated	Total
Revenue	92,149	101,763	—	193,912
<b>Adjusted EBITDA</b>	<b>(984)</b>	<b>13,515</b>	<b>2,050</b>	<b>14,581</b>
Depreciation and amortization	(1,700)	(2,302)	(2,172)	(6,174)
Stock-based compensation	—	—	(100)	(100)
<b>Operating income / (loss)</b>	<b>(2,684)</b>	<b>11,213</b>	<b>(222)</b>	<b>8,307</b>
Financial income	—	—	—	3,923
Financial expense	—	—	—	(7,962)
<b>Income / (loss) before income tax</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,268</b>
Income tax expense	—	—	—	(4,824)
<b>Net income / (loss)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(556)</b>

**Geographic information**

In the six-month period ended June 30, 2017, 23% of revenue was originated in transactions invoiced by the subsidiary in Argentina, 28% by the subsidiary in Brazil and 32% by the subsidiaries in Uruguay (30%, 28% and 24%, respectively, as of June 30, 2016). Subsidiaries in no individual country other than those detailed above accounted for more than 10% of revenue.

## Virtuous Cycle Based on Increasing Scale and Brand Recognition



[despegar.com](#)

[decolar.com](#)



## PART II

### INFORMATION NOT REQUIRED IN PROSPECTUS

#### **Item 6. Indemnification of Directors and Officers.**

Under BVI law, each of our directors, in exercising his powers or performing his duties, is required to act honestly and in good faith and in what the director believes to be in our best interests, is required to exercise his powers as a director for a proper purpose, may not act, or agree to us acting, in a manner that contravenes the BVI Act or our memorandum or articles of association, and is required to exercise the care, diligence and skill that a reasonable director would exercise in the same circumstances (taking into account, but without limitation, the nature of the company; the nature of the decision; and the position of the director and the nature of the responsibilities undertaken by him).

Our IPO memorandum and articles of association provide that, to the fullest extent permitted by law, the Company is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Company (and any other persons to which the Company is permitted to provide indemnification under applicable law) through provisions in the IPO memorandum and articles of association, agreements with such directors, officers agents or other persons, vote of disinterested directors or otherwise, subject only to limits created by the BVI Act.

Our IPO memorandum and articles of association provide that the Company shall indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who: (a) is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a director, an officer or a liquidator of the Company; or (b) is or was, at the request of the Company, serving as a director, officer or liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise; provided that such indemnification shall not apply unless the person claiming such indemnification acted honestly and in good faith and in what he believed to be the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.

We may pay any expenses, including legal fees, incurred by any such person in defending any legal, administrative or investigative proceedings in advance of the final disposition of the proceedings. If a person to be indemnified has been successful in defense of any proceedings referred to above, the person is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the person in connection with the proceedings.

We may purchase and maintain insurance in relation to any person who is or was a director, an officer or a liquidator of the Company, or who at the request of the Company is or was serving as a director, an officer or a liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not we have or would have had the power to indemnify the person against the liability as provided in our IPO memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or controlling persons pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable as a matter of United States law.

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**Item 7. Recent Sales of Unregistered Securities.**

On May 3, 2017, the stockholders of our predecessor, Decolar.com, Inc., a Delaware corporation, exchanged their shares for newly issued ordinary shares of Despegar.com, Corp. to create a new BVI holding company. During the past three years, Decolar.com, Inc. has (a) issued and sold and (b) repurchased from our shareholders, the securities described below without registering the securities under the Securities Act. None of these transactions involved any underwriters' underwriting discounts or commissions, or any public offering. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions or pursuant to Section 4(a)(2) of the Securities Act regarding transactions not involving a public offering.

<u>Purchaser</u>	<u>Date of Sale or Issuance</u>	<u>Title of Securities</u>	<u>Number of Securities</u>	<u>Consideration (in \$)</u>	<u>Securities Registration Exemption</u>
Expedia, Inc.	March 6, 2015	common stock	9,590,623	270,000,014 <sup>(1)</sup>	Regulation S and Section 4(a)(2) of the Securities Act

- (1) Decolar.com, Inc. used \$50,000,000 of this consideration to repay in full promissory notes held by Tiger Global and its affiliates and \$44,999,913 to repurchase 1,598,434 shares of its common stock from certain of its stockholders.

In addition to the above, Decolar.com, Inc. also granted RSUs and share options to certain of our directors and employees. In 2015, Decolar.com, Inc. granted 90,626 RSUs. As of August 12, 2017, Decolar.com, Inc. has granted an aggregate of 3,025,000 share options to our employees to purchase an aggregate of 3,025,000 ordinary shares, in consideration of their past and future services to us. On various dates between May 7, 2014 and April 9, 2015, the company issued and sold an aggregate of 280,000 shares of our common stock upon exercise of options issued under the 2008 Stock Plan for aggregate consideration of \$280,000, with a per share exercise price of \$1.00. Such securities issuances were exempt from the registration requirements of the Securities Act in reliance on Regulation S, Rule 701 under the Securities Act and Section 4(a)(2) of the Securities Act. For further information, see "Management."

**Item 8. Exhibits and Financial Statement Schedules.**

1. Exhibits: See Exhibit Index beginning on page II-5 of this Registration Statement.

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made for the benefit of the other parties to the applicable agreement and (1) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (2) may have been qualified in such agreement by disclosures that were made to the other party in connection with the negotiation of the applicable agreement; (3) may apply contract standards of "materiality" that are different from "materiality" under the applicable securities laws; and (4) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement. We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this registration statement not misleading.

2. Financial Statement Schedules: All schedules have been omitted because they are not required, are not applicable or the required information is otherwise set forth in the audited consolidated financial statements or related notes thereto.

**Item 9. Undertakings.**

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective; and

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

**Signatures**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Buenos Aires, Argentina on August 15, 2017.

**DESPEGAR.COM, CORP.**

By:           /s/ Juan Pablo Alvarado          

Name: Juan Pablo Alvarado

Title: General Counsel

## POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints each of Damián Scokin, Michael Doyle and Juan Pablo Alvarado as attorneys-in-fact, and each of them with full power of substitution, for them in any and all capacities, acting singly or jointly to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act of 1933, as amended (the “Securities Act”), and any rules, regulations and requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant, or the Shares, including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the registration statement on Form F-1, or the Registration Statement, to be filed with the Securities and Exchange Commission with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 15, 2017.

<u>Name</u>	<u>Title</u>
By: <u>/s/ Damián Scokin</u> Name: Damián Scokin	Director and Chief Executive Officer (principal executive officer)
By: <u>/s/ Michael Doyle</u> Name: Michael Doyle	Chief Financial Officer (principal financial officer and principal accounting officer)
By: <u>/s/ Jason Lenga</u> Name: Jason Lenga	Director (Chairman)
By: <u>/s/ Rodrigo Catunda</u> Name: Rodrigo Catunda	Director
By: <u>/s/ Nilesh Lakhani</u> Name: Nilesh Lakhani	Director
By: <u>/s/ Gary Morrison</u> Name: Gary Morrison	Director
By: <u>/s/ Martín Rastellino</u> Name: Martín Rastellino	Director
By: <u>/s/ Mario Eduardo Vázquez</u> Name: Mario Eduardo Vázquez	Director
By: <u>/s/ Donald J. Puglisi</u> Name: Donald J. Puglisi	Authorized Representative in the United States

EXHIBIT INDEX

Exhibit No.	Description
1.1*	Form of Underwriting Agreement
3.1*	Form of Memorandum and Articles of Association of Despegar.com, Corp in the form to be adopted prior to the initial public offering
4.1*	Fifth Amended and Restated Investors' Rights Agreement, dated as of March 6, 2015, by and among the Company and the shareholders named therein
4.2*	Third Amended and Restated First Refusal and Co-Sale Agreement, dated as of March 6, 2015, by and among the Company and the shareholders named therein
4.3*	Third Amended and Restated Voting Agreement, dated as of March 6, 2015, by and among the Company and the shareholders named therein
4.4*	Amendment to the Fifth Amended and Restated Investors' Rights Agreement, the Third Amended and Restated First Refusal and Co-Sale Agreement and the Third Amended and Restated Voting Agreement, dated as of May 3, 2017, by and among the Company and the shareholders named therein
5.1	Form of Opinion of Conyers Dill & Pearman, British Virgin Islands counsel of Despegar, as to the validity of the ordinary shares issued by Despegar.com, Corp.
8.1	Form of Opinion of Conyers Dill & Pearman, British Virgin Islands counsel of Despegar, as to British Virgin Islands tax matters (included in Exhibit 5.1)
10.1†	Amended and Restated Expedia Outsourcing Agreement dated as of July 12, 2017, among Expedia, Inc. and Decolar.com Inc., Travel Reservations S.R.L., Despegar.com.ar S.A., Decolar.com Ltda., Despegar.com Mexico S.A. de C.V., Hoytvo Serviços de Prospecção e Intermediação de Negócios Ltda., Despegar.com Peru SAC, Servicios Online SAS, Servicios Online 3351 de Venezuela C.A., Despegar.com Chile S.P.A., Despegar.com O.N.L.I.N.E. S.A., Despegar.com USA, Inc., Desoproc S.L., and La INC S.A.
10.2†	Amended and Restated Despegar Outsourcing Agreement dated as of July 12, 2017, among Expedia, Inc., Travelscape, LLC, Vacation Spot S.L., Hotels.com L.P., AAE Travel Pte., Ltd., Expedia Lodging Partner Services, Sarl and Hotwire, Inc. and Travel Reservations S.R.L.
10.3	Decolar.com, Inc. 2015 Stock Plan
10.4	Despegar.com, Corp. 2016 Stock Incentive Plan
21.1	List of Subsidiaries of Despegar
23.1	Consent of Price Waterhouse & Co. S.R.L.
23.2	Consent of Conyers Dill & Pearman (included in Exhibit 5.1)
24.1	Powers of Attorney (included on signature page to the Registration Statement)

\* To be filed subsequently

† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment and this exhibit has been filed separately with the Securities and Exchange Commission.

**Conyers Dill & Pearman**  
Commerce House, Wickhams Cay 1  
PO Box 3140, Road Town, Tortola  
British Virgin Islands VG1110  
Tel: +1 (284) 852 1000  
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BRITISH VIRGIN ISLANDS  
CAYMAN ISLANDS  
DUBAI  
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LONDON  
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[eric.flave@conyersdill.com](mailto:eric.flave@conyersdill.com)

Despegar.com, Corp.  
Commerce House  
Wickhams Cay 1  
Road Town, Tortola  
British Virgin Islands

, 2017

Dear Sirs,

Re: **Registration Statement on Form F-1 of Despegar.com, Corp.**  
**(the "Company")**

We have acted as special legal counsel in the British Virgin Islands to the Company in connection with its filing of a registration statement on Form F-1, as amended (File No. 333- ) (the "**Registration Statement**"), which term does not include any other document or agreement whether or not specifically referred to therein or attached as an exhibit or schedule thereto) under the Securities Act of 1933, as amended (the "**Act**") with the U.S. Securities and Exchange Commission (the "**Commission**") in connection with the proposed offering and sale by the Company of ordinary shares without par value of the Company (the "**Shares**"), including up to Shares purchasable by the underwriters upon their exercise of an over-allotment option granted to the underwriters by the Company. The Shares are being sold to the several underwriters named in, and pursuant to, an underwriting agreement among the Company and such underwriters (the "**Underwriting Agreement**").

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For the purposes of giving this opinion, we have examined a copy of the Registration Statement.

We have also reviewed the certificate of incorporation of the Company dated February 10, 2017, the amended and restated memorandum and articles of association of the Company to be filed with the British Virgin Islands Registrar of Corporate Affairs and to be effective on \_\_\_\_\_, 2017 (the “**IPO Memorandum and Articles**”), a company search as obtained from the British Virgin Islands Registrar of Corporate Affairs on \_\_\_\_\_, 2017, signed minutes of a meeting of directors of the Company held on May 3, 2017, signed minutes of a meeting of directors of the Company held on August 10, 2017, signed minutes of a meeting of directors of the Company held on \_\_\_\_\_, 2017 (together with the signed minutes for the May 3<sup>rd</sup> and August 10<sup>th</sup> meetings of directors, the “**Board Resolutions**”), written resolutions of shareholders of the Company to be effective on \_\_\_\_\_, 2017 (the “**Shareholder Resolutions**”), a certificate of good standing issued by the British Virgin Islands Registrar of Corporate Affairs and dated \_\_\_\_\_, 2017, a certificate issued by Conyers Trust Company (BVI) Limited in its capacity as registered agent to the Company and dated \_\_\_\_\_, 2017 (the “**Registered Agent’s Certificate**”), the register of members of the Company as attached to the Registered Agent’s Certificate, the books and records of the Company maintained by Conyers Corporate Services (BVI) Limited in its capacity as assistant company secretary of the Company as at the date hereof, and such other documents, and made such enquiries as to questions of law, as we have deemed necessary in order to render the opinion set forth below.

In giving this opinion, we have relied upon the following assumptions, which we have not independently verified: (a) the genuineness and authenticity of all signatures and the conformity to the originals of all copies (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken; (b) the accuracy and completeness of all factual representations made in the Registration Statement, the Board Resolutions and the Shareholder Resolutions and other documents reviewed by us; (c) that there is no provision of the law of any jurisdiction, other than the British Virgin Islands, which would have any implication in relation to the opinions expressed herein; (d) that the Board Resolutions (and the resolutions, matters and transactions approved or otherwise contemplated therein) have not been subsequently revoked, altered or otherwise affected and remain in full force and effect as at the date hereof; (e) that the Shareholder Resolutions (and the resolutions, matters and transactions to be approved or otherwise contemplated therein) will be effective on the date the Shares are first listed on the New York Stock Exchange and are not subsequently revoked, altered or otherwise affected; (f) that there is no contractual or other prohibition (other than as arising under British Virgin Islands law) binding on the Company prohibiting it from entering into and performing its obligations under the Registration Statement or the Underwriting Agreement; (g) that the Company does not own any interest in land in the British Virgin Islands; and (h) that the contents of the Registered Agent’s Certificate are true and correct as at \_\_\_\_\_, 2017 and as at the date hereof.

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We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than the British Virgin Islands. This opinion is to be governed by and construed in accordance with the laws of the British Virgin Islands and is limited to and is given on the basis of the current law and practice in the British Virgin Islands. This opinion is issued solely for the purposes of filing the Registration Statement and the issuance of the Shares by the Company as described in the Registration Statement and is not to be relied upon by any person in respect of any other matter.

On the basis of and subject to the foregoing we are of the opinion that:

1. The Company is duly incorporated and existing under the laws of the British Virgin Islands, and is in good standing (which good standing means solely that the Company has not failed to make any filing with any British Virgin Islands governmental authority or to pay any British Virgin Islands government fee or tax which would make it liable to be struck off the Register of Companies of the British Virgin Islands and thereby cease to exist under the laws of the British Virgin Islands).
2. Upon the IPO Memorandum and Articles becoming effective, the Company will be authorised to issue an unlimited number of ordinary shares.
3. The issue of the Shares to be issued by the Company as contemplated by the Registration Statement has been duly authorized by the Company and, upon issuance and delivery of such Shares against payment therefor in accordance with the terms of the Registration Statement and the Underwriting Agreement and in accordance with the Board Resolutions, such Shares will be validly issued, fully paid and non-assessable ordinary shares of the Company (which non-assessability means solely that no further sums are required to be paid by the holders of such Shares in connection with the issue thereof).
4. The statements under the caption “TAXATION — British Virgin Islands Tax Considerations” in the prospectus forming part of the Registration Statement, to the extent that they constitute statements of British Virgin Islands law, are accurate in all material respects and that such statements constitute our opinion.

Except as explicitly stated herein, we make no comment with respect to any representations or warranties which may be made by or with respect to the Company in any of the documents or instruments cited in this opinion or otherwise with respect to the commercial terms of the transactions the subject of this opinion. This opinion is limited to the matters detailed herein and is not to be read as an opinion with respect to any other matter.

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We hereby consent to the filing of this opinion letter as an exhibit to the Registration Statement and to the use of our name therein. In giving this consent, we do not hereby admit that we are experts within the meaning of Section 11 of the Act or that we are within the category of persons whose consent is required under Section 7 of the Act or the Rules and Regulations of the Commission promulgated thereunder.

This opinion letter is rendered as of the date hereof and we disclaim any obligation to advise you of any facts, circumstances, events or developments that may be brought to our attention after the effective date of the Registration Statement that may alter, affect or modify the opinions expressed herein.

Yours faithfully,

**Conyers Dill & Pearman**

DECOLAR.COM, INC.

2015 STOCK PLAN

ADOPTED ON MARCH 6, 2015

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**SECTION 1. ESTABLISHMENT AND PURPOSE.**

The purpose of this Plan is to offer persons selected by the Company an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by acquiring Shares of the Company's Stock. The Plan provides for the direct award or sale of Shares, the grant of Options to purchase Shares, and the grant of Restricted Stock Units. Options granted under the Plan may be ISOs intended to qualify under Code Section 422 or NSOs which are not intended to so qualify.

Capitalized terms are defined in Section 12.

**SECTION 2. ADMINISTRATION.**

**(a) Committees of the Board of Directors** . The Plan may be administered by one or more Committees. Each Committee shall consist, as required by applicable law, of one or more members of the Board of Directors who have been appointed by the Board of Directors. Each Committee shall have such authority and be responsible for such functions as the Board of Directors has assigned to it. If no Committee has been appointed, the entire Board of Directors shall administer the Plan. Any reference to the Board of Directors in the Plan shall be construed as a reference to the Committee (if any) to whom the Board of Directors has assigned a particular function.

**(b) Authority of the Board of Directors** . Subject to the provisions of the Plan, the Board of Directors shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Plan. Notwithstanding anything to the contrary in the Plan, with respect to the terms and conditions of Awards granted to Participants outside the United States, the Board of Directors may vary from the provisions of the Plan to the extent it determines it necessary and appropriate to do so; provided that it may not vary from those Plan terms requiring stockholder approval pursuant to Section 11(d) below. All decisions, interpretations and other actions of the Board of Directors shall be final and binding on all Participants and all persons deriving their rights from a Participant.

**SECTION 3. ELIGIBILITY.**

**(c) General Rule** . Only Employees, Outside Directors and Consultants shall be eligible for the grant of NSOs, the direct award or sale of Shares, or Restricted Stock Units. <sup>1</sup> Only Employees shall be eligible for the grant of ISOs.

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<sup>1</sup> Note that special considerations apply if the Company proposes to grant awards to an Employee or Consultant of a Parent company.

(d) **Ten-Percent Stockholders** . A person who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company, its Parent or any of its Subsidiaries shall not be eligible for the grant of an ISO unless (i) the Exercise Price is at least 110% of the Fair Market Value of a Share on the Date of Grant and (ii) such ISO by its terms is not exercisable after the expiration of five years from the Date of Grant. For purposes of this Subsection (b), in determining stock ownership, the attribution rules of Code Section 424(d) shall be applied.

#### SECTION 4. STOCK SUBJECT TO PLAN .

(e) **Basic Limitation** . Not more than 90,626 Shares may be issued under the Plan, subject to Subsection (b) below and Section 9(a).<sup>2</sup> All of these Shares may be issued upon the exercise of ISOs. The number of Shares that are subject to Awards under the Plan may not exceed the number of Shares that then remain available for issuance under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan. Shares offered under the Plan may be authorized but unissued Shares or treasury Shares.

(f) **Additional Shares** . In the event that Shares previously issued under the Plan are reacquired by the Company, such Shares shall be added to the number of Shares then available for issuance under the Plan. In the event that an outstanding Option or Restricted Stock Unit expires for any reason or is cancelled before being exercised or settled in full, the unexercised or unsettled Shares subject to such Option or Restricted Stock Unit shall be added to the number of Shares then available for issuance under the Plan. In the event that Shares that otherwise would have been issuable under the Plan are withheld by the Company in payment of the Purchase Price, Exercise Price or withholding taxes, such Shares shall remain available for issuance under the Plan. To the extent a Restricted Stock Unit is settled in cash, the cash settlement shall not reduce the number of Shares remaining available for issuance under the Plan.

#### SECTION 5. TERMS AND CONDITIONS OF AWARDS OR SALES .

(g) **Stock Grant or Purchase Agreement** . Each award of Shares under the Plan shall be evidenced by a Stock Grant Agreement between the Grantee and the Company. Each sale of Shares under the Plan (other than upon exercise of an Option) shall be evidenced by a Stock Purchase Agreement between the Purchaser and the Company. Such award or sale shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Board of Directors deems appropriate for inclusion in a Stock Grant Agreement or Stock Purchase Agreement. The provisions of the various Stock Grant Agreements and Stock Purchase Agreements entered into under the Plan need not be identical.

(h) **Duration of Offers and Nontransferability of Rights** . Any right to purchase Shares under the Plan (other than an Option or Restricted Stock Unit) shall automatically expire if not exercised by the Purchaser within 30 days (or such other period as may be specified in the Award Agreement) after the grant of such right was communicated to the Purchaser by the Company. Such right is not transferable and may be exercised only by the Purchaser to whom such right was granted.

<sup>2</sup> Please refer to Exhibit A for a schedule of the initial share reserve and any subsequent increases in the reserve.

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(i) **Purchase Price** . The Board of Directors shall determine the Purchase Price of Shares to be offered under the Plan at its sole discretion. The Purchase Price shall be payable in a form described in Section 7.

## **SECTION 6. TERMS AND CONDITIONS OF OPTIONS.**

(j) **Stock Option Agreement** . Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. The Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Board of Directors deems appropriate for inclusion in a Stock Option Agreement. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

(k) **Number of Shares** . Each Stock Option Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 9. The Stock Option Agreement shall also specify whether the Option is an ISO or an NSO.

(l) **Exercise Price** . Each Stock Option Agreement shall specify the Exercise Price. The Exercise Price of an Option shall not be less than 100% of the Fair Market Value of a Share on the Date of Grant, and in the case of an ISO a higher percentage may be required by Section 3(b). Subject to the preceding sentence, the Exercise Price shall be determined by the Board of Directors at its sole discretion. The Exercise Price shall be payable in a form described in Section 7. This Subsection (c) shall not apply to an Option granted pursuant to an assumption of, or substitution for, another option in a manner that complies with Code Section 424(a) (whether or not the Option is an ISO).

(m) **Exercisability** . Each Stock Option Agreement shall specify the date when all or any installment of the Option is to become exercisable. No Option shall be exercisable unless the Optionee (i) has delivered an executed copy of the Stock Option Agreement to the Company or (ii) otherwise agrees to be bound by the terms of the Stock Option Agreement. The Board of Directors shall determine the exercisability provisions of the Stock Option Agreement at its sole discretion.

(n) **Basic Term** . The Stock Option Agreement shall specify the term of the Option. The term shall not exceed 10 years from the Date of Grant, and in the case of an ISO, a shorter term may be required by Section 3(b). Subject to the preceding sentence, the Board of Directors at its sole discretion shall determine when an Option is to expire.

(o) **Termination of Service (Except by Death)** . If an Optionee's Service terminates for any reason other than the Optionee's death, then the Optionee's Options shall expire on the earliest of the following dates:

- (i) The expiration date determined pursuant to Subsection (e) above;

(ii) The date three months after the termination of the Optionee's Service for any reason other than Disability, or such earlier or later date as the Board of Directors may determine (but in no event earlier than 30 days after the termination of the Optionee's Service); or

(i) The date six months after the termination of the Optionee's Service by reason of Disability, or such later date as the Board of Directors may determine.

The Optionee may exercise all or part of the Optionee's Options at any time before the expiration of such Options under the preceding sentence, but only to the extent that such Options had become exercisable before the Optionee's Service terminated (or became exercisable as a result of the termination) and the underlying Shares had vested before the Optionee's Service terminated (or vested as a result of the termination). The balance of such Options shall lapse when the Optionee's Service terminates. In the event that the Optionee dies after the termination of the Optionee's Service but before the expiration of the Optionee's Options, all or part of such Options may be exercised (prior to expiration) by the executors or administrators of the Optionee's estate or by any person who has acquired such Options directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that such Options had become exercisable before the Optionee's Service terminated (or became exercisable as a result of the termination) and the underlying Shares had vested before the Optionee's Service terminated (or vested as a result of the termination).

**(p) Leaves of Absence** . For purposes of Subsection (f) above, Service shall be deemed to continue while the Optionee is on a bona fide leave of absence, if such leave was approved by the Company in writing and if continued crediting of Service for this purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company).

**(q) Death of Optionee** . If an Optionee dies while the Optionee is in Service, then the Optionee's Options shall expire on the earlier of the following dates:

(a) The expiration date determined pursuant to Subsection (e) above; or

(ii) The date 12 months after the Optionee's death, or such earlier or later date as the Board of Directors may determine (but in no event earlier than six months after the Optionee's death).

All or part of the Optionee's Options may be exercised at any time before the expiration of such Options under the preceding sentence by the executors or administrators of the Optionee's estate or by any person who has acquired such Options directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that such Options had become exercisable before the Optionee's death (or became exercisable as a result of the death) and the underlying Shares had vested before the Optionee's death (or vested as a result of the Optionee's death). The balance of such Options shall lapse when the Optionee dies.

(r) **Restrictions on Transfer of Options** . An Option shall be transferable by the Optionee only by (i) a beneficiary designation, (ii) a will or (iii) the laws of descent and distribution, except as provided in the next sentence. If the applicable Stock Option Agreement so provides, an NSO shall also be transferable by gift or domestic relations order to a Family Member of the Optionee. An ISO may be exercised during the lifetime of the Optionee only by the Optionee or by the Optionee's guardian or legal representative.

(s) **No Rights as a Stockholder** . An Optionee, or a transferee of an Optionee, shall have no rights as a stockholder with respect to any Shares covered by the Optionee's Option until such person files a notice of exercise, pays the Exercise Price and satisfies all applicable withholding taxes pursuant to the terms of such Option.

(t) **Modification, Extension and Assumption of Options** . Within the limitations of the Plan, the Board of Directors may modify, extend or assume outstanding Options or may accept the cancellation of outstanding Options (whether granted by the Company or another issuer) in return for the grant of new Options or a different type of Award for the same or a different number of Shares and at the same or a different Exercise Price (if applicable). The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, impair the Optionee's rights or increase the Optionee's obligations under such Option.

(u) **Company's Right to Cancel Certain Options** . Any other provision of the Plan or a Stock Option Agreement notwithstanding, the Company shall have the right at any time to cancel an Option that was not granted in compliance with Rule 701 under the Securities Act. Prior to canceling such Option, the Company shall give the Optionee not less than 30 days' notice in writing. If the Company elects to cancel such Option, it shall deliver to the Optionee consideration with an aggregate Fair Market Value equal to the excess of (i) the Fair Market Value of the Shares subject to such Option as of the time of the cancellation over (ii) the Exercise Price of such Option. The consideration may be delivered in the form of cash or cash equivalents, in the form of Shares, or a combination of both. If the consideration would be a negative amount, such Option may be cancelled without the delivery of any consideration.

## SECTION 7. PAYMENT FOR SHARES .

(v) **General Rule** . The entire Purchase Price or Exercise Price of Shares issued under the Plan shall be payable in cash or cash equivalents at the time when such Shares are purchased, except as otherwise provided in this Section 7. In addition, the Board of Directors in its sole discretion may also permit payment through any of the methods described in (b) through (g) below.

(w) **Services Rendered** . Shares may be awarded under the Plan in consideration of services rendered to the Company, a Parent or a Subsidiary prior to the award.

(x) **Promissory Note** . All or a portion of the Purchase Price or Exercise Price (as the case may be) of Shares issued under the Plan may be paid with a full-recourse promissory note. The Shares shall be pledged as security for payment of the principal amount of the promissory note and interest thereon. The interest rate payable under the terms of the promissory note shall not be less than the minimum rate (if any) required to avoid the imputation of

additional interest under the Code. Subject to the foregoing, the Board of Directors (at its sole discretion) shall specify the term, interest rate, amortization requirements (if any) and other provisions of such note.

(y) **Surrender of Stock** . All or any part of the Exercise Price may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Optionee. Such Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value as of the date when the Option is exercised.

(z) **Exercise/Sale** . If the Stock is publicly traded, all or part of the Exercise Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company.

(aa) **Net Exercise** . An Option may permit exercise through a “net exercise” arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise by the largest whole number of Shares having an aggregate Fair Market Value (determined by the Board of Directors as of the exercise date) that does not exceed the aggregate Exercise Price or the sum of the aggregate Exercise Price plus all or a portion of the minimum amount required to be withheld under applicable tax law (with the Company accepting from the Optionee payment of cash or cash equivalents to satisfy any remaining balance of the aggregate Exercise Price and, if applicable, any additional withholding obligation not satisfied through such reduction in Shares); *provided* that to the extent Shares subject to an Option are withheld in this manner, the number of Shares subject to the Option following the net exercise will be reduced by the sum of the number of Shares withheld and the number of Shares delivered to the Optionee as a result of the exercise.

(bb) **Other Forms of Payment** . To the extent that an Award Agreement so provides, the Purchase Price or Exercise Price of Shares issued under the Plan may be paid in any other form permitted by the Delaware General Corporation Law, as amended.

#### **SECTION 8. TERMS AND CONDITIONS OF RESTRICTED STOCK UNITS.**

(a) **Restricted Stock Unit Agreement** . Each grant of Restricted Stock Units under the Plan shall be evidenced by a Restricted Stock Unit Agreement between the recipient and the Company. Such Restricted Stock Units shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and which the Board of Directors deems appropriate for inclusion in a Restricted Stock Unit Agreement. The provisions of the various Restricted Stock Unit Agreements entered into under the Plan need not be identical.

(b) **Payment for Restricted Stock Units** . No cash consideration shall be required of the recipient in connection with the grant of Restricted Stock Units.

(cc) **Vesting Conditions** . Restricted Stock Units may or may not be subject to vesting, as determined in the discretion of the Board of Directors. Vesting may occur, in full or in installments, upon the satisfaction of the vesting conditions specified in the Restricted Stock

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Unit Agreement, which may include continued employment or other Service, achievement of performance goals and/or such other criteria as the Board of Directors may determine. A Restricted Stock Unit Agreement may provide for accelerated vesting upon specified events.

**(dd) Forfeiture** . Unless a Restricted Stock Unit Agreement provides otherwise, upon termination of the Participant's Service and upon such other times specified in the Restricted Stock Unit Agreement, any unvested Restricted Stock Units shall be forfeited to the Company. For this purpose, Service will not cease if a Participant is on a bona fide leave of absence that was approved by the Company in writing and if continued crediting of Service for this purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company).

**(ee) Voting and Dividend Rights** . The holders of Restricted Stock Units shall have no voting rights. Prior to settlement or forfeiture, any Restricted Stock Unit granted under the Plan may, at the discretion of the Board of Directors, carry with it a right to dividend equivalents. Such right entitles the holder to be credited with an amount equal to all cash dividends paid on one Share while the Restricted Stock Unit is outstanding. Dividend equivalents may be converted into additional Restricted Stock Units. Settlement of dividend equivalents may be made in the form of cash, in the form of Shares, or in a combination of both. Prior to distribution, any dividend equivalents that are not paid shall be subject to the same conditions and restrictions as the Restricted Stock Units to which they attach.

**(ff) Form and Time of Settlement of Restricted Stock Units** . Settlement of vested Restricted Stock Units may be made in the form of (i) cash, (ii) Shares or (iii) any combination of both, as determined by the Board of Directors. The actual number of Restricted Stock Units eligible for settlement may be larger or smaller than the number included in the original Award, based on predetermined performance factors. Vested Restricted Stock Units shall be settled in such manner and at such time(s) as specified in the Restricted Stock Unit Agreement. Until Restricted Stock Units are settled, the number of such Restricted Stock Units shall be subject to adjustment pursuant to Section 9.

**(gg) Death of Recipient** . Any Restricted Stock Units that become distributable after the recipient's death shall be distributed to the recipient's beneficiary or beneficiaries. Each recipient of Restricted Stock Units under the Plan shall designate one or more beneficiaries for this purpose by filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Participant's death. If no beneficiary was designated or if no designated beneficiary survives the Participant, then any Restricted Stock Units that become payable after the Participant's death shall be distributed to his or her estate.

**(hh) Creditors' Rights** . A holder of Restricted Stock Units shall have no rights other than those of a general creditor of the Company. Restricted Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Restricted Stock Unit Agreement.

(ii) **Modification, Extension and Assumption of Restricted Stock Units** . Within the limitations of the Plan, the Board of Directors may modify, extend or assume outstanding Restricted Stock Units. The foregoing notwithstanding, no modification of a Restricted Stock Unit shall, without the consent of the Participant, impair the Participant's rights or increase the Participant's obligations under such Restricted Stock Unit.

(jj) **Restrictions on Transfer of Restricted Stock Units** . A Restricted Stock Unit shall be transferable by the Participant only by (i) a beneficiary designation, (ii) a will or (iii) the laws of descent and distribution or, if the Board of Directors so provides, in a Restricted Stock Unit Agreement or otherwise, a Restricted Stock Unit shall also be transferable by gift or domestic relations order to a Family Member of the Participant.

## **SECTION 9. ADJUSTMENT OF SHARES .**

(kk) **General** . In the event of a subdivision of the outstanding Stock, a declaration of a dividend payable in Shares, a combination or consolidation of the outstanding Stock into a lesser number of Shares, a reclassification, or any other increase or decrease in the number of issued shares of Stock effected without receipt of consideration by the Company, proportionate adjustments shall automatically be made in each of (i) the number and kind of Shares available for future grants under Section 4; (ii) the number and kind of Shares covered by each outstanding Option, Restricted Stock Unit, and any outstanding and unexercised right to purchase Shares that has not yet expired pursuant to Section 5(b); (iii) the Exercise Price under each outstanding Option and the Purchase Price applicable to any unexercised stock purchase right described in clause (ii) above; and (iv) any repurchase price that applies to Shares granted under the Plan pursuant to the terms of a Company repurchase right under the applicable Award Agreement. In the event of a declaration of an extraordinary dividend payable in a form other than Shares in an amount that has a material effect on the Fair Market Value of the Stock, a recapitalization, a spin-off, or a similar occurrence, the Board of Directors at its sole discretion may make appropriate adjustments in one or more of the items listed in clauses (i) through (iv) above. No fractional Shares shall be issued under the Plan as a result of an adjustment under this Section 9(a), although the Board of Directors in its sole discretion may make a cash payment in lieu of fractional Shares.

(ll) **Corporate Transactions** . In the event that the Company is a party to a merger or consolidation, or in the event of a sale of all or substantially all of the Company's stock or assets, all Shares acquired under the Plan and all Awards outstanding on the effective date of the transaction shall be treated in the manner described in the definitive transaction agreement (or, in the event the transaction does not entail a definitive agreement to which the Company is party, in the manner determined by the Board of Directors in its capacity as administrator of the Plan, with such determination having final and binding effect on all parties), which agreement or determination need not treat all Awards (or all portions of an Award) in an identical manner. The treatment specified in the transaction agreement or as determined by the Board of Directors may include (without limitation) one or more of the following with respect to each outstanding Award:

- (i) Continuation of the Award by the Company (if the Company is the surviving corporation).

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(iii) Assumption of the Award by the surviving corporation or its parent, provided that the assumption of Options shall be in a manner that complies with Code Section 424(a) (whether or not the Option is an ISO).

(ii) Substitution by the surviving corporation or its parent of equivalent awards for such outstanding Awards (including but not limited to an award to acquire the same consideration paid to the holders of Shares in the transaction) provided that the substitution of Options shall be in a manner that complies with Code Section 424(a) (whether or not the Option is an ISO).

(iii) Cancellation of the Option and a payment to the Optionee with respect to each Share subject to the portion of the Option that is vested as of the transaction date equal to the excess of (A) the value, as determined by the Board of Directors in its absolute discretion, of the property (including cash) received by the holder of a share of Stock as a result of the transaction, over (B) the per-Share Exercise Price of the Option (such excess, the “**Spread**”). Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent having a value equal to the Spread. In addition, any escrow, holdback, earn-out or similar provisions in the transaction agreement may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of Stock. If the Spread applicable to an Option is zero or a negative number, then the Option may be cancelled without making a payment to the Optionee.

(iv) Cancellation of the Restricted Stock Unit and a payment to the Participant with respect to each Share subject to the portion of the Restricted Stock Unit that is vested as of the closing date of the transaction equal to the value, as determined by the Board of Directors in its absolute discretion, of the property (including cash) received by the holder of a share of Stock as a result of the transaction (the “**Transaction Value**”). Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent having a value equal to the Transaction Value. In addition, any escrow, holdback, earn-out or similar provisions in the transaction agreement may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of Stock. In the event that a Restricted Stock Unit is subject to Code Section 409A, the payment described in this Section 9(b)(v) shall be made on the settlement date specified in the applicable Restricted Stock Unit Agreement, provided that settlement may be accelerated in accordance with Treasury Regulation 1.409A-3(j)(4).

(v) Cancellation of the Option without the payment of any consideration; provided that the Optionee shall be notified of such treatment and given an opportunity to exercise the Option (to the extent the Option is vested or becomes vested as of the effective date of the transaction) during a period of not less than five (5) business days preceding the effective date of the transaction, unless (A) a shorter period is required to permit a timely closing of the transaction and (B) such shorter period still offers the Optionee a reasonable opportunity to exercise the Option. Any exercise of the Option during such period may be contingent upon the closing of the transaction.

(vii) Suspension of the Optionee's right to exercise the Option during a limited period of time preceding the closing of the transaction if such suspension is administratively necessary to permit the closing of the transaction.

(vi) Termination of any right the Optionee has to exercise the Option prior to vesting in the Shares subject to the Option ( *i.e.* , "early exercise"), such that following the closing of the transaction the Option may only be exercised to the extent it is vested.

For the avoidance of doubt, the Board of Directors has discretion to accelerate, in whole or part, the vesting and exercisability of an Option or other Award in connection with a corporate transaction covered by this Section 9(b). Any action taken under this Section 9(b) must either preserve a Restricted Stock Unit's status as exempt from Code Section 409A or comply with Code Section 409A.

**(mm) Reservation of Rights** . Except as provided in this Section 9, a Participant shall have no rights by reason of (i) any subdivision or consolidation of shares of stock of any class, (ii) the payment of any dividend or (iii) any other increase or decrease in the number of shares of stock of any class. Any issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Shares subject to an Option. The grant of an Award pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

#### **SECTION 10. MISCELLANEOUS PROVISIONS.**

**(nn) Securities Law Requirements** . Shares shall not be issued under the Plan unless, in the opinion of counsel acceptable to the Board of Directors, the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Company shall not be liable for a failure to issue Shares as a result of such requirements.

**(oo) No Retention Rights** . Nothing in the Plan or in any right or Option granted under the Plan shall confer upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

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**(pp) Treatment as Compensation** . Any compensation that an individual earns or is deemed to earn under this Plan shall not be considered a part of his or her compensation for purposes of calculating contributions, accruals or benefits under any other plan or program that is maintained or funded by the Company, a Parent or a Subsidiary.

**(qq) Governing Law** . The Plan and all awards, sales and grants under the Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State.

**(rr) Conditions and Restrictions on Shares** . Shares issued under the Plan shall be subject to such forfeiture conditions, rights of repurchase, rights of first refusal, other transfer restrictions and such other terms and conditions as the Board of Directors may determine. Such conditions and restrictions shall be set forth in the applicable Award Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally. In addition, Shares issued under the Plan shall be subject to conditions and restrictions imposed either by applicable law or by Company policy, as adopted from time to time, designed to ensure compliance with applicable law or laws with which the Company determines in its sole discretion to comply including in order to maintain any statutory, regulatory or tax advantage.

**(ss) Tax Matters** .

(vii) As a condition to the award, grant, issuance, vesting, purchase, exercise or transfer of any Award, or Shares issued pursuant to any Award, granted under this Plan, the Participant shall make such arrangements as the Board of Directors may require or permit for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such event.

(viii) Unless otherwise expressly set forth in an Award Agreement, it is intended that Awards granted under the Plan shall be exempt from Code Section 409A, and any ambiguity in the terms of an Award Agreement and the Plan shall be interpreted consistently with this intent. To the extent an Award is not exempt from Code Section 409A (any such award, a “**409A Award**”), any ambiguity in the terms of such award and the Plan shall be interpreted in a manner that to the maximum extent permissible supports the Award’s compliance with the requirements of that statute. Notwithstanding anything to the contrary permitted under the Plan, in no event shall a modification of an Award not already subject to Code Section 409A be given effect if such modification would cause the Award to become subject to Code Section 409A unless the parties explicitly acknowledge and consent to the modification as one having that effect. A 409A Award shall be subject to such additional rules and requirements as specified by the Board of Directors from time to time in order for it to comply with the requirements of Code Section 409A. In this regard, if any amount under a 409A Award is payable upon a “separation from service” to an individual who is considered a “specified employee” (as each term is defined under Code Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the Participant’s separation

from service or (ii) the Participant's death, but only to the extent such delay is necessary to prevent such payment from being subject to Section 409A(a)(1). In addition, if a transaction subject to Section 9(b) constitutes a payment event with respect to any 409A Award, then the transaction with respect to such Award must also constitute a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Code Section 409A.

(iii) Neither the Company nor any member of the Board of Directors shall have any liability to a Participant in the event an Award held by the Participant fails to achieve its intended characterization under applicable tax law.

#### **SECTION 11. DURATION AND AMENDMENTS; STOCKHOLDER APPROVAL .**

**(tt) Term of the Plan .** The Plan, as set forth herein, shall become effective on the date of its adoption by the Board of Directors, subject to approval of the Company's stockholders under Subsection (d) below. The Plan shall terminate automatically 10 years after the later of (i) the date when the Board of Directors adopted the Plan or (ii) the date when the Board of Directors approved the most recent increase in the number of Shares reserved under Section 4 that was also approved by the Company's stockholders. The Plan may be terminated on any earlier date pursuant to Subsection (b) below.

**(uu) Right to Amend or Terminate the Plan .** Subject to Subsection (d) below, the Board of Directors may amend, suspend or terminate the Plan at any time and for any reason.

**(vv) Effect of Amendment or Termination .** No Shares shall be issued or sold and no Option granted under the Plan after the termination thereof, except upon exercise of an Option (or any other right to purchase Shares) granted under the Plan prior to such termination. The termination of the Plan, or any amendment thereof, shall not affect any Share previously issued or any Option previously granted under the Plan.

**(ww) Stockholder Approval .** To the extent required by applicable law, the Plan will be subject to approval of the Company's stockholders within 12 months of its adoption date. To the extent required by applicable law, any amendment of the Plan will be subject to the approval of the Company's stockholders within 12 months of the amendment date if it (i) increases the number of Shares available for issuance under the Plan (except as provided in Section 9), or (ii) materially changes the class of persons who are eligible for the grant of ISOs. In addition, an amendment effecting any other material change to the Plan terms will be subject to approval of the Company's stockholder only if required by applicable law. Stockholder approval shall not be required for any other amendment of the Plan.

#### **SECTION 12. DEFINITIONS .**

(a) " **Award** " means an award of granted under the Plan, including an Option, direct award or sale of Shares, or Restricted Stock Units.

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(b) “ **Award Agreement** ” means a Stock Grant Agreement, Stock Option Agreement, Stock Purchase Agreement, Restricted Stock Unit Agreement, or such other agreement evidencing an Award under the Plan.

(v) “ **Board of Directors** ” means the Board of Directors of the Company, as constituted from time to time.

(w) “ **Code** ” means the Internal Revenue Code of 1986, as amended.

(x) “ **Committee** ” means a committee of the Board of Directors, as described in Section 2(a).

(y) “ **Company** ” means Decolar.com, Inc., a Delaware corporation.

(z) “ **Consultant** ” means a person, excluding Employees and Outside Directors, who performs bona fide services for the Company, a Parent <sup>3</sup> or a Subsidiary as a consultant or advisor and who qualifies as a consultant or advisor under Rule 701(c)(1) of the Securities Act or under Instruction A.1.(a)(1) of Form S-8 under the Securities Act.

(aa) “ **Date of Grant** ” means the date of grant specified in the applicable Stock Option Agreement, which date shall be the later of (i) the date on which the Board of Directors resolved to grant the Option or (ii) the first day of the Optionee’s Service.

(bb) “ **Disability** ” means that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

(cc) “ **Employee** ” means any individual who is a common-law employee of the Company, a Parent <sup>4</sup> or a Subsidiary.

(dd) “ **Exchange Act** ” means the Securities Exchange Act of 1934, as amended.

(ee) “ **Exercise Price** ” means the amount for which one Share may be purchased upon exercise of an Option, as specified by the Board of Directors in the applicable Stock Option Agreement.

(ff) “ **Fair Market Value** ” means the fair market value of a Share, as determined by the Board of Directors in good faith. Such determination shall be conclusive and binding on all persons.

(gg) “ **Family Member** ” means (i) any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, (ii) any person sharing the Participant’s household (other than a tenant or

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<sup>3</sup> Note that special considerations apply if the Company proposes to grant awards to consultant or advisor of a Parent company.

<sup>4</sup> Note that special considerations apply if the Company proposes to grant awards to an Employee of a Parent company.

employee), (iii) a trust in which persons described in Clause (i) or (ii) have more than 50% of the beneficial interest, (iv) a foundation in which persons described in Clause (i) or (ii) or the Participant control the management of assets and (v) any other entity in which persons described in Clause (i) or (ii) or the Participant own more than 50% of the voting interests.

- (o) “ **Grantee** ” means a person to whom the Board of Directors has awarded Shares under the Plan.
- (w) “ **ISO** ” means an Option that qualifies as an incentive stock option as described in Code Section 422(b). Notwithstanding its designation as an ISO, an Option that does not qualify as an ISO under applicable law shall be treated for all purposes as an NSO.
- (x) “ **NSO** ” means an Option that does not qualify as an incentive stock option as described in Code Section 422(b) or 423(b).
- (y) “ **Option** ” means an ISO or NSO granted under the Plan and entitling the holder to purchase Shares.
- (z) “ **Optionee** ” means a person who holds an Option.
- (aa) “ **Outside Director** ” means a member of the Board of Directors who is not an Employee.
- (bb) “ **Parent** ” means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.
- (cc) “ **Participant** ” means an individual Employee, Outside Director or Consultant who holds an Award, however, if the context requires, an estate or other permissible transferee holding an Award may also be deemed a Participant.
- (dd) “ **Plan** ” means this [Decolar.com](http://Decolar.com), Inc. 2015 Stock Plan.
- (ee) “ **Purchase Price** ” means the consideration for which one Share may be acquired under the Plan (other than upon exercise of an Option), as specified by the Board of Directors.
- (ff) “ **Purchaser** ” means a person to whom the Board of Directors has offered the right to purchase Shares under the Plan (other than upon exercise of an Option or settlement of a Restricted Stock Unit).
- (gg) “ **Restricted Stock Units** ” means a bookkeeping entry representing the equivalent of one Share, as awarded under the Plan.

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(aa) “ **Restricted Stock Unit Agreement** ” means the agreement between the Company and a Participant that contains the terms, conditions and restrictions pertaining to the Participant’s Restricted Stock Units.

(bb) “ **Securities Act** ” means the Securities Act of 1933, as amended.

(cc) “ **Service** ” means service as an Employee, Outside Director or Consultant.

(dd) “ **Share** ” means one share of Stock, as adjusted in accordance with Section 9 (if applicable).

(ee) “ **Stock** ” means the Common Stock of the Company.

(ff) “ **Stock Grant Agreement** ” means the agreement between the Company and a Grantee who is awarded Shares under the Plan that contains the terms, conditions and restrictions pertaining to the award of such Shares.

(gg) “ **Stock Option Agreement** ” means the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to the Optionee’s Option.

(hh) “ **Stock Purchase Agreement** ” means the agreement between the Company and a Purchaser who purchases Shares under the Plan that contains the terms, conditions and restrictions pertaining to the purchase of such Shares.

(ii) “ **Subsidiary** ” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

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E XHIBIT A

SCHEDULE OF SHARES RESERVED FOR ISSUANCE UNDER THE PLAN

<u>Date of Board Approval</u>	<u>Date of Stockholder Approval</u>	<u>Number of Shares Added</u>	<u>Cumulative Number of Shares</u>
March , 2015		Not Applicable	90,626

**DESPEGAR.COM, CORP.**  
**AMENDED AND RESTATED**  
**2016 STOCK INCENTIVE PLAN**  
**ADOPTED ON AUGUST 10, 2017**

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2016 S TOCK I NCENTIVE P LAN**

**SECTION 1. ESTABLISHMENT AND PURPOSE.**

The purpose of this Plan is to offer persons selected by the Company an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by acquiring Shares of the Company's Stock. The Plan provides for the grant of Awards. Options granted under the Plan may be ISOs intended to qualify under Code Section 422 or NSOs which are not intended to so qualify.

Capitalized terms are defined in Section 11.

**SECTION 2. ADMINISTRATION.**

(a) **Committees of the Board of Directors** . The Plan may be administered by one Committee. The Committee shall consist, as required by applicable law, of one or more members of the Board of Directors who have been appointed by the Board of Directors. The Committee shall have such authority and be responsible for such functions as the Board of Directors has assigned to it, subject to compliance with applicable law and the Company's M&As. If the Committee has not been appointed, the Board of Directors shall administer the Plan. Any reference to the Board of Directors in the Plan shall be construed as a reference to the Committee (if any) to whom the Board of Directors has assigned a particular function.

(b) **Authority of the Board of Directors** . Subject to the provisions of the Plan, the Board of Directors shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Plan. Notwithstanding anything to the contrary in the Plan, with respect to the terms and conditions of Awards granted to Participants outside the United States, the Board of Directors may vary from the provisions of the Plan to the extent it determines it necessary and appropriate to do so; provided that it may not vary from those Plan terms requiring stockholder approval pursuant to Section 10(d) below to the extent required by applicable law. All decisions, interpretations and other actions of the Board of Directors shall be final and binding on all Participants and all persons deriving their rights from a Participant.

**SECTION 3. ELIGIBILITY.**

(a) **General Rule** . Only Employees, Outside Directors and Consultants shall be eligible for the grant of Awards. Only Employees shall be eligible for the grant of ISOs.

(b) **Ten-Percent Stockholders** . A person who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company, or any of its Subsidiaries shall not be eligible for the grant of an ISO unless (i) the Exercise Price is at least 110% of the Fair Market Value of a Share on the Date of Grant

and (ii) such ISO by its terms is not exercisable after the expiration of five years from the Date of Grant. For purposes of this Subsection (b), in determining stock ownership, the attribution rules of Code Section 424(d) shall be applied.

#### SECTION 4. STOCK SUBJECT TO PLAN.

(a) **Basic Limitation** . Not more than 4,861,777 Shares may be issued under the Plan, subject to Subsection (b) below and Section 8(a). <sup>1</sup> Up to 4,861,777 Shares may be issued upon the exercise of ISOs. The number of Shares that are subject to Awards under the Plan may not exceed the number of Shares that then remain available for issuance under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan. Shares offered under the Plan may be authorized but unissued Shares or treasury Shares.

(b) **Additional Shares** . In the event that Shares previously issued under the Plan are redeemed by, surrendered to or otherwise reacquired by the Company, such Shares shall be added to the number of Shares then available for issuance under the Plan. In the event that an outstanding Award expires for any reason or is cancelled before being exercised or settled in full, the unexercised or unsettled Shares subject to such Award shall be added to the number of Shares then available for issuance under the Plan. In the event that Shares that otherwise would have been issuable under the Plan are withheld by the Company in payment of the Exercise Price or withholding taxes, such Shares shall remain available for issuance under the Plan.

#### SECTION 5. TERMS AND CONDITIONS OF OPTIONS.

(a) **Award Agreement** . Each grant of an Option under the Plan shall be evidenced by an Award Agreement between the Participant and the Company. The Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Board of Directors deems appropriate from time to time for inclusion in an Award Agreement. The provisions of the various Award Agreements entered into under the Plan need not be identical.

(b) **Number of Shares** . Each Award Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 8. The Award Agreement shall also specify whether the Option is an ISO or an NSO.

(c) **Exercise Price** . Each Award Agreement shall specify the Exercise Price. The Exercise Price of an Option shall not be less than 100% of the Fair Market Value of a Share on the Date of Grant, and in the case of an ISO a higher percentage may be required by Section 3(b). Subject to the preceding sentence, the Exercise Price shall be determined by the Board of Directors at its sole discretion. The Exercise Price

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<sup>1</sup> Please refer to Exhibit A for a schedule of the initial share reserve and any subsequent increases in the reserve.

shall be payable in a form described in Section 7. This Subsection (c) shall not apply to an Option granted pursuant to an assumption of, or substitution for, another option in a manner that complies with Code Section 424(a) (whether or not the Option is an ISO).

(d) **Exercisability** . Each Award Agreement shall specify the date when all or any installment of the Option is to become exercisable. No Option shall be exercisable unless the Participant (i) has delivered an executed copy of the Award Agreement to the Company or (ii) otherwise agrees to be bound by the terms of the Award Agreement. The Board of Directors shall determine the exercisability provisions of the Award Agreement at its sole discretion.

(e) **Basic Term** . The Award Agreement shall specify the term of the Option. The term shall not exceed 10 years from the Date of Grant, and in the case of an ISO, a shorter term may be required by Section 3(b). Subject to the preceding sentence, the Board of Directors at its sole discretion shall determine when an Option is to expire.

(f) **Termination of Service (Except by Death)** . If a Participant's Service terminates, other than due to the Participant's death, then the Participant's Options shall expire on the earliest of the following dates:

(i) The expiration date determined pursuant to Subsection (e) above;

(ii) In case of termination without Cause by the Company, other than due to Disability, the date three (3) months after the termination of the Participant's Service or such earlier or later date as the Board of Directors may determine;

(iii) In case of termination for Cause by the Company or voluntary resignation by the Participant, the date that is twenty (20) calendar days after the termination of the Participant's Service or such earlier or later date as the Board of Directors may determine; or

(iv) The date six (6) months after the termination of the Participant's Service by reason of Disability (if permitted by applicable law), or such later date as the Board of Directors may determine.

The Participant may exercise all or part of the Participant's Options at any time before the expiration of such Options under the preceding sentence, but only to the extent that such Options had become exercisable before the Participant's Service terminated (or became exercisable as a result of the termination) and the underlying Shares had vested before the Participant's Service terminated (or vested as a result of the termination). The balance of such Options which are not vested and exercisable shall lapse when the Participant's Service terminates. In the event that the Participant dies after the termination of the Participant's Service but before the expiration of the Participant's Options, all or part of such Options may be exercised (prior to expiration) by the executors or administrators of the Participant's estate or by any person who has acquired such Options directly from the Participant by beneficiary designation, bequest

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or inheritance, but only to the extent that such Options had become exercisable before the Participant's Service terminated (or became exercisable as a result of the termination) and the underlying Shares had vested before the Participant's Service terminated (or vested as a result of the termination).

(g) **Leaves of Absence** . For purposes of Subsection (f) above, Service shall be deemed to continue while the Participant is on a bona fide leave of absence, if such leave was approved by the Company in writing and if continued crediting of Service for this purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company).

(h) **Death of Participant** . If a Participant dies while the Participant is in Service, then the Participant's Options shall expire on the earlier of the following dates:

(i) The expiration date determined pursuant to Subsection (e) above; or

(ii) The date 12 months after the Participant's death, or such earlier or later date as the Board of Directors may determine (but in no event earlier than six months after the Participant's death).

All or part of the Participant's Options may be exercised at any time before the expiration of such Options under the preceding sentence by the executors or administrators of the Participant's estate or by any person who has acquired such Options directly from the Participant by beneficiary designation, bequest or inheritance, but only to the extent that such Options had become exercisable before the Participant's death (or became exercisable as a result of the death) and the underlying Shares had vested before the Participant's death (or vested as a result of the Participant's death). The balance of such Options which are not vested and exercisable shall lapse when the Participant dies.

(i) **Restrictions on Transfer of Options** . An Option shall be transferable by the Participant only by (i) a beneficiary designation, will or intestate succession or (ii) a transfer to one or more members of the Participant's Family Member or to a trust established by the Participant for the benefit of the Participant and/or one or of the Participant's Family Members, provided in either case that the Transferee(s) agrees in writing on a form prescribed by the Company to be bound by all provisions of the Plan and the applicable Award Agreement. An ISO may be exercised during the lifetime of the Participant only by the Participant or by the Participant's guardian or legal representative.

(j) **No Rights as a Stockholder** . A Participant, or a transferee of a Participant, shall have no rights as a stockholder with respect to any Shares covered by the Participant's Option until such person files a notice of exercise, pays the Exercise Price and satisfies all applicable withholding taxes pursuant to the terms of such Option.

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(k) **Modification, Extension and Assumption of Options** . Within the limitations of the Plan, the Board of Directors may modify, extend or assume outstanding Options or may accept the cancellation of outstanding Options (whether granted by the Company or another issuer) in return for the grant of new Options for the same or a different number of Shares and at the same or a different Exercise Price (if applicable). The foregoing notwithstanding, no modification of an Option shall, without the consent of the Participant, impair the Participant's rights or increase the Participant's obligations under such Option.

(l) **Company's Right to Cancel Certain Options** . Any other provision of the Plan or an Award Agreement notwithstanding, the Company shall have the right at any time to cancel an Option that was not granted in compliance with Rule 701 under the Securities Act. Prior to cancelling such Option, the Company shall give the Participant not less than 30 days' notice in writing. If the Company elects to cancel such Option, it shall deliver to the Participant consideration with an aggregate Fair Market Value equal to the excess of (i) the Fair Market Value of the Shares subject to such Option as of the time of the cancellation over (ii) the Exercise Price of such Option. The consideration may be delivered in the form of cash or cash equivalents, in the form of Shares, or a combination of both. If the consideration would be a negative amount, such Option may be cancelled without the delivery of any consideration.

## **SECTION 6. OTHER STOCK-BASED AWARDS**

The Committee, in its sole discretion, may grant Awards of Shares, Awards of restricted Shares, Awards of restricted stock units and other Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of, Shares (“**Other Share-Based Awards**”). Such Other Share-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of Service, the occurrence of an event and/or the attainment of performance objectives. Other Share-Based Awards may be granted alone or in addition to any other Awards granted under the Plan and also may be granted as matching Awards in connection with a Participant's purchase of Shares under the Plan or under any other plan maintained by the Company, or pursuant to open market purchases. Subject to the provisions of the Plan, the Committee shall determine: (i) to whom and when Other Share-Based Awards will be made (subject to the eligibility requirements set forth under Section 3 hereof); (ii) the number of Shares to be awarded under (or otherwise related to) such Other Share-Based Awards; (iii) whether such Other Share-Based Awards shall be settled in cash, Shares or a combination of cash and Shares; and (iv) all other terms and conditions of such Other Share-Based Awards (including, without limitation, the vesting provisions thereof, any required payments to be received from Participants and other provisions ensuring that all Shares so awarded and issued shall be fully paid and non-assessable).

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## SECTION 7. PAYMENT FOR SHARES.

(a) **General Rule** . The entire Exercise Price of Shares issued under the Plan in respect of Options shall be payable in cash or cash equivalents at the time when such Shares are purchased, except as otherwise provided in this Section 7. In addition, the Board of Directors in its sole discretion may also permit payment in the case of Option exercises through any of the methods described in (b) through (f) below.

(b) **Promissory Note** . All or a portion of the Exercise Price (as the case may be) of Shares issued under the Plan may be paid with a full-recourse promissory note. The Shares shall be pledged as security for payment of the principal amount of the promissory note and interest thereon. The interest rate payable under the terms of the promissory note shall not be less than the minimum rate (if any) required to avoid the imputation of additional interest under the Code. Subject to the foregoing, the Board of Directors (at its sole discretion) shall specify the term, interest rate, amortization requirements (if any) and other provisions of such note, as well as the terms and conditions of such related pledge of the Shares.

(c) **Surrender of Stock** . All or any part of the Exercise Price may be paid by surrendering, or (to the extent permitted by the Board of Directors) attesting to the ownership of, Shares that are already owned by the Participant. Such Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value as of the date when the Option is exercised. Such surrender shall be in writing and signed by the person holding the Share or Shares.

(d) **Exercise/Sale** . If the Stock is publicly traded, all or part of the Exercise Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company.

(e) **Net Exercise** . An Option may permit exercise through a “net exercise” arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise by the largest whole number of Shares having an aggregate Fair Market Value (determined by the Board of Directors as of the exercise date) that does not exceed the aggregate Exercise Price or the sum of the aggregate Exercise Price plus all or a portion of the minimum amount required to be withheld under applicable tax law (with the Company accepting from the Participant payment of cash or cash equivalents to satisfy any remaining balance of the aggregate Exercise Price and, if applicable, any additional withholding obligation not satisfied through such reduction in Shares); *provided* that to the extent Shares subject to an Option are withheld in this manner, the number of Shares subject to the Option following the net exercise will be reduced by the sum of the number of Shares withheld and the number of Shares delivered to the Participant as a result of the exercise.

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(f) **Other Forms of Payment** . To the extent that an Award Agreement so provides, the Exercise Price of Shares issued under the Plan may be paid in any other form permitted by applicable law.

## **SECTION 8. ADJUSTMENT OF SHARES.**

(a) **General** . In the event of a subdivision of the outstanding Stock, a declaration of a dividend payable in Shares, a combination or consolidation of the outstanding Stock into a lesser number of Shares, a reclassification, or any other increase or decrease in the number of issued shares of Stock effected without receipt of consideration by the Company, proportionate adjustments shall automatically be made in each of (i) the number and kind of Shares available for future grants under Section 4; (ii) the number and kind of Shares or other securities or property covered by each outstanding Award; (iii) the Exercise Price under each outstanding Option; (iv) any redemption or other repurchase price that applies to Shares granted under the Plan pursuant to the terms of a Company redemption or other repurchase right under the applicable Award Agreement; and/or (v) any other affected terms of any Award. In the event of a declaration of an extraordinary dividend payable in a form other than Shares in an amount that has a material effect on the Fair Market Value of the Stock, a recapitalization, a spin-off, or a similar occurrence, the Board of Directors shall make appropriate adjustments in one or more of the items listed in clauses (i) through (v) above. The manner of any adjustments made pursuant to this Section 8(a) shall be determined by the Board of Directors in its sole discretion. No fractional Shares shall be issued under the Plan as a result of an adjustment under this Section 8(a) (and any fractions that would otherwise arise shall be rounded down or up to the nearest whole number of Shares), although the Board of Directors in its sole discretion may make a cash payment in lieu of fractional Shares.

(b) **Corporate Transactions** . In the event that the Company is a party to a merger or consolidation, or in the event of a sale of all or substantially all of the Company's stock or assets, all Shares acquired under the Plan and all Awards outstanding on the effective date of the transaction shall be treated in the manner described in the definitive transaction agreement (which shall include for this purpose any plan of merger or consolidation or arrangement, and any scheme documents in respect of a scheme of arrangement, binding upon the Company or, in the event the transaction does not entail a definitive agreement to which the Company is party or otherwise bound, in the manner determined by the Board of Directors in its capacity as administrator of the Plan, with such determination having final and binding effect on all parties), which agreement or determination need not treat all Awards (or all portions of an Award) in an identical manner. The treatment specified in the transaction agreement or as determined by the Board of Directors may include one or more of the following alternatives with respect to each outstanding Option:

- (i) Continuation of the Award by the Company (if the Company is the surviving corporation).

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(ii) Assumption of the Award by the surviving corporation or its parent.

(iii) Substitution by the surviving corporation or its parent of equivalent options for such outstanding Award (including but not limited to an option to acquire the same consideration paid to the holders of Shares in the transaction).

(iv) Cancellation of the Award and a payment to the Participant with respect to each Share subject to the portion of the Award that is vested as of the transaction date equal, in the case of Options, to the excess of (A) the value, as determined by the Board of Directors in its absolute discretion, of the property (including cash) received by the holder of a share of Stock as a result of the transaction, over (B) the per-Share Exercise Price of the Option (such excess, the “**Spread**”). Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent having a value equal to the Spread. In addition, any escrow, holdback, earn-out or similar provisions in the transaction agreement may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of Stock. If the Spread applicable to an Option is zero or a negative number, then the Option may be cancelled without making a payment to the Participant.

(v) Cancellation of the Award without the payment of any consideration; provided that the Participant shall be notified of such treatment and given an opportunity to exercise the Option (to the extent the Option is vested or becomes vested as of the effective date of the transaction) during a period of not less than five (5) business days preceding the effective date of the transaction, unless (A) a shorter period is required to permit a timely closing of the transaction and (B) such shorter period still offers the Participant a reasonable opportunity to exercise the Option. Any exercise of the Option during such period may be contingent upon the closing of the transaction.

(vi) Suspension of the Participant’s right to exercise the Option during a limited period of time preceding the closing of the transaction if such suspension is administratively necessary to permit the closing of the transaction.

(vii) Termination of any right the Participant has to exercise the Option prior to vesting in the Shares subject to the Option ( *i.e.* , “early exercise”), such that following the closing of the transaction the Option may only be exercised to the extent it is vested.

For the avoidance of doubt, the Board of Directors has discretion to accelerate, in whole or part, the vesting and exercisability, as applicable, of an Award in connection with a corporate transaction covered by this Section 8(b).

(c) **Reservation of Rights** . Except as provided in this Section 8, a Participant shall have no rights by reason of (i) any subdivision or consolidation of shares of stock of any class, (ii) the payment of any dividend, (iii) the authorization or issuance at any time of any additional class or classes of stock, or (iv) any other

increase or decrease in the number of shares of stock of any class. Except as set forth under Section 8(a), any issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price, as applicable, of Shares subject to an Award. The grant of an Award pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

#### **SECTION 9. MISCELLANEOUS PROVISIONS.**

(a) **Securities Law Requirements** . Shares shall not be issued under the Plan unless, in the opinion of counsel acceptable to the Board of Directors, the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Company shall not be liable for a failure to issue Shares as a result of such requirements.

(b) **No Retention Rights** . Nothing in the Plan or in any right or Award granted under the Plan shall confer upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Subsidiary employing or retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

(c) **Treatment as Compensation** . Any benefit that is given or deemed to be given to an individual under this Plan shall not be considered a part of his or her compensation for purposes of calculating contributions, accruals or benefits under any other plan or program that is maintained or funded by the Company or a Subsidiary.

(d) **Governing Law** . The Plan and all options, sales and grants under the Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State.

(e) **Conditions and Restrictions on Shares** . Shares issued under the Plan shall be subject to such forfeiture conditions, rights of redemption or other repurchase, rights of first refusal, other transfer restrictions and such other terms and conditions as the Board of Directors may determine. Such conditions and restrictions shall be set forth in the applicable Award Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally. In addition, Shares issued under the Plan shall be subject to conditions and restrictions imposed either by applicable law or by Company policy, as adopted from time to time, designed to ensure compliance with applicable law or laws with which the Company determines in its sole discretion to comply including in order to maintain any statutory, regulatory or tax advantage.

(f) **Tax Matters** .

(i) As a condition to the grant, issuance, vesting, purchase, exercise or transfer of any Award, or Shares issued pursuant to any Award, granted under this Plan, the Participant shall make such arrangements as the Board of Directors may require or permit for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such event.

(ii) Unless otherwise expressly set forth in an Award Agreement, it is intended that Awards granted under the Plan shall be exempt from Code Section 409A, and any ambiguity in the terms of an Award Agreement and the Plan shall be interpreted consistently with this intent. To the extent an Award is not exempt from Code Section 409A (any such award, a “**409A Award**”), any ambiguity in the terms of such Award and the Plan shall be interpreted in a manner that to the maximum extent permissible supports the Award’s compliance with the requirements of that statute. Notwithstanding anything to the contrary permitted under the Plan, in no event shall a modification of an Award not already subject to Code Section 409A be given effect if such modification would cause the Award to become subject to Code Section 409A unless the parties explicitly acknowledge and consent to the modification as one having that effect. A 409A Award shall be subject to such additional rules and requirements as specified by the Board of Directors from time to time in order for it to comply with the requirements of Code Section 409A. In this regard, if any amount under a 409A Award is payable upon a “separation from service” to an individual who is considered a “specified employee” (as each term is defined under Code Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the Participant’s separation from service or (ii) the Participant’s death, but only to the extent such delay is necessary to prevent such payment from being subject to Section 409A(a)(1). In addition, if a transaction subject to Section 8(b) constitutes a payment event with respect to any 409A Award, then the transaction with respect to such Award must also constitute a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Code Section 409A.

(iii) Neither the Company nor any member of the Board of Directors shall have any liability to a Participant in the event an Award held by the Participant fails to achieve its intended characterization under applicable tax law.

**SECTION 10. DURATION AND AMENDMENTS; STOCKHOLDER APPROVAL.**

(a) **Term of the Plan** . The Plan, as set forth herein as amended and restated as of August 10, 2017, shall become effective on the date of its adoption by the Board of Directors, subject to approval of the Company’s stockholders under Subsection (d) below. The Plan shall terminate automatically 10 years after the later of (i) the date when the Board of Directors adopted the Plan or (ii) the date when the

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Board of Directors approved the most recent increase in the number of Shares that may be issued under the Plan; provided, however, that the ability to grant ISOs under the Plan shall terminate upon the 10<sup>th</sup> anniversary of the date upon which the maximum number of Shares reserved for potential grant of ISOs under Section 4(a) was approved by the Company's stockholders. The Plan may be terminated on any earlier date pursuant to Subsection (b) below.

(b) **Right to Amend or Terminate the Plan** . Subject to Subsection (d) below, the Board of Directors may amend, suspend or terminate the Plan at any time and for any reason.

(c) **Effect of Amendment or Termination** . No Award shall be granted under the Plan after the termination thereof. The termination of the Plan, or any amendment thereof, shall not affect any Share previously issued or any Award previously granted under the Plan.

(d) **Stockholder Approval** . To the extent required by applicable law, the Plan will be subject to approval of the Company's stockholders. Stockholder approval shall not be required for any other amendment of the Plan.

#### **SECTION 11. DEFINITIONS.**

(a) “ **Award** ” means an Option or Other Share-Based Award granted pursuant to the Plan.

(b) “ **Award Agreement** ” means the agreement between the Company (or its predecessor, Decolar.com, Inc.) and a Participant that contains the terms, conditions and restrictions pertaining to the Participant's Award.

(c) “ **Board of Directors** ” means the Board of Directors of the Company, as constituted from time to time.

(d) “ **Cause** ” means (i) the conviction of a crime involving fraud, theft, dishonesty or moral turpitude by the Participant; (ii) the Participant's willful and continuing disregard of lawful instructions of the Board of Directors or the Participant's superiors (if any) or the Participant's willful misconduct in carrying out his or her position and duties; (iii) the continued use of alcohol or drugs by the Participant, to an extent that in the good faith determination of the Board of Directors, such use interferes in any manner with the performance of the Participant's duties and responsibilities; (iv) the conviction of the Participant for violating any law constituting a felony in the Participant's state or country of residence (including the Foreign Corrupt Practices Act of 1977) or the foreign equivalent thereof; provided, however, that if the Award Agreement evidencing the Award includes a definition of Cause, the definition in the Award Agreement shall govern; or (v) cause for termination of employment under applicable law.

(e) “ **Code** ” means the Internal Revenue Code of 1986, as amended.

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(f) “ **Committee** ” means a committee of the Board of Directors, as described in Section 2(a).

(g) “ **Company** ” means Despegar.com, Corp. a British Virgin Islands business company (as successor to Decolar.com, Inc., a Delaware corporation, for the purposes of this Plan and each Award Agreement).

(h) “ **Consultant** ” means a person, excluding Employees and Outside Directors, who performs bona fide services for the Company or a Subsidiary as a consultant or advisor and who qualifies as a consultant or advisor under Rule 701(c)(1) of the Securities Act or under Instruction A.1.(a)(1) of Form S-8 under the Securities Act.

(i) “ **Date of Grant** ” means the date of grant specified in the applicable Award Agreement, which date shall be the later of (i) the date on which the Board of Directors resolved to grant the Award or (ii) the first day of the Participant’s Service.

(j) “ **Disability** ” means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

(k) “ **Employee** ” means any individual who is an employee, executive director or officer of the Company or a Subsidiary.

(l) “ **Exchange Act** ” means the Securities Exchange Act of 1934, as amended.

(m) “ **Exercise Price** ” means the amount for which one Share may be purchased upon exercise of an Option, as specified by the Board of Directors in the applicable Award Agreement.

(n) “ **Fair Market Value** ” means the fair market value of a Share, as determined by the Board of Directors in good faith. Such determination shall be conclusive and binding on all persons. Notwithstanding the foregoing, if there should be a public market for the Shares on a relevant determination date, the Fair Market Value of a Share shall equal the closing price of a Share as reported on such date on the principal national securities exchange on which such Shares are listed or admitted to trading, or, if no sale of Shares shall have been reported on the national securities exchange on such date, then the immediately preceding date on which sales of the Shares have been so reported shall be used.

(o) “ **Family Member** ” means (i) any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, (ii) any person sharing the Participant’s household (other than a tenant or employee), (iii) a trust in which persons described in Clause (i) or (ii) and/or the Participant

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collectively have more than 50% of the beneficial interest, (iv) a foundation in which persons described in Clause (i) or (ii) and/or the Participant collectively control the management of assets and (v) any other entity in which persons described in Clause (i) or (ii) and/or the Participant collectively own more than 50% of the voting interests.

(p) “ **ISO** ” means an Option that is intended to qualify as an incentive stock option as described in Code Section 422(b). Notwithstanding its designation as an ISO, an Option that does not qualify as an ISO under applicable law shall be treated for all purposes as an NSO.

(q) “ **M&As** ” means the Company’s memorandum and articles of association, as originally registered or as from time to time amended or restated.

(r) “ **NSO** ” means an Option that does not qualify as an incentive stock option as described in Code Section 422(b) or 423(b).

(s) “ **Option** ” means an ISO or NSO granted under the Plan and entitling the holder to purchase Shares.

(t) “ **Outside Director** ” means a member of the Board of Directors who is not an Employee.

(u) “ **Participant** ” means a person who holds an Award; however, if the context requires, an estate or other permissible transferee holding an Award may also be deemed a Participant.

(v) “ **Plan** ” means this Despegar.com, Corp. Amended and Restated 2016 Stock Incentive Plan (which, prior to the amendment and restatement thereof, had been named the Decolar.com, Inc. 2016 Stock Option Plan).

(w) “ **Securities Act** ” means the Securities Act of 1933, as amended.

(x) “ **Service** ” means service as an Employee, Outside Director or Consultant.

(y) “ **Share** ” means one share of Stock, as adjusted in accordance with Section 8 (if applicable).

(z) “ **Stock** ” means the ordinary shares of the Company.

(aa) “ **Subsidiary** ” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

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**E XHIBIT A**

**SCHEDULE OF SHARES RESERVED FOR ISSUANCE UNDER THE PLAN**

<b><u>Date of Board Approval</u></b>	<b><u>Date of Stockholder Approval</u></b>	<b><u>Incremental Number of Shares Approved</u></b>	<b><u>Cumulative Number of Shares Approved</u></b>
November 16, 2016	November 16, 2016	4,000,000	4,000,000
August 10, 2017	August 10, 2017	861,777	4,861,777

List of Subsidiaries of Despegar.com, Corp.

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation or Organization</u>
<b>Decolar.com Inc.</b>	Delaware, United States of America
<b>Despegar.com USA, Inc.</b>	United States of America
<b>Despegar.com.ar S.A.</b>	Argentina
<b>Decolar.com Ltda.</b>	Brazil
<b>Despegar.com Chile SpA.</b>	Chile
<b>Despegar Colombia S.A.S.</b>	Colombia
<b>Viajes Despegar.com O.N.L.I.N.E. S.A.</b>	Costa Rica
<b>DespegarEcuador S.A.</b>	Ecuador
<b>Despegar.com México S.A. de C.V.</b>	México
<b>Despegar Servicios S.A. de C.V.</b>	México
<b>Despegar.com Perú S.A.C.</b>	Peru
<b>Travel Reservations S.R.L.</b>	Uruguay
<b>Holidays S.A.</b>	Uruguay
<b>Servicios Online 3351 de Venezuela C.A.</b>	Venezuela
<b>Despegar.com, Panama S.A.</b>	Panama

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form F-1 of Despegar.com, Corp. of our report dated May 4, 2017 relating to the financial statements, which appears in such Registration Statement. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

PRICE WATERHOUSE & CO. S.R.L.

by /s/ Mariano Carlos Tomatis  
Mariano Carlos Tomatis (Partner)

Buenos Aires, Argentina  
August 14, 2017