

compensation
report 2020

Governance

The Board of Directors has the overall responsibility for defining the compensation principles used in the Group. It approves the compensation of the members of the Board, its Chairman and the CEO.

The Remuneration Policy was prepared by the SAR Committee ("**SARC**") of the Board of Directors. Please see the Corporate Governance Report for a detailed description of this committee.

The goal of this Remuneration Policy is to recruit, retain and motivate high quality directors. The Group is committed to providing a total remuneration package that is consistent with sound industry practice and reflects the individual country practices, job market and geographic differences. The Group has a strong orientation toward achieving overall Group and personal goals. The SARC shall annually evaluate the performance of each executive director and each member of the executive management against these goals.

The Group believes that the amount and structure of the remuneration paid to executive directors and executive management shall be such that any independent and external company is willing to pay a qualified and expert manager to run the business. The remuneration package shall include a fixed and a variable component. The level and structure of remuneration package is determined in the light of, among other things, an executive director's professional experience in so far as it is relevant to the performance of his or her duties, executive experience, experience in corporate governance of large companies, experience in ecommerce and tourism industries, specific know-how with respect to the business and corporate policy of the Group, specific competences in areas of management, finance, reporting and ecommerce and tourism industries. The remuneration policy may also be determined in relation to the Group's results, share price performance, and other relevant developments.

The remuneration of the non-executive directors is based on SARC discretion, consists of fixed fees and is paid out in cash.

The remuneration of the executive directors is based on SARC discretion, consists of fixed and variable fees and is paid out in cash.

The Remuneration Policy is published on the Group's website: <https://res.cloudinary.com/lastminute-contenthub/image/upload/v1592552269/DAM/Artwork/lmgroupp/documents/governance-documents/2020/lm-group-remuneration-policy-2020.pdf>

Principles of compensation for the Board of Directors and Executive Management

The remuneration of the members of the Board of Directors and the Executive Management is set to attract and retain highly qualified individuals. The level of remuneration reflects (i) the time and effort required from the members in fulfilling their responsibilities and (ii) the level of skills and experience of each member. The pay structure is designed to ensure the Board and management's focus on the long-term success of the Group.

The remuneration package for the executive directors and for the members of the executive management shall also take into account any division of duties within the Board. The remuneration package and its structure shall also take into account any remuneration an individual executive director may receive (based on employment or non-employment status) from the Group or any of its direct and indirect subsidiaries (each a "Group").

In addition, members of the Board may receive remuneration for consultancy services provided to the Group. Such remuneration shall be at arm's length conditions and must be approved by the SARC.

The competent body in charge for the determination of the compensation of the members of the Board of Directors and the Executive Management is the SARC. Normally, the SARC provides to review and recommend changes to the remuneration of the members of the Board of Directors and the Executive Management once a year, during its first reunion of the year. The SARC's role is to ensure that remunerations are at an appropriate level, effectively managed, to best match the business objectives of the Group reflecting competencies and market conditions in the various countries where the Group is operating. SARC also assists the Board in the approval of remuneration policies and practices.

Members of the SARC whose remuneration is proposed by the SARC have the right to attend the meeting during which remunerations are discussed, but they don't have any voting right about the decisions.

To ensure the integrity and independence of the choices of the SARC, all the meetings of the committee are attended by external guests qualified to represent the interests of the Group and stakeholders, such as the Investor Relations and a senior manager of the People Department of the Group.

The Code requires that the non-executive directors of the Board shall analyse possible outcomes of the variable income components on executive directors' remuneration. A high-level scenario analysis is included in the annual determination of the variable element of executive directors' remuneration by the non-executive directors of the Board.

In addition to the above, as already done last year, during 2020 the Group has based its criteria for defining the remuneration of the Executive Management also taking into account the survey conducted in 2019 by an international external consultant (Willis Towers Watson), which provided an external and fair benchmark related to remuneration system in high tech companies existing actually.

Willis Towers Watson is one of the leading consultants for the People Department, particularly for the compensation area and for the comparison with the existing benchmarks in the market.

In 2019 the Group chose Willis Towers Watson for various reasons including:

- the flexible methodology taking into consideration the Group's organisation;
- physical presence in all countries where lastminute.com operates;
- The number of high tech companies participating in the annual survey.

During the last years, the Group used this approach in order to map the first and second lines and some key roles. The results of the surveys and the benchmark against the market are helpful for top management and HR strategy, in order to (i) have an important idea on how the external market works, (ii) create career paths for the people, (iii) use the external market to retain and to better reward deserving people, (iv) give to new people a better compensation scheme as the role needs. The Group decided to have a comparison with the High Tech market because it is the most similar with the Group's business profile and roles and used determined percentages to calibrate the amount of the survey depending on the city where the Group's companies are based.

Compensation 2020 for the members of the Board of Directors and Executive Management

Board membership fees and allowances

The 2020 Annual General Meeting held on 21 May 2020 approved the remuneration proposal for the board of director's members as follows:

in '000 Eur							
Name	Qualification	Fixed Remuneration	Bonus	Options	Other	Total Compensation	Variable on Total Compensation (%)
Ottonel Popesco	Non-executive Chairman	50	-	-	-	50	0%
Fabio Cannavale	Executive Director, CEO	100	500	-	-	600	83%
Marco Corradino	Executive Director, COO	100	750	-	-	850	88%
Roberto Italia	Non-executive director	40	-	-	-	40	0%
Laurent Foata	Non-executive director	30	-	-	-	30	0%
Anna Gatti	Non-executive director	30	-	-	-	30	0%
Marcello Distaso	Non-executive director	12	-	-	-	12	0%
Total remuneration to Board of Directors		362	1,250	-	-	1,612	-

In addition to the remuneration proposed by the board of directors, Marco Corradino and Fabio Cannavale signed a loan agreement (Loan) with the company in the context of the adherence to the Long Term Incentive Plan (LTIP). LTIP is an incentive scheme ("Scheme") for employees and directors of LM group. The Scheme has been set up using a Scottish Limited Partnership structure, called Sealine Investments Limited Partnership (the "Partnership"). The Partnership is governed by the Partnership agreement which sets out the rights and obligations of the General Partner, lastminute.com NV, and the limited partners (LP). When the LP enters the Scheme, he contributes funds to the Partnership – this is known as "Initial Capital Contribution" and the Partnership allocates to the LP partnership account a portion of its loan funds equal to three times the Initial Capital Contribution ("Additional Funding"). Such funding will either be loaned to the Partnership by Lastminute.com NV, or through a bank loan secured by lastminute.com NV. The Loan is subject to 1% of interests. The Initial Capital Contribution and the Additional Funding are used to purchase shares in lastminute.com NV ("LM Shares"), and these LM Shares will be allocated to LP partnership account. The LP will not have any further liability, to repay the loan funds or otherwise, beyond his Initial Capital Contribution to the Partnership. The Loan in favour of Marco Corradino is for a total value of € 871 thousand. The Loan in favour of Fabio Cannavale is for a total value of € 741 thousand.

The remuneration of Mr. Fabio Cannavale and Mr. Marco Corradino is also related to their role as members of the Executive Management. The remuneration of the other members of the Board reflects the time and effort required from the members in fulfilling their Board and Committee responsibilities.

The overview of the compensation of the Non-executive Directors during the last 5 years is the following:

in '000 Eur					
Name/Year	2016	2017	2018	2019	2020
Ottonel Popesco	80	80	45	55	50
Roberto Italia	35	40	40	45	40
Anna Gatti	N/A	20	20	25	30
Laurent Foata	N/A	N/A	25	25	30
Marcello Distaso	N/A	N/A	20	20	12

Compensation for Members of the Executive Management

In 2020 the executive management consisted of 3 members, being Mr. Fabio Cannavale, Mr. Marco Corradino and Mr. Sergio Signoretti.

The aggregate approved compensation, including bonuses, social security and pension contributions and other cost of compensation for the Group, for members of the Executive Management for the financial year 2020 is EUR 1,783 thousand. The bonuses are linked to the performance targets defined by the Board of Directors, and accordingly their payment is due if the target is reached. The actual compensation recorded in 2020 financial statements is EUR 467 thousand and it related only to the fixed remuneration and the to post employments benefits.

The highest individual compensation is related to Marco Corradino (COO) and amounts to EUR 850 thousand.

The internal pay ratio between the average annual compensation of the Executive Directors and the average annual compensation of a Group's employee was 2.82:1 (2019: 14.27:1).

In relation to performance-related remuneration, all the eventual bonuses expected for the members of the Executive Management are paid in cash. The base salary is paid in monthly or quarterly instalments in cash. Performance-related remunerations are established and paid on the basis of financial parameters for 100% of the total variable remuneration; financial parameters are divided into Group objectives (i.e. Adjusted EBITDA and Gross margin of OTA segment). The variable compensation for the Members of the Executive Management being equal to EUR 1,316 thousand will not be paid because the performance targets have not been met in 2020 and it has not recorded in 2020 financial statements accordingly.

The table below reflects the actual total compensation of the Executive Directors with the main financial performance indicators of the Group (Revenue and EBITDA):

in '000 Eur	2016	2017	2018	2019	2020
Group Revenues	261,537	259,150	290,511	349,045	105,065
Group EBITDA	23,760	8,496	27,255	55,348	-44,923
Fabio Cannavale (total compensation)	508	558	600	600	100
Compensation Over Revenues (%)	0.19%	0.22%	0.21%	0.17%	0.10%
Compensation Over EBITDA (%)	2.14%	6.57%	2.20%	1.08%	-0.22%
Marco Corradino (total compensation)	20	20	520	850	100
Compensation Over Revenues (%)	0.01%	0.01%	0.18%	0.24%	0.10%
Compensation Over EBITDA (%)	0.08%	0.24%	1.91%	1.54%	-0.22%

(*) EBITDA defined as Earnings Before Interest, Tax, Depreciation and Amortisation

In addition to the remuneration mentioned above, members of the Executive Management were entitled to certain fringe benefits including arrangements related to health insurance and occupational disability, personal accident insurance, company car scheme and a directors and officer's liability insurance against damage resulting from their conduct when acting in the capacities as member of the Executive Management.

Loans

Further the above Sergio Signoretti signed a partnership loan agreement with the company in the contest of the adherence to the Long Term Incentive Plan (Loan). The loan in favour of Sergio is for a total value of € 127 thousand.

Additional fees and remuneration of the Board of Directors and Executive Management

There are no additional fees and remuneration granted to the Directors.

Amsterdam, 25 March 2021

The Board of Directors,
Executive Board Members

Mr. F. Cannavale
Mr. M. Corradino

Non-Executive Board Members

Mr. Roberto Italia
Ms. Anna Gatti
Mr. Laurent Foata

Annex 1: Definitions

As used in this Corporate Governance Report in capitalized form, the following terms shall have the following meaning:

- **“Company”** shall refer to lastminute.com NV, with a registered seat based in Amsterdam (The Netherlands), Prins Bernhardplein 200.
- **“Board”** and/or **“Board of Directors”** shall refer to the Company’s board of directors.
- **“CEO”** shall mean chief executive officer.
- **“Group”** and/or **“LM group”** shall refer to the Company and all of its direct and indirect subsidiaries, including the Other Segments.
- **“Group CEO”** shall mean the CEO of the Group.
- **“lastminute.com”** shall refer to the business pillar OTA, META and Media.
- **“lastminute.com CEO”** shall mean the CEO of lastminute.com.
- **“Media”** shall mean the sale of online advertising primarily on the proprietary OTA and META websites and database and, to a lesser extent, on third party partners’ available spaces.
- **“META”** (Meta-search) shall mean the business generated in the Group websites focused on directing traffic, in exchange for a commission, to the sites of OTAs, airlines, hotel providers and other direct providers.
- **“OTA”** (Online Travel Agency) shall mean the intermediation of touristic services and organization of dynamic packages. It represents the traditional business of the Group.
- **“Other Segments”** shall refer to the ventures that constitute a separate operating segment.

Contacts

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