FINANCIAL REPORT
31 DECEMBER 2020

Contents

Financial report

LASTMINUTE.COM N.V.

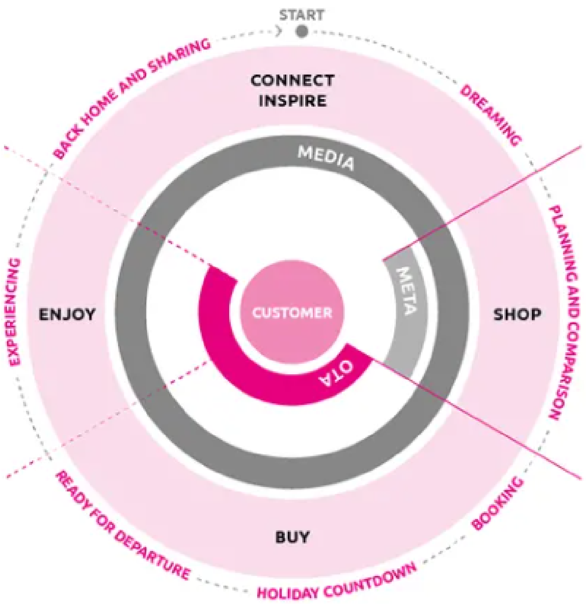
1. DIRECTORS REPORT INTRODUCTION

Management hereby presents to the shareholders the financial statements of lastminute.com N.V. (the "Company") and its consolidated financial affiliates (the "Group", "LMN" or "lastminute.com group") for the year 2020.

2. GENERAL INFORMATION

lastminute.com group ("the Group") is a pan-European online travel player increasingly expanding its coverage of markets in and outside Europe. The Group focuses on both flight and non-flight travel business and generates the majority of its revenues from the intermediation of travel and flight products and related services for a leisure customer base in a typical Business to Consumer ("B2C") context. The Group is a leading European travel company featuring a comprehensive business model, unique and distinctive value proposition and compelling brand architecture.

As an Online Travel Agency ("OTA"), the Group provides consumers with online tools and technologies that allow them to easily search for, compare and book flights, vacation packages and cruises, hotel accommodations, car rentals and other travel products and services. The Company believes that its desktop and mobile web platforms provide users with well-designed, user-friendly interfaces that integrate a large number of products and services with multiple filtering, sorting and comparison tools.
The Group is very active also in the Metasearch business ("META") comparing flight tickets and hotel room pricing across different websites, allowing travellers to click onto the hotel or OTA site with the best price and complete their booking there. Starting from 2019 the Group introduced "Media" as a separate and independent business which operates as a seller of web based advertising spaces and media contents primarily on the proprietary OTA platforms and web sites and, to a lesser extent, on third party partners available spaces.



On the longer term the Group's objective is to capture the significant growth potential in its core markets and leverage its existing platform for expansion into new geographies through a multi-pronged growth strategy involving organic and Merger & acquisition growth levers, and in particular:

- continue growing in existing core markets, both in flight and non-flight product

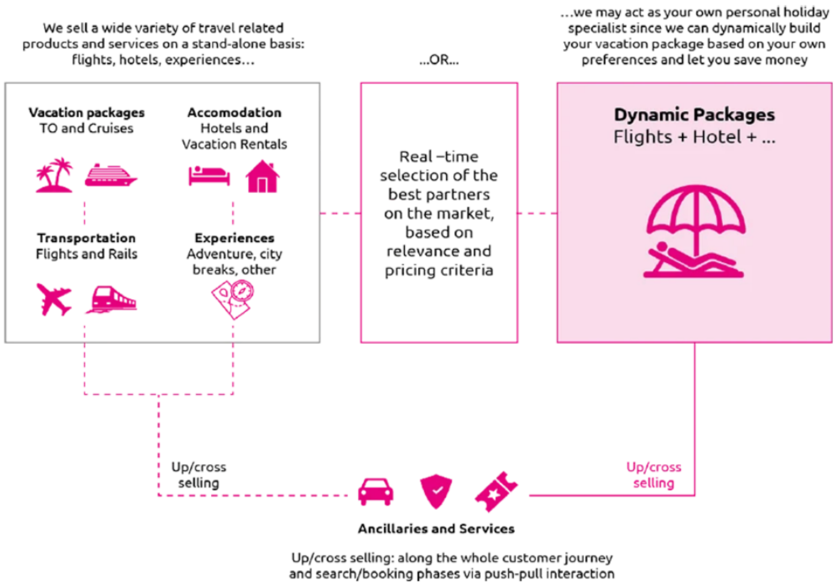
categories;
- expanding in other geographical markets;
- broadening the product offering;
- investing in mobile and meta-search capabilities;
- continuously analysing the market to identify synergic acquisition opportunities.

The Company believes that the Group's success in the online travel industry comes from its leadership position in structural growing markets and is backed on solid competitive strengths:

1. Thin structure and reliable organization
    a. Lean corporate and ownership structure enhancing flexibility and improving time-to-market;
    b. Established and experienced Management Team;
2. Comprehensive and integrated business approach
    a. Customer-based and volume-driven business model
    b. Broad value proposition;
    c. Distinctive and iconic brands;
3. High-end capabilities
    a. Top-notch IT skills allowing positive rates of return on all stages of customer experience;
    b. Focused M&A track record;
    c. Strong business and marketing expertise;
4. Sound financial structure
    a. Strong margin-cash conversion;
    b. Positive cash position and further headroom for leveraging.

2.1 Products and services

The Group's products and services enable its customers to find, choose and book their travel arrangements. The users of the Group's web platforms can use the meta-search or search functions to screen through travel and leisure products. Users of the OTA platforms can use the booking system to make the desired reservations. Once they have booked their flights or other travel and leisure products, the Group offers its customers a strong post-sale assistance.
Consumers utilize the Group's services for searching and booking flights or other travel and leisure products such as vacation packages and cruises, rental cars or hotel accommodation. Through a mix of IT-driven platforms and human-interface operations, the Group provides consumers with tools to find and choose the flights or other services they want, to combine flight and non-flight offerings into dynamic vacation packages, and to book and pay for the chosen services. The Group also provides ancillary products and services such as travel-related insurance.
In addition, consumers can utilize the Group's meta-search services for searching flights, hotels and car rentals and comparing the prices from various product providers whilst using advanced filtering functionality.
The Group believes that its technology provides users with easy-to-compare results and the ability to share their travel plans on social media. The Group's meta-search sites redirect the user to the selected OTA or other travel product providers. Like the Group's OTA sites, its meta-search websites also generate revenue by selling advertising space.
Media encompasses four commercial businesses that, combined together, form a marketing power-house, comprehensive of strategy, advisory, media planning and buying, marketing technology, monetisation, video production, social campaign planning and execution. It delivers marketing activations globally to hundreds of tier one brands in travel and beyond. Most recently it has developed capabilities that expand outside of the OTA perimeter, further enhancing its product offering and reach. It offers one of the leading sources of global travel Audiences facilitated by unique data and tech stack.



2.2 Group's brands

The Group conducts its business through a variety of brands, each with a dedicated website. The Group uses its brands to address each of its core markets: (i) lastminute.com, Volagratis, Crocierissime, are Travel Club mainly focused on the Italian market, (ii) Rumbo and Viajar focus on the Spanish speaking markets (including South America); in Europe, (iii) lastminute.com is a leading brand in France and the UK (iv), weg.de focuses on the German speaking countries and (v) the Group uses Jetcost and Hotelscan across Europe and extra-EU in the segment META. In other Countries, especially outside Europe, the Group is also known thanks to the brand Volagratis.

The following are the Group's current key brands.

lastminute.com
lastminute.com is an iconic brand with emotional resonance and unrivalled brand awareness across Europe. lastminute.com has operated since 1998 with the aim to give people five-star experiences at a three-star price. The lastminute.com website provides customers an extensive offer comprises hotels, flights, spa days, city breaks, meals out and theatre tickets.

Bravofly
Bravofly specializes in flight search and comparison, drawing on offerings from traditional and low cost airlines. The Bravofly.com website also integrates a variety of travel products and services, such as hotel reservations and car rentals for international travellers.

Rumbo
Rumbo is a full-service travel website launched in Spain in 2000. The brand became part of the lastminute.com Group when the Group acquired Rumbo in 2012. Its extensive offering comprises flight tickets, package holidays and cruises, hotels and rental cars, as well as bus and railway tickets. The brand Rumbo is perceived as a leading OTA in particular in Spain and South America.

Jetcost
Jetcost is a French meta-search operator. Its primary market is France, and it is very well established in Europe and North America.

Hotelscan
Hotelscan is a Swiss meta-search operator specialised in hotels. It is very well established across Europe.

Volagratis
Volagratis, the first flight search engine launched by the Group, is perceived as a leading brand in the Italian market and it is also known outside Europe. The Volagratis website offers a complete and extensive range of travel products and services, from vacation packages and cruise vacations to flights and hotel reservations, that users can source and book with just a few clicks.

Crocierissime
Crocierissime is the first website on the Italian market specialised in online cruise booking. It offers access to deals from top Italian and other cruise lines, including Msc Crociere, Costa Crociere, Norwegian Cruise Line and Royal Caribbean. The website provides real-time updates on available offers and fares.

Viajar
Viajar is a Spanish website, owned by Rumbo, which provides a range of customised travel content such as flights, hotels, vacation packages, cruises, last minute getaways, and railway tickets.

weg.de
weg.de is one of Germany's best-known online travel sites offering its customers the entire range of travel options, with primary focus on package holidays and all-inclusive vacations.

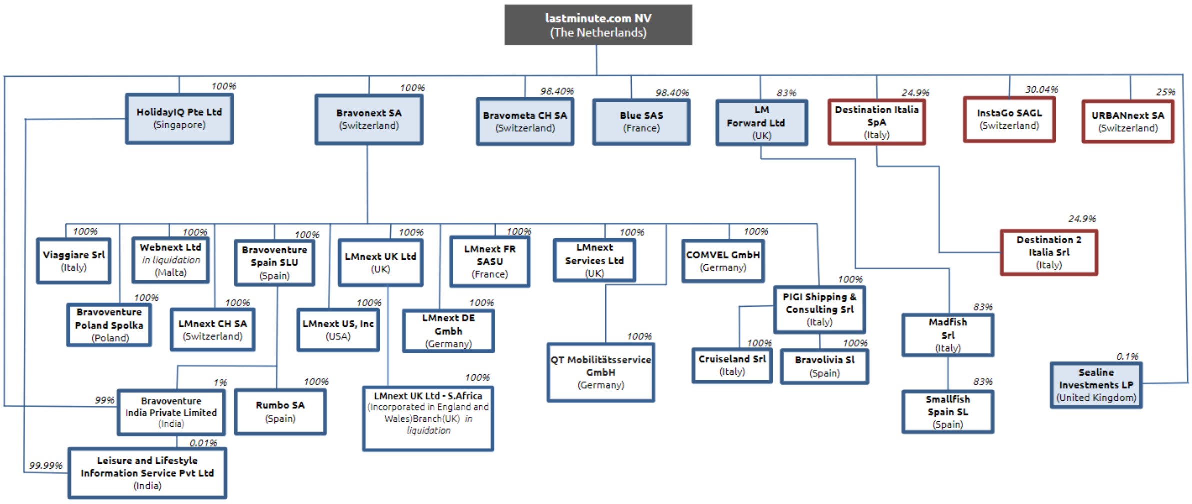
Madfish
Madfish is a media agency, located in Italy, that operates on video content creation, marketing consulting and social networks managing activities.

HolidayiQ
HolidayiQ Pte Ltd is a company operating in the online travel space with focus on the Indian market. The company has control over the subsidiary Leisure and Lifestyle Information Service Pvt. Ltd, which is the company running the business. It's specialized in the "Users Generated Content" technology, leveraging on a strong local brand in a fast-growing market like India.

In addition to these key brands, the Group operates a number of other websites.

2.3 Group structure

The following chart shows the structure of the lastminute.com Group as of 31 December 2020:



lastminute.com NV is the Group's parent company, headquartered in the Netherlands. The parent company has been listed on SIX Swiss Exchange since 2014. It holds direct or, via affiliates, indirect interests in the principal Group companies conducting the Group's operating business in individual countries. For details on principles and methods underlying the consolidated financial statements please refer to Note 2 of the consolidated financial statements.

The Company has a one-tier board structure. For further details make reference to Corporate Governance Report.

3. FINANCIAL & NON-FINANCIAL INFORMATION AND PERFORMANCE INDICATORS

From the end of February 2020, with the increase of reported cases of COVID-19 and quarantine measures starting to be adopted, the Group had to rapidly take action to control and mitigate the expected significant financial impact on business performances of such an extraordinary and disruptive event. After having immediately decreased to lowest terms the marketing expenses, the Group started a quick and robust plan of operating costs reduction including stopping projects, overhead and discretionary spend as well as freezing hiring of employees, deferring salary increase and utilizing all the available supporting measures for the business community put in place by the Governments in the core markets where the Group operates.

For the Group, the Net Financial Position is the sum of cash and cash equivalents, financial assets and financial liabilities. The Total Net Financial Position for the Group is EUR 33,549 thousand at 31 December 2020, compared to EUR 65,044 thousand at 31 December 2019, composed as shown below:

- Net Financial Position within 12 months from 31 December 2020 of EUR 67,700 thousand (2019: EUR 81,976 thousand);
- Net Financial Position over 12 months from 31 December 2020 of EUR (34,151) thousand

(2019: EUR -16,392 thousand).

Cash and cash equivalents have increased by EUR 27,258 thousand due to new financings granted by financial institutions that have compensated the absorption of cash driven by the change in net working capital, heavily affected by cancellations.
Total Group Assets increased from EUR 460,625 thousand at the end of 2019 to EUR 438,041 thousand at the end of 2020. Total Group Equity decreased from EUR 132,687 thousand at the end of 2019 to EUR 69,082 thousand at the end of 2020. The Group's equity has been impacted by the negative result of the Group during 2020.

The table below shows the Equity of the Group as of 31 December 2020 and 2019:

	31 Dec 2020	31 Dec 2019
Share capital and reserves		
Share capital	117	117
Capital reserves	101,819	101,819
Treasury share reserve	(9,108)	(9,108)
Currency translation reserve	1,371	2,004
Retained earnings / (losses)	(25,409)	35,330
Equity attributable to shareholders of lastminute.com NV	**68,790**	**130,162**
Non-controlling interest	292	2,525
Total equity	**69,082**	**132,687**

The solvency of the Company has decreased from 29% to 16%. The solvency is calculated by dividing the equity by the total assets.

In 2020 total revenues decreased by EUR 243,980 thousand, or 69.9 %, from EUR 349,045 thousand to EUR 105,065 thousand.

Flight revenue

In 2020, the Group's flight revenues decreased by EUR 86,237 thousand, or 64.3%, from EUR 134,143 thousand in 2019 to EUR 47,906 thousand in 2020.

Dynamic packages revenue

Dynamic packages revenue decreased by EUR 63,354 thousand (75.5%), from EUR 83,938 thousand in 2019 to EUR 20,584 thousand in 2020.

Hotel revenue

In 2020, the Group's hotel revenues decreased by EUR 10,535 thousand, or 66.3%, from EUR 15,898 thousand in 2019 to EUR 5,363 thousand in 2020.

Tour operator ("TO") revenue

In 2020, the Group's TO revenues decreased by EUR 26,374 thousand (89.5%) from EUR 29,472 thousand in 2019 to EUR 3,098 thousand in 2020.

Metasearch revenue

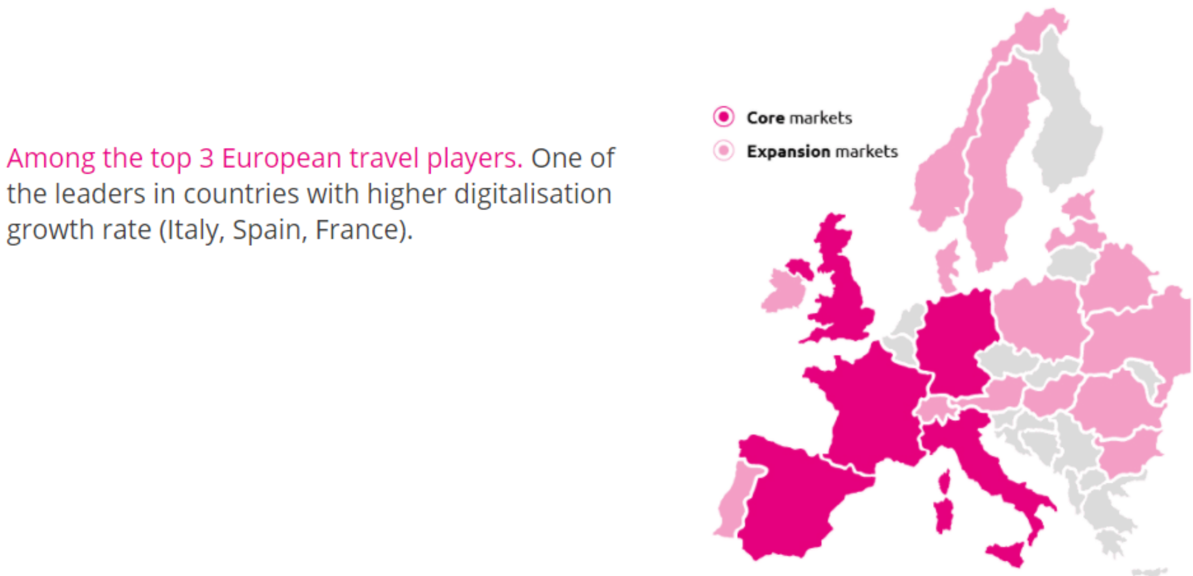
In 2020, the Group's metasearch revenues decreased by EUR 26,785 thousand, or 64.2%, from EUR 41,718 thousand in 2019 to EUR 14,933 thousand in 2020.

Media revenue

In 2020, the Group's Media revenues decreased by EUR 17,145 thousand, or 71.0%, from EUR 24,155 thousand in 2019 to EUR 7,010 thousand in 2020.

Geographical Information

The Group categorizes its geographical markets by the countries for which its websites are localised through language and other elements. Because websites in a specific language can be accessed from any location, users outside a country can also use these websites. Products are not delivered to physical addresses, and the locations of users' ISPs (IP address) and of the banks issuing customer's credit cards do not identify users' locations with certainty. Therefore a split of revenues based on customers' location is not available. However, Group management believes that the majority of customers booking through the Italian, UK, Spanish and French websites are located, respectively, in Italy, UK, Spain and France.



For the Group, 2020 is not about performance. It is more about resilience and it's a time in which to invest for the long-term, by further improving our products and even optimizing the way the organization is structured, looking at the future and at the evolution of our industry.

The principal performance indicators for the Group are the following (2020 vs 2019):

in '000 EUR	2020	2019
Gross Travel Value (in EUR mil)	1,068	2,880
Adj Ebitda	(4,906)	63,200
Revenues	105,065	349,045
Net Financial Position	33,549	65,044
Bookings (in mil)	2,231	5,130

**The Group defines "Adjusted EBITDA" as EBITDA (Earnings before interest and income tax plus depreciation and amortisation) adjusted for the effects of stock option plans and income and costs considered by management as incidental to operating activities related acquisitions, litigation, restructuring and IPO. Adjusted EBITDA is an important indicator of the underlying performance of the operating business. For the reconciliation between Adj Ebitda and Ebit please make reference to Note 6 of the Consolidated Financial Statements.*

A significant indicator for the Group is represented by the Gross Travel Value ("GTV") defined as the value of the travel products purchased by the Group's clients using the Group's platforms, including agency fees, insurance and gross of any discounts and cancellations. GTV amounted to EUR 1,068 million in 2020 and EUR 2,880 million in 2019. The GTV has strongly decreased due to pandemic. Earnings Before Interest and income Tax decreased by <100% to EUR (66,334) thousand (2019: EUR 36,210 thousand). The net result decreased from EUR 23,940 thousand in 2019 to EUR (62,048) thousand).

4. SIGNIFICANT RISKS AND UNCERTAINTIES

Our activities expose the Group to a variety of risks, which are summarised below. The Board of Directors has overall responsibility for establishing and overseeing the risk management policies used to identify and analyse the risks faced, to set appropriate warning thresholds, respective controls, and monitoring policies.
Material risks are monitored and regularly discussed with the executive management of the Company and particularly with the Board of Directors. In order to strengthen financial risk management operations, the Group allocated the general overview on this kind of financial risks to finance and treasury departments with the aim to monitor and manage on a daily basis the financial activities and any related risks identified, with direct and constant reporting to the Chief Financial Officer.

The below paragraph focused on the impact of the pandemic and detailed the new emerging risks for COVID-19.

Handling Covid-19 pandemic

The outbreak of the Coronavirus (Covid-19) and the severe measures taken by governments are impacting on society and travel business unprecedentedly. During the year, many countries have declared state of emergency and, among others, issued restrictions to free movement within the countries but also across borders, airlines have suspended most of their flights and tour operators their travel operations. In this context, up to the end of February 2020, the Group has performed better than the budget and the last year figures. The trend has reversed starting from the last week of February. Starting early March, the main countries in which the Group operates have started to follow the declining trend. During the summer, after several weeks of lockdown, many countries have reopened borders and bookings started to bounce back even if bookings volumes figures have been lower when compared to last year. From the last week of May then, the Group experienced a steep rebound that culminated at the end of June with a recovery of around 50% of 2019 volumes (at booking level). The OTA flight business has been the driver of such a rebound, primarily thanks to an effective marketing and pricing strategy that enabled the Group to intercept and convert into a growing number of bookings the rising demand of travel's solutions around Europe. Hotel-only business, which – in absolute terms – counts for a small portion of the overall size of the Group business, performed very well too. META and Media have been affected by the significant slowdown of traffic on the Group websites but, due the lean cost structure, they were able to limit the impact on the profit and loss. Until the middle of August, the Group had seen continued progress, particularly in July when the curve of OTA bookings reached -35% volume compared to the 2019 level. Even in such a difficult context, the Group overperformed the reference market that stayed at -60/65% on average. Despite the relatively good performance registered in the summer season, the Group suffered with the rise of the second wave of the pandemic and the business showed signs of a slowdown, driving volumes down to -65% compared to the same period of last year. As a result of new restrictions and the drop in traveller confidence, the Group has experienced such a slowdown over the winter season.

The Directors have carried out a robust assessment of the principal risks and uncertainties facing the Group due to the effects of COVID-19. The principal risks identified are the following:

a- Dynamic Package Liability: The Group is the organiser and principal responsible for Dynamic Package.
This implies that the Group has to refund directly the customer when a Dynamic package booking is

cancelled. The volume of cancellations increased significantly during the year and the Group had to cope with a huge amount of reimbursements to be made to clients even if sometimes the funds from the suppliers have not been received immediately or ever. As of 31 December 2020, The Group has a total outstanding receivables of EUR 34,732 thousand towards airline and hotel providers. Specific considerations have been done in relation to the recoverability of these positions. Please refer to Note 4 of consolidated financial statements. The Group has a refunds management system in place and works with its suppliers to ensure that customers are reimbursed on time and according to the terms and conditions.

b-Regulatory Breach: The Group's business is highly regulated and subject to complex rules related to travel services. The breach of these laws could have serious financial and reputational implications for the Group. The Group has an internal legal team and external legal advisers to advise the Group on current and forthcoming legal requirements and to manage legal and regulatory issues as they arise. The Group has always granted to the clients the possibility to receive reinstatement in cash, not only in the markets where this is an area of focus from the authorities.

c-Brand Damage: The Group is one of the European best known operators in the industry, relying on well-known brands, each with a dedicated website and in some cases mobile app. See paragraph 2.2 for evidence. Failure to maintain and protect the Group brands, or any event which gives rise to adverse publicity, could cause reputation damages, that can lead to a loss of booking and searches on our websites and apps, impacting traffic and revenues. With reference to bookings cancellations due to COVID-19, in cases where the Group acts as a principal, the reimbursement of the clients has always been a priority even if the refund from the suppliers have not been cashed yet. The Group has always responded on time and in a most transparent manner to all the media and press releases where a mention to lastminite.com has been made in order to preserve the reputation. The Group will continue to invest significant resources in social media and to manage customer communications in the most professional and transparent manner.

d-Retention risks: For the Group people are crucial and one of the key resources to run the business. The Group's ability to achieve its strategic objectives is dependent on certain key personnel. In addition, it is really important to attract and retain skilled staff. The Group relies on key personnel and if those key personnel were unable to carry out their role, this could have a material effect on the Group's business. The Group is always trying to provide its employees with an excellent working environment and a constructive, informal and open culture. These values can contribute to retain key resources and to attract new ones.

Refer to Note 4 of the consolidated Financial Statements for an analysis of the financial risks due to the effects of COVID-19.

Management's response to COVID-19 financial implications

The main impacts of COVID-19 on the consolidated statement of profit or loss are on revenues and personnel costs. The effect on revenues is driven by cancellations due to the restrictions in flights and subsequent voucher campaigns. Cancellations collected during the year had an impact of EUR 30.1 million on the consolidated income statement, with main negative effects on revenues. The effect on personnel costs is driven by the benefit related to the working hours reductions plans granted by the Governments in the core markets where the Group operates for a total amount of EUR 16.9 million fully recorded in the profit and loss. The Group has taken a variety of measures in the effort to maintain an adequate level of liquidity in the foreseeable future based on these scenarios. These measures include a) decisions to reduce the cost base, e.g. stopping of projects, reducing marketing non-performance and overhead spend as well as freezing hiring of employees and b) utilizing all the available supporting measures for the business community put in place by the Governments in the core markets where the Group operates, e.g. government secured financing and short-time work compensation. Overall, the magnitude of the cost reduction program, including all the actions described above, has generated savings amounting around EUR 30 million on a yearly basis. From a financial perspective, the rebound experienced in summer on booking volumes has contributed to positive working capital dynamic and to higher revenue, allowing the Group to generate operating cash again. In order to further protect the financial structure, the Group has extended seasonal credit lines, has obtained new financings from major financial institutions and is accessing government secured financing, for example in Switzerland for a total amount of EUR 81,940 thousand. With reference to the existing covenants the Group has already secured with the related bank the availability to consider as extraordinary any potential impact of Covid-19 on the Group's balance sheet, obtaining the related waivers for 2020 and negotiating the 2021 ones, therefore not impacting the continuity of the financing. At 31 December 2020, Cash available stood at EUR 137.6 million and Net Financial Position reached EUR 33.5 million. See Note 28 of the consolidated financial statements for further details. The entrepreneurial actions explained in the paragraph above have been taken also to secure the going concern of the Group for the foreseeable future. Based on the situation as of the date leading to the publication of the consolidated financial statements the Group has performed several scenario analyses and stress tests using assumptions on the recovery in bookings and the availability of vaccines that will have positive effects on travel confidence. The analyses cover net revenues, business EBITDA as well as the liquidity situation. The Group performed analyses on the cash flow forecast and assessment on the upcoming years. Based on that, the Group believes that payment obligations can be met even in the worst case scenario. While uncertainties remain on the timing of the business recovery and it is currently not reasonably possible to estimate the future impact, based on the actions taken and described above management does not have any reason to believe that the Group is not able to continue as a going concern.

Risk mitigation

All risks considered to be unacceptable on account of their nature or their potential financial or qualitative impacts are mitigated by appropriate strategies. The implementation and effectiveness of the defined mitigation measures are reviewed continuously and additional actions are defined if necessary. For this purpose, the impacts of risks are considered before and after the implementation of those mitigation measures. A risk appetite rating has been applied to each risk, ranking these risks from averse to minimalist, cautious and flexible. Refer to section 8 bis of the Corporate Governance report.

The following risk factors do not purport to be an extensive and comprehensive list of all possible risks associated to our business. Additional risks of which we are not currently aware, or that we currently deem immaterial, may also impair our business, liquidity, financial condition and results of operations. Any of these risks, should it materialize, could materially and adversely affect our business, liquidity, financial condition or results of operations. All the risks listed below (grouped as "principal" and "other") have been analysed and assessed during 2020 as planned enterprise risk management activity carried out for the Group.

<u>*Main risks*</u>

- We rely on information technology to operate our business and maintain our competitiveness. If we fail to adapt to technological developments or industry trends, our business could suffer.
- The travel industry is highly regulated. Changing laws, rules and regulations, as well as legal uncertainties, may adversely affect our business or financial performance.
- The laws and regulations governing online commerce are strict, and their stringency in many of our markets is increasing. In particular, the online travel industry has recently become the target of negative publicity, resulting in an increased focus on the industry by regulatory authorities. Both current and new or amended laws and regulations may restrict our ability to conduct our business and impose an increasing administrative burden. Failure to comply may result in legal or administrative sanctions and other negative consequences.
- The processing, use and disclosure of personal data could give rise to liabilities as a result of governmental or industry regulation, conflicting law requirements, differing views of personal privacy rights or security breaches.
- We may not be able to protect our intellectual property rights from infringement by others,

including current or potential competitors.

- We may be unable to obtain licenses for third-party intellectual property that we need to conduct our business.
- We depend on relationships with our suppliers and supplier intermediaries, particularly Global Distribution System (GDS) Travel. Adverse changes in these relationships, or an inability to renew established relationships or enter into new relationships, could impair our access to travel offerings and reduce our revenue. In addition, many of these relationships are based on short-term agreements. In some cases, we have no contractual relationships with travel providers whose products we book for customers.
- We are obliged to comply with rules set down by IATA (International Air Transport Association). IATA may impose conditions such as guarantees, and can alter payments terms, in ways that are disadvantageous to travel agencies.
- The travel industry is highly competitive. We face intense competition from OTAs as well from other players in the industry.
- Increase in competitors' power, due to requests of traditional carriers (IATA and law compliance, i.e. price showing).
- The Travel industry business is materially affected by the volume of travel and expenditures which in turn depends on general economic conditions that are outside our control. Economic downturns tend to reduce consumer travel expenditures, which in turn can reduce our revenues and harm our business.
- Ryanair, a leading low cost carrier in Europe, actively attempts to prevent OTAs from booking and selling its flights. We are currently involved in litigation with Ryanair relating to our booking of its flights for customers. If these legal proceedings are resolved unfavourably for us, our business could suffer.
- The inability of the Group's to successfully integrate the acquired business and to generate adequate returns from an acquisition could lead to substantial expenses and decreasing efficiencies.
- Our international operations involve additional risks relating to competition and regulations. We expect that these risks will increase as we continue to expand into new markets.
- We could face reputational damages due to infringements to ethical code or accepted social behaviour from media exposed personnel.
- Many individuals are using smartphones and tablets to obtain products and services on the internet. If we are unable to develop applications, software, and effectible advertisements that engage such individuals, our business could be adversely affected.
- We are primarily an online business. We are at risk from connectivity issues, malfunctions, malware attacks and other technical problems on our websites and on the websites of the travel product providers we access to make bookings.
- We rely on third parties for certain services and systems. Any disruption or adverse change in their businesses could have a material adverse effect on our business.
- Dependence on external sources of marketing to generate new client acquisitions and ensure growth.
- We rely significantly on our reputation. Damage to our reputation could cause our business to suffer.
- Competition from general search engine companies could adversely affect us by reducing traffic to our website and mobile application and by creating a product that people choose over our products and services when searching for travel online.
- We depend on credit cards as a payment method.
- Additional unplanned costs/interruption of services (by credit card issuers) due to acceptance of fraudulent payments from customers.
- Internal frauds are not timely intercepted and prevented, internal control systems are not able to timely detect frauds.
- Failure in correct assessment of known and unknown debt and liabilities from the acquired company.
- Misalignment between costs growth and revenues growth could harm our business and profitability.

- If our financial conditions deteriorates, our suppliers could impose more burdensome terms and conditions on us.
- We may be unable to obtain additional financing that we need to support business growth on acceptable terms, if at all.
- Adverse tax events could harm our business and financial performances.
- Our international operations subject us to a complicated regime of transfer pricing rules and VAT assessment.
- Although we report our results in Euro, we also conduct business in countries that use other currencies. As a result, we are subject to risks associated with currency fluctuations.
- Our internal control system over financial reporting may not be effective. Information and communication techniques and channels could be inadequate to achieve business or law objectives and requirements.
- Brexit may have an impact on our currency risk.

5. ENVIRONMENTAL AND PERSONNEL-RELATED INFORMATION

5.1 Human resources

Human Capital is the main asset and the principal success key factor of the Company enabling the fulfilment of the Group's targets and ambitions. The Group hires brilliant students from universities and by using job fairs; when senior positions are needed, the Group publishes its requested profiles on its websites, employment platforms and professional social networks, as well through top-tier international head-hunters.

The Group's workforce consists of permanent employees and a relatively small number of temporary employees.
The Group also makes extensive use of outsourced staff, primarily for its call centre services.

Headcount as of 31 December 2020

	2020	**2019**
Permanent employees	1,093	1,365
Temporary employees	57	52
Total employees	**1,150**	**1,417**

Note: figures include only own employees.

5.2 Research & Development Information

Lastminute.com group is a technology-driven company and strongly believes that innovation is a key element of its competitive advantage. The Group's core competence is to develop well-designed and user-friendly interfaces that integrate a large number of products and services with multiple filtering, sorting and comparison tools.
The Group's commitment is to simplify users' searching and booking experience, concealing the complexity of the underlying technology. The competitive strength lies in the high flexibility of the platforms' architecture and the ability to rapidly adapt the infrastructure to evolving consumer demands and enabling easy integrations after acquisitions. All technological systems are designed in-house at our IT development departments in Chiasso, Madrid, London and Bangalore which, as of 31 December 2020 employ about 185 developers.

5.3 Corporate Social Responsibility

Environmental, Social and Governance aspects have become more and more important to our stakeholders, in particular external investors, customers and employees. We are committed to conducting our business in a manner that supports universal human rights and is environmentally and socially responsible.

During 2016 lastminute foundation deployed the personal fundraising platform lastminuteheroes.org. Non-profit organisations can use the platform to collect funds for free. The foundation covers all costs and offers support throughout. The platform is open to everyone, to launch an appeal and anyone can donate. Two of the main pillars the foundation strictly guarantees. 100% of the funds go to the projects and 100% transparency. The Foundation sustains non-profit organizations, social projects and companies that, through innovation, have a positive social impact. In addition, it offers technological and marketing support for promotion and fundraising done by members of the public and associations with interesting projects.

The foundation, being a non profit entity and having an independent board of directors, is not consolidated under the Group's consolidated financial statements.

Prior to the pandemic, the Group had already invested in online meeting technology which helped reduce the impact of working across the office locations and reduce commuting of the employees. During the initial outbreak of the pandemic, the Group made further investment to significantly improve that technology to enable employees to continue communicating with each other and keep operations going during lock-down. For example all the employees have been provided with tools for remote working. This has led discussions as to how we will operate in the future given the positive effect remote working can have for our employees and the potential it has to help minimise the impact of our operations on the environment.

The Group promotes a high standard of ethics and integrity. Employment-related decisions are based on relevant attitudes, skills and abilities, and promote a policy of equal opportunity in employment, without consideration of sex, race, nationality, age, disability, religion or any other category protected by law. The Group provides additional benefits to women in maternity leave and facilitates flexible working roles upon their return to work.

The Group also promotes employee well-being through social and sport initiatives.

The Group gives importance to building a positive relationship with colleagues and having strong social connections in the work environment. This year, during this unprecedented period due to pandemic, the Group has continued to invest in virtual events, to maintain a sense of cohesion around the company culture.

With regard to modern slavery, the Group has a zero tolerance approach to any form of that. Modern slavery is a crime which encompasses slavery, servitude, forced or compulsory labour and human trafficking. The Group has adopted a modern slavery statement which can be found on our website (https://res.cloudinary.com/lastminute-contenthub/image/upload/v1592551881/DAM/Artwork/lmgroup/documents/governance-documents/2016/lmn-modern-slavery-act-policy.pdf)

5.4 Information concerning applications of code of conduct

The Code of Conduct was adopted by the Board of Directors of lastminute.com N.V. on 14 April 2014 and applies to every director, officer and employee of the Company and each of its subsidiaries and may be furnished to others performing services for the Company. The Code of Conduct is available on the corporate web site. (https://res.cloudinary.com/lastminute-contenthub/image/upload/v1592551913/DAM/Artwork/lmgroup/documents/governance-documents/2020/code-of-conduct-18-03-2020.pdf). On a yearly basis every employee of the Group is required to attend a specific online course and to pass a final test with 100% of scoring. As of 31 December 2020 no infringement of the Code of Conduct has been detected.

5.5 Other information

The Group employees do not actively seek gifts or favours from any supplier, or from other persons or organisations that we associate with. The Group has a top-level commitment to anti-bribery and corruption, and ensures that all employees behave professionally, fairly and with integrity and implements and enforces effective systems to counter bribery.
Employees are contractually required to maintain the highest ethical standards in ensuring that the Group's business is conducted in a manner that in all reasonable circumstances and to operate with due diligence and loyalty. All the employees are required to attend a specific course every year based on both ethical and behaviour standards.
The Group adopted a specific remuneration policy prepared by the selection, appointment and remuneration committee (the "SARC"). The goal of that 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 remuneration of the executive directors is determined by the Board's non-executive directors upon the recommendation of the SARC, and shall be subject to approval by the general meeting of shareholders.
The Remuneration Policy is published on the Group's website.

Lastminute.com has adopted and is committed to promoting and maintaining an adequate internal control and risk management system, to be understood as a set of all of the tools necessary or useful in order to direct, manage and monitor business activities with the objective of ensuring compliance with laws and Group procedures, protecting corporate assets, managing activities in the best and most efficient manner and providing accurate and complete accounting and financial data.

6. OUTLOOK

Due to Covid-19 pandemic and subsequent restrictions on travel, the focus of the Group has been to strengthen its financial position, ensure the safety of the employees and deliver the best possible customer service in a complex environment. The Group acted quickly to ensure the liquidity needed to overcome the crisis.
The Group management capability of effectively managing the business even in such a fluid and difficult context is the result of a three year plan of transformation successfully executed. The Group looks at the future with optimism backed by solid assets and strengths. The Group's sound financial structure allows it to have cash-in-hands to invest and actively play a role of potential consolidator in the field. The diversified business model and geographical reach will be key to focus on products and countries where the rebound will come first. The Group leading dynamic holiday's packages technology will provide the customers with the most comprehensive catalogue of immediately bookable travel options, built in real time as soon as a destination will reopen for leisure travel. The Group has the capabilities and management to address all the future challenges and believe there are opportunities to be had. The Group is benefiting from the natural move from traditional Tour Operator holiday bookings to Dynamic Packages, the mobile traffic conversion is robust, and LM Group have carefully managed our SEO (Search Engine Optimisation) across the group almost without issue seeing only minor impact on metasearch.

As a European Online Travel Agency, the Group is ahead of the package holiday trend thanks to its Dynamic Packaging technology offering. The bold move to radically overhaul the business and invest in Dynamic Packaging technology was correct and the delivery of this long term investment was a turning point for the business. This platform provides a competitive advantage for expansion to other European markets. Alongside our major foothold in the UK, France, Germany, Spain and Italy LM Group can look to take market share in other main European markets with digital expansion, such as the Nordics.

While digital remains at the forefront of our thinking our offline business continues to work hard and provide value to customers who are looking to book more complex travel arrangements in the more traditional tour operator model. And means LM Group is there to capture customers who might want to make their first steps in moving from offline to online.

The holiday's business, before the pandemic, was growing and LM Group was growing more than the market. Even in a difficult situation as the one described before, the Group has over-performed compared to the competitors. The Group management believes that when the travel confidence will come back, the rebound in bookings will be strong.
Our long-term vision and our willingness to create value for shareholders is not just theoretical but a concrete fact. By building a business model with a dynamic and diverse portfolio and product offering, the Group is well placed to be the online holiday company of choice for 21st Century travellers.

Performing competitively in the evolving energy landscape requires competent and empowered people working safely together across the Group. The Group recruits, trains and recompense people according to a strategy that aims to organise our businesses effectively; the Group hires people from different industries with a customer-centric mind-set. The Group strives to maintain a healthy employee and industrial relations environment in which dialogue between management and employees – both directly and, where appropriate, through employee representative bodies – is embedded in our work practices. On a quarterly basis, management briefs employees on our operational and financial results through various channels, including team meetings, face-to-face gatherings, and an email from the Chief Executive Officer, webcasts and online publications. Strong employee engagement is especially significant in maintaining strong business delivery in times of great change.

Material changes since the balance sheet date

Update on financing

During the month of February and March 2021, the Group has obtained from a major financial institution EUR 11 million of new financings, of which EUR 4 million for the main Swiss operating legal entity as invoices advances and the remaining amount of about EUR 7.2 million for the Italian legal entities in the form of loan. The amounts obtained by the Italian legal entities are 90% granted by the government, plus a parent company guarantee from the holding.

In addition to the events reported above, no additional subsequent events occurred since balance sheet date, which would change the financial position of the Group or which would require adjustment of disclosure in the annual accounts presented

CORPORATE GOVERNANCE
REPORT 2020

Definitions: *capitalized terms used in this Corporate Governance Report shall have the meaning assigned to them in Annex 1.*

Preliminary remarks

LM group's Corporate Governance Report 2020 follows the SIX Swiss Exchange Directive on Information relating to Corporate Governance entered into force on 2 January 2020 and takes into account the Swiss Code of Best Practice for Corporate Governance and the Dutch Corporate Governance Code. Please note that the Company, being Dutch, is not subject to the Swiss Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC).
All disclosures required by the Dutch Corporate Governance Code are included in the documents hereby, Consolidated Financial Statements, Directors' Report and available on the Company's corporate website. To avoid duplication of information, cross-referencing to other reports is made in some sections, namely: the Annual Report 2020, the Consolidated Financial Statements 2020 of lastminute.com NV, as well as the Articles of Association of lastminute.com NV. The Dutch Corporate Governance code can be found on www.MCCG.nl.
The Consolidated and the Company's Financial Statements of lastminute.com NV 2020 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and in accordance with book 2, part 9 of the Dutch Civil Code.
Where necessary, these disclosures have been extended to comply with the requirements of the SIX Swiss Exchange Directive Financial Reporting.

1. Group structure and shareholders

1.1 Group structure

Management is determining operating segments based on the information reviewed and managed by the Group chief operating decision maker.
On this basis, the Group has defined the main following operating segments:

- **Online Travel Agency (OTA)**, which includes the intermediation of touristic services and organization of dynamic packages. It represents the traditional business of the Group.
- **Meta-search (META),** which includes the business generated in our websites focused on directing traffic, in exchange for a commission, to the sites of OTAs, airlines, hotel providers and other direct providers.
- **Media,** which includes 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.
- **Other Segments**: which includes the ventures that constitute a separate operating segment.

OTA, META, Media and Other Segments jointly referred to as "Group"

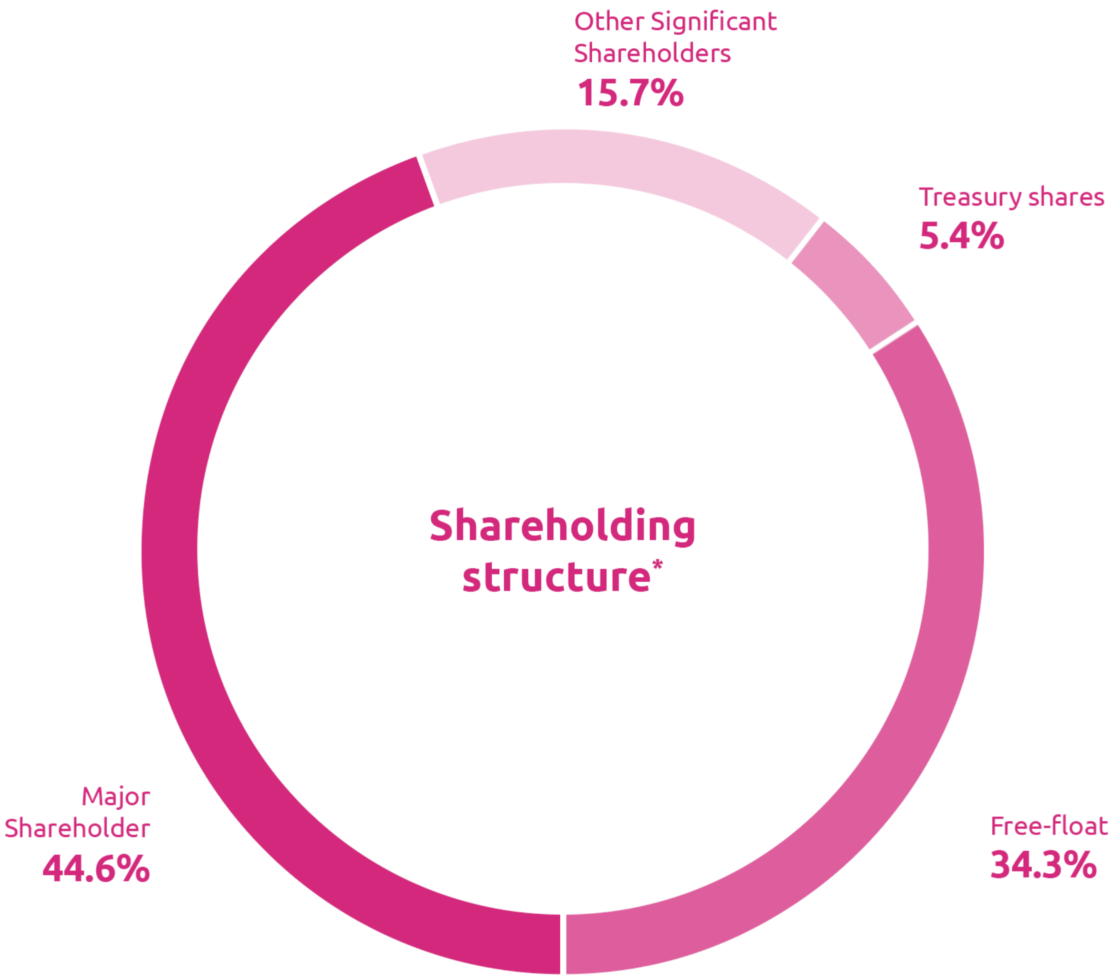
OTA, META and Media jointly referred to as "lastminute.com"

Group subsidiaries are listed in Note 33 of the Consolidated Financial Statements.

Lastminute.com NV is registered in The Netherlands, with its statutory seat at Prins Bernhardplein 200, 1097 JB Amsterdam. LM group's shares are listed on the SIX Swiss Exchange (ISIN code: NL0010733960) in Zurich. On 31 December 2020, the market capitalization of LMN was CHF 303,269,694. For further information, refer to our website on https://lmgroup.lastminute.com/investor-relations/share-information.aspx. No other Group's affiliated or associated companies are listed as of 31 December 2020.

1.2 Significant shareholders

Significant shareholders and significant groups of shareholders as of 31 December 2020 are reported below:



*Ownership structure as of 31/12/2020

The Shareholders Agreement signed among Freesailors Cooperatief U.A., Micheli Associati Srl and Mr. Francesco Signoretti on 1 April 2014, and renewed on 27 April 2017, expired on 27 April 2020.

Starting from the expiration of the Shareholders Agreement, Freesailors Cooperatief U.A., Micheli Associati Srl and Mr. Francesco Signoretti were only significant shareholders.
Mr. Francesco Signoretti is no longer a significant shareholder starting from February 2021 because his ownership has decreased under 3%.

Further disclosures have been published on the reporting and publication platform of the Disclosure Office of SIX Swiss Exchange pursuant to art. 120 of the Financial Market Infrastructure Act and the corresponding provisions of the FINMA Financial Market Infrastructure Ordinance and can be accessed through the following link:
https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

As of 31 December 2020 the Group held 647,805 own shares. For more details please refer to Note 26 of the Consolidated Financial Statements.

There are no cross-shareholdings.

2. Capital structure

As of 31 December 2020, the Company has an issued share capital of EUR 116,642.19 divided into 11,664,219 fully-paid bearer shares with a nominal value of EUR 0.01 each.

Under Dutch law, a company's authorized share capital sets out the maximum number of shares that the company may issue without amending its articles of association. Under the Articles of Association, the Company's authorized capital amounts to EUR 181,100 and is divided into 18,110,000 Shares, each with a nominal value of EUR 0.01. The concept of conditional share capital is not known under Dutch law and thus there is no conditional share capital. Further, also the concept of authorized share capital as known under Swiss law deviates from the concept applicable under Dutch law.
In accordance with Dutch law and the Articles of Association, Shares shall be issued pursuant to a resolution passed by the Company's general meeting of shareholders, upon the proposal of the Board of Directors containing the price and further terms and conditions of the issue. Under the Articles of Association, the Company's general meeting of shareholders may delegate the authority to issue Shares to the Board of Directors, for a fixed period not exceeding five years and in a resolution specifying the number of Shares that may be issued and any further conditions. Such designation may be renewed each time for a period not exceeding five years.

Movement in recognized amounts are detailed in Note 26 of the Consolidated Financial Statements.

All shareholders have the right to receive, pro-rata to their shareholding, any dividend, participation on available earnings or any liquidation proceeds following the repayment of the share capital. There are no participation or profit-sharing certificates.

As of 31 December 2020, there are no outstanding bonds and bonds convertible into, or options to acquire, shares. A cash settled share based long term incentive plan is in place. See Note 16 of the Consolidated financial statements for further information.
No stock option programs have been in place throughout the year.

Non-voting equity securities do not exist for a Dutch public limited company.

The Shares may be transferred as book-entry securities. Under Swiss law, the booking of the Shares in the share account of the acquirer is sufficient for the transfer of the Shares. The Shares are freely transferable and no limitations on transfer and no voting right restrictions apply. Being the Company listed in Switzerland, the regulatory law that is applicable for managing the shares is the Swiss law.

Further information on the Capital Structure is provided in Note 26 of the Consolidated Financial Statements and in the Articles of Association currently in force, refer to: https://res.cloudinary.com/lastminute-contenthub/image/upload/DAM/Artwork/lmgroup/documents/governance-documents/2020/article-of-association-31-july-2020.pdf

3. Board of Directors

The Company has a one-tier board structure with a board of directors (the "**Board of Directors**" or the "**Board**") consisting of executive directors and non-executive directors. The Board shall consist of at least one Executive Director and at least two Non-Executive Directors. The majority of the Board shall be composed of Non-Executive Directors. All the Non-Executive Directors meet the independence requirements established by the Dutch Corporate Governance Code.
The Board believes that it should generally consist of no fewer than three and no more than nine members. This range permits diversity of experience without hindering the effective discussion or diminishing individual accountability. The chairman of the Board (the "**Chairman**") shall be a Non-Executive Director. The new directors, independently from their gender, have been selected due

to their skills and support to strategic decisions that they can afford during the year. Gender diversity will be one of the criteria of selection for future replacement of directors.

The table below lists the composition of the Board as of 31 December 2020:

Name	Year of birth	Gender	Nationality	Qualification	1st Election	Expires
Ottonel Popesco	1957	Male	French	Non-executive Director, Chairman of the Board of Directors	2013	2021
Fabio Cannavale	1965	Male	Italian	Executive Director, LM holding CEO	2013	2021
Marco Corradino	1968	Male	Italian	Executive Director, LM holding COO, LM group CEO	2016	2021
Roberto Italia	1966	Male	Italian	Non-executive Director	2013	2021
Laurent Foata	1971	Male	French	Non-executive Director	2018	2021
Anna Gatti	1972	Female	Italian	Non-executive Director	2017	2021

On July 30, 2020 Mr. Marcello Distaso resigned from his role of Non-executive Director.

Unless otherwise stated, the non-executive members of the Board of Directors have no significant business relationships with LM group. Mr. Fabio Cannavale and Mr. Marco Corradino are the founders of the Group and act as directors in certain subsidiaries of the Group. Transactions of significance to the Company with major shareholders (more than 10%) require approval of the non-executive directors and are agreed on terms customary in the market. No Non-executive director has been a member of the management of the Company or one of the Company's subsidiaries in the three financial years preceding the period under review.

In accordance with article 14 of the Articles of Association, the Board may agree on a division of the duties of the Board between one or more Non-Executive Directors and one or more Executive Directors.

The duty to supervise the performance of duties by the Executive Directors cannot be taken away from the Non-Executive Director by a division of duties. The chairmanship of the Board, the making of proposals for the appointment of a Director and the adoption or the assessment of the remuneration of the Executive Directors may not be assigned to an Executive Director.

In case of a Director's absence, his duties and powers shall be carried out by the other Directors. In the event that all Directors are absent, their duties and powers shall be temporarily entrusted to a person designated by the general meeting of shareholders of the Company (the "General Meeting").

3.1 Professional background and other activities and functions

Ottonel Popesco

Non-executive Director, Chairman of the Board of Directors

Ottonel Popesco held an MBA from Sorbonne University, a M.Sc. in economics from Bucharest Academy, an Ingénieur professionnel de France-diploma from Société Nationale des Ingénieurs Professionnels de France. He was one of the co-founders of Cavotec Group NV, served as its Group CEO and Board member for over a decade during the listing at the NASDAQ OMX, NZX. He was Chairman of the international Port Equipment Manufacturers Association Brussels-PEMA and member of various Boards worldwide acting in different industries.

Ottonel Popesco passed away in February 2021.

Fabio Cannavale

Executive Director, LM holding CEO

Fabio Cannavale holds a diploma in engineering from Politecnico di Milano and an MBA from INSEAD, Fontainebleau, France. In 2004, he co-founded Volagratis.com (a predecessor of the Company) and acted as Chairman of the Company from that time until February 12, 2016, when he was elected to serve as CEO of the Company at the 2016 EGM. He started his career as a consultant, working between 1989 and 1996 for A.T. Kearney and for McKinsey & Company. Between 1996 and 1998, he launched The Floating Village in Venezuela, an innovative concept of a holiday village built on boats. Between 1999 and 2001 Mr. Cannavale was a member of the management team of eDreams, an online travel start-up. Between 2001 and 2004, he worked for his family-owned businesses and collaborated with a not-for-profit entity. He is also a member of the board of directors of Cavotec SA.

Marco Corradino

Executive Director, LM holding COO, LM group CEO

Marco Corradino holds a degree in Political Science from the University of Genoa and holds a Master Degree in marketing, communication and sales management from Publitalia (Milan, Italy). In 2004, Marco Corradino co-founded with Fabio Cannavale Volagratis, the first search engine for low cost flights in Italy and the foundation for what was to become Bravofly Rumbo Group and subsequently lastminute.com group. Marco Corradino, an entrepreneur and business angel, has been covering different offices within the Group and is now its Chief Operating Officer as well as CEO of LM group and Executive Board Member of the Company since 12 February 2016.

Roberto Italia

Non-executive Director

Roberto Italia graduated in Economics from LUISS University, Rome, Italy, and holds an MBA from INSEAD, Fontainebleau, France. He started with the Telecom Italia Group in 1990 and since 1994 has been active in private equity with Warburg Pincus, Henderson Private Capital and, more recently, with Cinven. In 2013 he launched Red Black Capital and co-founded Space Holding as well as Redseed. In 2020 he joined Verlinvest as its CEO. Mr. Italia is today a director of Space Holding and of Red Black Capital, CEO of Verlinvest SA, and Chairman of Avio SpA.

Laurent Foata

Non-executive Director

Laurent Foata is heading Ardian's Growth team, in charge of private equity investments in fast growing European companies. He has worked on more than 80 private equity transactions and has over 20 years of experience in the industry. His track record spans various domains of information technologies, from software and IT services to digital marketing and web merchants. Laurent began his career in 1995 within BNP Paribas' private equity arm. He holds a MBA and a Masters in Law.

Anna Gatti

Non-executive Director

Anna Gatti holds a Doctor of Philosophy in Business Administration and Management from Bocconi University, a post-doctoral Program in Organizational Behavior from Stanford University and a Doctor of Philosophy in Criminology from Trento University. She started in 2002 as research associate at the University of California Berkeley and then acted as Senior Economist at the United Nations (World Health Organization) until 2004 when she became a successful Partner of MyQube (Telecom Italia Venture Fund) generating direct investments in high-tech start-ups with particular focus on fixed and mobile telecommunications. In 2007 she held the position of Head of International Consumer Operations at Google and from 2008 she was Head of International Online Sales and Operations at YouTube. In 2011 she moved to Skype becoming Sr. Director of Advertising and New Monetization and in 2012 Anna co-founded Loopai Inc. (Artificial Intelligence Start-up) covering as well the position of CEO until 2015. She has been appointed board member for Buongiorno (2007-2012), Piquadro (2013-2016), Gtech/IGT (2014-2015), Banzai (2014-2015), Rai Way (2014-2020), WiZink

Bank from 2020 to present and Fiera Milano from 2020 to present. She covers as well the office of non-executive director in Intesa Sanpaolo's board since May 2019.
Anna is also Professor of Strategy and Entrepreneurship at SDA Bocconi in Milan and Director of the Lab for Life Science&Technology Innovation (LIFT Lab) at the same academic institution.

The above profiles of the members of the Board of Directors provide information on their activities and commitments in addition to their functions at the lastminute.com group. Other than as described above, the members of the Board of Directors do not engage in any other activities or perform any other functions which are significant to the Group.

3.2 Elections, terms of office and areas of responsibility

The members of the Board of Directors are individually elected and appointed by the Company's general meeting of shareholders. A resolution of the Company's general meeting of shareholders to appoint a director may be passed by an absolute majority of the valid votes cast.

Directors are appointed for a period of one year starting on the day after the day of the annual general meeting of the Company's shareholders in which they are appointed and ending on the day of the subsequent annual general meeting of the shareholders that will be held in the year following the year of their appointment. Directors may immediately be reappointed.

The Company's general meeting of shareholders may at any time suspend or remove any director. A resolution to remove or suspend a director may be passed by an absolute majority of the valid votes cast. The Board of Directors may also suspend any executive director. If a director is suspended, the Company's general meeting of shareholders shall within three months of the date on which suspension has taken effect resolve either to dismiss such director, or to terminate or continue the suspension (which resolution to continue the suspension may be adopted only once and for a maximum period of three months), failing which the suspension shall lapse.

The Selection, Appointment and Remuneration Committee is responsible for seeking and evaluating individuals qualified to become Directors, reviewing background checks respecting such individuals, and selecting or recommending that the Board selects the Director nominees for the next Annual General Meeting. Any group of shareholders representing at least 3% of the capital of the Company may request the Board of Directors in writing to include additional Director nominees, at least sixty days before the date on which the meeting is convened.

The Board of Directors is the ultimate governing body of the Group. It is responsible for the ultimate supervision of the Group. The Board attends to all matters which are not reserved for the General Meeting or another governance body of the Group by law, the Articles of Association or specific regulations issued by the Board of Directors.

The Board has the following main duties:

a) the ultimate direction of the Group, in particular the conduct, management and supervision of the business of the Group, and the provision of necessary directions;
b) the determination of the Group's organisation;
c) the determination of accounting and financial control principles, as well as the principles of financial planning;
d) the appointment and removal of the Committees' members;
e) the ultimate supervision of the Chairman, in particular with respect to his compliance with the law, the Articles of Association, instructions given from time to time by the Board;
f) the preparation of the Annual Report, the General Meeting and execution of its resolutions;
g) the notification of the court in the event of over indebtedness;

h) the discussion and approval of:
– the Group’s long-term strategy and annual investment budget;
– major financial operations;
–any significant policy issue dealing with the Group’s or the Group’s general structure or with financial, commercial and industrial policy;
– Corporate Governance Principles of the Group;
– the review of and decision on any report submitted to the Board;
– the Group’s annual risk assessment.

3.3 Internal organisational structure

3.3.1 Allocation of tasks within the Board of Directors

Name	Board of Directors	SAR Committee	Audit Committee	Risk Supervisory Committee
Ottonel Popesco	Chair	Member	Member	Member
Fabio Cannavale	Member	-	-	-
Marco Corradino	Member	-	-	-
Roberto Italia	Member	Member	Chair	Member
Laurent Foata	Member	Chair	-	-
Anna Gatti	Member	-	-	Chair

3.3.2 Tasks and area of responsibility for each Committee of the Board of Directors

The powers and responsibilities of each Committee are established in the applicable Committee Charter, which is approved by the Board. Each Committee is entitled to engage external counsels.
The members of the Board (each a "Director") are collectively responsible for the management of the Group. The Board shall review and regularly monitor the effectiveness of the Group’s fundamental operating, financial and other business plans, policies and decisions, including the execution of its strategies and objectives. The Board shall seek to enhance long-term shareholder value.
The Executive Directors are responsible for the day-to-day management of the Group.
The Non-Executive Directors are responsible for proper and independent supervision of the performance of duties by the Executive Directors.
The Chairman shall ensure the proper and independent functioning of the Board.
The Board of Directors is charged with the management of the Group, subject to the restrictions contained in the Articles of Association. Each Director owes a duty to the Group to properly perform the duties assigned to him or her and to act in the corporate interest of the Group. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as stockholders, creditors, employees, customers and suppliers.

The members of the Board of Directors are appointed by the general meeting of shareholders. A resolution of the general meeting of shareholders to appoint a director may be passed by an absolute majority of the valid votes cast. Directors are appointed for a period of one year.
In accordance with the Articles of Association and the Dutch Corporate Governance Code, the Board of Directors has installed the following internal Committees with consultative and advisory duties:

- Selection, Appointment and Remuneration Committee (“SAR Committee”);

- Audit Committee
- Risk Supervisory Committee (“RS Committee”);

in each case consisting of non-executive directors only.

SAR Committee

The SAR Committee is an expert committee supporting the Board of Directors in the performance of its duties; pursuant to the applicable terms of reference adopted by the Boards of Directors, the SAR Committee has the following duties:

(a) drafts selection criteria and appointment procedures for non-executive directors;
(b) periodically assesses the size and composition of the Board of Directors and proposes a composition profile of the Board of Directors, including monitoring and assessment of trends in the area of corporate governance;
(c) at least once a year assesses the performance of the CEO, other executives and individual directors, reports their findings to the Board of Directors and sets the CEO’s and the directors’ compensation levels based on this evaluation;
(d) formulates proposals for appointments and reappointments to the Board of Directors, and prepares a description of the role and capabilities required for a particular appointment;
(e) supervises the policy of the Board of Directors on the selection criteria and appointment procedures for senior management;
(f) formulates proposals for the Board of Directors concerning the remuneration policy for the members of the Board of Directors, the committees and the management, and proposes remuneration of the individual members of the Board of Directors, committees and the management within the framework of that remuneration policy (as adopted by the Company's general meeting of shareholders), which are submitted to the Company's general meeting of shareholders for approval;
(g) oversees the implementation and administration of the Company’s compensation and benefit plans, in particular the incentive compensation and equity-based plans of the Company (and, to the extent appropriate, the significant subsidiaries of the Company);
(h) prepares the remuneration report on the remuneration of the Board of Directors; and
(i) develops and recommends to the Board of Directors the criteria for selecting directors and assessing director independence, seeks and evaluates individuals qualified to become directors, reviews background checks and selects or recommends that the Board of Directors selects the director nominees.

In 2020, the SAR Committee has performed its duties in accordance with its duties as set out above.

Audit Committee

Pursuant to the applicable terms of reference for the audit committee adopted by the Boards of Directors, the Audit Committee has the following duties:

(a) advises the Board of Directors on financial reporting, risk management, group-wide compliance with relevant legislation, articles of association, rules and group instructions;
(b) establishes, reviews and updates periodically a code of conduct and ensures that the management has created a system to enforce such code;
(c) supervises the preparation of the Company’s financial statements, the Company’s financial reporting process and system of internal business controls and risk management;
(d) supervises the Company’s internal and external audit process and its internal and external auditor’s qualifications, independence and performance;
(e) obtains timely reports from the independent auditor and reviews them regarding critical accounting policies as well as treatments of financial information within the IFRS that have been discussed with management; and

(f) reviews the Company’s annual and interim financial statements and other public disclosures, prior to publication.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the Company. The Committee shall meet at least four times annually, or more frequently as it shall determine is necessary to carry out its duties and responsibilities. The Committee will maintain minutes of meetings and reports activities, their findings and recommendations to the plenary Board of Directors on a regular basis. The Committee shall meet privately in separate sessions at least annually with management, the director of the internal auditing department, the independent auditors, and as a committee to discuss any matters that the Committee believes should be discussed, such as a significant financial risk exposure and the step management has taken to monitor, control and report such exposures. In addition, the Committee, or its Chair, will communicate with management and the independent auditors to review the Company’s financial statements and significant findings prior to the filing of such statements with the SIX Swiss Exchange.

The independent auditors are ultimately accountable to the Committee. The Committee shall have the ultimate authority to select, evaluate and, where appropriate, replace the independent auditors. The external auditor is generally expected to attend the relevant meetings of the audit committee. The findings of the external auditor, the audit approach and the risk analysis are also discussed at these meetings.

In 2020 the Audit Committee has performed his duties in accordance with the duties as set out above and the requirements of the Dutch Corporate Governance Code.

Risk Supervisory Committee

The Risk Supervisory Committee makes all necessary preparations in order to facilitate the decision-making process by the Board in relation to obligations arising from the EU Regulation 2016/679 (“**GDPR**”) as well as other national or European Union data protection legislation; pursuant to the applicable terms of reference adopted by the Boards of Directors, the Risk Supervisory Committee has the following duties:

(a) support and audit the Group Data Protection Officer (“**DPO**”) in the context of providing advice to the Group companies as well as to their employees on obligations arising from GDPR rules, as well as other national or European Union data protection provisions;
(b) monitor the compliance with GDPR rules and the other national or EU provisions relating to data protection and the data protection policies of the Group, including the assignment of responsibilities, awareness and training of personnel who participates in the data processing activities and related control activities;
(c) collect information to identify the processing activities performed by the Group, analyze and verify the processing in terms of the compliance with GDPR rules and carry out any activity of information, advice and direction towards the Group;
(d) review the qualifications, performance and independence of the operation of the Company's internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations, and supervising the operation of codes of conduct;
(e) supervise the provision of DPO (choice of policies, application and assessment of the effects of new rules, information about the handling of estimated items, etc.);
(f) each year evaluating its own performance and the adequacy of its Terms of Reference.

In 2020, the RS Committee has performed its duties in accordance with its duties as set out above.

Table below shows frequency of meetings during the year 2020:

Meetings held in 2020	Frequency	Average duration
Board of Directors	Bimestrial	4 hours
SAR Committee	Half-yearly	1.5 hours
Audit Committee	Quarterly	1.5 hours
RS Committee	Quarterly	1 hour

In 2020, all board members attended all the Board of Directors meetings, while the Committees meetings have been held with full or majority attendance of the relevant members. In particular, It is confirmed the full attendance to the SAR Committee and to the Audit Committee meetings; at the Risk Committee only a total of 2 absences have been recorded that have not affected the majority of the attendances at each meeting.

3.3.3 Work methods of the Board of Directors and its Committees

The Board expects to have at least four regularly scheduled meetings each year. In addition, special meetings may be called from time to time as determined by the needs of the Group's business. At least annually, the Board shall devote a meeting to a review of the Group's long-term strategic and business plans.

The Chairman shall establish and distribute in advance the agenda for each Board meeting. Any director is free to suggest potential items for the agenda.

Attendance by any non-Director at Board meetings is subject to the discretion of the Board, however, the Board encourages management to bring officers and managers into Board meetings from time to time, when such managers can provide additional insight into the matters being discussed and/or have potential as future members of senior management. Board approval should be sought if the Chairman or Chief Executive Officer (CEO) wishes to add additional personnel as attendees at Board meetings on a regular basis.

Board resolutions shall be passed and elections shall be carried by the absolute majority of votes cast. In the event of equality of votes, the Chairman shall have the casting vote.

Resolutions may be taken in written form, by way of a telephone, or video conference. A Board member that cannot attend the Board meeting can express its vote by email addressed to the Chairman.

An Executive Director may grant another Executive Director a written proxy to represent him at a Board meeting. A Non-Executive Director may grant another non-Executive Director a written proxy to represent him at a Board meeting.

The discussions and resolutions shall be reported in minutes of the meeting and such minutes shall be signed by the Chairman and the meeting's secretary. The minutes shall be approved by the Board at its next meeting.

Resolutions approved by email must be included in the minutes of the next meeting of the Board.

The above mentioned operational rules may be applied on the Committees.

3.4 Information and control systems of the board vis-à-vis management

The Board of Directors is informed on a regular basis about significant matters involving the Group and the Group's business.

The Chairman and the CEO ensure the proper information flow between the Management and the Board of Directors. The Board of Directors receives regular and ad-hoc reports from the Board's Committees, the Chairman and the CEO. The minutes of Committees' meetings are made available to the full Board.

Furthermore, the Audit Committee reviews the financial performance and assesses the effectiveness of the internal and external audit processes as well as the internal risk management organisation and processes.
The role of the external and internal auditors is as follows:

- external auditors (KPMG Netherlands) who conduct their audit of lastminute.com NV and the Group in compliance with Dutch law including Dutch Standards on Auditing;
- external auditors (KPMG Switzerland) who (i) conduct the audit of the Swiss companies in compliance with Swiss law and in accordance with Swiss Auditing Standards and with International Standards on Auditing and (ii) act as point of reference for all the local audit components responsible for the audit of the Group subsidiaries;
- Group internal auditors which have a direct reporting line to the Audit Committee. It comprises people with a significant experience travelling worldwide and completing audit assignments.

4. Executive Management

In 2015, a management body was formally established (Executive Management) and it consists of all corporate managers with strategic responsibility for the Group. The table below shows the composition of the Executive Management as of 31 December 2020.

4.1 Members of the Executive Management

Name	Year of birth	Nationality	Current Function
Fabio Cannavale	1965	Italian	Executive Director, LM holding CEO
Marco Corradino	1968	Italian	Executive Director, LM holding COO, LM group CEO
Sergio Signoretti	1964	Italian	Chief Financial Officer

4.2 Professional background and other activities and functions

Fabio Cannavale
Group Chief Executive Officer – Executive Director
Please refer to section 3.1 of this corporate governance report.

Marco Corradino
lastminute.com Chief Executive Officer – Executive Director
Please refer to point 3.1 of this corporate governance report.

Sergio Signoretti
Chief Financial Officer
Sergio Signoretti is a chartered accountant and graduated in Economics at the State University in Rome. Sergio has extensive experience in the financial services industry, having managed as CEO of CartaLis (IGT-Lottomatica group) the startup of the initiative and led the development of the current second issuer of prepaid cards in Italy. Formerly he was CEO of Lottomatica Videolot Rete (IGT-Lottomatica Group) and he held positions as Head of planning and control in diversified multinational contexts (manufacturing, telco, gaming) among which Omnitel Vodafone and Lottomatica. He is an Angel Investor member of Italian Angels for Growth, an association of Italian and foreign investors in start-up capital ventures.

4.3 Management contracts

LM group does not have management contracts delegating portions of its management to third parties not belonging to the Group.

5. Compensation, shareholdings and loans

Please refer to the Compensation Report 2020.

6. Shareholders' participation

The participatory rights of shareholders are defined in LM's Articles of Association. Each share of the Company carries one vote and is entitled to vote on any shareholders' meeting of the Company. The Company's shareholders are only entitled to attend the general meeting in person, or represented by a person holding a written proxy, to address the meeting and to vote at the meeting, if the shareholder has lodged documentary evidence to the Board of Directors of his voting rights. The requirement for a written proxy is also met if the proxy is recorded electronically. The registration process is described in the notice for the general meeting.

One or more shareholders of the Company, entitled to make such a request according to the law, may request the Board of Directors in writing to include items for the meeting in the agenda, at least sixty days before the date on which the meeting is convened.

Unless another majority is prescribed under Dutch law or in the Articles of Association (art. 20 and art. 21), resolutions of the Company's general meeting of shareholders shall be adopted by an absolute majority of votes cast in a meeting at which at least one third of the issued capital is represented.

Extraordinary general meetings of the Company's shareholders shall be convened as often as deemed necessary by the Board of Directors or at the request to the Board of Directors by one or more shareholders jointly representing at least one-tenth of the issued share capital.

For details concerning convocation and notification of the General Meeting please see from art. 16 to 19 of the Articles of Association, refer to:
https://res.cloudinary.com/lastminute-contenthub/image/upload/DAM/Artwork/lmgroup/documents/governance-documents/2020/article-of-association-31-july-2020.pdf

No voting rights may be exercised for any shares held by the Company or its subsidiaries. The Company or its subsidiaries may not exercise voting rights in respect of shares for which it or its subsidiaries have a right of usufruct or a pledge. No other voting right restrictions apply to the shares of the Company. Furthermore, there are no procedures or conditions for abolishing voting rights restrictions laid down in the Articles of Association.

On 26 March 2015, the Group established a cash-settled share-based payment arrangement. Directors and selected key employees were offered the opportunity to participate. Plan participants are required to make an equity co-investment contribution in cash ("the initial contribution") as limited partners of a limited partnership entity. Under the terms of the plan, the Group contributes an amount equal to three times the initial contribution ("the Group Contribution"). The limited partnership entity which administers the arrangement purchases the LM shares, and Group shares equivalent is computed for both the initial and the Group Contribution. This equivalent number is equal to the contribution divided by the market price of a Group share at the date of the initial contribution.

7. Change of control and defence measures

7.1 Duty to make an offer

Pursuant to the applicable provisions of the Financial Market Infrastructure Act, FMIA, if a person acquires shares of a company with its primary listing at a Swiss stock exchange, whether directly or indirectly or acting in concert with third parties, which, when added to the shares already held by such person, exceed the threshold of 33 1⁄3% of the voting rights (whether exercisable or not) of such company, that person must make a bid to acquire all of the listed shares of the company. A company's articles of association may either eliminate this provision of the FMIA or may raise the relevant threshold to up to 49% (‟opting-out" or ‟opting-up" respectively). The Articles of Association do not contain an opting-out or an opting-up provision.

There is no obligation to make a bid under the foregoing rules if the voting rights in question are acquired as a result of a gift, succession or partition of an estate, a transfer based upon matrimonial property law, or execution proceedings.

These rules apply to the Company and its shareholders despite the Company being incorporated in the Netherlands. Since the Dutch rules on public takeovers and mandatory bid rules do not apply to a Dutch company listed at SIX Swiss Exchange, no exception applies to the application of Swiss takeover rules and, consequently, mandatory bid rules.

7.2 Clauses on change of control

There are no change-of-control clauses benefiting Board members or members of the management. Under certain scenarios, a change in control would result in the accelerated vesting of pre-existing employee stock options so that all such options could be exercised immediately.

8. Auditors

8.1 Duration of the mandate and term of office of the lead auditor

During the extraordinary general meeting held on 31 July 2020 ("EGM") the shareholders of the Company resolved upon the appointment of KPMG Accountants N.V. ("KPMG") to provide the Company with financial audit services for the accounting reference year 2020.

8.2 Auditing fees

The total of the auditing fees for the auditors in 2020 amounts to EUR 621 thousand, of which KPMG, including network firms, in their capacity as Group auditors, received EUR 544 thousand.

8.3 Additional fees

Additional fees of EUR 4 thousand were paid to the auditors (other than KPMG Netherlands) for 2020 audit related services.

8.4 Information instruments pertaining to the external audit

KPMG presents to the Audit Committee a detailed report on the conduct of the Financial Statements audit, the findings on significant financial accounting and reporting issues together with the findings on the internal control system as well as an overview of issues found during the interim audit.
The Audit Committee reviews annually the appropriateness of retaining KPMG as the auditor of LM group, prior to proposing to the Board and to the Annual General Meeting of LMN the election of KPMG as auditors. The Audit Committee assesses the effectiveness of the work of the auditors in accordance with Swiss and Dutch law, based on their understanding of the Group's business, control,

accounting and reporting issues, together with the way in which matters significant at Group level or in the statutory accounts are identified and resolved.
The Audit Committee is also informed on the work of KPMG through regular briefings and information presented by the head of the Internal Audit Department. The lead auditor is rotated every five years in accordance with Dutch law. Audit fees are ultimately approved by the Audit Committee.
The Group and KPMG have agreed on clear guidelines as to audit services which it is appropriate for KPMG to provide. These guidelines ensure KPMG's independence in their capacity as auditors to the Group. KPMG monitors its independence throughout the year and confirms its independence to the Audit Committee annually.

8bis. Internal control and risk management system

8.1bis Principles of the internal control and risk management system
The Group has adopted and is committed on promoting and maintaining an internal control and risk management system, to be understood as a set of all of the processes, procedures and tools necessary or useful in order to manage and monitor business activities with the objective of ensuring compliance with laws, protecting corporate assets, managing activities in the best and most efficient manner and providing accurate and complete accounting and financial data, including financial reporting.

The Board of Directors approved the "Guidelines of the Board of Directors on Internal Auditing" (the "Guidelines") that define the system of internal control and risk management as a set of organisational structures, rules and procedures to enable the identification and management of the risks in line with the Group's objectives. An effective system of internal control and risk management assists in leading the Group in line with pre-established goals, promoting reasoned decision-making. The Group's Board of Directors has identified the Audit Committee as responsible for the supervising of the internal control and risk management system. The Audit Committee defines the guidelines for the internal control and risk management system and annually reviews the operation of the Group's internal risk management and control systems with regard to the characteristics of the Group and the risk profile assumed, as well as its efficacy, so that the main risks facing the Group and its subsidiaries can be correctly identified and adequately measured, managed and monitored. During 2019, the internal control and risk management system has been integrated with new framework, rules and procedures in order to ensure the compliance with the obligations arising from GDPR rules, as well as other national or European Union data protection provisions.

The Group's internal control and risk management system is based on a set of integrated controls. Management is primarily responsible for applying the internal control and risk management system, since control activities are an integral part of management processes. Management must therefore foster an environment positively oriented that promotes to the controls and must specifically manage "line controls", consisting of all the control activities that individual operating units or companies perform on their own processes. There are various operating units involved in the internal control and risk management system, based on specific allocations of responsibility. These units are set within the corporate structure at three different levels of the corporate structure, and they interact as shown in the diagram below. Specifically, LMN's risk management system comprises the following three levels of internal control:

- Level One: identification, evaluation and monitoring of risks inherent to the individual Group processes. The Group departments that bear the individual risks, and are responsible for identifying, measuring and managing them as well as for implementing the necessary controls, are located at this level;
- Level Two: monitoring of the main risks to ensure that they are effectively and efficiently managed and processed, and monitoring of the adequacy and functioning of the controls put in place to protect against the main risks; support for Level One in defining and implementing adequate management systems for the main risks and related controls. This level contains Group personnel charged with coordinating and managing the main control systems. The

functions mainly involved are Corporate Operating Office and DPO, People Office and Security;
- Level Three: independent and objective verification of the operating effectiveness and adequacy of Levels One and Two, and in general of all risk management methods. This activity is performed by the Internal Audit Department, which performs his activity under the direction and guidance of the Guidelines.

Internal representations received from management, management reviews, reviews of the design and effectiveness of the internal controls and reviews are integral parts of LMN's risk management approach. On the basis thereof, it can be stated that LMN's internal controls over financial reporting provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies, based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis and confirms that these controls have functioned properly in the financial year 2020 .

In accordance with best practice 1.4.3 of the Dutch Corporate Governance Code dated December 2016, the board of directors confirms that:
- this report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis;
- this report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report.

8.2bis Risk Management System

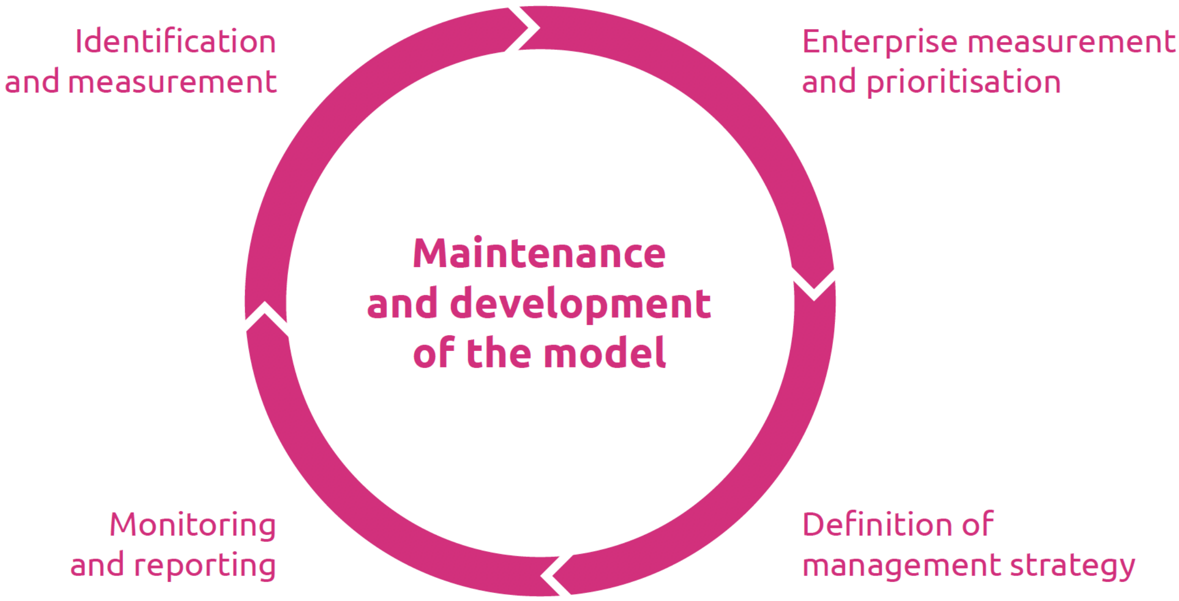
The Group has adopted rules, procedures and organizational structures to identify and manage the main risks that could affect the achievement of its strategic objectives.

The main risks and the relevant plans for managing said risks are submitted to the Audit and/or the Risk Supervisory Committees or, if the case may be, directly to the Board of Directors.

The scope of the risks identification phase is to point out any dangerous event both pertaining to the corporate processes of the Group and external to them that may affect the achievement of the corporate objectives. Risks are measured by way of defined grading scales of probability and impacts that concerns, both quantitative (e.g. economic and financial impacts) and more qualitative and intangible (e.g. reputational impact, health, safety-related) aspects.

Management actions and possible specific interventions are identified for all risks, with the relevant implementation timeframes, associated with a type of risks' management among those codified.

Below is a graphical representation of how the Group's risk management process works:



The main risks identified, monitored and managed by the Group are the following:

- Business Risk, being the risk arising from increased competition with possible subsequent loss of market share in comparison with other market players;
- Financial Risk, being the risk associated with financing operations, financial transactions and the risk of fulfilling the obligation linked to loans;
- Fraud Risk, being the risk arising from illegal or wrongdoing acts committed on the organization or by the organization or for the organization by internal or external sources;
- Cyber Security Risk, being the risk resulting from breakdowns in internal procedures, processes, people and systems; and
- Compliance Risk, being the risk resulting from changes in laws and regulations applicable to the Group (e.g. Tax law, GDPR and other material applicable laws).

8.3bis Internal Audit

The role, duties and responsibilities of the Internal Auditor are defined and formalised by the Board of Directors in the Guidelines.
The Board of Directors appoints the Internal Auditor. The Internal Auditor is appointed for an unlimited term and may be dismissed by the Board of Directors. At least once during the course of the mandate granted to it by the Shareholders' Meeting, the Board of Directors assesses whether to reappoint the Internal Auditor, basing its decision on factors including rotation criteria.
The Board of Directors has appointed Mr. Paolo Vassallo as Head of the Internal Audit Department.
The Internal Audit Department performs audit activities in full independence in accordance with the instructions of the Board of Directors; the Audit Committee oversees the activities of the Internal Audit Department. The Internal Audit Department activities are carried out ensuring the maintenance of the necessary conditions for independence and the necessary objectivity, competence and professional diligence provided for in the international standards for the professional practice of the Internal Audit and in the code of ethics issued by the Institute of Internal Auditors.

Within the process of approving the audit schedule, once a year the Board of Directors approves the budget required for the Internal Audit department to perform its responsibilities. According to the Guidelines, the Internal Audit has autonomous spending powers to assess, analyse and evaluate the internal control and risk management system and/or the related activities, and, in an exceptional and urgent circumstances that requires additional funds, it may ask the Board of Directors to extend the budget for the purposes of fulfilling its duties.

The Internal Audit Department: (i) verifies, both on a continual basis and in relation to specific requirements, in compliance with international standards, the functioning and suitability of the internal control and risk management system via an audit schedule, approved by the Board of Directors, after consultation with the Audit Committee, based on a structured process of analysing and prioritising the main risks; (ii) is not responsible of any operational area, and has direct access to all information that is useful for carrying out its duties; (iii) prepares periodic reports containing appropriate information on its work, on how risks are managed and on compliance with the plans set up to limit them. These reports contain an evaluation of the suitability of the internal control and risk management system; (iv) prepares timely reports on events of particular importance; (v) submits the reports to the Audit Committee and the Board of Directors; and (vi) verifies, in the context of the audit schedule, the reliability of the IT systems used, including the accounting systems.
Audit work are performed by the Internal Audit Department using an integrated approach, focusing on:

- Operational aspects: effectiveness and efficiency of business processes;
- Compliance aspects: compliance with laws and Group policies and procedures;
- Financial aspects: reliability of financial reporting.

In relation to compliance aspects, it should be noted that during 2019 the Internal Audit Function has been appointed as responsible for carrying out control activities on GDPR / Privacy topics, according to a 3 years GDPR Audit Plan approved by the Audit Committee. The focus of the GDPR audit is to determine whether the organisation has implemented adequate policies and procedures to regulate the processing of personal data and adequate security measures to mitigate the potential risk connected to processing of personal data. The scope of the GDPR audit is agreed in consultation with the relevant stakeholders (DPO) to identify relevant data protection risks within the organization. The 3 years audit plan can be divided into three main pillars:

- Compliance Audit, in order to have an initial complete audit to verify that all components are correctly set up (fully done in 2019);
- Data Audit, in terms of audit on personal data management process (started in 2019 and to be completed during the three-years period);
- Audit on outsourcers, checks on processing activities entrusted to third parties (started in 2019 and to be completed during the three-year period).

8.4bis. The Group's internal regulatory system

In accordance with the evolving process aimed at continually improving the effectiveness and efficiency of its internal control and risk management system, lastminute.com group has adopted its own Regulatory System. The base of the Group's internal regulatory system is represented by the Code of Conduct, adopted by the Board of Directors on 14 April 2014 and reviewed on March 18, 2020. The Code of Conducts explicitly states the ethical guidelines, values and responsibilities that the Group acknowledges, accepts, shares and assumes, both within and outside the business.
The values stated in the Code form a shared system that expresses lastminute.com group's culture of corporate ethics and inspires the strategic thinking and performance of corporate activities that have to be carried out in a transparent, honest and fair way, in good faith, and in full compliance with competition protection rules. All that in respect of the legitimate interests of every stakeholder.

The Group's regulatory system comprises the following levels: (i) Group's Policies (Level 1), (ii) Procedures (Level 2).
Group's Policies are indicated below:

- Code of Conduct;

- Whistle-blower Rules;
- Remuneration Policy;
- Dividend Policy;
- Privacy Policy;
- Insider Regulations;
- Power of Attorney Policy;
- GDPR and Security Policies;
- Modern Slavery Act Policy;
- Related Parties Transactions Policy; and
- Policy on Transactions of Directors and Management.

9. Information policy

9.1 Investor Relations – guiding principles

The Group is committed to managing an open and consistent communication policy with shareholders, potential investors and other interested parties. The objective is to ensure that the perception of those parties about the historical record, current performance and future prospects of the Group is in line with management's understanding of the actual situation of the Group. The guiding principles of this policy are that the Group gives equal treatment to shareholders in equal situations, that any price-sensitive information is published in a timely fashion and that the information is provided in a format that is as full, simple, transparent and consistent as possible.

9.2 Methodology

The Group prepares detailed audited Financial Statements and the Annual Report, in order to communicate the results of the business. These are complemented by the Half-Yearly Report. It also publishes quarterly press releases including unaudited business results, moreover it publishes press releases at the time of any potentially price-sensitive event. Major announcements could be accompanied by a presentation which anyone can choose to access, whether or not that person is a shareholder. Furthermore, the Group has an active investor relations program, including both group meetings and one-to-one meetings. This includes presentations at the time of the Group's full-year and half-year results. The Group also has a programme of roadshows, which take place primarily across Europe, and hosts themed events for institutional investors and investment analysts at which members of the management give an overview of their particular areas of responsibility.
These meetings focus either on recently announced financial results, recent corporate activity or the longer-term strategy of the Group and pertain to disclosable information only, in order to guarantee symmetry to the Market.
The Group utilises its website https://lmgroup.lastminute.com/ to ensure a rapid and equitable distribution of information. There are links to non-financial information that may be of interest to investors, such as the Articles of Association, Code of Conduct, Whistle-blower Rules, Dividend and Remuneration policy.
A Group calendar of relevant dates is displayed on the website (https://lmgroup.lastminute.com/investor-relations/financial-calendar.html).
The Investor Relations Department can be contacted, either through the Web site or e-mail.

Link to push service: [https://lmgroup.lastminute.com/site-services/alert-service.aspx]

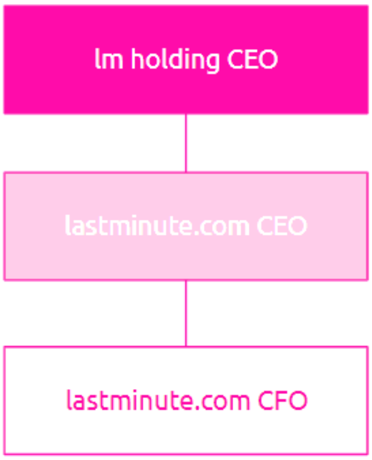
Link to pull service: [https://lmgroup.lastminute.com/media/press-releases.aspx]

10. Non-applicability/negative disclosure

It is expressly noted that any information not contained or mentioned herein is either non-applicable or its omission is to be construed as a negative declaration (as provided in the SIX Swiss Exchange Corporate Governance Directive and the Commentary thereto).

Contact
Investor Relations
E-mail: investor.relations@lastminute.com

2020 organizational structure:



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.

COMPENSATION
REPORT 2020

Definitions*: capitalized terms used in this Compensation Report shall have the meaning assigned to them in Annex 1.*

<u>Compensation Report 2020</u>

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/lmgroup/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

<u>Board membership fees and allowances</u>
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%
Anna Gatti	Non-executive director	30	-	-	-	30	0%
Laurent Foata	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 contest 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

<u>Compensation for Members of the Executive Management</u>

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 is related only to the fixed remuneration and to post employment 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.

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 Compensation 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.

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2020

APPROVED ON 25 MARCH 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

in '000 EUR	Notes	31 Dec 2020	31 Dec 2019
Revenue	7	105,065	349,045
Marketing Costs	8	(49,093)	(130,038)
Personnel Costs	9	(47,314)	(72,669)
Other Operating Costs	10	(53,582)	(90,990)
Amortization and depreciation	18/19	(21,278)	(19,111)
Impairment	18	(133)	(27)
Operating Profit / (Loss)		**(66,334)**	**36,210**
Gains/(losses) from disposal of investments and other assets	11	(3,045)	(106)
Finance Income	12	2,623	601
Finance Costs	12	(1,737)	(1,512)
Share of result of equity-accounted investees	22	(93)	(9)
Profit / (Loss) before income tax		**(68,586)**	**35,184**
Income Tax	13	6,538	(11,244)
Profit / (Loss) for the period		**(62,048)**	**23,940**
- thereof attributable to the Shareholders of lastminute.com NV	14	(61,208)	24,956
- thereof attributable to non-controlling interest	26	(840)	(1,016)
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss			
Remeasurements of the Employee benefits liability	15	(697)	(755)
Related tax	13	148	156
Items that will never be reclassified to profit or loss		**(549)**	**(599)**
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences		(633)	793
Items that are or may be reclassified to profit or loss		**(633)**	**793**
Total other comprehensive income for the period, net of tax		**(1,182)**	**194**
Total comprehensive income		**(63,230)**	**24,134**
- thereof attributable to the Shareholders of lastminute.com NV		(62,390)	25,150
- thereof attributable to non-controlling interest		(840)	(1,016)
EARNINGS PER SHARE			
Basic earnings per share (euro)	14	(5.56)	2.27
Diluted earnings per share (euro)	14	(5.56)	2.27

CONSOLIDATED BALANCE SHEET (*)

in '000 EUR	Notes	31 Dec 2020	31 Dec 2019
NON CURRENT ASSET			
Property plant and equipment	18	2,902	2,831
Right-of-use Assets	17	11,293	13,136
Intangible assets	19	152,228	156,009
Goodwill	19-20	60,412	61,229
Non-current financial assets	21	1,336	1,430
Investment in equity accounted investees	22	872	966
Trade and other non current receivables	23	-	265
Deferred tax asset	13	14,000	5,254
TOTAL NON CURRENT ASSETS		**243,043**	**241,120**
CURRENT ASSETS			
Inventories		-	14
Current financial assets	21	2,299	1,936
Current tax assets	13	1,221	1,239
Trade and other receivables	23	51,722	98,229
Contract assets	24	2,138	7,727
Cash and cash equivalents	25	137,618	110,360
TOTAL CURRENT ASSETS		**194,999**	**219,505**
TOTAL ASSETS		**438,041**	**460,625**
SHARE CAPITAL AND RESERVES			
Share capital	26	117	117
Capital reserves	26	101,819	101,819
Currency translation reserve	26	1,371	2,004
Treasury share reserve	26	(9,108)	(9,108)
Retained earnings / (losses)	26	(25,409)	35,330
TOTAL EQUITY of THE GROUP		**68,790**	**130,162**
Non-controlling interest	26	292	2,525
TOTAL EQUITY		**69,082**	**132,687**
NON CURRENT LIABILITIES			
Employee benefits liability	15	8,917	7,616
Long Term Financial Liabilities	28	28,721	10,982
Long Term Lease Liabilities	17	6,767	7,380
Deferred tax liabilities	13	28,266	27,198
TOTAL NON CURRENT LIABILITIES		**72,671**	**53,176**
CURRENT LIABILITIES			
Current provisions	27	3,856	904
Short Term Financial Liabilities	28	67,236	24,399
Short Term Lease Liabilities	17	4,980	5,921
Current tax liabilities	13	5,757	6,753
Trade and other payables	29	213,908	226,169
Contract liabilities	24	550	10,616
TOTAL CURRENT LIABILITIES		**296,288**	**274,762**
TOTAL LIABILITIES		**368,959**	**327,938**
TOTAL LIABILITIES AND EQUITY		**438,041**	**460,625**

(*) before appropriation of results

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in '000 EUR	Notes	Share Capital	Capital Reserves	Translation Reserve	Treasury Share Reserve	Retained Earnings	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM N.V.	Non-controlling interest	TOTAL EQUITY
Balance at 1 January 2020		**117**	**101,819**	**2,004**	**(9,108)**	**35,330**	**130,162**	**2,525**	**132,687**
Result for the period		-	-	-	-	**(61,208)**	**(61,208)**	**(840)**	**(62,048)**
Other comprehensive income									
- Remeasurements of the Employee benefits liability (net of tax)	13/15	-	-	-	-	(549)	(549)	-	(549)
- Foreign currency translation differences	26	-	-	(633)	-	-	(633)	-	(633)
Total other comprehensive income net of tax		-	-	**(633)**	-	**(549)**	**(1,182)**	-	**(1,182)**
Total comprehensive income net of tax		-	-	**(633)**	-	**(61,757)**	**(62,390)**	**(840)**	**(63,230)**
Transactions with shareholders									
- Deconsolidation of Destination	5	-	-	-	-	-	-	(350)	(350)
- Transactions with non-controlling interest	26	-	-	-	-	1,018	1,018	(1,043)	(25)
Total transactions with shareholders		-	-	-	-	**1,018**	**1,018**	**(1,393)**	**(375)**
Balance at 31 December 2020		**117**	**101,819**	**1,371**	**(9,108)**	**(25,409)**	**68,790**	**292**	**69,082**

in '000 EUR	Notes	Share Capital	Capital Reserves	Translation Reserve	Treasury Share Reserve	Retained Earnings	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM N.V.	Non-controlling interest	TOTAL EQUITY
Balance at 1 January 2019		**117**	**101,819**	**1,211**	**(8,507)**	**14,713**	**109,353**	**1,941**	**111,294**
Result for the period		-	-	-	-	**24,956**	**24,956**	**(1,016)**	**23,940**
Other comprehensive income									
- Remeasurements of the Employee benefits liability (net of tax)	13/15	-	-	-	-	(599)	(599)	-	(599)
- Foreign currency translation differences	26	-	-	793	-	-	793	-	793
Total other comprehensive income net of tax		-	-	**793**	-	**(599)**	**194**	-	**194**
Total comprehensive income net of tax		-	-	**793**	-	**24,356**	**25,149**	**(1,016)**	**24,133**
Transactions with shareholders									
- share-buy back plan	26	-	-	-	(816)	(2,585)	(3,401)	-	(3,401)
- Sale of treasury shares	26	-	-	-	215	-	215	-	215
- Transactions with non-controlling interest	26	-	-	-	-	(1,154)	(1,154)	1,601	447
Total transactions with shareholders		-	-	-	**(601)**	**(3,739)**	**(4,340)**	**1,601**	**(2,739)**
Balance at 31 December 2019		**117**	**101,819**	**2,004**	**(9,108)**	**35,330**	**130,162**	**2,525**	**132,687**

CONSOLIDATED CASH FLOW STATEMENT

in '000 EUR	Notes	2020	2019
Cash flow from operating activities			
Profit / (loss) for the period		(62,048)	23,940
Adjustments for:			
Amortization and depreciation	18/19	21,278	19,111
Impairment losses on intangible and tangible assets	18/19	133	27
Net finance result	12	(885)	910
Gains/losses from disposal of inv. and other	11	3,045	106
Income tax expense	13	(6,538)	11,244
Share of result of equity-accounted investees	22	93	9
Change in trade and other receivables	23	47,477	(18,849)
Change in contract assets	24	5,589	(3,866)
Change in inventories		14	-
Change in trade and other payables	29	(13,098)	40,679
Change in contract liabilities	24	(10,066)	3,357
Change in provisions	27	2,952	344
Change in defined benefit liability	15	541	670
Interest (paid) / received		(1,032)	(632)
Income tax (paid) / received		(2,692)	(6,320)
Net cash (used in) / from operating activities		**(15,237)**	**70,730**
Cash flow from investing activities			
Purchase of property, plant and equipment	18	(1,961)	(1,680)
Proceeds from sale of property, plant and equipment	18	121	30
Purchase of intangible assets	19	(9,085)	(15,011)
(Acquisition) of subsidiaries, net of cash acquired	5	(1,576)	(828)
Payment of deferred consideration (Investing)		-	(6,000)
(Acquisition) / proceeds of financial assets	21	(38)	(350)
Net cash (used in) / from investing activities		**(12,539)**	**(23,839)**
Cash flow from financing activities			
Proceeds from borrowings	4	81,940	20,000
Repayments of lease liabilities	17	(6,212)	(5,927)
Repayments of borrowings	4	(21,305)	(23,565)
Share Buy back plan	26	-	(816)
Acquisition of non-controlling interests	26	(25)	-
Proceeds from sale of own shares		-	481
Net cash (used in) / from financing activities		**54,398**	**(9,827)**
Net increase / (decrease) in cash and cash equivalents		**26,622**	**37,064**
Cash and cash equivalents at 1 January	25	**110,360**	**72,871**
Effects of currency translation on cash and cash equivalents		636	425
Cash and cash equivalents at 31 December	25	**137,618**	**110,360**

NOTE 1 - GENERAL INFORMATION

Lastminute.com N.V. (hereinafter referred to as the "Company") is a company domiciled in the Netherlands and registered with the Chamber of Commerce under number 34267347. The address of the Company's registered office is Prins Bernhardplein 200, 1097 JB Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2020 include the Company and its subsidiaries (together referred to as "lastminute.com Group", the "Group" or "LMN" and individually as "Group entities"). The Group is an online travel player providing consumers with online tools and technologies that allow them to easily search for, compare and book flights, vacation packages and cruises, hotel accommodations, car rentals and other travel products and services.

These financial statements cover the year 2020, which ended at the balance sheet date of 31 December 2020.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as explained in the paragraph that addresses adoption of new and revised standards and interpretations and have been applied consistently by Group entities.

BASIS OF PREPARATION

The consolidated financial statements of the Company are part of the statutory financial statements of the Company. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2:362(9) of the Dutch Civil Code.

The consolidated financial statements are presented in thousands of Euros and all amounts (including totals and subtotals) have been rounded according to normal commercial practice.

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments at fair value through profit or loss, which are measured at fair value and the employee benefits liability, measured at the fair value of plan assets less the present value of the defined benefit obligation.

The consolidated financial statements have been prepared on a going concern basis. Refer to the Use of Estimates and Judgments paragraph for a detailed assessment of the going concern assumption in the light of the current Covid-19 crisis.

The consolidated financial statements were authorised for issue by the Board of Directors on 25 March 2021.

The Group has evaluated the amendment to the following standards and concluded as follows.

IFRS 16 – Covid-19 Related Rent Concessions

On May 28, 2020, the IASB issued the amendment to IFRS 16 Leases "Covid-19 Related Rent Concessions" by introducing a practical expedient to the chapter related to leasing modifications.

The amendment introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19 pandemic. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

The amendment is effective for periods beginning on or after 1 June 2020, with earlier application permitted.

The group has performed an assessment over the impact of the amendment and deemed it not applicable at consolidated level, since the main lease contract modifications do not meet the requirements and have been accounted for as a modification to the original contract.

Amendment to IFRS 3 – Business combinations

The Group applied Definition of a Business (Amendments to IFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. See also Note 5 for details of the Group's acquisition of a subsidiary during the year.

USE OF ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Estimates are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements as well as information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year affects mainly the following areas:

Covid-19

The outbreak of the Coronavirus (Covid-19) and the severe measures taken by governments are impacting on society and travel business unprecedentedly. During the year, many countries have declared state of emergency and, among others, issued restrictions to free movement within the countries but also across borders, airlines have suspended most of their flights and tour operators their travel operations. In this context, up to the end of February 2020, the Group has performed better than the budget and the last year figures. The trend has reversed starting from the last week of February. Starting early March, the main countries in which the Group operates have started to follow the declining trend. During the summer, after several weeks of lockdown, many countries have reopened borders and bookings started to bounce back even if bookings volumes figures have been lower when compared to last year. From the last week of May then, the Group experienced a steep rebound that culminated at the end of June with a recovery of around 50% of 2019 volumes (at booking level). The OTA flight business has been the driver of such a rebound, primarily thanks to an effective marketing and pricing strategy that enabled the Group to intercept and convert into a growing number of bookings the rising demand of travel's solutions around Europe. Hotel-only business, which – in absolute terms – counts for a small portion of the overall size of the Group business, performed very well too. META and Media have been affected by the significant slowdown of traffic on the Group websites but, due the lean cost structure, they were able to limit the impact on the profit and loss. Until the middle of August, the Group had seen continued progress, particularly in July when the curve of OTA bookings reached -35% volume compared to the 2019 level. Even in such a difficult context, the Group overperformed the reference market that stayed at -60/65% on average. Despite the relatively good performance registered in the summer season, the Group suffered with the rise of the second wave of the pandemic and the business showed signs of a slowdown, driving volumes down to -65% compared to the same period of last year. As a result of new restrictions and the drop in traveller confidence, the Group has experienced such a slowdown over the winter season.

The main impacts of COVID-19 on the consolidated statement of profit or loss are on revenues and personnel costs. The effect on revenues is driven by cancellations due to the restrictions in flights and subsequent voucher campaigns. Cancellations collected during the year, accounted for EUR 30.1 million with main negative effect on revenues, were fully recorded in the profit and loss of the period. The effect on personnel costs is driven by the benefit related to the working hours reductions plans granted by the Governments in the core markets where the Group operates for a total amount of EUR 16.9 million fully recorded in the profit and loss. The Group has taken a variety of measures in the effort to maintain an adequate level of liquidity in the foreseeable future based on these scenarios. These measures include a) decisions to reduce the cost base, e.g. stopping of projects, reducing marketing non-performance and overhead spend as well as freezing hiring of employees and b) utilizing all the available supporting measures for the business community put in place by the Governments in the core markets where the Group operates, e.g. government secured financing and short-time work compensation. Overall, the magnitude of the cost reduction program, including all the actions described above, has generated savings amounting around EUR 30 million on a yearly basis. From a financial perspective, the rebound experienced in summer on booking volumes has contributed to positive working capital dynamic and to higher revenue, allowing the Group to generate operating cash again. In order to further protect the financial structure, the Group has extended seasonal credit lines, has obtained new financings from major financial institutions and is accessing government secured financing, for example in Switzerland for a total amount of EUR 81,940 thousand. With reference to the existing covenants the Group has already secured with the related bank the availability to consider as extraordinary any potential impact of Covid-19 on the Group's balance sheet, obtaining the related waivers, therefore not impacting the continuity of the financing. At 31 December 2020, Cash available stood at EUR 137.6 million and Net Financial Position reached EUR 33.5 million. See Note 28 of the consolidated financial statements for further details. The entrepreneurial actions explained in the paragraph above have been taken also to secure the going concern of the Group for the foreseeable future. Based on the situation as of the dates leading to the publication of the consolidated financial statements the Group has performed scenario analyses and stress tests using assumptions on the recovery in bookings and the availability of vaccines that will have positive effects on travel confidence. The analyses cover net revenues, business EBITDA as well as the liquidity situation. The Group performed analyses on the cash flow forecast and assessment on the upcoming years. Based on that, the Group believes that payment obligations can be met even in the worst case scenario. While uncertainties remain on the timing of the business recovery and it is currently not reasonably possible to estimate the future impact, based on the actions taken and described above management does not have any reason to believe that the Group is not able to continue as a going concern.

Income taxes

As of 31 December 2020 the net liability for current taxes amounts to EUR 4,536 thousand (2019: net liability for current taxes of EUR 5,514 thousand). The net liability for deferred taxes amounts to EUR 14,266 thousand at 31 December 2020 (2019: EUR 21,944 thousand, refer to Note 13 for further details). Significant estimates are required in determining the current and deferred tax assets and liabilities. Some of these estimates are based on interpretations of existing tax laws and regulations. Management believes that these estimates are reasonable and that the recognised liabilities for income tax-related uncertainties are adequate. Various internal and external factors may have favourable or unfavourable effects on the income tax assets and liabilities. These factors include, but are not limited to, changes in tax laws and regulations or their interpretation, and changes in tax rates. Any such changes that arise could impact the current and deferred income tax assets and liabilities recognised in the balance sheet in future periods. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

As of 31 December 2020 management recognised deferred tax assets on losses carried forward for EUR 12,374 thousand based on its estimates of future taxable profits. Management considers it probable that future taxable profits will be available against which such losses can be used.

Provision and contingencies

The use of estimates and judgments is required in order to assess the amount and timing of future cash outflows to settle the present legal or constructive obligations. In case the estimates of Group's management differ significantly from effective cash outflows, the consolidated financial statements could be materially affected. Total provisions amount to EUR 3,856 thousand as of 31 December 2020 (EUR 904 thousand for 2019). For further information see Note 27.

Business combinations

The Group initially recognizes the fair value of identifiable assets acquired, the liabilities assumed, any non-controlling interest on a proportionate basis and the consideration transferred in a business combination. Management judgment is particularly involved in the recognition and fair value measurement of intellectual property and contingent consideration. In making this assessment, management considers the underlying economic substance of the items concerned in addition to the contractual terms. This process impacts the amounts assigned to individually identifiable assets and liabilities, the most significant ones being intangible assets. As a result, the purchase price allocation impacts Group's reported assets and liabilities, future net earnings due to the impact on future depreciation and amortization expense and impairment tests.

Impairment

As of 31 December 2020 and 2019 the Group had respectively EUR 60,412 thousand and EUR 61,229 thousand in goodwill (see Note 20) and EUR 152,228 thousand and EUR 156,009 thousand in intangible assets (see Note 19). Assets that have an indefinite useful life, such as trademarks owned by the Group, goodwill and intangible assets not yet available for use are not subject to amortization and are annually tested for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. To compute the recoverable amount the Group's management uses key assumptions, e.g. a discount rate reflecting the risk of the assets tested for impairment and future expected cash flows generated by these assets. Actual outcomes, e.g. cash flows, may vary significantly from those assumed by management. Factors such as the underperformance of the operating activities, worsening of market conditions, changes in discount rates and lower than anticipated revenues derived from the assets could lead to a significant impairment.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial information of the parent company lastminute.com N.V. and of the companies over which the Group has the right to exercise control, either directly or indirectly.

Business combinations

Business combinations are accounted for by applying the acquisition method. The Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss below operating profit.

The consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, equity interests issued by the Group and the fair value of any contingent consideration. Transaction costs, other than those associated with the issue of debt or equity securities, incurred in connection with a business combination are expensed as incurred.

Subsidiaries

Control exists when lastminute.com N.V. is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries that are controlled by the Group are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners acting in their capacity of owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Loss of control

When the Group ceases to have control over a subsidiary it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. This value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates, which are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies (generally a 20% to 50% shareholding). Interests in associates are accounted for using the equity method. They are recognised initially at cost. Subsequently to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Additional information regarding changes in the scope of consolidation is provided in Note 5.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements of subsidiaries, associates and joint ventures are prepared in the currency of the primary economic environment in which they operate (the "functional currency"). The consolidated financial statements are presented in Euro (EUR), which is the functional currency of the parent company. In individual companies, transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into the functional currency at year-end rates. Any resulting exchange differences are recognised in profit or loss.

Foreign operations are consolidated as follows:

- the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro at the average exchange rates for the period when considered a reasonable approximation of the spot rate.
- foreign currency differences are recognised in Other Comprehensive Income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment is stated at acquisition or construction cost less accumulated depreciation and impairment losses or reversals. Acquisition and construction costs include all expenses directly attributable to the acquisition and necessary to bring the asset to working condition for its intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset will be capitalised as part of the acquisition cost of that asset. An asset is deemed to be a qualifying asset if a substantial amount of time is required to ensure that it is in the intended state ready for use or sale.

Subsequent costs

Subsequent expenditures are capitalised only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed as incurred.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the following estimated useful lives:

▪ IT Equipment	5 years
▪ Furniture	3-5 years
▪ Other property, plant and equipment	4 years

Depreciation on property, plant and equipment begins when it is in the working condition intended by Management.

The residual value and the useful economic life of property, plant and equipment are reviewed annually and adjusted where necessary. Gains and losses arising from the sale of property, plant and equipment are recognised in the statement of profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

INTANGIBLE ASSETS

Intangible assets are stated at cost less any accumulated amortization and impairment losses.

Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. They are tested annually for impairment. All trademarks have been assumed to have an indefinite life upon the absence of a foreseeable limit to the period over which the assets are expected to generate net cash inflows. They are tested annually for impairment or whenever events or changes in circumstances indicate that trademarks may be impaired.

Capitalised development costs

The capitalised development costs of lastminute.com Group consist mainly of capitalised internal and external expenditures for the development of the websites of lastminute.com Group.

Internal and external development expenditures are capitalised if:

- they lead to new or substantially improved features on the internet page or other intangible assets;
- the finalization of the development is technically and commercially feasible;
- the Group has the intention to complete the project and the ability to use the new or substantially improved features;
- the Group has sufficient resources to complete the development; and
- the expenditure can be measured reliably.

Development expenditures that do not fulfil the above criteria are expensed as incurred.

The expenditure capitalised includes the cost of materials together with internal and external project costs as well as borrowing costs that are directly attributable to a development project.

Other Intangible assets

Other intangible assets include, among others, customer relationships externally acquired by the Group. Based on the initial assessment, they could be considered as intangible assets with a definite or indefinite useful life. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date.

Amortisation

Amortisation of intangible assets is charged to profit or loss on a straight-line basis over their estimated useful life. Amortisation of intangible assets begins at the date they are available for use. Intangible assets with an indefinite useful life are not amortised. They are tested annually for impairment or whenever events or changes in circumstances indicate that trademarks may be impaired.

The estimated useful lives are as follows:

- Capitalised development cost (software) 2-5 years
- Other intangible assets 2-4 years

The residual value and the useful economic life of intangible assets are reviewed annually and adjusted where necessary.

Gains and losses arising from the sale of intangible assets are recognised in the statement of profit or loss.

GOODWILL

At the date of acquisition and the date of control, the equity of the consolidated companies is determined by attributing to the individual assets and liabilities their fair value. The remaining difference, if any, compared to the cost of acquisition, if positive, is recorded in goodwill; if negative, after having remeasured the fair value of the acquired assets and liabilities, such difference is recognised in the statement of profit or loss. Whenever the initial recognition of a business combination can be determined only provisionally, adjustments to the initially allocated values are recognised within 12 months from the acquisition date.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amount of the Group's property, plant and equipment and intangible assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's (or the respective cash-generating units) recoverable amount, being the higher of its fair value less cost of disposal and its value in use, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually.

The test is performed at the end of every year so the date of testing is the year-end closing date of the consolidated financial statements. Goodwill acquired and allocated during the year is tested for impairment at the end of the year in which the acquisition and allocation took place. Goodwill is allocated and tested at operating segment level as it is not monitored at a lower CGU level.

Any impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reviewed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

LEASES

For any new contract entered from the 1st January 2020, the Group considered whether it is or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Group assesses whether the contract meets key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability (principal) and finance cost. The finance cost is charged to profit and loss over the lease period (interest expense) as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets and liabilities arising from a lease are initially measured on a present value basis. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Under the cost model, an entity measures a right-of-use assets at:

- initial cost as described above;
- less accumulated amortisation (recognised in accordance with the depreciation requirements of IAS 16) and
- accumulated impairment losses (recognised in accordance with IAS 36);

Impairment (in accordance with IAS 36) should be identified at the individual asset level if the individual asset generates cash inflows that are largely independent from other assets. Where the recoverable amount of the right-of-use asset cannot be determined individually, the impairment test moves to the level of the cash-generating unit ('CGU') to which the right-of-use asset belongs.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivables;

- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequently to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in substance in fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

In applying IFRS 16, the Group has used the following practical expedients permitted by the standard:

- low-value lease: leases whose underlying asset has been evaluated less than EUR 5,000 have been excluded;
- short-term lease: leases that, from commencement date, have a lease term less than 12 months as at 1 January 2019;
- discount rate: apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- initial direct costs: exclude initial direct costs from the measurement of right-of-use assets at the date of initial application.
- lease term: the Group used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

In 2020, the Group has performed an assessment over the amendment to IFRS 16 related to Covid-19 rent concessions. For further details please refer to the opening paragraph.

FINANCIAL INSTRUMENTS

Financial assets

Financial assets are initially recognised on the trade date at fair value plus any directly related transaction costs. Subsequently, they are categorised and measured as follows:

- Derivatives, part of financial assets are measured at fair value through profit or loss, whereby changes in the fair value are immediately recognised in profit or loss;
- Loans and receivables at amortised cost, whereby the difference between the issue and repayment amount is recognised in profit or loss using the effective interest method over the period to maturity;

The classification of financial assets depends on the purpose for which they were acquired. Management determines the classification at initial recognition.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Investments

Investments are measured at fair value with changes in their value recognised in profit or loss.

Trade and other receivables

Trade and other receivables are initially measured at fair value. Subsequently to initial recognition, they are measured at amortised cost based on the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents are stated at book value that approximates the fair value. They include cash on hand, bank accounts, debit balances on credit card accounts and fixed-term deposits with a term of less than 90 days based on original maturity date.

Financial liabilities

Financial liabilities are initially recognised at fair value less any directly attributable transaction costs. They are subsequently stated at amortised cost, whereby the difference between the issue and repayment amount is recognised in profit or loss using the effective interest method over the period to maturity.

Trade and other payables

Trade and other payables are stated initially at fair value and subsequently at amortised cost, which generally corresponds to their book value that approximates the fair value.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect of the time value is material, provisions are determined by discounting the expected future cash flows.

EMPLOYEE BENEFITS

Post-employment plans

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans. For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Post-employment plans for employees are maintained based on the respective legislation in each country. The plans in Switzerland, Italy and France are determined as defined benefit plans. The Swiss pension plan is financed by employer and employee contributions and the funds and foundation are financially independent from the Group. The Italian plan relates to the employee severance indemnity (TFR) that represents a contribution plan. In France employees benefit from the "Indemnités de Fin de Carrière" defined as a “defined benefit” plan.

The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method (PUCM). The pension fund obligations and the related plan assets are assessed annually by a qualified actuary. Current service costs and net interest on the net defined benefit liability or asset are recognised as “Personnel costs”. The Group determines the net interest expense by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability or asset.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses on the defined benefit obligation and the return on plan assets (excluding interest) are immediately recognised in other comprehensive income (OCI).

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately as “Personnel costs”. A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan.

Share-Based Payment Transactions

On 26 March 2015, the Group established a new cash-settled share-based payment arrangement. The fair value of the amount payable to employees in respect of the arrangement, which is settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the rights. Any changes in the liability are recognised in profit or loss.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares and options are shown in equity as a deduction, net of tax, from the proceeds.

TREASURY SHARES

When shares recognised as equity are repurchased, the amount of the consideration paid, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within retained earnings.

REVENUE RECOGNITION

The paragraphs below summarise the revenue recognition basis for the Group’s revenues streams.

Online Travel Agency (OTA)

Within Online Travel Agency (OTA) services, The Group offers travel services on a stand-alone and package basis generally either through the merchant or the agency business model. Merchant revenues are derived from travel related transactions where the Group facilitates the payments from travellers for the services provided. The Group records cash collected from travellers, which includes the amounts owed to the travel service providers and the Group’s commission, and recognised revenues once the transaction with the customer is finalised. Agency revenues are derived from travel-related transactions where the Group does not facilitate payments from travellers for the services provided. The Group receives commissions from the travel suppliers. Under the merchant model the Group's customers are represented by the travellers while in other transactions the Group's customers are the service providers. When a customer posts a booking on the internet page of the companies of the Group, lastminute.com Group passes the booking to the travel supplier. Lastminute.com Group acts as an agent or broker. Revenue from the intermediation of travel services therefore consists of the commission that represents the difference between the total amount receivable from the customer and the amount payable to the travel supplier or the related commissions received from the travel supplier. Depending on the cancellation policy the customers may receive a cash refund or a voucher from the Group. The refund does not change the accounting nature for the voucher issued and in accordance with IFRS 9 financial liabilities are initially measured at fair values. When the original booking is cancelled, the Group has already fulfilled its performance obligation and the traveller hasn't yet made a new booking which would give rise to a new contract under IFRS 15 and a new performance obligation as an agent. Revenue from commissions paid by financial and commercial partners under specific revenue-sharing agreements, such as commissions received from telecom operators based on the volume of inbound calls to our premium customer service numbers, is recognized according to the information provided on their periodical statements.

See below for further information on the main OTA revenue streams.

- Revenues from sales of travel services

This line includes the commissions generated from the sale of hotels, flights, dynamic packages, tour operators and other OTA products. Revenue is recognised upon transfer of control of the promised services in an amount that reflects the consideration expected to be entitled to in exchange for those services. Revenues for online travel reservation services are recognized at a point in time when the customer has completed its booking.

- Revenues from over commissions, kickback and rebate

The Group also receives incentives (overcommission) from its Global Distribution System (GDS) service providers based on the volume of purchases mediated by the Group through the GDS system and kickback from merchants. The revenues are recognised during the year on the basis of the agreements with the flight companies and merchants.

- Revenues from ancillaries

The Group receives commissions from the intermediation of ancillary services, such as insurance on packages sold to the customers. Revenues for ancillaries are recognized at a point in time when the customer has completed its booking. They also include, as example, additional luggage and parking fees.

- Revenues post sales

The Group receives commissions from the intermediation of post sales services such as administration fees on refunds and voucher misredemption.

- Other revenues

The line includes residual income received during the year, not allocable to other streams.

Media revenues

The Group generates other revenues, which primarily comprise revenue from advertising and metasearch activities. Revenue from advertising services comprises revenue from providing advertisement banners on the Group's companies websites. Revenue derived from the delivery of advertisements is recognized either at the time of display of each individual advertisement, or when the service is transferred to the customer over the delivery period. Media revenues are included in revenues from advertising services line items.

<u>Metasearch revenues</u>

Metasearch revenues are recognised at the time when searches, clicks and purchases are generated by our metasearch activities. Metasearch revenues are included in the revenues from sales of travel services line items.

MARKETING COSTS

Marketing costs include both online and offline costs. Online costs (also called performance marketing costs) are variable costs linked to online marketing and advertising activities in which the Group pays marketing companies (search engines, affiliates) when a specific action is completed such as a sale, lead or click. Offline costs (also called non-performance marketing costs or brand marketing costs) are the costs sustained to improve the brand awareness. Marketing costs are recognised in consolidated statement of profit and loss when the underlying expenditure is incurred and classified as such based on their nature.

OTHER OPERATING COSTS

The Group considers as “Other operating costs" all the other costs that are incidental to the business. It includes, by nature, expenses that are incurred in the Group for its normal operational purposes and activities This line comprise a portion of variable costs, such as credit card processing fees and service costs, and a portion of fixed costs, such as consultancy, overhead and rent fees. Other operating costs are recognised in consolidated statement of profit and loss when the underlying expenditure is incurred and classified as such based on their nature.

INCOME TAXES

Income tax comprises current and deferred taxes. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity (i.e. transactions with shareholders), in which case it is recognised in other comprehensive income or equity.

Deferred taxes are determined using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. No deferred taxes liabilities are recognised for taxable temporary differences upon the initial recognition of goodwill. The amount of deferred taxes is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets resulting from temporary differences and tax loss carry-forwards are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NEW AND REVISED STANDARDS AND INTERPRETATIONS NOT YET APPLIED

The following new and revised standards and interpretations have been issued but are not yet effective and are not applied early in these consolidated financial statements. Their impact on the consolidated financial statements has not been systematically analysed yet.

New Standards or Interpretations	**Effective date annual period beginning on or after:**	**Mandatory application in the EU: annual period beginning on or after**
IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020) - (*2)	01 Jan 23	Not yet endorsed
Amendments	**Effective date annual period beginning on or after:**	**Mandatory application in the EU: annual period beginning on or**
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively) - (*1)	01 Jan 23	Not yet endorsed
Amendments to: • IFRS 3 Business Combinations; - (*1) • IAS 16 Property, Plant and Equipment; - (*1) • IAS 37 Provisions, Contingent Liabilities and Contingent Assets - (*1) • Annual Improvements 2018-2020 - (*1) (All issued 14 May 2020)	01 Jan 22	Not yet endorsed
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020) - (*1)	01 Jan 21	Not yet endorsed
IASB and IFRS IC documents that have been endorsed	**EU Effective date**	**Date of endorsement**
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19 (issued on 25 June 2020) - (*1)	01 Jan 21	15 Dec 20
Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (issued on 28 May 2020) - (*1)	01 Jun 20	09 Oct 20
Amendments to IFRS 3 Business Combinations (issued on 22 October 2018) - (*1)	01 Jan 20	21 Apr 20
Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform (issued on 26 September 2019) - (*1)	01 Jan 20	15 Jan 20
Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018) - (*1)	01 Jan 20	29 Nov 19
Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018) - (*1)	01 Jan 20	29 Nov 19

1) The impacts on the consolidated financial statements of the Group are expected to be additional disclosures or minor changes in presentation of items and no impacts on accounting treatment.

2) No or no significant impacts are expected on the consolidated financial statements of the Group.

NOTE 3 - CHANGES IN ACCOUNTING POLICIES

There are no significant changes in accounting policies during the year.

NOTE 4 - FINANCIAL RISK MANAGEMENT

Financial Instruments

The following table shows the Group's financial instruments arranged according to the categories defined in IFRS 9:

	31 Dec 2020	31 Dec 2019
Non current financial assets	1,336	1,430
Current financial assets (Deposits and other)	2,299	1,936
Trade and other receivables * (Current and Non Current)	45,172	88,782
Cash and cash equivalents (excl. Cash on hand)	137,615	110,339
Total financial assets measured at amortised cost	**186,422**	**202,487**
Short term and long term financial liabilities	95,957	35,381
Short term and long term lease liabilities	11,747	13,301
Trade and other payables * (Current and Non Current)	205,686	208,442
Total financial liabilities measured at amortised cost	**313,390**	**257,124**
Derivative financial instrument liabilities	-	173
Total financial liabilities at fair value through profit or loss	-	**173**

(*) "Trade and other receivables/payables" do not include credit/debit VAT position, and other non-cash items (as liabilities to employees) as of 31 December.

For further details on Financial assets refer to Note 21.

The carrying amounts of the above listed loans and receivables including cash and cash equivalents as well as of the financial liabilities measured at amortised cost approximate the estimated fair value of these financial instruments.

With reference to the existing covenants the Group has already secured with the related bank the availability to consider as extraordinary any potential impact of Covid-19 on the Group's balance sheet, obtaining the related waivers, therefore not impacting the continuity of the financing.

As of 31 December 2020 the Group held no derivatives, investments funds, securities and collaterals.

For evidence of the bank guarantees make reference to Note 32.

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of 31 December 2020 the Group held no derivatives or investments funds.

Financial risk management

Risk management is a fundamental element of the Group's business practice on all levels and encompasses different types of risks. At a group level risk management is an integral part of the business planning and controlling processes. Material risks are monitored and regularly discussed with the Executive management of the Company and particularly with the Chief Financial Officer, the Group Chief Executive Officer and Chief Executive Officer of lastminute.com. Organizational and process measures have been designed to identify and mitigate risks at an early stage.

Certain changes have been made to the principal risks and uncertainties reported in the previous year as a result of the effects of COVID-19 which has had a wide-ranging impact on every principal risk. The Group has reported on the impact of the pandemic on each of its principal risks, as set out below.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented:

	01 Jan 2020	Repayments (principal + interest)	Interest Charges	Addition	Other non cash movements	Deferred payment for acquisition	31 Dec 2020	Currency	Year of maturity
Uncommitted bank loans/overdraft	10,034	(18,413)	706	53,473	-	-	45,800	EUR	2021-2022
Committed bank loans	24,549	(3,859)	366	-	56	-	21,112	EUR	2022-2023
Covid 19 government secured bank loan	-	(65)	104	25,354	(451)	-	24,941	EUR-CHF	2023-2025
Other Financial liabilities	798	-	-	3,113	(206)	400	4,104	Different currencies	2021
Total	**35,381**	**(22,337)**	**1,176**	**81,940**	**(601)**	**400**	**95,957**		

The interest payments on loans in the table above reflect the market interest rates at the reporting date and these amounts may change as market interest rates change.

As of 31 December 2020 current financial liabilities amount to EUR 67,236 thousand (2019: current financial liabilities of EUR 24,399 thousand) and long-term financial liabilities amount to EUR 28,721 thousand (2019: long term financial liabilities of EUR 10,982 thousand). The increase is mainly related to the opening of loans granted by top rated European banks and Covid-19 related bank loans granted by the Government.

Considering COVID-19 the Group has considered the following effects on credit and liquidity risk:

a) Failure of main supplier: In the event of airline failure the Group must refund the customers or replace the customer's flight arrangements with a possible incremental cost of the booking.

In order to mitigate the risk, the Group is constantly monitoring its cash and working capital position to ensure it has sufficient funds to refund/replace customer bookings. The Group has also adopted a cash protection program that included the extension of seasonal credit lines, obtainment of new financings from major financial institutions and government secured financing.

b) Recoverability of airline and hotel refunds: COVID-19 and the measures to contain the spread of the virus resulted in a lot of arranged travel services being cancelled by the travel service providers.

For that reason, the Group had to face the issue related to airlines/hotels not timely refunding flight/hotel costs and in some cases the Group had decided to refund the customer before it receives the monies from the airlines/hotel.

In order to mitigate the risk, the Group started a negotiation with the main airlines to secure its receivable position. Moreover, specific consideration had been done on bad debt provision calculation. For evidence of the calculated risk refer to the paragraph related to exposure to credit risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s trade and bank receivables.

Transactions with customers are to a large extent processed by secured credit card payments, where the Group takes no or only limited credit risk if a customer fails to pay. On the other hand, lastminute.com Group is exposed to credit risk concentration in connection with its receivables from credit card companies and from the collection of commissions from other parties. Flows from credit card transactions are managed through international leading banks. The creditworthiness of these institutions is reviewed periodically.

Due to the focus on dynamic packaging and the investment in digital rather than physical assets, the Group business model diversification means that the company is not facing typical risks of classic tour operators such as lack of flexibility in terms of period of vacation and supplier offers. For any further information refer to Note 7 and Note 23.

As part of credit risk, the Group is subject to counterparty risk in respect of the cash and cash equivalents held on deposit with banks and foreign currency financial instruments. The Group generally deposits cash and undertakes currency transactions with highly-rated banks. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties

Exposure to credit risk

The maximum credit risk exposure of the Group is limited to the carrying amounts of its financial and trade assets. The maximum exposure to credit risk at the reporting date was as follows:

	31 Dec 2020	31 Dec 2019
Non current financial assets	1,336	1,430
Current financial assets	2,299	1,936
Trade and other receivables * (Current and Non Current)	45,172	88,782
Contract assets	2,138	7,727
Cash and cash equivalents (excl.cash on hand)	137,615	110,339
Total	**188,560**	**210,214**

* *“Trade and other receivables” do not include credit VAT position and other non-cash items as at 31 December*

Cash and cash equivalents are held by primary financial institutions with high credit ratings. Cash and cash equivalents at 31 December 2020 are mainly held in Euro.

As it relates to deposits, as of 31 December 2020, the Group held cash in bank depository accounts of 137,615 thousand (primarily in Intesa San Paolo, Corner Banca, BBVA and other primary European banks).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2020 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2020 was determined as follows:

	Not Due	0-30	31-90	91-180	181-360	OVER 360	TOT
Expected credit loss %	2%	2.5%	5%	20%	60%	100%	
Credit loss other receivable	**24**	**123**	**915**	**127**	**1,061**	**4,523**	**6,774**

As explained above one of the consequences of the pandemic was the cancellations of a lot of arranged travel services by the travel service providers. The cancellations of the bookings managed by the Group have resulted in receivables from service providers booked in the balance sheet.
Due to the exceptional circumstances of these cancellations, the Group considered this kind of receivables to be included in a specific cluster for calculating the risk associated.

On that basis, the loss allowance for service providers (airline and hotel) as at 31 December 2020 was determined as follows:

	Not Due	0-30	31-90	91-180	181-360	OVER 360	TOT
Expected credit loss %	2%	2%	2%	20%	52%	0%	
Credit loss Hotel	**3**	**5**	**130**	**1,377**	**1,237**	**-**	**2,752**

With regard to the credit loss related to service provided by airlines the Group made a specific assessment for each single receivables position for a total amount of EUR 2,502 thousand.

Liquidity risk

Liquidity risk is the risk that the Group will face difficulties to meet obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group meets its obligations from brokering services, in which it acts as an agent between the provider of the service and the customer. The Group maintains credit lines to meet its obligations from such brokering transactions. For other transactions the Group maintains sufficient reserves of cash to meet its liquidity requirements at all times.

The negative working capital is inherent in the business model of online travel agencies (OTA). The gross amount of the travel services rendered to customers is cashed at the time of the booking through credit cards, while the corresponding amounts net of the OTA's margin is payable later.

As of 31 December 2020, the total amount of unused available cash credit lines for the Group was EUR 7,700 thousand (EUR 16,251 thousand at 31 December 2019). Trade and other payables are mainly due within 60 days.

The table below shows the contractual maturities of the financial liabilities of the Group at reporting date:

	31 Dec 2020				31 Dec 2019			
	Not due	**Less than 6 months**	**Between 6 month and 1 year**	**More than 1 year**	**Not due**	**Less than 6 months**	**Between 6 month and 1 year**	**More than 1 year**
Trade and other payables	(204,406)	(8,335)	(959)	(207)	(206,140)	(18,407)	(669)	(953)
Contract Liabilities	(550)	-	-	-	(10,616)	-	-	-
Liabilities for share-based payment	(1,637)	-	-	-	(1,369)	-	-	-
Short term financial liabilities	(67,236)	-	-	-	(24,399)	-	-	-
Short term lease liabilities	(4,980)	-	-	-	(5,921)	-	-	-
Long term financial liabilities	(28,721)	-	-	-	(10,982)	-	-	-
Long term lease liabilities	(6,767)	-	-	-	(7,380)	-	-	-
Total	**(314,298)**	**(8,335)**	**(959)**	**(207)**	**(266,807)**	**(18,407)**	**(669)**	**(953)**

The trade and other payables included in not due section had a due date between 60 and 30 days.

For evidence of the maturity dates of financial liabilities make reference to the net debt reconciliation in the present note.

Currency risk

The Group is exposed to some currency risk mitigated by the fact that the majority of all transactions and balances are either denominated in or immediately converted to EUR.

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the Euro and British Pounds. The currencies in which these transactions are primarily denominated are Euro, British Pounds, Swiss Francs and US Dollars. The currency risk is mitigated by the fact that most of the transactions are immediately converted in Euro, which is the presentation currency of the Group.

On the other hand, some of the Group's costs and investments are based upon contractually agreed payments that are denominated in CHF, e.g. some of the lease payments for office spaces or some suppliers. As of 31 December 2020, the Group's balance sheet net exposure in CHF amounted to EUR 16,078 thousand (2019 EUR 13,345 thousand). As of 31 December 2020, the Group's balance sheet net exposure in GBP amounted to EUR 8,451 thousand (2019: EUR 37,676 thousand). As of 31 December 2020, the Group's balance sheet net exposure in USD amounted to EUR 2,599 thousand (2019: EUR 9,850 thousand).

A strengthening (weakening) of the EUR against the CHF, GBP and USD of 10% at 31 December would have affected profit or loss by the amounts shown in the table below:

	31 Dec 2020		31 Dec 2019	
	Strengthening	Weakening	Strengthening	Weakening
Currency Risk Sensitivity in CHF	(1,462)	1,462	(1,213)	1,213
Currency Risk Sensitivity in GBP	(768)	768	(3,425)	3,425
Currency Risk Sensitivity in USD	(236)	236	(895)	895

This analysis is based on foreign currency exchange rate variances on the balance sheet position of year end the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Brexit

The Group has subsidiaries incorporated in the UK and does an amount of business in the UK. Moreover, the Group's international coverage makes its business more resilient in case of external shocks such as Brexit.

The UK represents only a bit more than 20% of the Group's overall business.

The Group's has adopted some actions in order to mitigate the risk such as:

- Brexit price guarantee
- Increasing regional UK offering
- Investing in growing the business to the UK as a destination for Dynamic Package in order to leverage a possible strong devaluation of the Pound.
- Minimal Forex risk due to match of in-and outflow in GBP.
- Remaining risk hedged by forward derivatives.

Interest Rate Risk

The interest rate risk is the risk that changes in interest rates will affect the Group's result. The impact on profit or loss of the changes in fair value of the fixed-rate bonds investments measured at fair value through profit or loss due to changes in interest rates is not material.

As of 31 December 2020 the Group has short term financial liabilities for EUR 67,236 thousand (31 December 2019: EUR 24,399 thousand) and long-term financial liabilities for EUR 28,721 thousand (31 December 2019: EUR 10,982 thousand). An amount of EUR 16,034 thousand (of which EUR 12,417 thousand is classified as long term) is regulated by variable interest rate (Euribor 6 months). As the Euribor 6m has been negative for all 2020 and analysts expect it to remain negative in the next future, the Group does not see any material impact on its financial statements. During 2020 financial liabilities are mainly related to the opening of loans granted by top rated European banks and Covid-19 related bank loans.

The Group further has cash and cash equivalents with variable interest rates in the amount of EUR 137,618 thousand (31 December 2019: EUR 110,360 thousand). See also Note 25.

As of 31 December 2020 the interest risk is limited to the cash and cash equivalents with variable interest. Taking into consideration the interest rates applied by the financial counterparts of the Group, a reasonable possible change in the interest rates of cash and cash equivalents, which is expected to be below 1%, would not have a material impact on profit or loss.

Price Risk

Due to the nature of the business price risk is considered not significant for the Group.

NOTE 5 – CHANGES IN THE SCOPE OF CONSOLIDATION

Financial year 2020

Business combinations

Acquisition of HolidayiQ

On 9th January 2020, the Group finalised the acquisition of 100% of HolidayiQ Pte Ltd. Total consideration was EUR 2,031 thousand, to be paid in cash in three tranches. The first tranche of the consideration for EUR 1,632 thousand was paid at the closing date.

Moreover, the company has control over the subsidiary Leisure and Lifestyle Information Service Pvt. Ltd, which is the company running the business.

The following table summarises the consideration paid for HolidayiQ Pte Ltd and the amounts of the assets acquired and liabilities assumed, recognised at the acquisition date through the final purchase price allocation exercise:

Consideration	January 2020
Cash	1,632
Future fixed consideration	400
Total consideration paid in cash	**2,031**
Property plant and equipments	15
Tradename	888
Other assets	38
Capitalized external development costs	463
Financial assets	233
Cash and cash equivalents	55
Trade and other receivables	877
Employee liability	(63)
Trade and other payables	(838)
Deferred tax liabilities	(290)
Book value of total identifiable net assets acquired	**1,377**
Goodwill	654
Total Consideration	**2,031**

The Group effectively gained control over HolidayiQ business on 9th January 2020 and consolidated both HolidayiQ Pte Ltd and Leisure and Lifestyle Information Services Pvt Ltd from that date. The Group’s transaction costs relating to the acquisition are not material to the consolidated financial statements. Goodwill not yet allocated is mainly attributable to the ability of the business to generate future income and growth through the recognition of the tradename and web domain and the opportunity for the Group to expand its footprint in APAC countries.

After the completion of the purchase price allocation exercise the Group recognised the fair value of the tradename for EUR 888 thousand. The valuation techniques used for measuring the fair value of tradename acquired are the relief-from-royalty method and multi-period excess earnings method. The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the asset being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.
HolidayiQ has developed an automated engine (Prospect Engine) that enables attracting top-of-funnel traffic from social media and user base & converting them into prospects. In this engine, content is used, especially user-generated content from travellers to create blogs and posts which are promoted on social media. Capitalized external developments costs for EUR 463 thousand are related to the platform previously mentioned.

Other events of the period

Deconsolidation of Destination Italia Spa and Destination 2 Italia Srl

At the beginning of December, the Management of Destination Italia Spa and Destination 2 Italia Srl promoted the takeover of both the companies by purchasing a majority stake from current shareholders and subscribing to a capital increase through a NewCo financed by the Group.

Total impacts on consolidated statements of profit or loss are disclosed in Note 11. Reference should be made to consolidated statements of changes in equity for evidence of the impacts on the equity of the Group and Non-controlling interests.

After the conclusion of the management buy out, the Group directly holds a minority stake in Destination Italia Spa and indirectly in Destination 2 Italia srl. Based on the new ownership percentage of 24.9%, the Group exercises a significant influence over both the Companies. As a consequence, the investments at year end are accounted for by applying the equity method. Please refer to Note 22 for further details.

Step up in control on Bravometa CH and Blue Sas

In February 2020 the Group acquired an additional 0.05% of shares in both Bravometa CH and Blue Sas- As a consequence, lastminute.com group remains a major shareholder owning the 98.40% of shares as of 31 December 2020. The effects of these transactions are disclosed in the consolidated statement of changes in equity.

Step up in control on Madfish Srl and Smallfish SL

In June 2020 the Group increased its % of control in both Madfish Srl and Smallfish SL from 58.1% to 83%. Total effects of this transaction are included in the consolidated statement of changes in equity.

Joint venture with ISSTA

On 9th of June the Group and ISSTA Israel Ltd signed an agreement with the aim to constitute a Joint venture, to expand the OTA business in the middle east. The new company will focus on the distribution of flights through meta channels and has been created in July 2020. The newco has been formed in Israel. Total consideration to be paid by the Group at the incorporation date is EUR 105 thousand. At the date of these consolidated financial statements the Company setting up still needs to be finalised and the amounts to be paid by the Group are on hold. The company will be part of the consolidation perimeter starting from January 2021.

Financial year 2019

Acquisition of Madfish Srl and Smallfish SL

On the 29th of March 2019 the Group acquired from Bluepill s.r.l. (62.3%) and from two minority shareholders (5.86%) the 68.5% of Madfish S.r.l. stakes. Total consideration was EUR 1,200 thousand, to be paid in cash in two tranches. Both minority shareholders received the entire amount (EUR 100 thousand in total) at the closing date. Bluepill S.r.l. received the 45.45% of the full amount (EUR 500 thousand) at the closing date and it expects to receive the remaining part (EUR 600 thousand) not later than 31 March 2020. Madfish S.r.l is a media agency located in Milan that operates on the video content creation, marketing consulting and social networks managing activities. Moreover, Madfish s.r.l. has full control over the subsidiary Smallfish SL, a Spanish company based in Barcelona dedicated to digital communication strategies since 2006. Thanks to this acquisition, the Group has reached a significant control and independence over the digital and media sector, which is essential for the creation and development of the company strategies.

Acquisition of QT Mobilitätsservice GmbH (“Qixxit”)

On 28th June 2019 the Group acquired 100% shares of QT Mobilitätsservice GmbH (“Qixxit”), an indirect subsidiary company of Deutsche Bahn AG, based in Berlin. Founded in 2017 in Berlin, Qixxit has been developing an integrated travel platform and app that combines long-distance bus, train and flight options to create the best connected journey, providing customers with an individually designed travel experience. Qixxit will bring cutting edge technology and capabilities to help lm group make a further step ahead on its Product & Technology value proposition. The outstanding know-how of Qixxit in the intermodal technologies also applied to mobile will be further developed and integrated. Qixxit will unite with the Product Development function of the Group. Under the new structure, all employees will remain within the company. Total consideration was EUR 850 thousand, paid in cash at the closing date.

Acquisition of iTraveller

On December 1st 2019 the Group acquired the net assets of iTraveller for a total amount of EUR 220 thousand paid on the closing date. The assets acquired refers to a cloud based travel discovery, planning and booking platform which will continue to power the Indian travel market utilising the Group’s brand. The aim is to boost outbound India long haul trips to Europe and South-East Asia.

Acquisition of TripMyDream

On 1st June 2019 the Group acquired the assets of TripMyDream, a Ukraine digital tech start-up owner of a cutting-edge inspiration tool enabling travellers to self-plan travel experiences. Total consideration was equal to EUR 400 thousand to be paid in two different tranches, EUR 250 thousand at the effective date and EUR 150 thousand 12 months after the effective date.

It’s a pre-inspirational tool backed by artificial intelligence with a self-learning algorithm with the capability to inspire holiday seekers by showing them the best possible travel solutions based on their preferences, thus creating a customised and personalised consumer experience

Liquidation of BravoJet

The liquidation process of the Bravojet company, started at the end of 2017, was completed on 16th December 2019.

Sale of Hotelyo

On 23 May 2019, the Group sold all its shares in Hotelyo (49%) to a third party. As a result the Group recognised a loss of 108 thousand. Reference should be made to Note 11. The investment was previously accounted for by applying the equity method.

Step up in InstaGo investment

In May 2019 the Group acquired an additional 15.04% of shares in InstaGo SAGL As a consequence, lastminute.com group remains a minor shareholder owning the 30.04% of shares as of 31 December 2019.

Acquisition of Gartour business

On 30 September 2019, Destination 2 Italia Srl acquired Gartour business from Holding Tourism System S.r.l. Total consideration was EUR 1,345 thousand totally recognised as Goodwill and subject to change following the completion of the purchase price allocation.

NOTE 6 - SEGMENT INFORMATION

As defined by IFRS 8, an operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed at the entity's chief operating decision maker;
- for which discrete financial information is available.

Management is determining operating segments based on the information reviewed by the Group CEO.

Starting from 2019 the Group modified its segment reporting and includes the Media business as a separate segment, to adapt itself to the acquisition of Madfish Srl and Smallfish Slu, the launch of lastminute Forward and the continuous growth of the Media business. Media is a separate and independent business for the Group and is now managed and reported as such. The Group considers the Media business as strategic and it is monitoring it separately.

On this basis, the Group has defined the following operating segments:

- **OTA (“Online Travel Agency”)**, which represents the core and traditional business of the Group.
- **Meta-search**, which includes the business generated in our websites focused on directing traffic, in exchange for a commission, to the sites of OTAs and airlines and other direct providers.
- **Media**, which operates as a seller of web-based advertising spaces and media contents primarily on the TP proprietary OTA platforms and web sites and, to a lesser extent, on third party partners available spaces.
- **Other segments**, which includes the other businesses and ventures that individually and collectively do not constitute a separate operating segment.

Other information that is not reportable has been combined and disclosed within “**Non reconciling items”** which mainly includes head office costs that cannot be allocated to CGUs.

The Group CEO assesses the performance of the operating segments based on a measure of Adjusted EBITDA:

	2020						2019					
	OTA	**Metasearch**	**Media**	**Other**	**Non reconciling items**	**Total**	**OTA**	**Metasearch**	**Media**	**Other**	**Non reconciling items**	**Total**
Consolidated Revenues	**81,585**	**14,933**	**7,010**	**1,537**	**-**	**105,065**	**272,539**	**41,718**	**24,155**	**10,633**	**-**	**349,045**
Total Revenues	87,938	16,929	7,010	2,005	-	113,882	290,950	45,137	24,155	11,162	-	371,404
Intersegment Revenues	(6,353)	(1,996)	-	(469)	-	(8,818)	(18,411)	(3,419)	-	(529)	-	(22,359)
Consolidated EBITDA Adjusted*	**3,767**	**2,640**	**(2,242)**	**(3,970)**	**(5,100)**	**(4,906)**	**62,110**	**11,120**	**370**	**(2,700)**	**(7,800)**	**63,100**
Bad debts						(8,350)						(500)
Costs related to acquisition and integration of subsidiaries						(1,306)						(4,400)
Antitrust provision						(400)						-
Litigation, restructuring and other costs/income incidental to operating activities						139						(2,852)
Cancellations effect						(30,100)						-
Depreciation, Amortisation and impairment						(21,411)						(19,138)
Result before Interest and Income Tax						**(66,334)**						**36,210**

** The Group defines "Adjusted EBITDA" as EBITDA (Operating Profit plus depreciation and amortization) adjusted for the effects of stock option plans and income and costs considered by management as incidental to operating activities related to acquisitions, litigations and restructuring.*

The operating segments generate revenues by selling services related to "flight" and "non-flight" products. Refer to Note 7 for further information about revenues, including geographical information.

The main effects of Covid-19 on the consolidated financial statements are related to revenues and personnel costs. Cancellations collected during the year had an impact of EUR 30.1 million on the consolidated income statements, with main negative effects on revenues.

The effect on personnel costs is driven by the benefit related to the working hours reductions plans granted by the Governments in the core markets where the Group operates for a total amount of EUR 16,975 thousand.

With reference to antitrust provision further details are included in Note 27.

The tables below describe the Group's non-current assets, excluding financial instruments, investments in equity accounted investees and deferred taxes, based on the geographic location and operating segments of the assets as of 31 December 2020 and 2019:

	2020	**2019**
Spain	78,662	78,142
France	37,830	37,953
Switzerland	65,554	70,324
Germany	14,148	14,718
Others	14,725	15,452
UK	4,623	3,481
Total	**215,541**	**220,070**

	2020	**2019**
OTA	156,392	160,341
META	38,857	37,026
MEDIA	13,728	13,634
OTHER	6,564	9,068
Total	**215,541**	**220,070**

Please find below the reconciliation of non-current assets included in the analysis mentioned above with total non-current assets coming from consolidated balance sheet:

	2020	2019
Property, plant and equipment	2,902	2,831
Intangible assets	152,228	156,009
Goodwill	60,412	61,229
Sub-total	**215,541**	**220,070**
Right-of-use assets	11,293	13,136
Non-current financial assets	1,336	1,430
Investments in equity accounted investees	872	966
Deferred tax assets	14,000	5,254
Trade and other receivables - non current	-	265
Total non-current assets	**243,043**	**241,120**

NOTE 7 – REVENUES

The table below shows Revenues for 2020 and 2019:

	2020	2019
Revenue from sales of travel services	29,236	168,276
Revenue from overcommission, kickback and rebate	20,582	59,876
Other revenues	1,603	1,496
Revenue from advertising services	7,539	23,811
Revenue from ancillaries	38,927	88,139
Revenue post sales	7,179	7,447
Total	**105,065**	**349,045**

In 2020 total revenues decreased by EUR 243,980 thousand, or 69.9 %, from EUR 349,045 thousand to EUR 105,065 thousand. The decrease is driven by the drop in volumes due to the pandemic.

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's four strategic divisions, which are its reportable segments.

	OTA		META		MEDIA		OTHER		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Primary geographical markets										
Italy	12,243	45,412	950	3,267	1,292	5,110	848	5,194	15,333	58,983
Spain	8,414	31,854	936	3,338	983	3,280	182	1,026	10,515	39,499
UK	21,391	60,028	1,301	3,093	2,244	8,877	11	45	24,947	72,042
France	17,224	57,726	4,404	14,022	1,390	4,352	21	127	23,039	76,226
Germany	14,424	42,448	783	2,646	1,009	1,817	1	7	16,216	46,917
Others	7,889	35,071	6,558	15,354	92	719	474	4,234	15,015	55,378
Total	**81,585**	**272,539**	**14,933**	**41,718**	**7,010**	**24,155**	**1,537**	**10,633**	**105,065**	**349,045**
Major products/service lines										
Flight	47,906	134,143	-	-	-	-	-	-	47,906	134,143
Dynamic Holiday Packages	20,584	83,938	-	-	-	-	-	-	20,584	83,938
Hotel	5,363	15,898	-	-	-	-	-	-	5,363	15,898
Tour operator	3,098	29,472	-	-	-	-	522	4,960	3,621	34,432
Cruises	-	-	-	-	-	-	976	5,673	976	5,673
Other OTA services	4,106	7,814	-	-	-	-	-	-	4,106	7,814
Metasearch	-	-	14,933	41,718	-	-	-	-	14,933	41,718
Media	-	-	-	-	7,010	24,155	-	-	7,010	24,155
Other revenue	527	1,274	-	-	-	-	39	-	566	1,274
Total	**81,585**	**272,539**	**14,933**	**41,718**	**7,010**	**24,155**	**1,537**	**10,633**	**105,065**	**349,045**

Starting from 2019 Media is a separate and independent business for the Group and is managed and reported separately.

Geographical Information

The Group categorizes its geographical markets by the countries for which its websites are localised through language and other elements. Because websites in a specific language can be accessed from any location, users outside a country can also use these websites. Products are not delivered to physical addresses, and the locations of users' ISPs (IP address) and of the banks issuing customer's credit cards do not identify users' locations with certainty. Therefore, a split of revenues based on customers' location is not available. However, Group management believes that the majority of the customers booking through the Italian, UK, Spanish and French websites are located, respectively, in Italy, UK, Spain and France.

Major Customers

Revenues of the Group are generated by numerous different transactions of limited value. There is not a single customer that accounts for more than 10% of total consolidated revenues.

NOTE 8 - MARKETING COSTS

The table below shows Marketing costs for the Group for 2020 and 2019:

	2020	2019
Online costs	45,666	122,979
Offline costs	3,427	7,059
Total	**49,093**	**130,038**

Marketing costs decreased by EUR 80,946 thousand (62,2%) from EUR 130,038 thousand in 2019 to EUR 49,093 thousand in 2020. The reduction in the variable portion is mostly driven by revenues contraction due to the pandemic. The non-variable portion of marketing costs has been frozen following the cost protection plan put in place by the Group's management.

Marketing costs as a percentage of revenues increased in 2020 compared to 2019 (46.7% in 2020 vs 37.3% in 2019). The increase in the contribution on revenue is mainly due to the combined effects of lower volumes during 2020 and a not proportional decrease of marketing costs, in particular offline costs.

NOTE 9 - PERSONNEL COSTS

The table below shows Personnel costs for the Group for 2020 and 2019:

	2020	2019
Wages and salaries	32,790	54,525
Social security charges	9,223	12,165
Expenses relating to defined benefit plans	1,889	1,431
Other personnel costs	3,088	4,548
Share-based payments	324	-
Total	**47,314**	**72,669**

Personnel costs decreased by EUR 25,355 thousand (34.9%) from EUR 72,669 thousand in 2019 to EUR 47,314 thousand in 2020. The decrease is driven by the working hours reduction compensation measures granted by the Governments in the core markets where the Group operates for a total amount of EUR 16,975 thousand.

Personnel costs as a percentage of revenues in 2020 increased compared to 2019 (45.0% vs 20.8%).

Costs for wages and salaries of EUR 6,140 thousand (2019: EUR 9,929 thousand) have been capitalised as development costs (refer to Note 19 for further details). Wages and salaries capitalised as development costs refer specifically to employees working on such development.

Details about expenses relating to defined benefit plans are provided in Note 15.

Other personnel costs decreased by EUR 1,460 thousand (32.1%) from EUR 4,548 thousand in 2019 to EUR 3,088 thousand in 2020. The variance is mainly due to the combined effects of the increase of restructuring costs offset by the reduction of other employees' costs such as training costs, refunds and meals.

Share-based payments for the amount of EUR 324 thousand are related to the exit of some employees during the 2020. For further details on expenses related to cash settled share-based payments make reference to Note 16.

The average number of staff employed by the Group in 2020 amounted to 1,295 headcounts (2019: 1,223).

The table below shows the Group's headcount split at the end of 2020 and 2019:

NOTE 10 - OTHER OPERATING COSTS

The table below shows other operating costs for the Group for 2020 and 2019:

	2020	**2019**
Credit card processing fee	7,344	20,184
Fees for advisory, legal and other services	7,859	14,333
Call center operation costs	9,556	17,231
Expense for operating leases	348	464
IT fix costs	1,246	2,079
Office fix costs	1,435	2,377
Overhead	1,653	8,493
Service costs	14,434	20,153
Other operation costs	9,706	5,676
Total	**53,581**	**90,990**

Total other operating costs decreased by EUR (37,409) thousand (-41%) from EUR 90,990 thousand in 2019 to EUR 53,581 thousand in 2020. The reduction in other operating costs is mostly due to all the actions put in place by the Group management to offset the effect of the crisis.

See below the explanations split by categories:

“Credit card processing fee” decreased by (12,840) thousand (-64%) from EUR 20,184 thousand in 2019 to EUR 7,344 thousand in 2020 due to lower transaction volumes processed during 2020.

“Fees for advisory, legal and other services” decreased by EUR (6,474) thousand (-45%) from EUR 14,333 thousand in 2019 to EUR 7,859 thousand in 2020. Most of the decrease is related to lower non-recurring advisory and legal costs.

“Call Center operation costs” decreased by EUR (7,674) thousand (-45%) from EUR 17,231 thousand in 2019 to EUR 9,556 thousand in 2020 due to lower volumes.

“Expense for operating leases” decreased by EUR (116) thousand (-25%) from EUR 464 thousand in 2019 to 348 thousand in 2020.

“IT fix costs” decreased by EUR (832) thousand (-40%) from EUR 2,079 thousand in 2019 to EUR 1,246 thousand in 2020. The decrease is mainly due to the reduction in Hosting & Infrastructure costs.

“Overhead costs” decreased by EUR (6,840) thousand (-81%) from EUR 8,493 thousand in 2019 to EUR 1,653 thousand in 2020. These costs are mainly referred to insurance costs, travel expenses and other taxes not related to income.

“Services costs” decreased by EUR (5,719) thousand (-28%) from EUR 20,153 thousand in 2019 to EUR 14,434 thousand in 2020 and are mainly referred to license costs.

“Other operation costs” increased by EUR 4,030 thousand (71%) from EUR 5,676 thousand in 2019 to EUR 9,706 thousand in 2020. The line mainly includes the allowance for provisions and losses on irrecoverable trade receivables. In addition, this line includes the accruals to provision for doubtful accounts and the release of bad debt provision (net amount EUR 7,947 thousand in 2020).

NOTE 11 - GAIN/ (LOSS) FROM DISPOSAL OF INVESTMENTS AND OTHER ASSETS

The table below shows the gain / (loss) from disposal on investments and others for the Group in 2020 and 2019:

	2020	2019
Net loss on investments	(1,329)	-
Net loss from disposal of assets	(1,728)	(112)
Net gain from disposal of assets	12	6
Total	**(3,045)**	**(106)**

During 2020, as a result of the deconsolidation of Destination Italia Spa, the Group has accounted for at fair value a loss from disposal of investment for a total amount of EUR 1,329 thousand.

The main impact on net loss from disposal of assets refers to the disposals of the cash pooling receivables and other receivables related to the de-consolidated entities for a total amount of EUR 1,482 thousand.

NOTE 12 - FINANCE RESULT

The table below shows the Net Finance Result for the Group in 2020 and 2019:

	2020	2019
Net FX exchange income	2,623	-
Others	-	601
Total Finance Income	**2,623**	**601**
Interest expenses	(1,449)	(633)
Net FX exchange losses	-	(719)
Others	(288)	(160)
Total Finance Cost	**(1,737)**	**(1,512)**
Total Finance Income and Costs	**885**	**(911)**

In 2020 net financial results (net income in 2020) increased from EUR (911) thousand to EUR 885 thousand. Interest expenses increased by EUR 816 thousand compared to last year (>100%). This increase is mainly related to the interests accrued on new financings granted during the year.

Furthermore, the favourable exchange rate brought to a total FX income of EUR 2,623 thousand mainly due to the strengthening of the Euro against GBP.

NOTE 13 - INCOME TAXES

Components of income tax expenses

The table below shows the composition of Income tax expenses / (income) for 2020 and 2019:

	2020	2019
Current and previous years taxes	1,345	7,930
Deferred taxes	(7,883)	3,313
Total Income taxes	**(6,538)**	**11,244**

In 2020 the Group's consolidated income tax income amounted to EUR (6,538) thousand, compared to EUR 11,244 thousand of tax expense in 2019 with a variation of EUR (17,782) thousand, mainly due to negative tax results in fiscal year 2020. In addition several subsidiaries recognised deferred tax assets on losses of the period.

Income taxes recognised in other comprehensive income

The table below shows the composition of income taxes recognised in other comprehensive income for 2020 and 2019:

	2020	2019
Income taxes on remeasurements of the Employee benefits liability	148	156
Total income taxes recognized in the period in other comprehensive income	**148**	**156**

Reconciliation of effective income tax expenses

The table below shows the Group tax rate reconciliation for 2020 and 2019:

in '000 EUR	2020 (%)	2020	2019 (%)	2019
Profit (loss) before taxes from continuing operations		(68,586)		35,183
The Group's expected weighted average rate is 21.8% (2019: 24.7%)				
Income tax based on the Group's expected weighted average tax rate	21.9%	15,008	24.7%	(8,697)
Difference in overseas tax rates	-0.1%	(42)	0.8%	(276)
Current-year tax losses for which no deferred tax assets are recognized	-9.0%	(6,205)	6.1%	(2,151)
Non-deductible expenses	-0.1%	(53)	2.1%	(731)
Tax-exempt income	0.1%	55	-0.1%	52
Utilisation of previously unrecognised tax losses	0.0%	27	-3.9%	1,366
Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	0.2%	155	2.3%	(806)
Recognition of tax effect of previously unrecognised tax losses	2.2%	1,541		-
Changes in estimates related to prior years	-1.2%	(812)		-
Write off of DTA previously recognised	-4.6%	(3,136)		-
Income Tax (expense)/ benefit of the Group		**6,538**		**(11,244)**

Deferred tax assets & liabilities

In respect of unrecognised deferred tax assets, as of 31 December 2020, tax losses carried forward of around EUR 55,059 thousand exist (2019: EUR 41,200 thousand). These losses can be offset against future operating profits. EUR 20,500 thousand will expire within 6 years, EUR 100 thousand will expire within 9 years while the remaining part has no expiring date.

Every year specific limits may apply to their utilisation based on the applicable local legislation. Management has established that it is uncertain whether future taxable operating profits would be available against which these losses can be used, and therefore no deferred tax asset has been recognised.

Deferred tax assets and liabilities are attributable to the following categories:

	31 Dec 2020		31 Dec 2019	
	Asset	Liabilities	Asset	Liabilities
Trade receivables	-	(201)	-	(378)
Property, plant and equipment	54	-	53	-
Intangible assets	-	(28,065)	-	(26,819)
Employee benefits liability	1,469	-	1,239	-
Provision	4	-	90	-
Losses carry-forward	12,374	-	3,858	-
Other	98	-	13	-
Deferred Tax assets (liabilities)	**14,000**	**(28,266)**	**5,254**	**(27,198)**

In 2020 compared to 2019, deferred tax assets increased by EUR 8,746 thousand mainly due to the recognition of deferred tax assets on losses of the period.

As of 31 December 2020 management recognised deferred tax assets on losses of the period for EUR 12,374 thousands based on its estimates of future taxable profits. Management considers it probable that future taxable profits will be available against which such losses can be used. During the year deferred tax assets on losses carried forward have been released for a total amount of EUR 3,136 thousand since they have been considered no longer recoverable.

The main portion of deferred tax assets is related to losses that may be carried forward for a period between seven years and indefinitely after the year in which the losses did occur.

Deferred tax liabilities increased during 2020 by EUR 1,068 thousand mainly due to temporary differences on amortisation of intangible assets and the recognition of deferred tax liabilities on intangible assets acquired from the business combination.

The movement in the net deferred tax assets / (liabilities) during 2020 and 2019 was as follows:

	1 Jan 2020	Recognized in Profit or Loss	Recognized in OCI	Recognized directly in Equity	Business combination	Currency Translation Differences	31 Dec 2020
Net deferred tax assets/(liabilities)	(21,944)	7,883	148	-	(290)	(63)	(14,266)
Total	**(21,944)**	**7,883**	**148**	-	**(290)**	**(63)**	**(14,266)**

	1 Jan 2019	Recognized in Profit or Loss	Recognized in OCI	Recognized directly in Equity	Business combination	Currency Translation Differences	31 Dec 2019
Net deferred tax assets/(liabilities)	(18,444)	(3,313)	156	-	(367)	24	(21,944)
Total	**(18,444)**	**(3,313)**	**156**	-	**(367)**	**24**	**(21,944)**

Current tax assets & liabilities

As of 31 December 2020, the total net position relating to “Current tax assets & liabilities” amounts to a liability of EUR 4,536 thousand (2019: EUR 5,514 thousand). Tax liabilities may arise also in the Countries where the Group recognised deferred taxes on losses carried forward because of specific thresholds that limit the utilisation of those losses.

NOTE 14 - EARNINGS PER SHARE

Basic earnings per share

The table below shows basic earnings per share for 2020 and 2019:

	2020	2019
Profit /(Loss) for the period attributable to the shareholders of LMN Group NV (in Eur/000)	(61,208)	24,956
Weighted-average number of ordinary shares outstanding during the year (in thousand)	11,016	11,012
Basic earnings /(loss) per share (in Eur)	**(5.56)**	**2.27**

The denominator used in the above computation has been calculated in the following way:

Number of shares	2020	2019
Issued ordinary shares at 1 January	11,664	11,664
Treasury shares hold	(648)	(648)
Sale of own shares	-	(4)
Ordinary shares outstanding at 1 January	**11,016**	**11,012**
Effects of cancellations of the year	-	-
Effects of shares buy back of the year	-	-
Weighted-average number of shares (Basic) at 31 December	**11,016**	**11,012**

During 2019 the Group bought 38 thousand treasury shares for a total value of EUR 816 thousand and sold 18 thousand shares for a total value of EUR 215 thousand.

Diluted earnings per share

The table below shows diluted earnings per share for 2020 and 2019:

	2020	2019
Profit /(Loss) for the period attributable to the shareholders of LMN Group NV (in Eur/000)	(61,208)	24,956
Weighted-average number of ordinary shares outstanding during the year (in thousand)	11,016	11,012
Diluted earnings per share (in Eur)	**(5.56)**	**2.27**

The denominator used in the above computation has been calculated in the following way:

Number of shares	2020	2019
Weighted-average number of ordinary shares (Basic)	11,016	11,012
Effect of share options in issue	-	-
Weighted-average number of shares (Diluted) at 31 December	**11,016**	**11,012**

NOTE 15 - EMPLOYEE BENEFITS

The table below shows employee benefits liabilities as of 31 December 2020 and 2019 for the Group:

	31 Dec 2020	31 Dec 2019
Net defined benefit liabilities	7,280	6,247
Cash-settled share-based payment liabilities	1,637	1,370
Total employee benefit liabilities	**8,917**	**7,616**

The increase of Cash-settled share-based payment liabilities is mainly related to the entrance of some participants in the Cash settled share-based plan. For further information see Note 16. The increase in Net defined benefit liabilities is mainly related to the change in actuarial assumptions. See below for further details.

Net defined benefit liabilities are described as follows.

Characteristics of defined benefit plans and risks associated with them

The Swiss pension plan is governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. The assets of the pension plan are held within a separate foundation and cannot revert to the employer. Pension plans are overseen by a regulator as well as by a state supervisory body.

The Swiss Group entities, starting from 2020, are affiliated to the "BVG-Sammelstiftung Swiss Life" and "Swiss Life Collective Foundation for Complementary Pensions", which is a collective foundation administering the pension plans of various unrelated employers. The pension plans of the Swiss Group entities are fully segregated from the ones of other participating employers.

The most senior governing body of the collective foundation is the Board of Trustees. All governing and administration bodies have an obligation to act in the interests of the plan participants.

Plan participants, their spouse and children are insured against the financial consequences of old age, disability and death. Their benefits are defined in pension plan rules compliant with the BVG, which is specifying the minimum benefits that are to be provided. Retirement benefits are based on the accumulated retirement capital which can either be drawn as a life-long annuity or as a lump sum payment. The annuity is calculated by multiplying the retirement capital with the currently applicable conversion rate. The accumulated retirement capital is made of the yearly contributions towards the old age risk by both employer and employee and the interest thereon until retirement. Contributions towards the old age risk are based on the rules defined by the Board of Trustees of the collective foundation. Minimum contributions and interest are defined by the BVG and the Swiss Parliament. In 2020 the minimum interest was 1.0% (1.0% in 2019).

According to IAS 19, the Swiss pension plan is classified as a "defined benefit" plan. All actuarial risks of the plan, e.g. old age, invalidity and death or investment are fully covered by insurance. However the collective foundation is able to withdraw from the contract with the Group at any time, reason why the plan is classified as a "defined benefit" plan.

The insurance company bearing the investment risk is also making these investments on behalf of the collective foundation. As a result, the assets of the Swiss plan consist of a receivable from the insurance policy.

In France, employees benefit from the "Indemnités de Fin de Carrière" defined in the "Convention Nationale Collective du Travail du personnel des Agences de Voyages et du Tourisme" (number 3061). The rights correspond to 15% of the monthly salary per year of seniority in the company. According to IAS 19, the French pension plan is classified as a "defined benefit" plan.

In Italy employee severance indemnities are due under an Italian plan, the "Trattamento di Fine Rapporto" (TFR), which is mandatory for Italian companies and is an unfunded defined contribution plan. The deferred compensation to be paid when an employee leaves the Italian entity is based on the employees' years of service and the taxable compensation earned by the employee during the service period, i.e. the accumulated retirement capital at the time when the employment ends. Contributions are payable in the event of retirement, death, disability or resignation.

There were no special events, e.g. plan amendments, curtailments or settlements during the reporting period.

Movement in net defined benefit liability

The following tables present information about the net defined benefit liability and its components:

	31 Dec 2020	31 Dec 2019
Funding of the defined benefit plan		
Present value of unfunded obligations	334	985
Present value of funded obligations	14,357	11,026
Total present value of obligations	**14,691**	**12,011**
Fair Value of plan assets	7,411	5,764
Pension liability recognized in balance sheet	**7,280**	**6,247**

Reconciliation of the defined benefit obligation	**2020**	**2019**
Defined Benefit Obligation at 1.1	**12,011**	**8,917**
Current service cost (employer)	2,254	2,084
Past service cost	(11)	(4)
Interest cost	39	85
Contributions by plan participants	1,039	915
Administration cost	5	4
Benefits paid	(1,036)	(1,542)
Effect of business combination	(367)	431
Actuarial (gain) / loss on DBO	744	760
Exchange rate effect	13	362
Defined Benefit Obligation at 31.12	**14,691**	**12,011**

Reconciliation of the fair value of plan assets	**2020**	**2019**
Fair Value of plan assets at 1.1	**5,764**	**4,686**
Interest income	20	46
Contributions by the employer	1,112	973
Contributions by plan participants	1,039	915
Benefits paid	(583)	(1,062)
Effect of business combination and disposal	-	-
Return on plan assets excl.interest income	46	5
Exchange rate effect	13	201
Fair Value of plan assets at 31.12	**7,411**	**5,764**

Reconciliation of the recognised net pension liability

Reconciliation of the recognized net pension liability	2020	2019
Net liability at the beginning of the period	**6,247**	**4,231**
Expense recognized in profit or loss	2,267	2,283
Expense recognized in other comprehensive income	697	755
Contributions by the employer	(1,112)	(973)
Effect of business combination	(367)	431
Benefits paid by unfunded defined benefit plans	(453)	(480)
Net liability at the end of the period	**7,280**	**6,247**

	2020	2019
Pension expense recognized in profit or loss		
Current service cost (employer)	2,254	2,084
Net interest cost	19	39
Administration cost	5	4
Past service costs	(11)	(4)
Exchange rate effect	-	161
Expense recognized in profit or loss	**2,267**	**2,284**

	2020	2019
Amount recognized in other comprehensive income		
Return on plan assets excl.interest income	(46)	(5)
Remeasurements gain/(loss):		
Actuarial gain/(loss) arising from demographic assumptions	119	(253)
Actuarial gain/(loss) arising from financial assumptions	400	1,061
Actuarial gain/(loss) arising from experience adjustment	224	(48)
Total amount recognized in other comprehensive income	**697**	**755**

Actuarial assumptions for the defined benefit obligations

The following were the principal actuarial assumptions at the reporting date:

Swiss plan

Actuarial Assumptions	31 Dec 2020	31 Dec 2019
- Discount rate	0.18%	0.30%
- Future salary increases	1.00%	1.00%
- Mortality table	BVG2015-CMI	BVG2015-CMI

As of 31 December 2020, the weighted-average duration of the defined benefit obligation was 22.6 years (2019: 22.4 years).

French plan

Actuarial Assumptions	31 Dec 2020	31 Dec 2019
- Discount rate	0.35%	0.70%
- Future salary increases	3.00%	3.00%
- Mortality table	TGH05/TGF05	TGH05/TGF05

As of 31 December 2020, the weighted-average duration of the defined benefit obligation was 21.2 years (2019: 19.1 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2020		2019	
in '000 EUR	Increase	Decrease	Increase	Decrease
Discount rate (0.25%)	(754)	828	(568)	626
Future salary growth (0.25%)	241	(234)	188	(179)
Future mortality (1 year)	220	(219)	161	(160)

The sensitivity analysis disclosed above has been determined by changing the discount rate and the rate of salary increase by +/-0.25% resp. making an adjustment to the mortality so that the longevity increased/decreased by one year. The sensitivity analysis is based on realistically possible changes as of the end of the reporting period. Each change in a significant actuarial assumption was analysed separately as part of the test. Interdependencies were not taken into account.

Plan assets

The fair value of plan assets for the Swiss plan as of 31 December 2020 of EUR 7,411 thousand (2019: EUR 5,764 thousand) consists of a receivable from the insurance company, see above.

Expected contributions in 2021

The Group expects to pay contributions to the defined benefit plans in the amount of EUR 1,162 thousand in 2021.

NOTE 16– SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

No employee share option plans are in place as of 31 December 2020 and 2019.

Cash settled share-based plan

On 26 March 2015, the Group established a cash-settled share-based payment arrangement. Directors and selected key employees were offered the opportunity to participate. Plan participants are required to make an equity co-investment contribution in cash ("the initial contribution") as limited partners of a limited partnership entity (Sealine Investment LP) which is consolidated by the Group. Under the terms of the plan, the Group contributes an amount equal to three times the initial contribution ("the

LMN contribution”). The limited partnership entity which administers the arrangement purchases the LMN shares, and LMN shares equivalent is computed for both the initial and the LMN contribution. This equivalent number is equal to the contribution divided by the market price of an LMN share at the date of the initial contribution.

At the end of a 4-year-period from the date of the initial contribution (“qualifying period”) the plan participants are entitled to a cash payment equal to the difference between the total value of the LMN shares equivalent corresponding to both the initial and LMN contribution at market price at the end of the qualifying period plus dividends on these shares accumulated during the qualifying period and the amount of the LMN contribution plus interest at LIBOR + 4.5% p.a. by way of redemption of the outgoing limited partner’s membership.

No guarantee of refund of the initial contribution is provided to the plan participants by the Group. In case the total value of the LMN shares equivalent corresponding to both the initial and LMN contribution at market price at the end of the qualifying period and the dividends on these shares accumulated during the qualifying period is lower than the amount of the LMN contribution plus interest at LIBOR + 4.5% p.a., a plan participant is not receiving any payment out of the plan.

If the employee or director stops working for the Group before the end of the qualifying period, he is entitled to a cash payment at the time of exit which is equal to the lower of his initial contribution with interests of 5% p.a. and the market value at the time of exit of the LMN shares equivalent corresponding to his initial contribution, plus the value of dividends accumulated on the LMN shares equivalent corresponding to his initial contribution from the date of the initial contribution until exit. The exit is made by way of redemption of the outgoing limited partner’s membership.

Plan participants are offered the opportunity to extend their individual investment period beyond the qualifying period and request the cash settlement relating to the initial and LMN contributions computed using the same formula as at the end of the qualifying period (see above) at a later date. The later date is then used in the formula in lieu of the end date of the qualifying period.

As at 31 December 2020, the liability recorded in relation to the cash settled obligation in relation to the plan amounted to EUR 1,637 thousand (2019: EUR 1,370 thousand). The liability is included in the Employee benefits liability line within the consolidated balance sheet, as disclosed also in Note 15. As at 31 December 2020, the receivables recorded in relation to the financing part granted to limited partners amounted to EUR 1,807 thousand (2019: EUR 1,453 thousand). The receivables related to the share-based plan are included in the current financial assets line within the consolidated balance sheet. The liability value was assessed taking into consideration the fair value of the underlying shares considering the vesting period of 4 years and other conditions, as well as the required interest payable on the company’s portion of the contribution. The Company prepared a discounted cash flow model for the valuation of the scheme. Being the shares purchased under the terms of the plan exclusively lastminute.com shares, the overall value of the Group divided by the number of such shares can clearly represent the present value of the investment plan.

The liability decreased by an amount of EUR 263 thousand, which is composed of a positive effect of EUR 60 thousand related to the remeasurement and a negative effect of EUR 324 thousand related to the exit of some employees during 2020, both recognised as personnel cost. In addition, EUR 195 thousand have been recognised as finance income (2019: EUR 205 thousand).

Treasury shares held by the Group to hedge its potential obligation arising from the cash-settled share-based payment arrangement amount to around 509 thousand shares for a total investment of EUR 7,075 thousand (see Note 26 for additional details).

NOTE 17 – LEASES

Right-of-use assets

The tables below show the movement schedule of the right-of-use assets during 2020 and 2019:

2020	Building	Hosting	Car	Other	Total
Balance at 1 January	8,906	3,771	413	46	**13,135**
Depreciation charge for the year	(3,734)	(2,202)	(286)	(19)	**(6,241)**
Additions to right-of-use assets	2,566	4,949	262	-	**7,777**
Derecognition of right-of-use assets	(1,885)	-	-	(23)	**(1,908)**
Remeasurement of right-of-use assets	(1,067)	(404)	-	-	**(1,471)**
Balance at 31 December	**4,787**	**6,114**	**389**	**4**	**11,293**

2019	Building	Hosting	Car	Other	Total
Balance at 1 January	9,795	5,657	645	66	**16,162**
Depreciation charge for the year	(3,568)	(1,886)	(308)	(20)	**(5,782)**
Additions to right-of-use assets	2,790	-	76	-	**2,866**
Derecognition of right-of-use assets	(111)	-	-	-	**(111)**
Remeasurement of right-of-use assets	-	-	-	-	-
Balance at 31 December	**8,906**	**3,771**	**413**	**46**	**13,135**

Most significant additions of the period relate to new lease contracts the Group entered in 2020, such as new offices in Madrid and London, and the new embedded lease contract signed with a hosting service provider.

Main disposals of the period are related to the closing of some offices in the Group subsidiaries; examples are London, Madrid, Barcelona, Berlin, Milan and a reduction of the office spaces in the operating headquarter.

With reference to depreciation charge for right-of-use assets, EUR 3,734 thousand is related to buildings, EUR 2,202 to hosting, EUR 286 thousand to cars and EUR 19 thousand to other contracts.

The group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. Expenses related to low value and short-term leases not capitalised as finance lease are EUR 348 thousand. See note 10 for further details.

Lease liabilities

The table below shows the lease liabilities as of 31 December 2020 and 31 December 2019:

	31 Dec 2020	31 Dec 2019
Short Term Lease Liabilities	4,980	5,921
Long Term Lease Liabilities	6,767	7,380
Total Lease Liabilities	**11,747**	**13,301**

The tables below show the movement schedule of the lease liabilities during 2020 and 2019:

	1 Jan 2020	Repayments	Additions	Additions from business combinations	Disposals	Remeasurement	Interests charges	Other non-cash movements	31 Dec 2020
Lease liabilities	**13,301**	(6,212)	7,777	-	(1,908)	(1,471)	260	-	**11,747**

	1 Jan 2019	Repayments	Additions	Additions from business combinations	Disposals	Remeasurement	Interests charges	Other non-cash movements	31 Dec 2019
Lease liabilities	**16,162**	(5,927)	1,948	919	-	-	312	(113)	**13,301**

The lease liabilities are secured by the related underlying assets. The discounted maturity analysis of lease liabilities at 31 December 2020 is as follows:

	Amount
Within 1 year	4,980
From 1 to 5 years	6,767
More than 5 years	-
Total Lease Liabilities	**11,747**

NOTE 18 – PROPERTY PLANT AND EQUIPMENT

The tables below show Property, Plant & Equipment movements during 2020 and 2019:

	Furniture	IT Equipment	Other tangible assets	Total
Historical Cost				
Balance at 1 January 2020	**907**	**9,101**	**2,726**	**12,733**
Addition	49	1,781	130	1,961
Disposal	(474)	(1,839)	(245)	(2,557)
Acquisitions from business combinations	6	9	-	15
Deconsolidation	(27)	(13)	(131)	(171)
Currency translation differences	(11)	(26)	(61)	(98)
Balance at 31 December 2020	**450**	**9,014**	**2,420**	**11,883**
Cumulated Depreciation				
Balance at 1 January 2020	**719**	**7,414**	**1,769**	**9,902**
Depreciation for the year	70	1,184	338	1,592
Disposal	(423)	(1,826)	(180)	(2,429)
Currency translation differences	(6)	(20)	(59)	(84)
Balance at 31 December 2020	**360**	**6,753**	**1,869**	**8,982**
At 1 January 2020	**187**	**1,686**	**958**	**2,831**
At 31 December 2020	**90**	**2,261**	**551**	**2,902**

	Furniture	IT Equipment	Other tangible assets	Total
Historical Cost				
Balance at 1 January 2019	**856**	**7,840**	**2,255**	**10,951**
Additions	68	1,202	410	1,680
Disposals	(24)	(6)	-	(30)
Others	(4)	-	-	(4)
Acquisitions from business combinations	10	57	48	115
Impairment	-	-	(27)	(27)
Currency translation differences	-	8	40	48
Balance at 31 December 2019	**907**	**9,101**	**2,726**	**12,733**
Cumulated Depreciation				
Balance at 1 January 2019	**609**	**6,435**	**1,422**	**8,466**
Depreciation for the year	122	979	306	1,408
Disposals	(12)	(4)	-	(16)
Currency translation differences	1	4	40	45
Balance at 31 December 2019	**719**	**7,414**	**1,769**	**9,902**
At 1 January 2019	**247**	**1,405**	**833**	**2,485**
At 31 December 2019	**187**	**1,686**	**958**	**2,831**

Investments in 2020 and 2019

In 2020 and 2019 the Group made additions to Property Plant and Equipment of EUR 1,961 thousand and EUR 1,680 thousand respectively. The additions in 2020 were mainly related to IT equipment for EUR 1,781 thousand and other tangible assets for EUR 130 thousand, mainly related to leasehold improvements. During 2020 the group acquired net assets from business combinations for EUR 15 thousand, as a result of the HolidayiQ Pte Ltd. Purchase Price Allocation process. Reference should be made to Note 5 - Changes in the scope of consolidation.

Capital Commitments

There are no capital commitments for the acquisition of property, plant and equipment

NOTE 19 – INTANGIBLE ASSETS

The tables below show Intangibles and Goodwill movements during 2020 and 2019:

in '000 EUR	Capitalised development costs	Other intangible assets	Trademarks	Total Intangible asset	Goodwill	Total
Historical Cost						
Balance at 1 January 2020	**92,591**	**1,052**	**128,921**	**222,564**	**61,229**	**283,793**
Additions - internally developed	6,140	-	-	6,140	-	6,140
Addition- external supplier	2,945	-	-	2,945	-	2,945
Acquisitions from business combinations	463	-	888	1,351	654	2,005
Deconsolidation	(606)	-	(38)	(643)	(1,449)	(2,093)
Impairment	(133)	-	-	(133)	-	(133)
Currency translation differences	(40)	(110)	-	(150)	(22)	(172)
Balance at 31 December 2020	**101,360**	**942**	**129,771**	**232,073**	**60,412**	**292,485**
Accumulated amortization and impairment						
Balance at 1 January 2020	**66,306**	**248**	**1**	**66,554**	-	**66,554**
Currency translation differences	(20)	(63)	-	(83)	-	(83)
Amortisation	13,373	-	-	13,373	-	13,373
Balance at 31 December 2020	**79,659**	**185**	**1**	**79,845**	-	**79,845**
At 1 January 2020	**26,285**	**804**	**128,920**	**156,009**	**61,229**	**217,238**
At 31 December 2020	**21,700**	**758**	**129,770**	**152,228**	**60,412**	**212,640**

in '000 EUR	Capitalised development costs	Other intangible assets	Trademarks	Total Intangible asset	Goodwill	Total
Historical Cost						
Balance at 1 January 2019	**77,362**	**1,010**	**127,541**	**205,913**	**58,634**	**264,547**
Additions - internally developed	9,929	-	-	9,929	-	9,929
Additions - external supplier	4,998	-	84	5,082	-	5,082
Acquisitions from business combinations	251	-	1,316	1,567	2,489	4,056
Currency translation differences	51	42	(20)	73	106	179
Balance at 31 December 2019	**92,591**	**1,052**	**128,921**	**222,564**	**61,229**	**283,793**
Accumulated amortization and impairment						
Balance at 1 January 2019	**54,439**	**172**	**1**	**54,612**	-	**54,612**
Currency translation differences	-	-	-	-	-	-
Amortisation	11,867	76	-	11,942	-	11,942
Balance at 31 December 2019	**66,306**	**248**	**1**	**66,554**	-	**66,554**
At 1 January 2019	**22,923**	**838**	**127,540**	**151,301**	**58,634**	**209,935**
At 31 December 2019	**26,285**	**804**	**128,920**	**156,009**	**61,229**	**217,238**

Investments in 2020 and 2019

During 2020 additions related to capitalised development amounted to EUR 9,085 thousand (2019: EUR 14,927 thousand) and total intangibles from the acquisition of HolidayiQ Pte Ltd amounted to EUR 2,005 thousand. See Note 5 for further information.

Capitalised development costs

The capitalised development costs relate to internal and external expenditures in connection with the development of significantly new features on the webpages of the Group.

As of 31 December 2020 and 2019 lastminute.com Group has capitalised development costs in the carrying amount of EUR 9,085 thousand and EUR 14,927 thousand, respectively. As of 31 December 2020 capitalised development costs not yet available for use were EUR 2,103 thousand (2019: EUR 4,086 thousand).

During 2020, as a result of the deconsolidation of Destination Italia Spa, the Group has decreased the amount of capitalised development costs for EUR 606 thousand.

Trademarks

The impairment test of Trademarks has been performed at CGU level using the model and assumption described in Note 20 and did not result in the recognition of an impairment loss. The aggregate amounts of trademarks allocated to each segment is as follows at each reporting date:

	Segment	31 Dec 2020	31 Dec 2019
lastminute.com	OTA and Media	44,704	44,704
Rumbo	OTA and Media	58,900	58,900
Weg.de (Comvel)	OTA and Media	6,089	6,089
Wayn	OTA	230	230
Bravonext SA	OTA	10	10
Madfish	Media	1,316	1,316
Jetcost	Metasearch	15,385	15,385
HolidayiQ	Metasearch	888	-
Pigi Shipping	Other segment	2,248	2,248
Destination Italia SpA	Other segment	-	38
Total Trademarks		**129,770**	**128,920**

Consider that lastminute.com, Rumbo and Weg.de Trademarks are allocated across multiple cash-generating units (OTA and Media). This is based on the rationale that the activities to be tested for impairment can be allocated to the CGUs according to a reasonable and uniform driver. Since the CGU Media benefits from the above mentioned brands in generating operating cash flows, a portion of them has been allocated to the CGU when determining the capital employed.

The addition of the period is related to the tradename recognized after the acquisition of HolidayiQ business and the completion of the purchase price allocation exercise. Please refer to Note 5 for further details. As a result of the deconsolidation of Destination Italia Spa, the Group has decreased the amount of trademark for EUR 38 thousand.

Capital Commitments

There are no capital commitments for the acquisition of intangible assets.

NOTE 20 – GOODWILL

For the purpose of impairment testing, goodwill is allocated to the cash generating unit OTA, to the cash generating unit Metasearch and to the cash generating unit Media. The CGU Media has been introduced in 2019.

The aggregate amount of goodwill allocated to each segment is as follows at each reporting date:

Segment	31 Dec 2020	31 Dec 2019
OTA	33,751	33,773
Metasearch	20,830	20,176
Media	3,248	3,248
Other Segment	2,583	4,032
Total	**60,412**	**61,229**

The Group performed an impairment analysis for the CGUs that contain material indefinite life intangible assets and goodwill as of 31 December 2020 and 2019. It was determined that no impairment is to be recognised in the consolidated financial statements as of 31 December 2020 and 2019.

During 2020 the Group purchased the HolidayiQ business. After the completion of the Purchase Price Allocation, the Group recorded a remaining goodwill of EUR 654 thousand, allocated to Metasearch segment. See Note 5 for further information.

The Other Segment includes the goodwill related to Cruise business. During 2020 the Group performed an impairment analysis over it and it was determined that no impairment is to be recognised in the consolidated financial statements. The main variation when compared to 2019 is due to the derecognition of the Goodwill coming from the acquisition of Gartour business, as a result of the deconsolidation of Destination 2 Italia Srl. For further details please refer to Note 5.

For evidence of the goodwill movement schedule please refer to Note 19.

OTA

Goodwill amounts to EUR 33,751 thousand for the OTA segment, see details in table above. The impairment test was based on an estimate of value in use and did not result in any recognition of impairment losses.

The value in use was determined based on a DCF-calculation. Key assumptions used in the calculation of the recoverable amount are the discount rate (WACC), the long-term growth rate, the revenues growth rate and the EBITDA growth rate: the values assigned to the key assumptions represent management's assessment of the future trends. The key assumptions were as follows:

	31 Dec 2020	31 Dec 2019
Weighted average cost of capital (WACC)	12.25%	9.5%
Long-term growth rate (g)	1.8%	1.8%
Revenues growth rate (average of next four years)	32.8%	10.9%
EBITDA growth rate (average of next four years)	>100%	13.0%

Seven years of cash flow were included in the DCF model. Revenues were based on future expected outcomes, taking into account past experience and future trends of the business. A long-term growth rate into perpetuity was determined based on management's best estimate of the long-term growth rate in the industry. The perpetuity growth rate considered in the terminal value has been determined as the expected long term consumer price index for each CGU according to the geographic distribution of its sales.

Sensitivity analysis

A sensitivity table to the discount rate and long-term growth rate for 2020 and 2019 is shown below. The sensitivity is referred to the headroom between the present value and the carrying amount of the OTA CGU. Reasonably possible changes at the reporting date to the discount rate and long-terminal growth rate, holding other assumptions constant, would have affected the surplus by the amounts shown below (in million Euro):

OTA 2020		**LONG-TERM GROWTH RATE 2020**			
		1.3%	**1.8%**	2.3%	2.8%
	11.8%	401.7	419.7	439.6	461.8
	12.0%	390.0	407.0	425.8	446.6
WACC	**12.25%**	378.8	**394.9**	412.6	432.2
	12.5%	368.1	383.4	400.1	418.5
	12.8%	357.9	372.3	388.2	405.6

OTA 2019		**LONG-TERM GROWTH RATE 2019**			
		0.7%	**1.8%**	2.2%	2.7%
	8.5%	795.6	915.8	985.7	1,071.0
	9.0%	750.1	855.5	915.8	988.6
WACC	**9.5%**	709.8	**802.9**	855.4	918.4
	10.0%	673.8	756.6	802.8	857.7
	10.5%	641.4	715.5	756.5	804.8

Metasearch

Goodwill arising from the acquisition amounts to EUR 20,830 thousand. The impairment test was based on an estimate of value in use and did not result in any recognition of impairment losses.

The value in use was determined based on a DCF-calculation. Key assumptions used in the calculation of the recoverable amount are the discount rate (WACC), the long-term growth rate, the revenues growth rate and the EBITDA growth rate: the values assigned to the key assumptions represent management's assessment of the future trends. The key assumptions were as follows:

	31 Dec 2020	**31 Dec 2019**
Weighted average cost of capital (WACC)	12.5%	13.5%
Long-term growth rate (g)	1.8%	1.8%
Revenues growth rate (average of next four years)	38.4%	15.2%
EBITDA growth rate (average of next four years)	62.9%	16.1%

A long-term growth rate into perpetuity was determined based on management's best estimate of the long-term growth rate in the industry. The perpetuity growth rate considered in the terminal value has been determined as the expected long term consumer price index for each CGU according to the geographic distribution of its sales.

Sensitivity analysis

A sensitivity table to the discount rate and long-term growth rate for 2020 and 2019 is shown below. The sensitivity is referred to the headroom between the present value and the carrying amount of the META CGU. Reasonably possible changes at the reporting date to the discount rate and long-terminal growth rate, holding other assumptions constant, would have affected the surplus by the amounts shown below (in million Euro):

META 2020		**LONG-TERM GROWTH RATE 2020**			
		1.3%	**1.8%**	2.3%	2.8%
	12.0%	65.9	69.4	73.4	77.7
	12.3%	63.4	66.7	70.4	74.5
WACC	**12.5%**	61.0	**64.1**	67.6	71.5
	12.8%	58.7	61.7	65.0	68.6
	13.0%	56.5	59.3	62.4	65.9

META 2019		**LONG-TERM GROWTH RATE 2019**			
		0.7%	**1.8%**	2.2%	2.7%
	12.5%	77.4	86.4	90.2	95.3
	13.0%	72.6	80.7	84.2	88.8
WACC	**13.5%**	68.2	**75.6**	78.7	82.9
	14.0%	64.1	70.9	73.7	77.5
	14.5%	60.3	66.5	69.1	72.5

Media

Goodwill arising from the acquisition amounts to EUR 3,248 thousand. The impairment test was based on an estimate of value in use and did not result in any recognition of impairment losses.

The value in use was determined based on a DCF-calculation. Key assumptions used in the calculation of the recoverable amount are the discount rate (WACC), the long-term growth rate, the revenues growth rate and the EBITDA growth rate: the values assigned to the key assumptions represent management’s assessment of the future trends. The key assumptions were as follows:

	31 Dec 2020	**31 Dec 2019**
Weighted average cost of capital (WACC)	9.25%	9.5%
Long-term growth rate (g)	1.8%	1.7%
Revenues growth rate (average of next four years)	35.3%	10.5%
EBITDA growth rate (average of next four years)	>100%	>100%

A long-term growth rate into perpetuity was determined based on management's best estimate of the long-term growth rate in the industry. The perpetuity growth rate considered in the terminal value has been determined as the expected long term consumer price index for each CGU according to the geographic distribution of its sales.

Sensitivity analysis

A sensitivity table to the discount rate and long-term growth rate for 2020 is shown below. The sensitivity is referred to the headroom between the present value and the carrying amount of the MEDIA CGU. Reasonably possible changes at the reporting date to the discount rate and long-terminal growth rate, holding other assumptions constant, would have affected the surplus by the amounts shown below (in million Euro):

MEDIA 2020		**LONG-TERM GROWTH RATE 2020**			
		1.3%	**1.8%**	2.3%	2.8%
	8.8%	15.4	17.0	18.8	21.0
	9.0%	14.2	15.7	17.4	19.4
WACC	**9.25%**	13.2	**14.5**	16.1	17.9
	9.5%	12.2	13.4	14.9	16.5
	9.8%	11.2	12.4	13.7	15.2

MEDIA 2019		**LONG-TERM GROWTH RATE 2019**			
		0.7%	**1.7%**	2.2%	2.7%
	8.5%	17.7	18.9	21.6	24.6
	9.0%	15.3	18.7	21.0	23.5
WACC	**9.5%**	15.3	**18.7**	21.0	23.5
	10.0%	11.4	13.9	15.6	17.4
	10.5%	9.7	11.9	13.4	14.9

NOTE 21 - FINANCIAL ASSETS

The table below shows financial assets for the Group as of 31 December 2020 and 2019:

	31 Dec 2020	31 Dec 2019
Long-term Deposits	1,086	1,365
Other investments non-current	250	65
Total non-current financial assets	**1,336**	**1,430**
Short term deposits	2,299	1,936
Total current financial assets	**2,299**	**1,936**

Non-Current financial assets

In total non-current financial assets, long-term deposits decreased by EUR 279 thousand (20,4%) from EUR 1,365 thousand in 2019 to EUR 1,086 thousand in 2020. These are mainly related to deposits for renting of the Swiss, UK, French and Spanish offices. The Other investments non-current include the loan granted to the Newco constituted for the MBO of Destination. See note 5 for further details.

Current financial assets

In total current financial assets, short-term deposits of EUR 2,299 thousand (2019: EUR 1,936 thousand) are mainly related to real estate and utilities agreements. The line also includes the receivables related to the share-based plan, see note 16 for further details.

NOTE 22 - INVESTMENT IN EQUITY ACCOUNTED INVESTEES

Investment in equity accounted investees amounted as of 31 December 2020 and 2019 respectively to EUR 872 thousand and EUR 966 thousand. The decrease is mainly due to negative results realised during the year by both UrbaNext SA and Instago SAGL partially off-set by the recognition of the result of both Destination Italia Spa and Destination 2 Italia Srl from the date of deconsolidation to year end (1 month).

As disclosed in Note 5, at the end of 2020 Destination Italia Spa and Destination 2 Italia Srl have been deconsolidated. As a result, the Group remains a minor shareholder in both the companies, holding a direct significant influence on Destination Italia Spa and an indirect significant influence on Destination 2 Italia Srl. The investments have been accounted for by applying the equity method starting from the month of December.

All the investments in equity accounted investees are companies operating in the tourism industry with which the Group has signed service agreements.

Please find below a reconciliation of the opening and closing balance of the investments in equity accounted investees, included in Non-current assets:

Opening balance at 1 January	**966**
Share of result of URBANnext SA	(71)
Share of result of InstaGo Sagl	(52)
Share of result of Destination 2 Italia Srl	2
Share of result of Destination Italia Spa	28
Closing balance at 31 December	**872**

The tables below show a summary of financial information for the Group's investments in equity accounted investees (not adjusted for the percentage of ownership held by the Group).

URBANnext is a company which operates with a shared-use mobility aggregator app. The Group has minor operational transactions with the entity. Please refer to Note 31 for further details.

	2020	2019
	URBANnext SA	**URBANnext SA**
Percentage ownership interest	*25%*	*25%*
Non-current assets	774	668
Current assets*	726	1,217
Non-current liabilities	(1,263)	(1,608)
Current liabilities	(439)	(476)
Net assets (100%)	**(202)**	**(199)**
Revenues	745	668
Costs	(843)	(639)
Amortisation and depreciation	(270)	(292)
Finance income / (costs)	80	53
Income taxes	2	(18)
Profit / (Loss)	**(286)**	**(229)**
Effects of OCI adjustment	-	-
Total comprehensive income	**(286)**	**(229)**

**Cash and cash equivalents are included in current assets for a total amount of EUR 223 thousand at 31 December 2020 and EUR 62 thousand at 31 December 2019.*

InstaGo SAGL is a company which can manage web-check-in. The Group has minor operational transactions with the entity. Please refer to Note 31 for further details.

	2020	2019
	InstaGo SAGL	**InstaGo SAGL**
Percentage ownership interest	*30.04%*	*30.04%*
Non-current assets	9	11
Current assets*	280	451
Non-current liabilities	-	-
Current liabilities	(37)	(38)
Net assets (100%)	**252**	**423**
Revenues	84	320
Costs	(209)	(212)
Amortisation and depreciation	-	-
Finance income / (costs)	(1)	(8)
Income taxes	-	(0)
Profit / (Loss)	**(126)**	**100**
Effects of OCI adjustment	-	-
Total comprehensive income	**(126)**	**100**

**Cash and cash equivalents are included in current assets for a total amount of EUR 273 thousand at 31 December 2020 and EUR 269 thousand at 31 December 2019.*

Destination Italia, initially constituted in 2016, is an Italian planning travel agency. The company has been de-consolidated during 2020. The Group has minor operational transactions with the entity. Please refer to Note 31 for further details.

	2020
	Destination Italia Spa
Percentage ownership interest	***24.90%***
Non-current assets	10,113
Current assets*	2,428
Non-current liabilities	(72)
Current liabilities	(725)
Net assets (100%)	**11,744**
Revenues	185
Costs	(1,010)
Amortisation and depreciation	-
Finance income / (costs)	-
Income taxes	-
Profit / (Loss)	**(825)**
Effects of OCI adjustment	-
Total comprehensive income	**(825)**

**Cash and cash equivalents are included in current assets for a total amount of EUR 1 thousand at 31 December 2020 and nil at 31 December 2019.*

	2020
	Destination 2 Italia Srl
Percentage ownership interest	***24.90%***
Non-current assets	1,661
Current assets*	2,293
Non-current liabilities	(336)
Current liabilities	(2,399)
Net assets (100%)	**1,219**
Revenues	3,668
Costs	(5,726)
Amortisation and depreciation	-
Finance income / (costs)	(20)
Income taxes	-
Profit / (Loss)	**(2,078)**
Effects of OCI adjustment	-
Total comprehensive income	**(2,078)**

**Cash and cash equivalents are included in current assets for a total amount of EUR 881 thousand at 31 December 2020 and 462 thousand at 31 December 2019.*

Total effects with equity method investments have been included in profit and loss in the “Share of result of equity-accounted investees” line for a total loss of EUR 93 thousand (2019: EUR 9 thousand).

NOTE 23 –TRADE AND OTHER RECEIVABLES

The table below shows Trade and other receivables as at 31 December 2020 and 2019 for the Group:

	31 Dec 2020	31 Dec 2019
Trade receivables	43,621	88,691
Receivables from shareholder	1	1
Other receivables	6,550	6,227
Accrued income and deferred expenses	1,550	3,310
Total Current	**51,722**	**98,229**
Trade and other non-current receivables	-	265
Total Non-Current	-	**265**

Trade receivables decreased by 45,070 (-50.82%) from EUR 88,691 thousand in 2019 to EUR 43,621 thousand in 2020.

In 2020 the majority of trade receivables positions are due to the exceptional COVID-19 cancellations and these positions are represented by receivables towards airlines and hotels.

Other receivables include VAT receivables and receivables related to working hour reduction and other trade receivables. The increase of other receivables within the period is mainly due to an increase of contribution for working hour reduction plan.

The ageing of trade and other receivables at the reporting date is shown in the following table:

	31 Dec 2020	31 Dec 2019
Not past due	20,186	89,095
Past due 0-30 days	2,005	4,624
Past due 31-90 days	3,301	2,131
Past due 91-180 days	14,030	2,090
Past due 181-360 days	12,192	519
Past due 361 and over	9	35
Total	**51,722**	**98,494**

The movement in the allowance for doubtful debts in respect of trade receivables during the year has been as follows:

	31 Dec 2020	31 Dec 2019
Balance at 1 January	4,927	2,707
Additions during the year	9,971	2,479
Decrease during the year	-	-
Used during the year	(543)	(211)
Effect of business combination	31	-
Released during the year	(2,257)	(49)
Deconsolidation	(85)	-
Currency translation difference	(15)	-
Balance at 31 December	**12,028**	**4,927**

The increase in bad debt provision is mainly related to the negative effects caused by the COVID-19 pandemic on the trade receivables positions.

In line with IFRS 9, the Group applies the simplified approach for the impairment of trade receivables and therefore does not track changes in credit risk, instead a loss allowance is recognised based on lifetime expected credit losses at each reporting date. For further detail refer to note 4.

NOTE 24 - CONTRACT ASSETS AND CONTRACT LIABILITIES

The group has recognised the following assets and liabilities related to contracts with customer:

	31 Dec 2020	31 Dec 2019
Contract assets	2,138	7,727
Contract liabilities	(550)	(10,617)

Contract assets are related to over-commissions and other incentives on flights. Contract assets have decreased in 2020 due to the Group's decrease in flight volumes that lead to a reduction in flights over-commission.

Contract liabilities are related to advance payments from customers and have decreased in 2020 due to the reduction in sales of Dynamic Packages. For further details refer to Note 7.

The Group applies the IFRS 9 simplified approach to the measurement of expected credit losses also on Contract assets. Please refer to Note 4 for evidence.

NOTE 25 - CASH AND CASH EQUIVALENTS

The table below shows Cash and cash equivalents as of 31 December 2020 and 2019:

	31 Dec 2020	31 Dec 2019
Cash on hand	3	21
Bank accounts	134,433	99,819
Credit Card accounts	3,182	10,520
Total	**137,618**	**110,360**

Bank accounts

The interest rates applied to Group's bank accounts are nil in 2020 (2019: 0% and 0.1%). Bank overdrafts bearing variable interest rates are between 0% and 2.20% in 2020 (2019: nil). For further information refer to the Consolidated Cash Flow Statement.

Credit card accounts

Credit card accounts of EUR 3,182 thousand (2019: EUR 10,520 thousand) contain all credit card accounts with debit balances that are used for payments in the daily business.

NOTE 26 – SHAREHOLDERS' EQUITY

The table below shows Equity as of 31 December 2020 and 2019:

	31 Dec 2020	31 Dec 2019
Share capital and reserves		
Share capital	117	117
Capital reserves	101,819	101,819
Treasury share reserve	(9,108)	(9,108)
Currency translation reserve	1,371	2,004
Retained earnings / (losses)	(25,409)	35,330
Equity attributable to shareholders of lastminute.com NV	**68,790**	**130,162**
Non-controlling interest	292	2,525
Total equity	**69,082**	**132,687**

Share capital

As of 31 December 2020 the number of ordinary shares is 11,664,219 (same as of 31 December 2019) for a nominal value per share of EUR 0.01 (2019: EUR 0.01).

Capital reserves

As of 31 December 2020 capital reserves, including share premium reserves, amount to EUR 101,819 thousand (2019: EUR 101,819 thousand).

There are restrictions for the distribution of capital reserves, refer to note 7 of the company financial statements.

Treasury share reserve

The reserve for the Group's treasury share comprises the cost of the shares held by the lastminute.com Group. At 31 December 2020 the Group held 648 thousand shares for the total value of EUR 9,108 thousand (648 thousand shares as of 31 December 2019 for a total value of EUR 9,108 thousand).

During 2019 the Group bought 38 thousand treasury shares for a total value of EUR 816 thousand and sold 18 thousand shares for a total value of EUR 215 thousand.

Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the subsidiaries with functional currencies different from the presentation currency (EUR).

Retained earnings/(losses)

Retained earnings/(losses) as of 31 December 2020 amounted to EUR (25,409) thousand (2019: EUR 35,330 thousand) and include the result related to current year and accumulated results generated in previous years by the Group and not distributed to shareholders as well as amounts booked in relation to the remeasurements of the employee benefits liability.

The 2020 retained earnings was mainly impacted by the negative results realised by the Group.

Dividends

No dividends were paid by the group during 2020.

Capital Management

The capital managed by the Company consists of the consolidated equity. The Group's goal is to maintain a strong capital base as to sustain future development of the business and to maximize long-term shareholder value.

Non-controlling interests

The difference on Non-controlling interests, from EUR 2,525 thousand in 2019 to EUR 292 thousand in 2020, is mainly related to these effects:

- the loss of the period pertaining to Non-controlling interests for EUR (840) thousand;
- In 2020 the Group has deconsolidated both Destination Italia Spa and Destination 2 Italia Srl with an effect on NCI of EUR (350) thousand;
- Step-up and adjustments due to the remeasurement of Non-controlling interests with a negative effect of EUR (1,043) thousand.

The table below shows the number of shares and total issued capital as of 31 December 2020 and 2019:

Issued Capital	31 Dec 2020	31 Dec 2019
Number of ordinary shares	11,664,219	11,664,219
Nominal value per share (EUR)	0.01	0.01
Total amount (EUR)	**116,642**	**116,642**

NOTE 27 - PROVISIONS

The table below shows the movements in Provisions for 2020 and for 2019:

Provisions 2020

	1 Jan 2020	Reversals	Use	Addition	Currency translation difference	31 Dec 2020
Provision for fraudulent credit card transactions	177	(248)	-	2,402	-	2,331
Other provisions	627	(313)	-	1,107	(7)	1,414
Provision for tax risks	100	(2)	(98)	111	-	111
Total	**904**	**(563)**	**(98)**	**3,620**	**(7)**	**3,856**
Non current	-	-	-	-	-	-
Current	904	(563)	(98)	3,620	(7)	3,856
Total	**904**	**(563)**	**(98)**	**3,620**	**(7)**	**3,856**

Provisions 2019

	1 Jan 2019	Reversals	Use	Addition	Reclass	31 Dec 2019
Provision for fraudulent credit card transactions and chargebacks	93	(83)	-	166	-	177
Other provisions	101	(74)	(40)	579	63	627
Provision for tax risks	367	(27)	(809)	806	(237)	100
Total	**560**	**(184)**	**(849)**	**1,552**	**(174)**	**904**
Non current	-	-	-	-	-	-
Current	560	(184)	(849)	1,552	(174)	904
Total	**560**	**(184)**	**(849)**	**1,552**	**(174)**	**904**

Provision for fraudulent credit card transactions and chargebacks

Provision for fraudulent credit card transactions and chargebacks, for an amount of EUR 2,331 thousand (2019: EUR 177 thousand), refer to transactions completed in the year preceding the reporting date and likely to be disputed by the customer in the following year. The increase is mainly due to the increased number of chargebacks as a direct consequence of the booking cancellations.

Provision for tax risks

Provision for tax risks, for an amount of EUR 111 thousand (2019: EUR 100 thousand), refer to minor risks for which the Group expects to have a cash out flow in the coming years.

Other provisions

As of 31 December 2020, other current provisions amounted to EUR 1,414 thousand (2019: EUR 627 thousand) and they are mainly referred to:

- a provision for fine levied by the Italian antitrust authority in December 2017. Originally the Group booked a provision of EUR 2,400 thousand, the entire amount of the fine. The first instance judicial proceeding ended with TAR Lazio recognizing the Group’s position and

reduced the amount of the fine imposed by EUR 772 thousand. A total amount of EUR 1,628 thousand had been paid by the Group during 2019.
Following the delivery of the above judgment the Group filed the appeal to require the Council of State (“Council of State”).
Through its final judgement dated 15 October 2020 the Council of State disposed a reduction of EUR 400 thousand of the overall amount of the fine.
The decision of the Council of State was not entirely satisfactory to the interests of the Group.
At the moment the Group could proceed further in the litigation by proposing a last instance appeal before the Supreme Court (“Corte di Cassazione”).

- a provision for a litigation and other risks in Germany for EUR 519 thousand.

NOTE 28 – NET FINANCIAL POSITION

The table below represents the net financial position for the Group as of 31 December 2020 and 2019:

	31 Dec 2020	31 Dec 2019
Current financial assets	2,299	1,936
Cash and cash equivalents	137,618	110,360
Short term financial liabilities	(67,236)	(24,399)
Short term lease liabilities	(4,980)	(5,921)
Net Financial Position within 12 months	**67,701**	**81,976**
Non-current financial assets	1,336	1,430
Long term financial liabilities	(28,721)	(10,982)
Long term lease liabilities	(6,767)	(7,380)
Net Financial Position over 12 months	**(34,152)**	**(16,932)**
Total Net Financial Position	**33,549**	**65,044**

The Net Financial Position for the Group was EUR 33,549 thousand in 2020, compared to EUR 65,044 thousand in 2019.

The changes in the composition of the net financial position as of 31 December 2020 compared to December 2019 can be mainly explained by the following:

- higher cash and cash equivalents by EUR 27,258 thousand due to new financings granted by financial institutions that have compensated the absorption of cash driven by the change in net working capital, heavily affected by cancellations;

- increase in Financial Liabilities by EUR 60,576 thousand. Financial liabilities are mainly related to the opening of loans granted by top rated European banks and COVID-19 related bank loans.

For further information see the Consolidated Cash Flow Statement and debt reconciliation in Note 4.

Please refer to Note 17 for evidence of the movement schedule of lease liabilities.

NOTE 29 - TRADE AND OTHER PAYABLES

The table below shows “Trade and other payables” as of 31 December 2020 and 2019:

	31 Dec 2020	31 Dec 2019
Trade payables	78,665	144,829
Credit Card payables	8,277	53,810
Other Payables	8,221	18,787
Accrued expenses and deferred income	118,744	8,743
Total Current	**213,908**	**226,169**
Total Trade and other payables	**213,908**	**226,169**

The two most significant creditors of the Group included in the total trade payables at 31 December 2020 had an open balance amounting respectively to EUR 2,933 thousand, referred to the Group's major supplier (3.73%) (2019: EUR 6,486 thousand (4.5%)), and EUR 1,989 thousand (2.53%) (2019: EUR 3,959 (2.7%)).

The ageing of trade and other payables at the reporting date is shown in the following table:

	31 Dec 2020	31 Dec 2019
Not past due	204,406	206,140
Past due 0-30 days	6,400	9,410
Past due 31-90 days	1,231	8,507
Past due 91-180 days	704	490
Past due 181-360 days	959	669
Past due 361 and over	207	953
Total	**213,908**	**226,169**

Credit card payables

The credit card payables are post-paid credit card accounts, which are used to make payments in the daily business. The amount of 2020 decreased by EUR 45,533 compared to the previous year. On 31 December 2020, the Group decreased the credit card plafond to a total amount of EUR 54,537 thousand (2019: EUR 93,733 thousand). This significant reduction is due to the pandemic situation.

Other payables

Other payables mainly include payables relating to taxes, social security and amounts due to personnel for the annual bonus. The amount in 2020 decreased by EUR 10,566 thousand compared to 2019.

Accrued expenses and deferred income

The accrued expenses and deferred increased by EUR 110,001 thousand, from EUR 8,743 thousand in 2019 to EUR 118,744 thousand in 2020. The significant increase is due to the liabilities towards the customers for vouchers sent in relation to the cancellations of bookings when the customers choose this option as a method of refund.

NOTE 30 – CONTINGENT LIABILITIES

Proceedings against Ryanair Ltd now Ryanair DAC

SWITZERLAND

Ryanair Ltd claimed in 2008 against a company previously belonging to the Group for alleged breach of access to Ryanair's website. Ryanair Ltd went to court in Ireland, asking for an injunction preventing the former Group company from accessing its website and additionally suing for damages. In 2009, Bravofly SA (then Bravonext SA) claimed in Switzerland to reach an assessment that its activity was not violating any right of Ryanair Ltd, whereas the latter claimed to reach an assessment that Bravofly SA was acting illicitly and additionally sued for damages.

On 8 May 2019 Bravonext SA received the Court decision. Pretura of Lugano rejected Ryanair requests and decided the first grade in Bravonext SA favour.

Ryanair has appealed the decision.

The Group received the appeal of Ryanair and answered with a counter-appeal on 13 December 2019.

On December 15, 2020 the Court of Appeal of the Canton Ticino fully rejected the appeals of Ryanair, entirely confirming the first instance court decision. The appeal of the Company was only partially upheld on a side aspect but in the main point, it was rejected, too. The Court of Appeal decisions are not definitive yet and Ryanair could still appeal against Bravonext SA and Lastminute.com to the Swiss Federal Court.

On the 1st February 2021 Ryanair appealed to the Federal Court. Ryanair requested suspensive effect, which means that payments can be requested if suspensive effect is not granted. We objected to the suspensive effect on 4 February and requested a new deposit.

According to the information available to us BravoNext should receive from Ryanair as an indemnification, net of any payment still due to the courts by BravoNext, approximately CHF 295 thousand.

Considering the positive outcome of the first and the second grade of the court, management believes that no liability is required at the balance sheet date. The amount of CHF 295 thousand has not been booked as a contingent asset in the financial statements.

ITALY

In 2010, Viaggiare Srl brought a civil proceeding against Ryanair Ltd, before the Court of Milan: in the claim the defendant is trying to prevent Viaggiare from performing its online travel agency activities in respect of such airline flights. Viaggiare has asked the Court to acknowledge and declare that: (a) such airline is culpable of acts of unfair competition to the plaintiff's detriment (along with other torts, such as abuse of its dominant position on the market of sale of air flight tickets and relating services); and conversely (b) Viaggiare is entitled to perform its OTA activity also in respect of such airline flights. The first instance court accepted Viaggiare's request and ordered the airline to pay damages and judicial costs for the first instance proceeding.

The judgment was appealed by the airline on July 31st, 2013. In July 2015 the second instance court decided in favour of Viaggiare even if Ryanair has not been recognised as dominant in the market. In 2016 the second instance judgment was appealed by Viaggiare before the Cassazione Court.

On 13 November 2019 the Court of Cassazione decided to accept all grounds of appeal proposed by Viaggiare Srl and to reject all the Ryanair's argumentation. Particularly in regard with the abuse of dominant position, the Highest Court said that the Appeal court didn't properly apply the criteria to exclude or declare the abuse of dominant position of Ryanair.

The Group will go back to the Appeal court asking for a new decision on this point.

In 2009, Lastminute.com SRL brought a civil proceeding against Ryanair Ltd, before the Court of Milan: in the claim the defendant is trying to prevent Lastminute.com from performing its online travel agency activities in respect of such airline flights. Lastminute.com has asked the Court to acknowledge and declare that: (a) such airline is culpable of acts of unfair competition to the plaintiff's detriment (along with other torts, such as abuse of its dominant position on the market of sale of air flight tickets and relating services); and conversely (b) Lastminute.com is entitled to perform its OTA activity also in respect of such airline flights.

The first instance court accepted Lastminute.com's request and ordered the airline to pay damages and judicial costs for the first instance proceeding. The judgment was appealed by the airline in June 2013. In March 2015 the proceeding was transferred to LMnext CH SA due the transfer of going concern between lastminute.com Srl and Lmnext CH SA. In July 2015 the second instance court decided in favour of LMnext CH even if Ryanair has not been recognised as dominant in the market. Ryanair appeals decision before the third level Court of "Cassazione".

LMnext CH appealed the decision before "Corte di Cassazione" against Ryanair in 2016. On 13 November 2019 the Court of "Cassazione" decided to accept all grounds of appeal proposed by LMnext CH and to reject all the Ryanair's argumentation. Particularly on the abuse of dominant position the Highest Court said that the Appeal court didn't properly apply the criteria to exclude or declare the abuse of dominant position of Ryanair.

The Group will go back to the Appeal court asking for a new decision on this point.

FRANCE

Voyages Sur Misure (VMS) initiated a legal proceeding against Ryanair before the Paris Court of First Instance in May 2012 seeking a declaration that VSM's scraping of Ryanair content for display on the French website does not constitute an infringement of Ryanair's intellectual property rights or provide any other grounds for Ryanair to lawfully refuse booking via VMS. Ryanair submitted a pleading challenging jurisdiction of French courts. In March 2013 the Court held that the matter should be heard before the Paris Commercial Court rejecting Ryanair claim to have proceedings transferred to Ireland. In March 2015 Lmnext FR took over VSM's in the trial. The parties are waiting for the court to set a date for the first hearing.

On 20 March 2018 the Paris Commercial Court rendered a decision that ordered lastminute to immediately stop using Ryanair's database. The Court did not provide for provisional enforcement of the decision. In the meantime Ryanair initiated a new proceeding in order to request the provisional enforcement of the mentioned part of the decision.

During the first hearing of this procedural proceeding on 6 December 2018 Ryanair Ltd the judge did not grant the provisional execution and our Lawyer raised a technical issue and the counterparty's lawyer asked for a period to prepare an answer. The Court of Appeal rendered his decision on the provisional enforcement on 4th April 2019. The judge did not give the provisional enforcement because Ryanair failed to demonstrate the needed urgency to obtain the provisional execution. As a consequence, the proceeding has been carried back to the merit appeal.

The oral hearings will take place on October 21, 2021.

At the balance sheet date, it is not possible to form an opinion as to the outcome of the cases and it is not possible to quantify any liability for costs and potential damages that may arise. Based on legal advice and, according to case law in similar cases, the likelihood of success for Ryanair Ltd is remote.

GERMANY

LMnext DE GmbH is in a dispute against Ryanair DAC. In November 2020, Ryanair had sent a warning letter to the Company and LMnext DE GmbH alleging that the practice of replacing the actual email addresses of customers making a booking for a Ryanair flight on the Company's website with a virtual email address when communicating with Ryanair. Ryanair alleged that BravoNext and LMnext DE GmbH are misleading their customers and Ryanair itself with this practice and are unfairly inhibiting Ryanair's business.

Ryanair demanded that the Company and LMnext DE GmbH ceased and desisted from this practice.

BravoNext and LMnext DE GmbH refused to give the demanded cease and desist undertaking. Ryanair then requested a preliminary injunction at least against LMnext DE GmbH before the Regional Court Hamburg. The court rejected this request on 14 December 2020. Ryanair has appealed this decision.

The proceeding is currently pending before the Higher Regional Court Hamburg.

The outcome of the proceeding and the timeline for the appeal are currently unclear. If the court were to reverse the decision and rule in favour of Ryanair, LMnext DE GmbH would be precluded from such practice (or participating therein, e.g. by offering its website lastminute.de for such bookings), and would have to pay Ryanair the costs of the proceeding and likely of the warning letter. The potential loss may be in the range of EUR 10 thousand to 15 thousand.

Ryanair is also seeking a preliminary injunction against Bravonext SA. Considering the degree of uncertainty, management believes that no liability is required at the balance sheet date.

NOTE 31 - RELATED PARTIES

The Group is controlled by Freesailors Cooperative (incorporated in the Netherlands), which is controlled by Mr. Fabio Cannavale. Freesailors Cooperative owns 44.6% (2019: 51.2%) of the shares of the Company. The remaining 55.4% (2019: 48.8%) of the shares are widely held.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. Parties are also considered to be related if they are subject to common control or common significant influence. The Group has a related party relationship with its major shareholder, its subsidiaries, its associates, its post-employment benefit plans as well as with its key management personnel. The Group's operations involve operating activities between the parent company and its subsidiaries and between the subsidiaries due to the nature of business: these kinds of operations are "recurring" transactions eliminated at consolidated level.

Receivables and payables from shareholders

As of 31 December 2020 there were no transactions between the Group and its shareholders.

Key management personnel compensation

The key management personnel approved compensation for 2020 and 2019 is presented in the table below:

in '000 EUR	2020	2019
Short-term employee benefits	451	1,315
Post employment benefits	16	81
Total	**467**	**1,396**

The variable compensation for the Executive Management being equal to EUR 1,316 thousand will not be paid because the performance targets have not been met in 2020. As a consequence the amount has not been accrued for in the 2020 financial statements, based on the fact that as of 31 December 2020 top management already knew that the related target was 100% not reachable.

Such amounts are not expected to be paid in 2021 and for that reason they have not been accrued in 2020. The actual cost for 2020 is EUR 467 thousand which includes the fixed remuneration plus the post-employment benefits.

Transactions with associates

The tables below provide summarised financial information with reference to the transactions with associates:

in '000 EUR	31 Dec 2020		31 Dec 2019	
	Assets	Liabilities	Assets	Liabilities
URBANnext SA	47	-	28	-
Instago SAGL	-	-	-	143
Destination 2 Italia Srl	-	-	-	-
Destination Italia Spa	-	-	-	-
Total	**47**	**-**	**28**	**143**

in '000 EUR	31 Dec 2020		31 Dec 2019	
	Costs	Revenues	Costs	Revenues
URBANnext SA	-	83	-	160
Instago SAGL	143	-	321	-
Destination 2 Italia Srl	-	1	-	-
Destination Italia Spa	-	5	-	-
Total	**143**	**89**	**321**	**160**

Please consider that Destination 2 Italia Srl and Destination Italia Spa were part of the consolidation perimeter in 2019.

Other transactions

During the year, the Group signed an agreement with Brandon Group S.r.l. and an agreement with Planet Tech Systems Limited. Both the agreements were entered into upon conditions equivalent to those that would prevail in a similar transaction with a third party on arm's length market terms and were approved by the Board of Directors respectively on 30th of July and 10th of November 2020.

NOTE 32 – BANK GUARANTEES

As of 31 December 2020, financial institutions had issued bank guarantees to third parties on behalf of the Group for a total amount equal to EUR 50,790 thousand (2019: EUR 70,511 thousand), of which EUR 3,500 thousand related to a bank guarantee to a Spanish GDS airline and EUR 29,981 thousand relate to a bank guarantee for the IATA, ABTA and ATOL.

NOTE 33 - GROUP COMPANIES

The table below shows the Group 's structure as of 31 December 2020 and 2019:

Name	Place of business	Consolidated for 2020	Ownership interest	
			2020	2019
lastminute.com N.V.	Amsterdam, Netherlands	-	Parent Company	Parent Company
Bravonext SA	Chiasso, Switzerland	Fully	100.00%	100.00%
Viaggiare S.r.l.	Milan, Italy	Fully	100.00%	100.00%
LMnext US INC	Wilmington, USA	Fully	100.00%	100.00%
LMnext DE Gmbh	Munich, Germany	Fully	100.00%	100.00%
LMnext Services Ltd	London, UK	Fully	100.00%	100.00%
LMnext UK Ltd	London, UK	Fully	100.00%	100.00%
Bravoventure India Private lmt	Bangalore, India	Fully	100.00%	100.00%
Sealine Investments LP	Edinburgh, UK	Fully	0.10%	0.10%
Blue Sas - JetCost	Paris, France	Fully	98.40%	98.35%
Pigi Shipping & Consulting S.r.l.	Milan, Italy	Fully	100.00%	100.00%
Bravoventure Spain SLU	Madrid, Spain	Fully	100.00%	100.00%
Rumbo SA	Madrid, Spain	Fully	100.00%	100.00%
Webnext Limited	Valletta, Malta	Fully	100.00%	100.00%
LMnext CH SA	Chiasso, Switzerland	Fully	100.00%	100.00%
URBANnext SA	Chiasso, Switzerland	Equity	25.00%	25.00%
Cruiseland S.r.l.	Milan, Italy	Fully	100.00%	100.00%
LMnext FR SASU	Paris, France	Fully	100.00%	100.00%
Bravometa CH SA	Chiasso, Switzerland	Fully	98.40%	98.35%
Bravoventure Poland Spolka	Szczecin, Poland	Fully	100.00%	100.00%
Destination Italia SpA	Milan, Italy	Equity	24.90%	78.60%
Destination 2 Italia Srl	Milan, Italy	Equity	24.90%	78.60%
Lmnext UK Ltd (incorporated in England and Wales) Branch	London, UK	Fully	100.00%	100.00%
Comvel Gmbh	Munich, Germany	Fully	100.00%	100.00%
Bravolivia Sl	Madrid, Spain	Fully	100.00%	100.00%
InstaGo SAGL	Chiasso, Switzerland	Equity	30.04%	30.04%
LM Forward Ltd	London, UK	Fully	83.00%	83.00%
QT Mobilitatsservice Gmbh	Munich, Germany	Fully	100.00%	100.00%
Madfish Srl	Milan, Italy	Fully	83.00%	58.10%

Smallfish Srl	Madrid, Spain	Fully	83.00%	58.10%
HolidayiQ Pte Ltd	Singapore	Fully	100.00%	0.00%
Leisure and Lifestyle Information Service Pvt Ltd	Bangalore, India	Fully	100.00%	0.00%

NOTE 34 – SUBSEQUENT EVENTS

Update on financing

During the month of February and March 2021, the Group has obtained from a major financial institution EUR 11 million of new financings, of which EUR 4M for the main swiss operating legal entity as invoices advances and the remaining amount of about EUR 7.2M for the Italian legal entities in the form of loan. The amounts obtained by the Italian legal entities are 90% granted by the government, plus a parent company guarantee from the holding.

In addition to the events reported above, no additional subsequent events occurred since balance sheet date, which would change the financial position of the Group or which would require adjustment of disclosure in the annual accounts presented.

lastminute.com N.V.

Amsterdam, the Netherlands

Company financial statements

(Registered number 34267347)

Annual report 2020

lastminute.com NV

Company financial statements

lastminute.com N.V.

Company balance sheet as at 31 December 2020

(in ‘000 EUR)

lastminute.com N.V.
(before appropriation of results)

	Notes	31-dec-20	31-dec-19
Fixed assets	4		
Intangible fixed assets	4a	20,830	20,176
Participations	4b - I	40,075	91,730
Total Fixed Assets		**60,905**	**111,906**
Receivables	5		
Receivable from affiliated companies	5a	12,921	28,563
Other receivables	5b	287	30
Cash and cash equivalents	5 c	25	381
Total Current Assets		**13,233**	**28,974**
Total Assets		**74,138**	**140,880**
Current liabilities	6		
Short term financial liabilities		400	-
Creditors		617	1,188
Payable to affiliated companies	6a	833	4,619
Other payables	6b	1,738	3,068
Accrued expenses and deferred income	6c	224	1,197
Total current liabilities		**3,812**	**10,072**
Working Capital (current assets less current liabilties)		9,421	18,902
Total Assets less Current Liabilities		70,326	130,808
Provisions			
Losses on Participations (associates)	4b - I	1,537	646
Capital and Reserves	7		
Share capital		117	117
Capital reserves		94,864	95,385
Legal Reserve - Participations		6,955	6,434
Translation reserve		1,371	2,004
Treasury cash reserve		(9,108)	(9,108)
Retained earnings		35,799	10,374
Result for the year		(61,208)	24,956
Total Equity		**68,790**	**130,162**
Total liabilities and equity		**74,138**	**140,880**

lastminute.com N.V.

Company profit and loss account for the year ended 31 December 2020

(in '000 EUR)

	Notes	2020	2019
Revenues	10	648	1.169
General and administrative expenses	11	(2.230)	(6.367)
Total operating expenses		(2.230)	(6.367)
Operating result		(1.582)	(5.198)
Interest income on loans	12a	397	457
Exchange differences		8	(63)
Other finance costs		(3.223)	-
Bank and other interest	12b	(20)	(134)
		(2.837)	260
Result before taxation		**(4.419)**	**(4.938)**
Income tax expense		-	-
Results of subsidiaries	4b - I	(55.739)	28.990
Results of associates and others	4b - I	(1.050)	904
Net result for the year		**(61.208)**	**24.956**

Notes to the company financial statements for the year ended 31 December 2020

1. General

Lastminute.com N.V. is the parent company of the lastminute.com group, which is active in online travel. Refer to note 1 of the consolidated financial statements for further details.

Basis of preparation

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. The Company makes use of the option provided in section 2:362(8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated financial statements, which have been prepared in accordance with IFRS as adopted in the European Union. Refer to Note 2 of the Group Consolidated Financial Statements.

These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. In case no other principles are mentioned, refer to the accounting principles as described in the consolidated financial statements. For an appropriate interpretation of these statutory financial statements, the separate financial statements should be read in conjunction with the consolidated financial statements. Information on the use of financial instruments and on related risks for the group is provided in the notes to the consolidated financial statements of the group.

All amounts in the company financial statements are presented in EUR thousand, unless stated otherwise.

These financial statements cover the year 2020, which ended at the balance sheet date of 31 December 2020.

2. Principles of valuation of assets and liabilities

(a) Intangible fixed assets - Goodwill

Goodwill relating to investments in consolidated participating interest in group companies is initially measured as the excess of the aggregate of the consideration transferred over the net fair value of the net identifiable assets acquired and liabilities and contingent liabilities assumed. If this consideration is lower than the fair value of the net assets of the participation acquired, the difference is recognised in profit or loss.

Presentation of goodwill is dependent on the structuring of the acquisition. Goodwill is presented separately in the company financial statements if this relates to an acquisition performed by the company itself. Goodwill is subsumed in the carrying amount of the net asset value (see Note 20) if an investment in a participation is acquired through the company's intermediate participation.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Financial fixed assets

i. Participating interests in group companies and associates.

Group companies are all entities in which the Company has direct or indirect control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group company and has the ability to affect those returns through its power over the group company. Group companies are recognised from the date on which control is obtained by the Company and derecognised from the date that control by the Company over the group company ceases. Participating interests in group companies are accounted for in the separate financial statements according to the net equity value, with separate presentation of the goodwill component under intangible fixed assets, with the principles for the recognition and measurement of assets and liabilities and determination of results as set out in the notes to the consolidated financial statements.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if it has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

Dividends are accounted for in the period in which they are declared. Interest income is recognised in the profit and loss account on an accrual basis, using the effective interest rate method. Any profit or loss is recognised under financial income or expenses.

The Company comprise interests in associates, which are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies (generally a 20% to 50% shareholding). Interests in associates are accounted for using the equity method. They are recognized initially at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves are eliminated to the extent that they can be considered as not realised.

ii. Loans

Loans are stated initially at fair value and subsequently at amortised cost. Amortised costs are determined using the effective interest rate method.

(c) Receivables from affiliated companies

Receivables from affiliated companies are stated at amortized cost, which generally corresponds to their book value that approximates the fair value. Expected credit losses, if any, are taken into account.

(d) Equity

The equity included in the Company's financial statements shows a legal reserve for participations. The legal reserve participations consist of amounts required by law in Spain and Switzerland.

3. Accounting policies

There is no material impact on these company financial statements from the implementation of the new IFRSs as set out in Note 3 of the consolidated financial statements.

(in '000 EUR)

4. Fixed assets

(a) Intangible fixed assets

Intangible fixed assets comprise goodwill created on acquisition of Blue SAS in 2013 and on acquisition of HolidayIQ Ltd in 2020. A detailed description of the acquisition of HolidayIQ Ltd company has been provided in Note 5 of the Consolidated financial statements.

A summary of the movements of intangible fixed assets is given below:

The movements in goodwill are as follows:

	31-dec-20	31-dec-19
Cost		
Balance as at 1 January	20,176	20,176
Additions	654	-
Balance as at December 31	20,830	20,176

For the annual impairment test, this goodwill is allocated to the relevant cash-generating units. Additional information is included in Note 20 of the consolidated financial statements.

(in '000 EUR)

(b) Financial fixed assets

The company's direct investments comprise the following subsidiaries and associates:

Name	Domicile	Ownership	Book Value
Bravonext S.A.	Chiasso, Switzerland	100,00%	-
Blue SAS	Paris, France	98,40%	24.481
Bravoventure India Private Ltd.	Bangalore, India	99,00%	930
Sealine Investments LP*	Edinburgh, U.K.	0,10%	-
Bravometa CH S.A.	Chiasso, Switzerland	98,40%	12.535
Destination Italia SpA	Milan, Italy	24,90%	-
LM Forward Ltd	London,UK	83%	-
InstaGo SAGL	Chiasso, Switzerland	30,04%	641
URBANnext SA	Chiasso, Switzerland	25%	435
HolidayIQ	Singapore	100%	1.053
			40.075

* Sealine Investments LP is a Scottish partnership on which lastminute.com N.V. exercises control being the general partner.

Where a subsidiary has a negative net assets value, the Company has a constructive obligation to enable the participating interest to pay its debts. Therefore a provision has been recognised accordingly. See the following Note.

(in '000 EUR)

I. Financial fixed assets, continued

The movements in the financial fixed assets (participations) are as follows:

	Subsidiaries							Associates			Other	
Partecipations	Bravonext S.A.	Blue Sas	LM Forward Ltd	Bravoventure India Private Ltd.	Bravometa CH S.A.	Destination Italia SpA	HolidayIQ	Destination Italia SpA	InstaGo SAGL	URBANnext SA	Sealine Investments LP	Total
Balance Gross as at 31 December 2019	**50,900**	**24,121**	**-**	**1,095**	**11,125**	**3,223**	**-**	**-**	**693**	**506**	**67**	**91,730**
To provision participations	-	-	(646)	-	-	-	-	-	-	-	-	(646)
To provision receivables	-	-	-	-	-	-	-	-	-	-	-	-
												-
Balance Net as at 31 December 2019	**50,900**	**24,121**	**(646)**	**1,095**	**11,125**	**3,223**	**-**	**-**	**693**	**506**	**67**	**91,084**
Change during the financial year:												
- New acquisition	-	-	-	-	-	-	2,032	-	-	-	-	2,032
- Deconsolidation	-	-	-	-	-	(3,223)	-	3,223	-	-	-	-
- Write off	-	-	-	-	-	-	-	(3,223)	-	-	-	(3,223)
- Allocation to Goodwill	-	-	-	-	-	-	(654)	-	-	-	-	(654)
- Capital increase	-	-	60	-	-	-	-	-	-	-	-	60
- Direct equity movement participation	(1,255)	616	67	(111)	26	-	-	-	-	-	-	(657)
-Trasaction with NCI	-	20	-	-	4	-	57	438	-	-	-	519
- Results on participations	(55,383)	(276)	(1,024)	(54)	1,380	-	(382)	(461)	(53)	(71)	(465)	(56,789)
Balance Gross as at 31 December 2020	**(5,738)**	**24,481**	**(1,543)**	**930**	**12,535**	**-**	**1,053**	**(23)**	**640**	**435**	**(398)**	**32,372**
To provision participations	-	-	1,513	-	-	-	-	23	-	-	-	1,536
To provision receivables	5,738	-	30	-	-	-	-		-	-	398	6,166
Balance Net as at 31 December 2020	**-**	**24,481**	**0**	**930**	**12,535**	**-**	**1,053**	**0**	**640**	**435**	**-**	**40,075**

For details on the accounts receivable from participating interests reference is made to Note 5 a).

In case of participating interests in subsidiaries with a negative net asset value, the company has a constructive obligation to pay the debts. Accordingly a provision has been recognised.

(in '000 EUR)

5. RECEIVABLES

(a) Receivable from affiliated companies

This amount can be specified as follows:

	31-Dec-20	31-Dec-19
Bravonext S.A - loan and interests	11.727	20.161
Bravonext S.A. - trade receivables	196	1.523
Sealine Investments LP	7.132	6.869
LM Forward Ltd	30	10
	19.086	28.563

	31-Dec-20	31-Dec-19
The receivables from affiliated companies contain the following:		
Receivables from affiliated companies	19.086	28.563
Less: Provisions participation	(6.165)	-
	12.921	28.563

The fair value of the receivables approximates the book value.

(in '000 EUR)

As at 31 December 2020, the loan with Bravonext S.A. can be detailed as follows:

Borrower	Maturity	Rate	Principal
Bravonext S.A.	31-12-2020	1%	5,825

	31-Dec-20
Balance as at January 1	20,161
Interests accrued in the year	164
Set-offs/compensation	(8,598)
Provision participation	(5,738)
Balance as at December 31	5,989

The financial receivables are mainly related to loans granted to subsidiaries with an interest rate in line with market conditions being within a range between 0% and 1%. The receivables from affiliated companies are due within one year. The fair value of the receivables approximates the book value, due to their short-term character. The loans are unsecured and are subordinated to all other obligations of the borrower.

Financial risk management

Please refer to the information included in the Note 4 to the consolidated financial statements.

(b) Other receivables

This amount can be specified as follows:

	31-dec-20	31-dec-19
Prepayments	44	7
Other receivables	243	23
Trade receivable/Invoices to be issued	-	-
	287	30

The other receivables are due within one year. The fair value of the receivables approximates the book value.

(c) Cash and cash equivalents

The cash and cash equivalents are freely available to the Company.

(in '000 EUR)

6. CURRENT LIABILITIES

All the current liabilities are due within one year, with exception of 'Short term financial liabilities' related to the acquisition of HolidayIQ.

(a) Payable to affiliated companies

This amount can be specified as follows:

	31-dic-20	31-dic-19
Bravonext SA - cash pooling	499	4.559
Bravonext SA - trade payable	334	27
Webnext Ltd	-	33
Sealine Investments LP	-	-
	833	4.619

The payables are non-interest bearing except cash pooling balance on which an interest rate in line with market conditions is applied. The fair value of the liabilities approximates the book value.

(b) Other payables

This amount can be specified as follows:

	31-Dec-20	31-Dec-19
Directors remuneration	1.191	1.094
other employee related costs	16	562
VAT liability	22	562
Other liability	510	850
	1.738	3.068

The Directors emoluments liability refers to the emoluments of the executive directors (excluding wage tax and social security premium) for the years 2019 and 2020 to be paid in 2021.
Other liability refers for the whole amount to the withholding taxes to be paid.

The variation in the VAT liability is due to the payment during 2020 of the amount due to the Dutch Tax Authority following the settlement reached on the VAT audit on the fiscal years 2014-2018.

(in '000 EUR)

(c) Accrued expenses and deferred income

This amount can be specified as follows:

	31-dec-20	31-dec-19
Audit fees	62	62
Consultancy fees	114	145
M&A costs	46	932
Acquiring costs	1	58
	224	1.197

7. CAPITAL AND RESERVES

The authorised share capital of EUR 181 thousand is divided into 18,110,000 ordinary shares with a par value of EUR 0.01 each (same as 31 December 2018). The paid-up and called up share capital of EUR 117 thousand is divided into 11,664,219 million ordinary shares with a par value of EUR 0.01 each (same as 31 December 2019).

The movements in the year under review can be summarised as follows:

	Share Capital	Capital Reserves	Legal Reserve - Participations	Translation Reserve	Treasury Share reserve	Retained Earnings	Result for the year	Total
Balance as at 1 January 2019	**117**	**96,838**	**4,981**	**1,210**	**(8,507)**	**4,507**	**10,205**	**109,352**
Profit/loss appropriation	-	-	-	-	-	10,205	(10,205)	-
Share-buy back plan	-	-	-	-	(816)	(2,588)	-	(3,472)
Sale of treasury shares					215	-	-	283
Actuarial result DB pension plan	-	-	-	-	-	(597)	-	(597)
Acquisition/loss of control of subsidiaries with non-controlling interests	-	-	-	-	-	(1,154)		(1,154)
Result for the year	-	-	-	-	-	-	24,956	24,956
CTA adjusment	-	-	-	794	-	-	-	794
Transfers to Legal Reserves	-	(1,453)	1,453	-	-	-	-	-
Balance as at 1 January 2020	**117**	**95,385**	**6,434**	**2,004**	**(9,108)**	**10,374**	**24,956**	**130,162**
Profit/loss appropriation	-	-	-	-	-	24,956	(24,956)	-
Share-buy back plan	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-
Actuarial result DB pension plan	-	-	-	-	-	(549)	-	(549)
Adjustment on NCI								-
Acquisition/loss of control of subsidiaries with non-controlling interests	-	-	-	-	-	1,018		1,018
Result for the year	-	-	-	-	-	-	(61,208)	(61,208)
CTA adjusment	-	-	-	(633)	-	-	-	(633)
Transfers to Legal Reserves	-	(521)	521	-	-	-	-	-
Balance as at 31 December 2020	**117**	**94,864**	**6,955**	**1,371**	**(9,108)**	**35,799**	**(61,208)**	**68,790**

Capital reserves

As of 31 December 2020 capital reserves, including share premium reserves, amount to EUR 101,819 thousand (2019: EUR 101,819 thousand). An amount equal to EUR 6,955 thousand is reclassified within the Legal reserve (see below).
The authorised share capital of EUR 181 thousand is divided into 18,110,000 ordinary shares with a par value of EUR 0.01 each (same as 31 December 2019).

Legal reserve participation

The legal reserve participation consists of amounts required by law in Spain, Switzerland and Italy of EUR 6,955 thousand (2019: EUR 6,434 thousand).

Translation reserve

The reserve for translation differences concerns all exchange rate differences arising from the translation of the net investment in foreign entities. The translation reserve is also a legal reserve.

Treasury share reserve

The reserve for the Group’s treasury share comprises the cost of the shares held by the lastminute.com Group. At 31 December 2020, the Group held 648 thousand shares for the total value of EUR 9,108 thousand (same as of 31 December 2019). No movements during the year.

Retained Earnings

Retained earnings as of 31 December 2020 amounted to EUR 35,799 thousand (2019: EUR 10,374 thousand) and contain accumulated results obtained in previous years generated by the Company and not distributed to shareholders as well as amounts booked in relation to the re-measurement of the employee benefits liability and share-based payments.

8. APPROPRIATION OF RESULTS OF FINANCIAL YEAR 2019

The Annual Report 2019 was adopted in the General Meeting of Shareholders held on 21 May 2020. The General Meeting of Shareholders has determined the appropriation of the result for 2019 in accordance with the proposal made in the 2019 Annual Report.

9. PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2020

The board of directors of the Company proposes to allocate a portion of the loss of the year to the full capacity of the retained earnings for EUR 35,799 thousand and the remaining portion to capital reserve for EUR 25,409 thousand.
This proposal allocation of result has not been incorporated in the annual accounts; it is subject to the approval of the annual general meeting of Shareholders. The net result for the year is included in the capital and reserves as result for the year.

The Company can only make distributions to the shareholders and other parties entitled to the distributable profit in so far as the Company’s equity exceeds the paid-up and called-up part of the capital plus the legal reserves and statutory reserves under the articles of association to be maintained.

(in '000 EUR)

10. REVENUES

Revenues mostly relate to intercompany recharges for services provided by the company to the group.

11. GENERAL AND ADMINISTRATIVE EXPENSES

This amount can be specified as follows:

	2020	2019
Consultancy and accountancy fees	1.356	3.080
Personnel costs	7	116
Directors fees	392	620
Other	799	2.550
	2.554	6.367

Directors fees mainly refer to the remuneration related to the executive directors of the Company.

(in '000 EUR)

Audit fees

The following fees were charged by KPMG Accountants N.V. and other minor audit firms (previous year: PricewaterhouseCoopers Accountants N.V.) to the company, its subsidiaries and other consolidated companies, as referred to in the Section 2:382a (1) and (2) of the Netherlands Civil Code.

Year 2020	KPMG Accountants NV	KPMG Network	Other minor audit firms	Total 2020
Audit of financial statements	95	443	83	621
Tax services	-	-	-	-
Other non-audit services	-	5		5
	95	448	83	626

Year 2019	PwC Accountants NV	Other PwC Network	Other minor audit firms	Total 2019
Audit of financial statements	97	601	-	698
Tax services	-	-	-	-
Other non-audit services	-	46	-	46
	97	647	-	744

The audit fees related to the subsidiaries in scope for the audit of the consolidated financial statements have been directly charged and invoiced to the respective subsidiaries. These fees relate to the audit of the 2020 financial statements, regardless of whether the work was performed during the financial year.

Number of employees and employment costs

During the year under review the Company had no employee (2019:1, inside the Netherlands)

(in ‘000 EUR)

12. FINANCIAL INCOME / EXPENSE

(a) Interest income on loans

	2020	2019
Interest income on loans to affiliated companies	397	457
	397	457

(b) Bank and other interest

This amount can be specified as follows:

	2020	2019
Interest on cash pooling	(20)	(8)
Interest on tax settlements	-	(126)
Bank interest	-	-
	(20)	(134)

(in '000 EUR)

FISCAL POSITION

13. Corporate income tax

The Company generated taxable loss during the year under review for an amount of EUR 4,373 thousand. Therefore, no tax charge for the year is recorded. At year-end the losses carry forward amount to EUR 20,500 thousand (2019: EUR 15,601 thousand) which can be offset against future profits. Deferred tax is not included in this calculation because the Company does not expect to generate taxable income in the Netherlands in the coming years.

14. OFF-BALANCE SHEET ASSETS AND LIABILITIES

As of 31 December 2020, financial institutions had issued bank guarantees to third parties on behalf of the Company for a total amount equal to EUR 800 thousand (same as of 31 December 2019).

15. DIRECTORS

During the year under review, the Company had seven directors. The Company has no supervisory directors.

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

Name	Fixed Remuneration	Bonus	Total	2019 Fixed	2019 Bonus	2019 Total
Ottonel Popesco	50		50	55		55
Fabio Cannavale	100	500	600	100	500	600
Marco Corradino	100	750	850	100	750	850
Roberto Italia	40		40	45		45
Anna Gatti	30		30	25		25
Laurent Foata	30		30	25		25
Marcello Distaso	12		12	20		20
Total remuneration to BoD	**362**	**1,250**	**1,612**	**370**	**1,250**	**1,620**

Actual costs for 2020 amount to EUR 362 thousand. In addition an amount of EUR 30 thousand has been recognised as corrections of previous year remuneration.
The variable compensation for the Members of the Executive Directors being equal to EUR 1,250 thousand will not be paid because the performance targets have not been met in 2020. As a consequence the amount has not been accrued for in the 2020 financial statements, based on the fact that as of 31 December 2020 top management already knew that the related target was 100% not reachable.

16. SUBSEQUENT EVENTS

For details on subsequent events, please refer to Note 34 of the Consolidated Financial Statements.

Amsterdam, 25 March 2021

The board of Directors,

Executive Board Members

Mr F. Cannavale

Mr. M. Corradino

Non - executive Board Members

Mr R. Italia

Ms. A. Gatti

Mr L. Foata

OTHER INFORMATION

APPROPRIATION OF RESULT ACCORDING TO THE ARTICLES OF ASSOCIATION

According to article 25 of the Articles of Association the result of the year is at free disposal of the General Meeting of Shareholders.

Independent auditor's report

Independent auditor's report

To: the General Meeting of Shareholders and the Board of Directors of lastminute.com N.V.

Report on the audit of the financial statements 2020 included in the financial report

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of lastminute.com N.V. as at 31 December 2020 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of lastminute.com N.V. as at 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2020 of lastminute.com N.V. (the Company) based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1. the consolidated balance sheet as at 31 December 2020;
2. the following consolidated statements for 2020: profit and loss and other comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2020;
2. the company profit and loss account for 2020; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of lastminute.com N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Audit approach

Summary

Materiality
— Materiality of EUR 1.4 million — 0.5% of the average of revenue of 2018, 2019 and 2020

Group audit coverage
— 91% of total assets — 94% of revenue — 96% of PBT

Key audit matters
— Liquidity risk related to COVID-19 — Fraud risk related to revenue recognition and risk of error regarding accuracy of revenues — Application of impairment requirements (Impairment test)

Opinion
Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 1.4 million. The materiality is determined with reference to average of revenues of 2018, 2019 and 2020 (0.5%).

We consider average of total revenues as the most appropriate benchmark because lastminute.com N.V. is a loss making entity in 2020 and the revenue has incidentally decreased significantly compared to last year due to Covid-19. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of EUR 70 thousand which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

The audit of the financial statements 2020 is an initial audit, where KPMG Accountants N.V., the Netherlands acts as group auditor and several KPMG component auditors and one non KPMG component auditor are involved. lastminute.com N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of lastminute.com N.V.

Our group audit mainly focused on significant components. We have focused on the significant components due to size or due to risk. In addition we performed several procedures on group level to achieve a certain coverage. We have set component materiality levels, which ranged from EUR 1,150 thousand to EUR 225 thousand, based on the mix of size and risk profile of the components within the group.

We have:

- performed the audit procedures at the group level with assistance of KPMG Switzerland;
- made use of the work of other (non) KPMG auditors for the audit of the significant components of the group;
- sent audit instructions to all component auditors, covering significant areas including the relevant risks of material misstatement and set out the information required to be reported back to us;
- audited specific reporting packages items at other non-significant components on group level.

In view of restrictions on the movement of people across borders, and also within significantly affected countries, we were not able to visit all components to evaluate the component auditors' communications and the adequacy of their work. As a result of the aforementioned restrictions, we have requested those component auditors to provide us with remote access to audit workpapers to perform these evaluations. In addition, due to the inability to arrange in-person meetings with such component auditors, we have increased the use of alternative methods of communication with them, including through written instructions, exchange of emails and virtual meetings.

For the remaining population not in scope we performed analytical procedures in order to corroborate that our scoping remained appropriate throughout the audit.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

The audit coverage as stated in the section summary can be further specified as follows:

Total assets

84%	7%
Audit of the complete reporting package	Audit of specific items

Revenue

89%	5%
Audit of the complete reporting package	Audit of specific items

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Liquidity risk related to COVID-19

Description

As part of the preparation of the financial statements, management is responsible to assess the possible effects of COVID-19 on the company's liquidity and related ability to continue as a going concern and appropriately discloses the results of its assessment in the financial statements. The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of the financial statements its effects are subject to significant levels of uncertainty. Management prepared a financial and liquidity risk analysis addressing amongst others future compliance with financing conditions as well as the financing and cash requirements to ensure continuation of the company's operations.

Our response

We considered the liquidity risk arising from COVID-19 in planning and performing our audit. Our procedures included:

- Considering management's assessment of COVID-19-related sources of risk for the company's business and financial resources compared with our own understanding of the risks. We also considered management's plans to take action to mitigate the risks;
- Assessing the reliability of the forecasts and forecasted cash flows by comparing them with market expectations and assessed whether the assumptions are realistic and achievable and consistent with the external and/or internal environment;
- Evaluating the assumptions in respect of projected available future cash flows from operating, financing, divesting and investing activities and projected key ratios for the future covenant calculations;
- Comparing management's analysis to our assessment of the full range of reasonably possible scenarios resulting from COVID-19 uncertainty;
- Inspecting supporting documentation such as contracts, waivers and underlying calculations and correspondence with financing and other relevant parties;
- Inspecting management's plans for future actions, and verify the reliability and relevance of data used including plans to ensure liquidity necessary to continues as a going concern;
- Inspecting supporting documentation relating to received governments grants in 2020 and approved government grants for 2021; and
- Evaluating the disclosure about liquidity risk and the related going concern assumption as set forth in note 2, including those in the Directors' report, comparing the overall picture against our understanding of the risks.

Our observation

We found the management's assumptions and aforementioned disclosures to be acceptable. However, an audit cannot predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to COVID-19 and going concern.

Fraud risk related to revenue recognition and risk of error regarding accuracy of revenues

Description

The total revenue for the year 2020 amount to EUR 105.1 million. There is an inherent risk of fraudulent revenue recognition through overstatement of revenues within the various entities within the Group as lastminute.com is a listed company with primary focus on and incentives related to the growth of sales.

The revenue comprises of commissions applied to service providers based on contractual agreements and rebates on realised target volumes from service providers also based on contractual agreements. The volume of the transactions and counterparties that characterises the online travel business is significant and there is a high dependency on the IT systems. As a result, an incorrect calculation of the rebates to suppliers or incorrect commission percentage could result in a material misstatement.

Our response

As response to address this key audit matter, we have:

- identified and tested relevant controls around revenue recognition, including anti-fraud controls and thereto related application controls, in particular application controls residing in the operating system (lastminute.com Backoffice), accounting system (Microsoft Dynamics NAV) and application controls regarding cash in- and outflows;
- reperformed the reconciliation between operating system and accounting system over cash in-and outflows ensuring the correctness of the sales;
- verified on a sample basis whether revenue recognized corresponds to invoices and whether payments are received based on bank statements. We also have verified that only margin is recognized as revenue based on a reconciliation of cash received from clients and cash paid to service providers;
- tested on a sample basis the accuracy of revenues from commissions based on the underlying contractual agreement;
- performed centralized procedures on general IT controls that supports the relevant application controls over operating and accounting systems, in particular those affecting data and program access as well as program changes and computer operations;
- involved IT specialist to support our procedures relating to relevant application controls and thereto related general IT controls; and
- assessed the adequacy of the disclosures, specific note 7 revenues.

Our observation

Although we identified some audit misstatements that were corrected by management, the overall results of our procedures were satisfactory. Furthermore, we consider note 7 revenues adequate.

Application of impairment requirements (Impairment test)

Description

Significant amounts of goodwill (EUR 60.4 million) and trademarks (EUR 129.8 million) arising from past business combinations are recognised as at 31 December 2020 as intangible assets with an indefinite useful life.

As disclosed in note 20 annual impairment testing of these amounts are required and the recoverable amount is determined based on a Discounted Cash Flow calculation (DCF).

Key assumptions used in the calculation of the recoverable amount are the discount rate (WACC) and the revenues growth rate and EBITDA margin. These key assumptions involve significant judgement as they represent management's assessment of the future market trends and economic conditions.

Given the Group's continued development, the rapid technology change as well as the relevance of estimates used, there is an inherent risk of uncertainty in assessing the recoverable amount.

Our response

We have evaluated the methodical and mathematical accuracy of the model used for the impairment test, the appropriateness of the assumptions used and the methodology used by management to prepare its cash-flow forecasts. We have involved a valuation specialist to support our procedures.

We have performed the following audit procedures for the three CGU's (OTA, Metasearch and Media):

- assessed the reasonableness of the plans and forecasts by back-testing historical forecasts to actual results;
- compared business plan data against the latest approved plans and forecasts;
- challenged the robustness of the key assumptions used to determine the recoverable amount, including identification of the CGU's, forecast cash flows, long-term growth rates and the discount rates based on our understanding of the business and by comparing key assumptions with independent data and market expectation;
- challenged sensitivity analysis, taking into account the historical forecasting accuracy;
- recalculated the difference between the carrying value and the recoverable amount to assess the headroom;
- assessed the adequacy of the disclosures in the financial report, specific note 19 Intangible assets and note 20 Goodwill.

Our observation

The results of our procedures were satisfactory and we found note 19 Intangible assets and note 20 Goodwill adequate.

Report on the other information included in the financial report

In addition to the financial statements and our auditor's report thereon, the financial report contains other information.

Based on the following procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements; and

— contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the Annual General Meeting of the company as auditor of lastminute.com N.V. on 31 July 2020, as of the audit for the year 2020.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de ‘Koninklijke Nederlandse Beroepsorganisatie van Accountants’ (NBA, Royal Netherlands Institute of Chartered Accountants) at: http://www.nba.nl/ENG_beursgenoteerd_01. This description forms part of our independent auditor's report.

Arnhem, 30 March 2021

KPMG Accountants N.V.

Original has been signed A.J. de Bruin RA