31 DECEMBER 2019

Contents

Financial report

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 2019.

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.

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. Thanks to the brand "Hotelscan", acquired in the last quarter of 2017, LMN has grown also in the meta-hotel business.

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.

In 2019 total revenues increased by EUR 58,534 thousand, or 20.1%, to EUR 349,045 thousand from EUR 290,511 thousand in 2018. See "financial information" (Note 3 of this directors' report).
The growth in revenues is driven by the Group's OTA business.
In terms of products and services, Dynamic Packages continued to grow fast in terms of volume, running at high margins. Flights also experienced a turning point. After a long period of challenges, the flight business started to recover in terms of both volume and profitability.
The Meta business experienced a significant increase of margins as a result of a mixed strategy aimed at improving the efficiency of the trading machine and the roll-out of Hotelscan that is now running its business at positive Earnings Before Interest Depreciation and Amortisation ("EBITDA").
Media businesses performed well primarily driven by the increase in traffic, new advertising formats and the integration of Madfish, a content production agency specializing in video strategy, production and distribution to our existing suite of media solutions.

The Group's balance sheet remained strong, the cash available at the end of the year was nearly 52% higher than at the end of last year, thanks to the cash generated from the strong EBITDA and the change in net working capital (positive for OTA business).
Total Gross Travel Value ("GTV") in 2019 reached EUR 2,880 million, with an increase of EUR 523 million from EUR 2,357 million in 2018 (+22.2%).

The Group is currently handling the impact of the Covid-19 outbreak (refer to section 4 significant risks and uncertainties). 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 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, Destination Italia, Sono Travel Club mainly address 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 operates 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.

Destination Italia
Destination Italia is an Italian website specialised in promotion of tourism into Italy, mainly through online services provided with professional intermediaries (B2B).

Gartour
Gartour is an Italian website specialised in promotion of tourism into Italy, mainly through online distribution to consumers (B2C).

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.

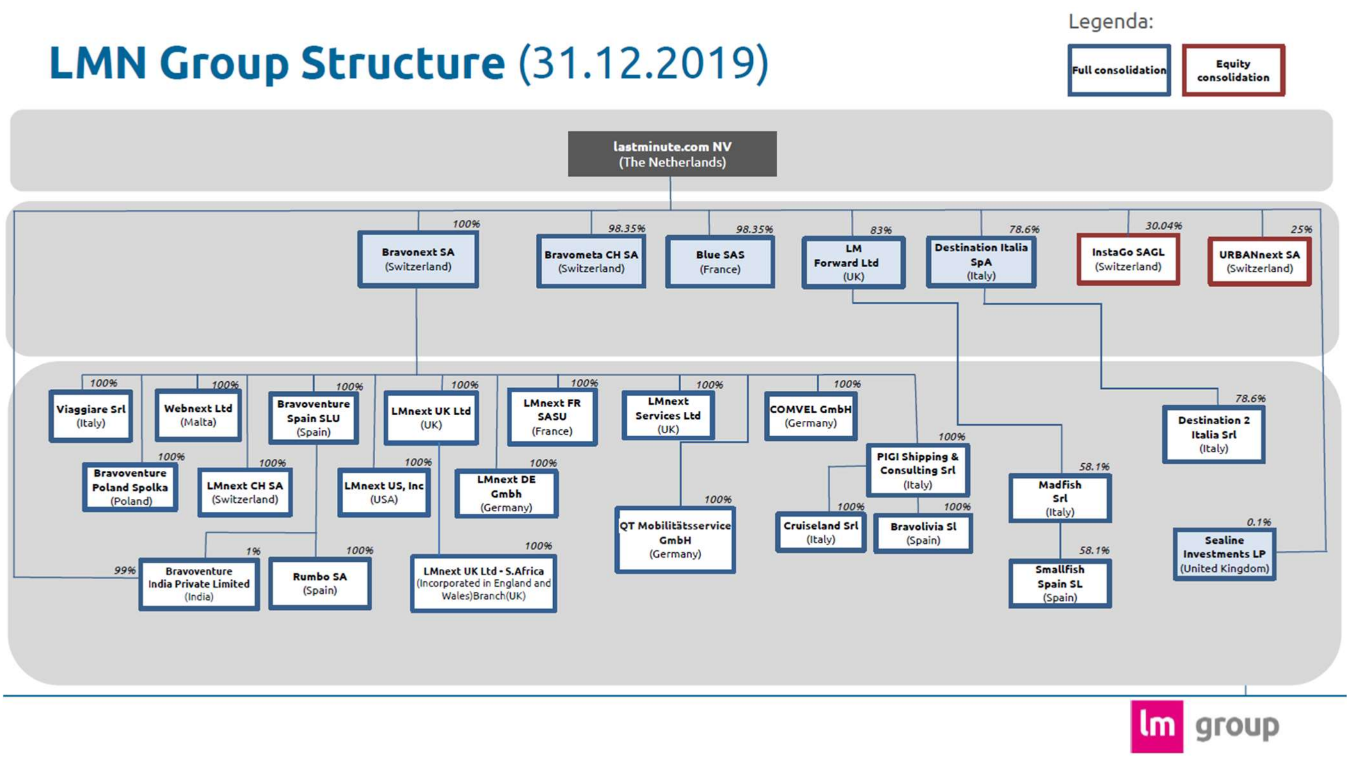
Madfish

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

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 2019:



2.4 Board of directors

The Company has a one-tier board structure.

2.5 Human resources

Human Capital is the main asset and the principal success key factor of the Company enabling the fulfillment 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 headhunters.

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 center services.

Headcount as of December 31,

	2019	2018
Permanent employees	1,365	1,171
Temporary employees	52	65
Total employees	**1,417**	**1,236**

Note: figures include only own employees.

3. FINANCIAL INFORMATION

In 2019 total revenues increased by EUR 58,534 thousand, or 20.2%, from EUR 290,511 thousand to EUR 349,045 thousand.

The Group's main driver of growth continued to be the OTA business, thanks to the great performance of both Flight and Dynamic Packages that grew significantly versus last year (+34.9% and +44.1% respectively).

The Media business, which now operates under the brand name of Forward, showed positive results with a growth rate of 22.4% compared to the prior-year period thanks to higher OTA traffic volumes, the launch of new models and the good start of Madfish, the newly acquired business operating in video production.

New Search Engine Optimisation ("SEO") marketing rules introduced by Google affected the metasearch sector causing a general decline in revenue (-14.9% year on year).

This increase is primarily due to:

i) good performance of the OTA segment thanks to a strong organic growth driven from Dynamic Packages and flight;

ii) increasing the attach rate of all the ancillaries products especially linked to flights such as seat selection, on-line check in, additional luggages and so on;

iii) strong performance of the MEDIA segment driven by OTA growth.

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 was EUR 65,044 thousand in 2019, compared to EUR 31,826 thousand in 2018, composed as shown below:

- Net Financial Position within 12 months of EUR 81,976 thousand (2018: EUR 44,688 thousand); and
- Net Financial Position over 12 months of EUR -16,932 thousand (2018: EUR -12,862 thousand).

The table below shows the Equity of the Group as of 31 December 2019 and 2018:

in '000 EUR	31 Dec 2019	31 Dec 2018
SHARE CAPITAL AND RESERVES		
Share capital	117	117
Capital reserves	101,819	101,819
Translation reserve	2,004	1,211
Treasury cash reserve	(9,108)	(8,507)
Retained earnings	35,330	14,713
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM NV	**130,162**	**109,353**
Non-controlling interest	2,525	1,941
TOTAL EQUITY	**132,687**	**111,294**

The solvency of the Company has slightly decreased from 29% to 28.6%. The solvency is calculated by dividing the equity by the total assets.

Flight revenue

In 2019, the Group's flight revenues increased by EUR 34,702 thousand, or 34.9%, from EUR 99,425 thousand in 2018 to EUR 134,143 thousand in 2019.

Dynamic packages revenue

In 2019, the Group's dynamic packages business further strengthened its role as key contributor.

Dynamic packages with real time bundling technology and flights significantly outperformed market benchmarks with an increase of EUR approximately 44.1% over last year's results. The total increase amounts to EUR 25,701 thousand, from EUR 58,237 thousand in 2018 to EUR 83,938 thousand in 2019. This increase is due to higher volume and profitability in all the core Countries.

Hotel revenue

In 2019, the Group's hotel revenues increased by EUR 2,348 thousand, or 17.3%, from EUR 13,549 thousand in 2018 to EUR 15,898 thousand in 2019.

Tour operator

In 2019, the Group's TO revenues decreased by EUR 6,430 thousand, or 17.9%, from EUR 35,902 thousand in 2018 to EUR 29,472 thousand in 2019. Decrease in Tour Operator revenues can be explained with a major concentration over DP products and by the failure of one of the main Tour operators, Thomas Cook, for which the Group had to cancel revenue for EUR 458 thousand.

Metasearch revenue

In 2019, the Group's metasearch revenues decreased by EUR 6,476 thousand, or 13.4%, from EUR 48,195 thousand in 2018 to EUR 41,718 thousand in 2019.

Despite this decrease in revenues, the EBITDA result is still in line with 2018 results.

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.

In 2019 the Group achieved a significant increase in all the main countries (Italy, Spain, France, Germany and UK). The strongest increase was in the UK market with approximately 26.0% over last year's results.

The Group investments outside Europe brought higher results over other markets with approximately 14.2% over last year's results.

4. SIGNIFICANT RISKS AND UNCERTAINTIES

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 2019 as planned enterprise risk management activity carried out for the Group.

Principal risks

- 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 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. 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.

Other risks

- 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 deteriorate, 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.
- Pandemic diseases can significantly influence the travels and customers' behaviours. In case of a potential pandemic disease governments and private companies as well can forbid people to travel from and to contaminated destinations affecting our business. In addition, the fear of being contaminated may influence people to not travel, or, at least to not take flights to foreign destinations. This can have a material effect on our business.

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 the following 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 exchange risk coming from Euro / Pound conversion hedged by forward derivatives.

Mitigating the effects of Covid-19

As explained in note 2 Significant accounting policies and note 34 Subsequent events of the Financial statements, the outspread of the coronavirus (Covid-19) and the severe measures taken by governments is impacting on society and business unprecedentedly. Many countries have declared state of emergency and among others issued restrictions to free movement within the country but also across borders, airlines have suspended most of their flights and tour operators their travel operations. It is expected that the uncertainties will continue over the next months. The timing and extent of market recovery depends on the effectiveness of the governments' measures to counter the crisis.

Despite the concern linked to the spread of the virus, the Group has performed better than budgeted and prior year up to the end of February 2020. The trend has reversed starting from the last week of February particularly in Italy which is the Country mostly affected by the Covid-19 within Europe. Starting early March the other main countries in which the Group operates have started to follow the declining trend with a reduction in bookings of more than 90% in the last days of March 2020.

The Group is in regular contact with its suppliers to monitor and discuss the situation and undertake appropriate actions, when necessary. The Group has implemented measures to ensure the safety of its employees, to be able to continue our business and comply with local regulations in this area, for example by working remotely.

Based on the situation as of the dates leading to the publication of the financial statements the Group has performed scenario analyses and stress tests using assumptions on the significance of the drop in bookings, the length of the period of such significantly dropped level of business activities and the recovery period based on what has happened in China and on analysis made by the Company data scientists team taking into account various sources of information. The analyses cover net revenues, EBITDA as well as the liquidity situation.

The Group has taken a variety of measures in an 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 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, will generate savings in a range of € 15 million to € 30 million in 2020, depending on how long the crisis will last.
In order to further protect from worst case scenarios, the Group has extended seasonal credit lines and accessed government secured financings in Switzerland and may apply for the same in all the jurisdictions where governments are adopting similar measures to fund the national business during this difficult period due to Covid-19 pandemic.

Based on the current financial position and results, there is a risk that, with reference to a financing currently in place, we may not meet our covenant ratios at the next measurement date on 30 June 2020.

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. However this financing is excluded from our worst case scenario.

While uncertainties remain and it is currently not reasonably possible to estimate the future impact, based on the actions taken management does not have any reason to believe that the Group is not able to continue as a going concern

5. FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

The principal performance indicators for the Group are the following (2019 vs 2018):

in '000 EUR	2019	2018
Gross Travel value (in EUR mln)	2,880	2,357
Adj Ebitda*	63,200	32,800
Revenues	349,045	290,511
Net financial position	65,044	31,826
Bookings (in mln)	5,130	4,519

***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.**

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 2,880 million in 2019 and EUR 2,357 million in 2018. The GTV has strongly increased thanks especially to the growth of Dynamic packages and Tour operators products.

Earnings before Interest and income Tax increased by 183.1% to EUR 36,210 thousand (2018: EUR 12,791 thousand). The net result increased by 180.8% to EUR 23,940 thousand (2018: EUR 8,372 thousand).

Total Group Assets increased from EUR 384,017 thousand at the end of 2018 to EUR 460,625 thousand at the end of 2019. Total Group Equity increased from EUR 111,294 thousand at the end of 2018 to EUR 132,687 thousand at the end of 2019. The Group's equity has been impacted by the positive result of the Group during 2019.

The net cash position increased by EUR 37,489 thousand compared to an increase of EUR 20,737 thousand last year, mainly driven by EBITDA and working capital.

6. ENVIRONMENTAL AND PERSONNEL-RELATED INFORMATION

Please see the information included in paragraph 9.

7. INFORMATION REGARDING FINANCIAL INSTRUMENTS

Our activities expose the Group to a variety of financial 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.

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.

As of 31 December 2019, the allowance for impaired receivables was EUR 4,927 thousand, representing approximately 5.0% of gross trade receivables. (2018: EUR 2,445; approximately 3.1% of gross trade receivables).

During September 2019 the Group faced the risk related to the bankruptcy of Thomas Cook Airlines Ltd and other companies in Thomas Cook Group plc.

The Group has taken immediate action to assist customers who have booked Thomas Cook packages or flights on the Group's properties and the bookings affected represent less than 0.3% of the total bookings.

The overall impact on the Group's operating profit of the Thomas Cook failure has been calculated to be EUR 2,464 thousand and it has mainly affected the Static Tour operator business in Germany.

Thanks to the focus on dynamic packaging and the investment in digital rather than physical assets, LM Group business model diversification means that the company is not facing typical risks of classic tour operators.

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, by credit card. 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 2019, the total amount of unused available cash credit lines for the Group was EUR 16,251 thousand (EUR 25,757 thousand at 31 December 2018). Trade and other payables are mainly due within 60 days. The level of negative working capital at the end of March is expected to be reduced (becoming less negative) by EUR 27 million due to the reduced bookings in March 2020 (refer to the "Mitigating the effects of Covid-19" paragraph in the Section 4).

Currency risk

The Group is not exposed to significant currency risk as 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 and Swiss Francs. 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 2019, the Group's balance sheet net exposure in CHF amounted to EUR 13,345 thousand (2018: EUR 9,040 thousand). As of 31 December 2019, the Group's balance sheet net exposure in GBP amounted to EUR 37,676 thousand (2018: EUR 33,810 thousand). As of 31 December 2019, the Group's balance sheet net exposure in USD amounted to EUR 9,850 thousand (2018: EUR 7,477 thousand).

The Group has in place forward contracts with primary financial institutions in order to cover currency risk. Forwards on currencies allow the Group to exchange a currency at a future date at a fixed exchange rate. Derivatives are only used for economic hedging purposes and not as speculative investments. However, since derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes only and are accounted for at fair value through profit or loss. They are presented as current liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Interest rate risk

The interest rate risk is the risk that changes in interest rates will affect the Group's result. Loans and investments with variable interest rates expose the Group to cash flow interest rate risk.

As of 31 December 2019 the Group has short term borrowings for EUR 24,399 thousand (31 December 2018: EUR 29,532 thousand) and long term borrowings EUR 10,982 thousand (31 December 2018: EUR 14,529 thousand). An amount of EUR 14,531 thousand (of which EUR 10,982 thousand is classified as long term) is regulated by variable interest rate (Euribor 6 months plus 140 bppa). As the Euribor 6m has been negative for all 2019 and analysts expect it to remain negative in the next future, the Group does not see any material impact on its financial statements. See also Note 28 of the Consolidated financial statements.

The Group further has cash and cash equivalents with variable interest rates in the amount of EUR 110,339 thousand (31 December 2018: EUR 72,648 thousand). See also Note 25 of the Consolidated financial statements.

As of 31 December 2019 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.

Estimation risk on future costs

In connection with flight ticket sales, the Group offers its customers the possibility to acquire an option, which allows them to cancel the flight booking at their sole discretion and obtain a voucher to be used for a replacement booking within 12-18 months.

The estimation risk on future costs is the inherent uncertainty regarding the occurrence, amount or timing of cancellation of covered flight tickets. The Group currently covers such risk by offering external insurance.

8. 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 2019 employ about 332 developers.

9. ENVIRONMENT AND SOCIAL RESPONSIBILITY

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 guarantee. 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.
During 2019 the Group has paid Eur 1 million in donations to the lastminuteheroes.org foundation.

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 facilitate flexible working roles upon their return to work.
We also promote employee well-being through social and sport initiatives.

10. OTHER INFORMATION

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.

11. INFORMATION CONCERNING APPLICATION 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://lmgroup.lastminute.com/~/media/Files/B/Bravofly-Rumbo-Group/documents/governance-documents/2016/lmn_code_of_conduct.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 2019 no infringement of the Code of Conduct has been detected.

12. OUTLOOK

Before the out-break of Covid-19, in 2020, for the first time, online overtook offline and will see a further shift of 6% by 2022. An increase in competition amongst airlines, OTAs and Tour Operators has meant difficulties for those who are already at risk or close to it. There also has been a very significant shift to mobile and Google has adopted a more aggressive strategy in hotels and flights search, both of which have affected the market.

The impact of Covid-19 results in low booking levels, we expect on the longer term the levels will increase to “normal” levels based on experience of previous health related and economic crisis.

The Group has the capabilities and management to address these 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, our mobile traffic conversion is robust, and LM Group has carefully managed our SEO across the group almost without issue seeing only minor impact on meta search.

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. This means LM Group is there to capture customers who might want to make their first steps in moving from offline to online.

Before the break-out of Covid-19, the holiday’s business was growing and LM Group was growing more than the market. There is also more opportunity in the sun and beach market following the closure of one of the UKs largest tour operators, giving access to new partners and customers in crucial holiday locations in the Mediterranean.

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. LM Group recruits, trains and recompense people according to a strategy that aims to organise our businesses effectively; LM 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.

In the recent weeks, specifically from the second half of February 2020, the Group registered a decrease in demand for flight bookings and hotel reservation, due to the increase of reported cases of COVID-19. This caused a significant slowdown in revenue generation and more in the last days of March (bookings reduced by more than 90% in the last days in March 2020), offset by a proportional reduction of variable costs that resulted in a lower impact at EBITDA level. Based on the fact that the Company expects the significant impact on its performance to continue due to the sharp decline in bookings, we have performed scenario analyses and stress tests using assumptions on the significance of the drop in bookings, the length of the period of such significantly dropped level of business activities and the recovery period (refer to section 4 and note 2 and note 34 of the Financial statements). The Group has taken a variety of cost reduction actions and is planning to adopt several initiatives in an effort to maintain an adequate level of liquidity even in the worst case. At lastminute.com we can leverage on a diversified business model that mitigates risks and on a strong financial position, which represents an asset of paramount importance and a distinctive success factor. The Group will limit its operating spending and investments in order to partially compensate the effect of expected decrease in revenues.

The Group does currently not intend to reduce its workforce and it has already implemented actions to reduce the employees' working hours by taking advantage of the various measures adopted by the governments.
See more information in the next section of this report.

Material changes since the balance sheet date

Acquisition of HolidayIQ PTE Ltd.

On 9 January 2020, the Group finalised the acquisition of 100% of HolidayIQ Pte Ltd (HIQ), a company operating in the online travel space with focus on the Indian market. The transaction, entirely settled on a cash basis, has the purpose to both complement the capabilities of LM Group in the "Users Generated Content" environment and explore opportunities to develop the presence of the Group in a fast-growing market like India, leveraging on a strong local brand.
Total consideration was EUR 2,030 thousand, to be paid in cash in three tranches. The first tranche of the consideration for € 1,632 was paid at the closing date.

CoronaVirus/ Covid-19

In the days up to the issuance of this financial statements, many countries have declared state of emergency and among others issued restrictions to free movement within the country but also across borders, airlines have suspended most of their flights and tour operators their travel operations. It is expected that the uncertainties will continue over the next few months. The timing and extent of market recovery depends on the effectiveness of the governments' measures to counter the crisis.
Despite the concern linked to the spread of the virus, the Group has performed better than budgeted and prior year up to the end of February 2020. The trend has reversed starting from the last week of February particularly in Italy which is the Country mostly affected by the Covid-19 within Europe. Starting early March the other main countries in which the Group operates have started to follow the declining trend.

Based on the situation as of the dates leading to the publication of the financial statements the group has performed scenario analyses and stress tests using assumptions on the significance of the drop in bookings, the length of the period of such significantly dropped level of business activities and the recovery period also based on what happened in China. The analyses cover net revenues, EBITDA as well as the liquidity situation.

The Group has taken a variety of measures in an 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 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, will generate savings in a range of € 15 million to € 30 million in 2020, depending on how long the crisis will last.

In order to further protect from worst case scenarios, the Group has extended seasonal credit lines and accessed government secured financings in Switzerland and may apply for the same in all the jurisdictions where governments is adopting similar measures to fund the national business during this difficult period due to Covid-19 pandemic.

While uncertainties remain and it is currently not reasonably possible to estimate the future impact, based on the actions taken management does not have any reason to believe that the Group is not able to continue as a going concern

CORPORATE GOVERNANCE REPORT 2019

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 2019 follows the SIX Swiss Exchange Directive on Information relating to Corporate Governance entered into force on 1 May 2018 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 2019, the Consolidated Financial Statements 2019 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 2019 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"

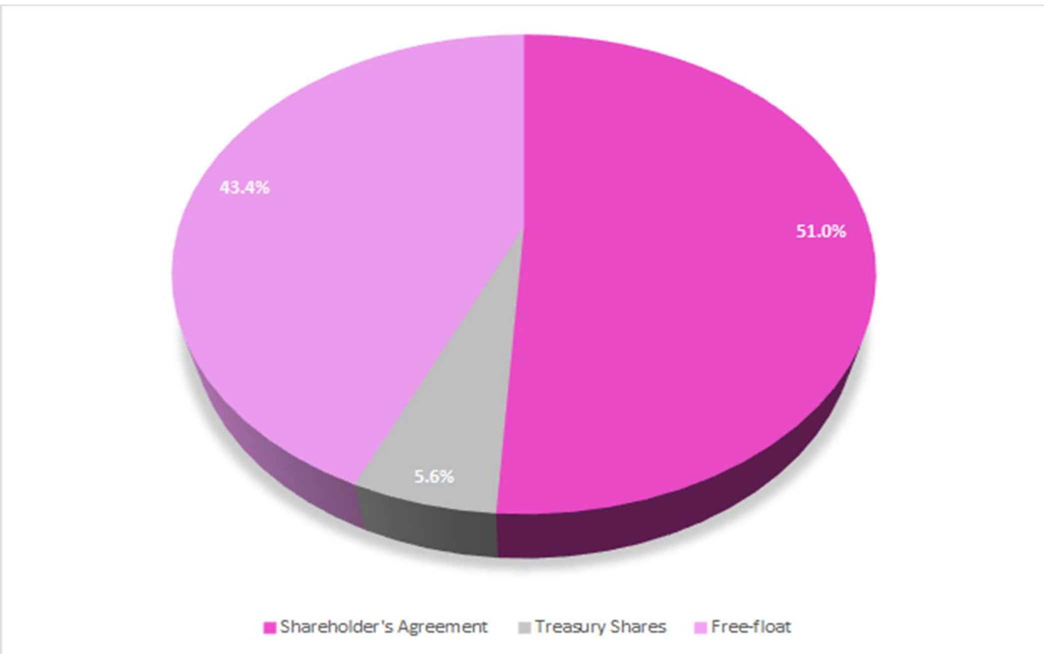
OTA, META and Media jointly referred to as "lastminute.com"

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 2019, the market capitalization of LMN was CHF 204,123,832. 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 2019.

1.2 Significant shareholders

Significant shareholders and significant groups of shareholders as of 31 December 2019 are reported below:



On April 27, 2017, Freesailors Cooperatief U.A. (a Dutch cooperatief whose beneficial owners are Mr. Fabio Cannavale and Marco Corradino), Micheli Associati Srl (controlled by Mr. Carlo Micheli) and Mr. Francesco Signoretti renewed the Shareholders Agreement previously signed on 1 April 2014 regarding LM's shares and related derivatives they hold and may hold in the future. This updated Shareholders Agreement is valid until 27 April 2020 and all terms and conditions of the previous shareholders agreement apply *mutatis mutandis* to the new one; therefore they remain in full force and effect, except for the number of involved parties which result to be limited to three. The parties agreed to coordinate the exercise of all their rights out of the shares and related derivatives held within the group of shareholders formed by the Shareholders Agreement. The coordination will be made such that any decision is taken by a majority vote whereby the majority is determined based on the shares each party to the Shareholders Agreement holds. As a result, Freesailors Cooperatief U.A. (and thus, indirectly, Fabio Cannavale and Marco Corradino, who are the ultimate beneficial owners of Freesailors Cooperatief U.A.) controls the Shareholders Agreement and therefore controls all the Shares in the Company and related derivatives held within the group of shareholders. The admission and exclusion of group members of the Shareholders Agreement requires the consent of 90% of the votes of the members. No consent is required for the sale of Shares or related derivatives. However, if Freesailors Cooperatief U.A. sells at least two million Shares, the other parties have a tag along right. Acquisitions of Shares or related derivatives are subject to a special approval process in the event that the acquisition exceeds 200,000 Shares. The group of shareholders is dissolved if it holds less than 33 and 1⁄3 % holding of Shares and related derivatives that count against the mandatory offer threshold.
Further disclosure 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 2019 the Group held 646 thousand own shares. For more details please refer to Note 26 of the Consolidated Financial Statements.

There are not cross-shareholdings.

2. Capital structure

As of 31 December 2019, 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 2019, there are no outstanding bonds and bonds convertible into, or options to acquire, shares.
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://lmgroup.lastminute.com/~/media/Files/B/Bravofly-Rumbo-Group/documents/governance-documents/articles-of-association-19-may-2015.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 2019:

Name	Year of birth	Gender	Nationality	Qualification	1st Election	Expires
Ottonel Popesco	1957	Male	French	Non-executive Director, Chairman	2014	2020
Fabio Cannavale	1965	Male	Italian	Executive Director, Group CEO	2014	2020
Marco Corradino	1968	Male	Italian	Executive Director, COO, lastminute.com CEO	2016	2020
Roberto Italia	1966	Male	Italian	Non-executive Director	2014	2020
Laurent Foata	1971	Male	French	Non-executive Director	2018	2020
Anna Gatti	1972	Female	Italian	Non-executive Director	2017	2020
Marcello Distaso	1972	Male	Italian	Non-executive Director	2018	2020

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, they control the Company through the Shareholders Agreement described in Section 1.2 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 13 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
<u>Non-executive Director, Chairman</u>
Ottonel Popesco holds 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 is 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. Currently he is Chairman of the international Port Equipment Manufacturers Association Brussels-PEMA and member of various Boards worldwide acting in different industries.

Fabio Cannavale
<u>Executive Director, Group CEO</u>
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
<u>Executive Director, COO, lastminute.com CEO</u>
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 lastminute.com and Executive Board Member of the Company since 12 February 2016.

Roberto Italia
<u>Non-executive Director</u>
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. Mr.

Italia is today a director of Space Holding, Managing Director of Red Black Capital SA and Space Capital Ventures SA, Chairman of Avio SpA, as well as a Board Member of Cinven Luxco 1 SA, Cinven Luxco 2 SA, FCP Manco Sarl and Cavotec SA.

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 Soshoma 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) and Rai Way from 2014 as of present day. She covers as well the office of non-executive director in Intesa Sanpaolo's board since May 2019.

Marcello Distaso

Non-executive Director

Marcello Distaso holds a Law degree from the University of Bari, a Masters in International Taxation from the University of Rome and an LL.M. from the University of London. He is an investment funds and private equity lawyer who divides his time between the Van Campen Liem Amsterdam and Luxembourg offices. His expertise includes the structuring of VC and private equity deals, JV and M&A transactions. He has particular expertise in engineering and negotiating investment funds as well as primary and secondary fund investments and co-investment structures. He lectures on investment funds and tax related topics at the University of Leiden and the IBFD. Marcello was appointed partner at Baker & McKenzie Amsterdam in 2006, where he has been co-chair of the Private Equity Group and head of the European Tax Transaction Group. As of April 2012, he is one of the founding partners at Van Campen Liem.

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 [1]	Audit Committee	Risk Supervisory Committee
Ottonel Popesco	Chair	Member	Member	Chair
Fabio Cannavale	Member	-	-	-
Marco Corradino	Member	-	-	-
Roberto Italia	Member	Chair	Chair	Member
Laurent Foata	Member	Member	-	-
Anna Gatti	Member	-	-	Member
Marcello Distaso	Member	-	-	

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:

[1] Selection, Appointment and Remuneration Committee.

(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 2019, 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 2019 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) provide, if requested by the Group, an opinion on the data protection impact assessment ("DPIA") and monitor its performance in accordance with Article 35 of GDPR rules;
(e) 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;
(f) 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.);
(g) each year evaluating its own performance and the adequacy of these Terms of Reference.

In 2019, 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 2019:

Meetings held in 2019	Frequency	Average duration
Board of Directors	Bimestrial	4 hours
SAR Committee	Half-yearly	1.5 hours
Audit Committee	Quarterly	2 hours
RS Committee	Quarterly	1 hour

In 2019, 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.

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. Non-Executive Directors cannot be represented in this manner.
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 (PwC Netherlands) who conduct their audit of lastminute.com NV and the Group in compliance with Dutch law including Dutch Standards on Auditing;
- external auditors (PwC 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 2019.

4.1 Members of the Executive Management

Name	Year of birth	Nationality	Current Function
Fabio Cannavale	1965	Italian	Group CEO – Executive Director
Marco Corradino	1968	Italian	COO - lastminute.com CEO – Executive Director
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 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. Sergio Signoretti is a chartered accountant. He graduated in Economics at the State University in Rome.

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 2019.

6. Shareholders' participation

The participatory rights of shareholders are defined in LMN'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. For these purposes, the Board of Directors shall set a date on the twenty-eighth day before the general meeting by which date the shareholder needs to register as such in a register (or one of more parts thereof) designated by the Board of Directors. The registration process is described in the notice for the general meeting.

One or more shareholders of the Company, entitled to make such 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. 15 to 18 of the Articles of Association, refer to:
http://www.lastminutegroup.com/~/media/Files/B/Bravofly-Rumbo-Group/documents/governance-documents/articles-of-association-19-may-2015.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 LMN 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 general meeting held on 8 May 2019 ("AGM") the shareholders of the Company resolved upon the appointment of PricewaterhouseCoopers Accountants N.V. ("PwC") to provide the Company with financial audit services for the accounting reference year 2019. The date of resolution by the shareholders for the first year of appointment of PwC as auditor was 28 April 2017.

8.2 Auditing fees

The total of the auditing fees for the auditors in 2019 amounts to EUR 720 thousand, of which PwC, including network firms, in their capacity as Group auditors, received the full amount.

8.3 Additional fees

Additional fees of EUR 46 thousand were paid to the auditors (other than PwC Netherlands) for 2019 audit related services.

8.4 Information instruments pertaining to the external audit

PwC 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 PwC as the auditor of LM group, prior to proposing to the Board and to the Annual General Meeting of LMN the election of PwC 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 PwC through regular briefings and information presented by the head of the Internal Audit Department. The lead auditor is rotated every seven years in accordance with Dutch law. Audit fees are ultimately approved by the Audit Committee.
The Group and PwC have agreed on clear guidelines as to audit services which it is appropriate for PwC to provide. These guidelines ensure PwC's independence in their capacity as auditors to the Group. PwC 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.

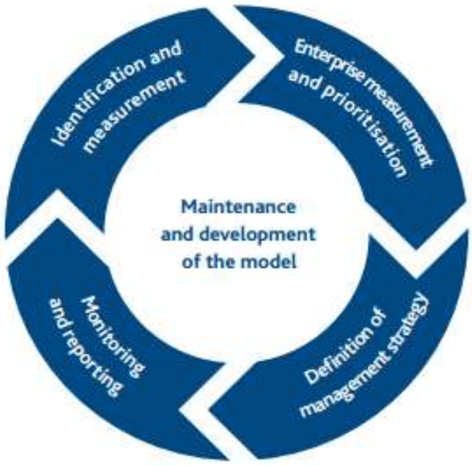
Internal representations received from management, management reviews, reviews of the design and effectiveness of the internal controls and reviews are integral parts of LMN's risk management approach. On the basis thereof, it can be stated that LMN's internal controls over financial reporting provide 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 2019.

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. 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; and
- Related Parties Transactions.

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 in most financial centres around the world, and hosts themed events for institutional investors and investment analysts at which members of line 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.
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 website (https://lmgroup.lastminute.com/).
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

2019 organizational structure:

Amsterdam, 6 April 2020

The Board of Directors,

Executive Board Members

Mr. F. Cannavale

Mr. M. Corradino

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 2019

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

<u>Compensation Report 2019</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 to 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://lmgroup.lastminute.com/~/media/Files/B/Bravofly-Rumbo-Group/documents/governance-documents/2016/lmn_remuneration_policy.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 2019 the Group has based its criteria for defining the remuneration of the Executive Management also taking into account the survey conducted by an international external consultant (Willis Towers Watson), which has 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.
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 2019 for the members of the Board of Directors and Executive Management

<u>Board membership fees and allowances</u>
The 2019 Annual General Meeting held on 8 May 2019 did not approve the remuneration proposal for the board of director's members.
The Board of Directors meetings held on 7 August 2019 and on 27 December 2019 approved to propose to the next general meeting the following remuneration, including contingent and deferred compensation, to be received by the directors in their role of directors, consultants or executive of the Group during the year ended 31 December 2019.

In '000 Eur

Name	Qualification	Fixed Remuneration	Bonus	Options	Other	Total Compensation	Variable on Total Compensation (%)
Ottonel Popesco	Non-executive Chairman	55	0	0	0	55	0%
Fabio Cannavale	Executive Director, CEO	100	500	0	0	600	83%
Marco Corradino	Executive Director, COO	100	750	0	0	850	88%
Roberto Italia	Non-executive director	45	0	0	0	45	0%
Anna Gatti	Non-executive director	25	0	0	0	25	0%
Laurent Foata	Non-executive director	25	0	0	0	25	0%
Marcello Distaso	Non-executive director	20	0	0	0	20	0%
Total remuneration to Board of Directors		370	1,250	0	0	1,620	

As shown in the table above, there have been no options granted to the Board of Directors in 2019.

The remuneration of Mr. Cannavale and Mr. Marco Corradino is also related to their role as member 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 6 years is the following:

in '000 Eur

Name / Year	2014	2015	2016	2017	2018	2019
Ottonel Popesco	30	30	80	80	45	55
Roberto Italia	30	30	35	40	40	45
Anna Gatti	N/A	N/A	N/A	20	20	25
Laurent Foata	N/A	N/A	N/A	N/A	25	25
Marcello Distaso	N/A	N/A	N/A	N/A	20	20

<u>Compensation for Members of the Executive Management</u>
As previously stated, 2018 remuneration proposal for the Executive Directors has not been approved by the 2019 Annual General Meeting.
If the last Board proposal is going to be approved by the next Annual General Meeting, the aggregate compensation, including bonuses, social security and pension contributions and other cost of compensation for the Group, for members of the Executive Management (consisting of 3 members in 2019) for the financial year 2019 would be EUR 1,850 thousand.
In the above case, the highest individual compensation should be related to Marco Corradino (COO) and amount to EUR 850,000.

The internal pay ratio between the average annual compensation of the Executive Directors and the average annual compensation of a Group's employee was 14.27:1 (2018: 1.36:1)

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

In '000 Eur	2015	2016	2017	2018	2019
Group Revenues	249,656	261,537	259,150	290,511	349,045
Group EBITDA	16,546	23,760	8,496	27,255	55,348
Fabio Cannavale (total compensation)	508	508	558	100	600
Compensation Over Revenues (%)	0.20%	0.19%	0.22%	0.03%	0.17%
Compensation Over EBITDA (%)	3.07%	2.14%	6.57%	0.37%	1.08%
Marco Corradino (total compensation)	N/A	20	20	20	850
Compensation Over Revenues (%)	N/A	0.01%	0.01%	0.01%	0.24%
Compensation Over EBITDA (%)	N/A	0.08%	0.24%	0.07%	1.54%

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 director's and officer's liability insurance against damage resulting from their conduct when acting in the capacities as member of the Executive Management.

Loans
No loans and credits have been granted to current or former members of the Board of Directors and Executive Management, nor to persons related to them, and no loans or credits to those members and related persons were outstanding on 31 December 2019.

Additional fees and remuneration of the Board of Directors and Executive Management
There are no additional fees and remuneration granted to the Directors.

Amsterdam, 6 April 2020

The Board of Directors,

Executive Board Members

Mr. F. Cannavale	Mr. M. Corradino

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 2019

[APPROVED ON 6 APRIL 2020]

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

in '000 EUR	Notes	31 Dec 2019	31 Dec 2018
Revenues	7	349,045	290,511
Marketing costs	8	(130,038)	(116,401)
Personnel costs	9	(72,669)	(67,730)
Other operating costs	10	(90,990)	(79,125)
Amortization and depreciation	18/19	(19,111)	(14,226)
Impairment	18	(27)	(238)
Operating Profit / (Loss)		**36,210**	**12,791**
Gain/(loss) from disposal of investments and other assets	11	(106)	-
Finance income	12	601	396
Finance costs	12	(1,512)	(906)
Share of result of equity-accounted investees	22	(9)	(43)
Profit / (Loss) before income tax		**35,184**	**12,238**
Income tax	13	(11,244)	(3,866)
Profit / (Loss) for the period		**23,940**	**8,372**
- thereof attributable to the Shareholders of lastminute.com NV	14	*24,956*	*10,206*
- thereof attributable to non-controlling interest	26	*(1,016)*	*(1,834)*
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss			
Remeasurements of the Employee benefits liability	15	(755)	543
Related tax	13	156	(114)
Items that will never be reclassified to profit or loss		**(599)**	**429**
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences		793	(208)
Items that are or may be reclassified to profit or loss		793	(208)
Total other comprehensive income for the period, net of tax		**194**	**221**
Total comprehensive income		**24,134**	**8,593**
- thereof attributable to the Shareholders of lastminute.com NV		*25,150*	*10,427*
- thereof attributable to non-controlling interest		*(1,016)*	*(1,834)*
EARNINGS PER SHARE			
Basic earnings per share (euro)	14	2,27	0,82
Diluted earnings per share (euro)	14	2,27	0,82

CONSOLIDATED BALANCE SHEET

in '000 EUR	Notes	31 Dec 2019	31 Dec 2018
NON CURRENT ASSETS			
Property plant and equipment	18	2,831	2,485
Right-of-use assets	17	13,136	-
Intangible assets	19	156,009	151,301
Goodwill	19 / 20	61,229	58,634
Non current financial assets	21	1,430	1,667
Investment in equity accounted investees	22	966	916
Deferred tax asset	13	5,254	7,940
Trade and other receivables - Non current	23	265	377
TOTAL NON CURRENT ASSETS		**241,120**	**223,320**
CURRENT ASSETS			
Inventories		14	14
Current financial assets	21	1,936	1,349
Current tax assets	13	1,239	1,322
Trade and other receivables	23	98,229	81,280
Contract assets	24	7,727	3,861
Cash and cash equivalents	25	110,360	72,871
TOTAL CURRENT ASSETS		**219,505**	**160,697**
TOTAL ASSETS		**460,625**	**384,017**
Share capital	26	117	117
Capital reserves	26	101,819	101,819
Translation reserve	26	2,004	1,211
Treasury shares reserve	26	(9,108)	(8,507)
Retained earnings	26	35,330	14,713
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM NV		**130,162**	**109,353**
Non-controlling interest	26	2,525	1,941
TOTAL EQUITY		**132,687**	**111,294**
NON CURRENT LIABILITIES			
Employee benefits liabilities	15	7,616	5,806
Long term financial liabilities	28	10,982	14,529
Long term lease liabilities	17	7,380	-
Deferred tax liabilities	13	27,198	26,384
Trade and other payables - Non current	29	-	642
TOTAL NON CURRENT LIABILITIES		**53,176**	**47,361**
CURRENT LIABILITIES			
Current provisions	27	904	560
Short term financial liabilities	28	24,399	29,532
Short term lease liabilities	17	5,921	-
Current tax liabilities	13	6,753	3,549
Trade and other payables	29	226,169	184,462
Contract liabilities	24	10,616	7,259
TOTAL CURRENT LIABILITIES		**274,762**	**225,362**
TOTAL LIABILITIES		**327,938**	**272,723**
TOTAL LIABILITIES AND EQUITY		**460,625**	**384,017**

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 NV	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		-	-	-	-	**24,955**	**24,955**	**(1,016)**	**23,939**
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									
- Increase in share capital		-	-	-	-	-	-	-	
- Share-buy back plan	26	-	-	-	(816)	(2,585)	(3,401)	-	(3,401)
- Share-buy back plan PSTO		-	-	-	-	-	-	-	-
- Cancellation of shares		-	-	-	-	-	-	-	-
- Buy-back share options		-	-	-	-	-	-	-	-
- 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**

in '000 EUR	Notes	Share capital	Capital Reserves	Translation Reserve	Treasury Share Reserve	Retained Earnings	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM NV	Non-controlling interest	TOTAL EQUITY
Balance at 31 December 2017		**146**	**127,751**	**1,419**	**(16,738)**	**19,191**	**131,769**	**1,737**	**133,506**
Adjustment on initial application of IFRS 9, net of tax						(234)	(234)		(234)
Balance at 1 January 2018		**146**	**127,751**	**1,419**	**(16,738)**	**18,957**	**131,535**	**1,737**	**133,272**
Result for the period		-	-	-	-	**10,206**	**10,206**	**(1,834)**	**8,372**
Other comprehensive income									
- Remeasurements of the Employee benefits liability (net of tax)	13/15	-	-	-	-	429	429	-	429
- Foreign currency translation differences	26	-	-	(208)	-	-	(208)	-	(208)
Total other comprehensive income net of tax		-	-	**(208)**	-	**429**	**221**	-	**221**
Total comprehensive income net of tax		-	-	**(208)**	-	**10,635**	**10,427**	**(1,834)**	**8,593**
Transactions with shareholders									
- Share-buy back plan	26	-	-	-	(1,262)	-	(1,262)	-	(1,262)
- Share-buy back plan PSTO	26				(30,259)	-	(30,259)	-	(30,259)
- Cancellation of shares	26	(29)	(25,932)		39,752	(13,791)	-	-	-
- Share-based payments		-	-	-			-	-	-
- Transactions with non-controlling interest	26					(1,088)	(1,088)	1,088	-
- Capital contribution by non-controlling interest	26						-	950	950
Total transactions with shareholders		**(29)**	**(25,932)**	-	**8,231**	**(14,879)**	**(32,609)**	**2,038**	**(30,571)**
Balance at 31 December 2018		**117**	**101,819**	**1,211**	**(8,507)**	**14,713**	**109,353**	**1,941**	**111,294**

CONSOLIDATED CASH FLOW STATEMENT

in '000 EUR	Notes	2019	2018
Cash flow from operating activities			
Profit / (Loss) for the period		23,940	8,372
Adjustments for:			
- Amortization and depreciation	18/19	19,111	14,226
- Impairment losses on intangible and tangible assets	18/19	27	238
- Gains/(loss) from disposal of inv. and other	11	106	-
- Net finance result	12	911	510
- Income tax expense	13	11,244	3,866
- Share of result of equity-accounted investees	22	9	43
Change in trade and other receivables	23	(18,849)	(8,815)
Change in contract assets	24	(3,866)	(1,504)
Change in trade and other payables	29	40,678	21,388
Change in contract liabilities	24	3,357	3,442
Change in provisions	27	344	(2,541)
Change in employee benefit liability	15	670	671
Interest paid	12	(632)	(455)
Income tax (paid)/received	13	(6,320)	(2,332)
Net cash (used in) / from operating activities		**70,730**	**37,109**
Cash flow from investing activities			
Purchase of property, plant and equipment	18	(1,680)	(959)
Proceeds from sale of property, plant and equipment	18	30	-
Purchase of intangible assets	19	(15,011)	(11,994)
(Acquisition) / Proceeds of subsidiaries, net of cash acquired	5	(828)	(764)
Payment of deferred consideration (investing)	4	(6,000)	-
(Acquisition) / Proceeds of financial assets	21	(350)	254
Net cash (used in) / from investing activities		**(23,839)**	**(13,463)**
Cash flow from financing activities			
Proceeds from borrowings	28	20,000	49,750
Repayments of borrowings	28	(23,565)	(21,704)
Repayments of lease liabilities	4	(5,927)	-
Share Buy back plan	26	(817)	(1,262)
Share Buy back plan for PSTO	26	-	(30,259)
Acquisition of non-controlling interests	26	-	(135)
Capital contribution from non controlling interests	26	-	950
Proceeds from sale of own shares		481	-
Net cash (used in)/from financing activities		**(9,828)**	**(2,660)**
Net increase / (decrease) in cash and cash equivalents		**37,063**	**20,986**
Cash and cash equivalents at 1 January	25	72,871	52,134
Effects of currency translation on cash and cash equivalents		426	(249)
Cash and cash equivalents at 31 December	25	110,360	72,871

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2019 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.

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.

This is the first year in which IFRS 16 Leases has been applied. Further information is reported in Note 3.

With regard to IFRIC 23, the interpretation was endorsed by the European Union in October 2018 and it is effective for annual periods beginning on 1st January 2019. The interpretation provides consideration on how to reflect uncertain tax treatments in accounting for income taxes (IAS 12). The Group has evaluated the impact of the new interpretation and deemed it not material.

The Group adopted the following amendments and interpretations endorsed by the European Union, effective for periods beginning on 1st January 2019. The adoption of these amendments did not require changes to accounting policies:

- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long term interests in Associates and Joint Ventures

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with *"International Financial Reporting Standards"* ("IFRSs") as endorsed by the European Union (EU) and Part 9 of Book 2 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 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 6 April 2020.

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 outspread of the coronavirus (Covid-19) and the severe measures taken by governments is impacting on society and business unprecedentedly. Many countries have declared state of emergency and among others issued restrictions to free movement within the country but also across borders, airlines have suspended most of their flights and tour operators their travel operations. It is expected that the uncertainties will continue over the next months. The timing and extent of market recovery depends on the effectiveness of the governments' measures to counter the crisis.

Despite the concern linked to the spread of the virus, the Group has performed better than budgeted and then prior year up to the end of February 2020. The trend has reversed starting from the last week of February particularly in Italy which is the Country mostly affected by the Covid-19 within Europe. Starting early March the other main countries in which the Group operates have started to follow the declining trend.

Based on the situation as of the dates leading to the publication of the financial statements the Group has performed scenario analyses and stress tests using assumptions on the significance of the drop in bookings, the length of the period of such significantly dropped level of business activities and the recovery period based on what has happened in China and on analysis made by the Company data scientists team taking into account various sources of information. The analyses cover net revenues, business EBITDA as well as the liquidity situation.

The Group has taken a variety of measures in an 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 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, will generate savings in a range of € 15 million to € 30 million in 2020, depending on how long the crisis will last.

In order to further protect from worst case scenarios, the Group has extended seasonal credit lines and is accessing government secured financings in Switzerland and may apply for the same in all the jurisdictions where governments are adopting similar measures to fund the national business during this difficult period due to Covid-19 pandemic.

In addition, further entrepreneurial actions have been taken to secure the going concern of the Group for the foreseeable future. See note 34 for further information.

While uncertainties remain and it is currently not reasonably possible to estimate the future impact, based on the actions taken 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 2019 the net liability for current taxes amounts to EUR 5,514 thousand (2018: net liability for current taxes of EUR 2,227 thousand). The net liability for deferred taxes amounts to EUR 21,944 thousand at 31 December 2019 (2018: EUR 18,444 thousand, refer to Note 13). 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 2019 management recognised deferred tax assets on losses carried forward for EUR 3,858 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 904 thousand as of 31 December 2019 (EUR 560 thousand for 2018). 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 2019 and 2018 the Group had respectively EUR 61,229 thousand and EUR 58,634 thousand in goodwill (see Note 20) and EUR 156,009 thousand and EUR 151,301 thousand in intangible assets with an indefinite useful life (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 LMN 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. 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.
Additional information regarding changes in the consolidation area 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 cost includes 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

Land is not depreciated. 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.

Amortization

Amortization of intangible assets is charged to profit or loss on a straight-line basis over their estimated useful life. Amortization 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) 2-3 years

The other intangible assets are amortised on a straight-line basis over the estimated useful lives of the assets concerned.

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 conducted 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 contracts entered into on or after 1 January 2019, the Group considers whether a contract 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 of the economic benefits from 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) so 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 receivable
- 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. Subsequent 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.

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. Subsequent to initial recognition, they are measured at amortised cost based on the effective interest rate method, which generally corresponds to their book value that approximates the fair value.

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

Online travel reservation services

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 Group has completed its post-booking services and the travellers begin using the arranged travel 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 or ticketing fees from travel suppliers.

The Group also receives incentives from its Global Distribution System (GDS) service providers based on the volume of suppliers mediated by the Group through the GDS system.

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.

At each reporting date, the Group assesses the percentage of cancellations of bookings that may happen in the future based on historical data. In connection to that, the Group accounts for accrued revenue based on that percentage.

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.

Advertising and other 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.

Metasearch revenues are recognised at the time when searches, clicks and purchases are generated by our metasearch activities.

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 -2)	01-Jan-21	Not Yet endorsed
Amendments of Standards and Interpretations	**EU Effective date**	**Mandatory application**
Amendments to References to the Conceptual Framework in IFRS Standards - 1)	01-Jan-20	29-Nov-19
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform - 1)	01-Jan-20	15-Jan-20
Definition of business (Amendments to IFRS 3 Business combinations) - 1)	01-Jan-20	Not Yet endorsed
Definition of material (Amendments to IAS 1 and IAS 8) - 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.
2) No or no significant impacts are expected on the consolidated financial statements of the Group.

NOTE 3 - CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 Leases.

IFRS 16 - LEASES

IFRS 16 Leases requires lessees to recognise assets and liabilities for most of lease contracts. IFRS 16 replaced, from 1 January 2019, IAS 17 and related interpretations. The Group has applied IFRS 16 for the first time as of 1 January 2019, using the simplified approach (modified retrospective approach). Applying this method the comparative information for the 2018 fiscal year has not been restated.

The adoption of IFRS 16 has led to add three more lines in the statement of financial position (right-of-use asset, short term lease liability and long term lease liability). No adjustments affecting the retained earnings have been recognised in the consolidated financial statements following the adoption of the new standard IFRS 16.

Initial application has affected leases that previously had been classified as operating leases under the principles of IAS 17 Leases.

The Group leases various offices, parking, server hostings and cars. Rental contracts are typically made for fixed periods of 3 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and they are not used as security for borrowing purposes.

Until the 2018 closing financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit and loss on a straight-line basis over the period of the lease. The Group used to disclose the amount of future lease payments related to operating leases.

From 1 January 2019, 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) so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The discount rates used by the Group are the following:

	Incremental borrowing rate
Hosting/Cars/Other	4.00%
Buildings	0.97%

The Group did not enter in any sale and leaseback transactions.

Practical expedients applied

In applying IFRS 16 for the first time, 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.

The Group has also relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16, instead of performing an impairment review on the right-of-use assets at the date of initial application.

Impact on financial statements

This note explains the impact of the adoption of IFRS 16.

The Group did not recognise any financial leases under IAS 17 in the previous consolidated financial statements. For leases previously classified as operating leases the Group recognised the carrying amounts of the right-of-use asset and lease liability at the date of the transition being 1 January 2019.

The following table presents the reconciliation of lease liabilities as of 1 January 2019:

Reconciliation of lease liabilities pursuant to IFRS 16	1 Jan 2019
Minimum lease payments under operating leases at 31 December 2018	12,845
Recognition of embedded leases	1,146
Recognition of contracts with options to extend the lease	3,248
(Less): short-term leases recognised on a straight-line basis as expense	(52)
(Less): low-value leases recognised on a straight-line basis as expense	(9)
Gross lease liabilities at 1 January 2019	**17,177**
Effect from discounting at the incremental borrowing rate as of 1 January 2019	(1,015)
Liabilities from finance leases as of 31 December 2018	-
Lease liabilities as a result of the initial application of IFRS 16 at 1 January 2019	**16,162**
Of which are:	
Current lease liabilities	5,222
Non-current lease liabilities	10,940

The recognised right-of-use assets at the commencement date and as at 31 December 2019 relate to the following types of assets:

in '000 EUR	31 Dec 2019	1 Jan 2019
Building	8,907	9,795
Hosting	3,771	5,657
Car	413	645
Other	46	66
Total Right-of-use assets	**13,136**	**16,162**

Please refer to note 17 for the right-of-use assets movement schedule.

Impact on segment disclosures

As a result of the introduction of the new standard, adjusted EBITDA, segment assets and segment liabilities for December 2019 increased as described below:

	Adj Ebitda	Adj Right-of-use	Adj Lease liabilities
Hosting	320	602	613
Segment META	**320**	**602**	**613**
Building	3,306	7,637	7,675
Car	320	413	421
Hosting	1,682	3,169	3,225
Other	10	13	13
Segment OTA	**5,318**	**11,232**	**11,334**
Building	56	191	191
Segment MEDIA	**56**	**191**	**191**
Building	222	1,079	1,129
Other	11	32	33
Segment OTHER	**233**	**1,111**	**1,162**
Total	**5,928**	**13,136**	**13,301**

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:

in '000 EUR	31 Dec 2019	31 Dec 2018
Non-current financial assets	1,430	1,667
Current financial assets (Deposits and other)	1,936	1,349
Trade and other receivables * (Current and Non Current)	88,782	79,490
Cash and cash equivalents (excl. cash on hand)	110,339	72,648
Total financial assets measured at amortised cost	**202,487**	**155,154**
Short term and long term financial liabilities	35,381	44,061
Short term and long term lease financial liabilities	13,301	-
Trade and other payables * (Current and Non Current)	208,442	174,048
Total financial liabilities measured at amortized cost	**257,124**	**218,109**
Derivatives	173	-
Total financial liabilities at fair value	**173**	-

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

For further details 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.

The Group has the following derivative financial instruments:

in '000 EUR	31 Dec 2019	31 Dec 2018
Foreign currency forwards	173	-
Total current derivative financial instrument liabilities	**173**	-

As of 31 December 2018 the Group held no derivatives or investments funds.

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 2019, the Group held derivative instrument liabilities at fair values through profit or loss (nil in 2018).

The following table shows the carrying amount of financial liabilities at fair value, including the levels in the fair value hierarchy.

in '000 EUR	Fair Value			
31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instrument liabilities	-	173	-	173
31 December 2018				
Derivative financial instrument liabilities	-	-	-	-

There were no transfers among the Fair Value Levels during the period and no changes in valuation techniques during the period.

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 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.

Net debt reconciliation

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

in '000 EUR	1 Jan 2019	Repayments	Interest charges	Acquisitions	Acquisitions from business combination	Other non-cash movements	31 Dec 2019
Borrowing	(38,061)	24,392	(257)	(20,624)	(579)	(77)	(35,206)
Derivatives	-	-	-	(173)	-	-	(173)
Leases	(16,162)	5,927	(312)	(1,948)	(919)	113	(13,301)
Other financial liabilities	(6,000)	6,000	-	-	-	-	-
Total Financial Liabilities	**(60,223)**	**36,319**	**(569)**	**(22,745)**	**(1,498)**	**36**	**(48,680)**

As of 31 December 2019 current financial liabilities amount to EUR 24,399 thousand (2018: current financial liabilities of EUR 29,532 thousand) and long term financial liabilities amount to EUR 10,982 thousand (2018: long term financial liabilities of EUR 14,529 thousand).

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.

During September 2019 the Group faced the risk related to the liquidation of Thomas Cook Airlines Ltd and other companies in Thomas Cook Group plc.

The Group has taken immediate action to assist customers who have booked Thomas Cook packages or flights on the Group's properties and the bookings affected represent less than 0.3% of the total bookings.

The overall impact on the operating profit of the Thomas Cook failure has been calculated to be EUR 2,464 thousand and it has mainly affected the Static Tour operator business in Germany.

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.

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:

in '000 EUR	31 Dec 2019	31 Dec 2018
Non-current financial assets	1,430	1,667
Current financial assets	1,936	1,349
Trade and other receivables * (Current and Non Current)	88,782	79,490
Contract assets	7,727	3,861
Cash and cash equivalents (excl. cash on hand)	110,339	72,648
Total	**210,214**	**159,015**

** "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 2019 are mainly held in Euro.

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 2019, the total amount of unused available cash credit lines for the Group was EUR 16,251 thousand (EUR 25,757 thousand at 31 December 2018). 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:

in '000 EUR	31 Dec 2019				31 Dec 2018			
	Not due	Less than 6 months	Between 6 month and 1 year	More then 1 year	Not due	Less than 6 months	Between 6 month and 1 year	More then 1 year
Trade and other payables	(206,140)	(18,407)	(669)	(953)	(160,094)	(23,039)	(651)	(1,320)
Contract Liabilities	(10,616)	-	-	-	(7,259)	-	-	-
Liabilities for share-based payment	(1,369)	-	-	-	(1,575)	-	-	-
Short term financial liabilities	(24,399)	-	-	-	(29,532)	-	-	-
Short term Lease liabilities	(5,921)	-	-	-	-	-	-	-
Long term financial liabilities	(10,982)	-	-	-	(14,529)	-	-	-
Long term Lease liabilities	(7,380)	-	-	-	-	-	-	-
Total	**(266,807)**	**(18,407)**	**(669)**	**(953)**	**(212,989)**	**(23,039)**	**(651)**	**(1,320)**

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 has in place forward contracts with primary financial institutions in order to cover currency risk. Forwards on currencies allow the Group to exchange a currency at a future date at a fixed exchange rate. Derivatives are only used for economic hedging purposes and not as speculative investments. However, as the Group elected not to apply hedge accounting, they are classified as 'held for trading' for accounting purposes only and are accounted for at fair value through profit or loss. They are presented as current liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

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 2019, the Group's balance sheet net exposure in CHF amounted to EUR 13,345 thousand (2018: EUR 9,040 thousand). As of 31 December 2019, the Group's balance sheet net exposure in GBP amounted to EUR 37, 676 thousand (2018: EUR 33,810 thousand). As of 31 December 2019, the Group's balance sheet net exposure in USD amounted to EUR 9,850 thousand (2018: EUR 7,477 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:

	2019		2018	
in '000 EUR	Strenghtening	Weakening	Strenghtening	Weakening
Currency risk sensitivity in CHF	(1,213)	1,213	(822)	822
Currency risk sensitivity in GBP	(3,425)	3,425	(3,074)	3,074
Currency risk sensitivity in USD	(895)	895	(680)	680

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 2019 the Group has short term borrowings for EUR 24,399 thousand (31 December 2018: EUR 29,532 thousand) and long term borrowings EUR 10,982 thousand (31 December 2018: EUR 14,529 thousand). An amount of EUR 14,531 thousand (of which EUR 10,982 thousand is classified as long term) is regulated by variable interest rate (Euribor 6 months plus 140 bppa). As the Euribor 6m has been negative for all 2019 and analysts expect it to remain negative in the next future, the Group does not see any material impact on its financial statements. See also Note 28.

The Group further has cash and cash equivalents with variable interest rates in the amount of EUR 110,339 thousand (31 December 2018: EUR 72,648 thousand). See also Note 25.

As of 31 December 2019 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.

Covid-19 Risk

In the recent days, specifically from the second half of February, the Company registered a decrease in demand for flight bookings and hotel reservation, due to the increase of reported cases of COVID-19. This caused a slowdown in revenue generation, offset by a proportional reduction of variable costs that resulted in a lower impact at EBITDA level. Based on the fact that the Company expects the weak booking period to continue for a certain amount of time, we have performed scenario analyses and stress tests using assumptions on the significance of the drop in bookings, the length of the period of such significantly dropped level of business activities and the recovery period. The Group has taken a variety of measures and is planning to adopt several initiatives in an effort to maintain an adequate level of liquidity even in the worst case. The Group can leverage on a diversified business model that mitigates risks and on a strong financial position, which represents an asset of paramount importance and a distinctive success factor. A detail of measures taken to mitigate the risk is shown in the Note 34 "subsequent events".

NOTE 5 – CHANGES IN THE SCOPE OF CONSOLIDATION

Financial year 2019

Business combinations

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. The following table summarises the consideration paid for Madfish Srl and Smallfish SL, and the amounts of the assets acquired and liabilities assumed, recognised at the acquisition date through the final purchase price allocation exercise:

Consideration (amounts in '000 EUR)	29 Mar 2019
Cash	600
Future fixed consideration	600
Total consideration paid in cash	**1,200**
Property plant and equipment	71
Capitalised internal development costs	251
Trade and other receivables	726
Cash and cash equivalents	19
Trade and other payables	(453)
Employee liability	(15)
Financial liability	(579)
NCI	(440)
Book value of total identifiable net assets acquired	**(420)**
Brand	1,316
DTL on Brand	(367)
Goodwill	671
Total consideration	**1,200**

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.

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

Consideration (amounts in '000 EUR)	28 Jun 2019
Cash	850
Total consideration paid in cash	**850**
Property plant and equipment	44
Trade and other receivables	135
Cash and cash equivalents	968
Right of Use	673
Trade and other payables	(104)
Lease liability	(673)
Book value of total identifiable net assets acquired	**1,043**
Negative Goodwill	(193)
Total consideration	**850**

Other events of the period

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.

Financial year 2018

Acquisition of Comvel Gmbh
With effect 1st January 2018 the Group acquired from ProSiebenSat. Group the entirety of the shares of Comvel GmbH, to scale up its positioning in Germany. The total consideration was EUR 13.5 million, to be paid in cash, EUR 5 million at closing date, EUR 2.5 million during the first half of 2018 and EUR 6 million throughout 2019. Comvel GmbH, founded 2004 in Munich, operates the travel website weg.de, one of Germany’s best-known online travel sites and has been a wholly owned subsidiary of ProSiebenSat. Group since January 2014. weg.de offers its customers the entire range of travel options, with primary focus on package holidays and all-inclusive vacations with a very limited exposure of hotels and flights. Thanks to the acquisition, lastminute.com group has reached a significant size in the largest European country (according to total travel transaction value).

InstaGo SAGL
On 11 July 2018 the Group entered in a venture InstaGo SAGL with a purpose to have a new company which can manage web-check-in. The capital contribution initially paid was EUR 150 thousand. The company is managed in partnership with the founder of the technology used to manage the web check-in. Under the terms of the agreement, lastminute.com group is the minor shareholder owning the 15% of shares for a total Fair Value as of 31 December 2018 of EUR 132 thousand.

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 SL, 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. In addition, 2018 OTA figures have been restated carving-out data referring to Cruise as management wants to manage it independently and to monitor the results separately from the operating segments. As such Cruise business has been moved under lm venture business area.
Treating the cruise business separately helps to manage it in a more focused and effective way.

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:

in '000 EUR	2019						2018					
	OTA	Metasearch	MEDIA	Other segments	Non reconciling items	Total	OTA	Metasearch	MEDIA	Other segments	Non reconciling items	Total
Consolidated Revenues	**272,539**	**41,718**	**24,155**	**10,633**	-	**349,045**	**214,314**	**48,195**	**19,738**	**8,264**	-	**290,511**
Total Revenues	290,950	45,137	24,155	11,162	-	371,404	232,884	53,309	19,738	9,961	-	315,892
Intersegment Revenues	(18,411)	(3,419)	-	(529)	-	(22,359)	(18,570)	(5,114)	-	(1,697)	-	(25,381)
Consolidated EBITDA Adjusted*	**62,110**	**11,120**	**370**	**(2,700)**	**(7,800)**	**63,100**	**33,200**	**11,400**	(1,700)	(3,800)	(6,300)	**32,800**
Non-cash impact of stock options						-						-
Extraordinary bonuses						-						-
Costs related to acquisition and integration of subsidiaries						(4,400)						(1,300)
Antitrust provision						-						-
Litigation, restructuring and other costs/income incidental to operating activities						(3,352)						(5,545)
One off Comvel						-						1,300
Depreciation, Amortization and impairment						(19,138)						(14,464)
Profit before Interest and Income Tax						**36,210**						**12,791**

* *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 table below analyzes 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 2019 and 2018:

in '000 EUR	2019	2018
Spain	78,142	80,304
France	37,953	39,302
Switzerland	84,594	49,683
Germany	15,660	15,859
Others	240	9,391
UK	3,481	17,880
Total	**220,070**	**212,420**

in '000 EUR	2019	2018
OTA	180,517	174,984
META	16,850	36,787
MEDIA	13,634	-
OTHER	9,068	649
Total	**220,070**	**212,420**

NOTE 7 – REVENUES

The table below shows Revenues for 2019 and 2018:

in '000 EUR	2019	2018
Revenue from sales of travel services	239,556	233,129
Revenue from ancillaries	83,973	34,110
Revenue from advertising services	23,811	21,735
Revenue from premium number	208	7
Other revenues	1,496	1,530
Total	**349,045**	**290,511**

In 2019 total revenues increased by EUR 58,534 thousand, or 20.15%, from EUR 290,511 thousand to EUR 349,045 thousand.

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 SEGMENT	
in '000 EUR	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Primary geographical markets								
Italy	57,726	43,537	14,022	16,251	4,352	3,352	127	613.07505
Spain	45,412	39,216	3,267	3,527	5,110	3,499	5,192	4,029
UK	60,028	53,146	3,093	2,778	8,877	7,431	45	22.110155
France	31,854	26,029	3,338	2,064	3,280	2,794	1,026	854.22334
Germany	42,448	34,482	2,646	2,164	1,817	967.295758	7	2.9371423
Others	35,071	17,921	15,354	21,411	719	1,695	4,236	2,726
Total	**272,539**	**214,331**	**41,718**	**48,195**	**24,155**	**19,738**	**10,633**	**8,247**
Major products/service lines								
Flight	134,143	99,442	-	-	-	-	-	-
Dynamic Packages	83,938	58,237	-	-	-	-	-	-
Hotel	15,898	13,549	-	-	-	-	-	-
Tour operator	29,472	35,902	-	-	-	-	4,960	3,068
Cruises	-	-	-	-	-	-	5,673	5,180
Other OTA services	7,814	7,200	-	-	-	-	-	-
Metasearch	-	-	41,718	48,195	-	-	-	-
Media	-	-	-	-	24,155	19,738	-	-
Other revenue	1,274	0	-	-	-	-	-	-
Total	**272,539**	**214,331** -	**41,718**	**48,195** -	**24,155**	**19,738**	**10,633**	**8,247**

The 2018 figures have been restated carving-out data referring to Cruise business, previously included under the OTA business. As a stand-alone business, growing and generating profits on its own, in the first half of 2019 Crocierissime was moved under the lm venture business area.

Starting from 2019 the Media is a separate and independent business for the Group and is managed and reported separately. As such 2018 figures have also been restated to reflect this change.

Flight revenue

In 2019, the Group's flight revenues increased by EUR 34,702 thousand, or 34.9%, from EUR 99,442 thousand in 2018 to EUR 134,143 thousand in 2019.

Dynamic packages revenue

Dynamic packages revenue increased of EUR 25,701 thousand (44.1%), from EUR 58,237 thousand in 2018 to EUR 83,938 thousand in 2019.

Hotel revenue

In 2019, the Group's hotel revenues increased by EUR 2,348 thousand, or 17.3%, from EUR 13,549 thousand in 2018 to EUR 15,898 thousand in 2019.

Tour operator ("TO") revenue

In 2019, the Group's TO revenues decreased by EUR 6,430 thousand (17.9%) from EUR 35,902 thousand in 2018 to EUR 29,472 thousand in 2019. The Group cancelled EUR 458 thousand revenue related to bookings of customers made with the partner Thomas Cook.

Metasearch revenue

In 2019, the Group's metasearch revenues decreased by EUR 6,476 thousand, or 13.4%, from EUR 48,195 thousand in 2018 to EUR 41,718 thousand in 2019.

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.

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 2019 and 2018:

in '000 EUR	2019	2018
Online costs	122,979	103,770
Offline costs	7,059	12,631
Total	**130,038**	**116,401**

Marketing costs increased by EUR 13,638 thousand (11,7%) from EUR 116,401 thousand in 2018 to EUR 130,038 thousand in 2019. Marketing costs as a percentage of revenues decreased in 2019 compared to 2018 (37,3% vs 40.1%). This decrease in the contribution on revenue is mainly due to lower investment offline.

NOTE 9 - PERSONNEL COSTS

The table below shows Personnel costs for the Group for 2019 and 2018:

in '000 EUR	2019	2018
Wages and salaries	54,525	49,832
Social security charges	12,165	10,751
Expenses relating to defined benefit plans	1,431	1,875
Other personnel costs	4,548	5,272
Total	**72,669**	**67,730**

Personnel costs increased by EUR 4,940 thousand (7.3%) from EUR 67,730 thousand in 2018 to EUR 72,669 thousand in 2019. Costs increased mainly due to the increase in the headcount. Personnel costs as a percentage of revenues in 2019 have decreased compared to 2018 (20.8% vs 23.3%).
Costs for wages and salaries of EUR 9,929 thousand (2018: EUR 7,313 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 724 thousand (13.7%) from EUR 5,272 thousand in 2018 to EUR 4,548 thousand in 2019. The decrease is mainly due to the reduction of restructuring costs.

The average number of staff employed by the Group in 2019 amounted to 1,223 headcounts (2018: 1,288).

The table below shows the Group's headcount split at the end of 2019 and 2018:

Units	2019	2018
IT	480	364
Sales	320	403
Operations	243	141
Marketing	170	145
Administration	200	179
Management	4	4
Total	**1,417**	**1,236**

NOTE 10 - OTHER OPERATING COSTS

The table below shows other operating costs for the Group for 2019 and 2018:

in '000 EUR	2019	2018
Services costs	20,530	17,871
Credit card processing fee	20,184	16,695
Call Center operation costs	17,231	15,906
Fees for advisory, legal and other services	14,333	10,507
Overhead	10,698	4,751
Other operation costs	3,094	2,533
Office fix costs	2,377	3,189
IT fixed costs	2,079	3,172
Expense for operating leases	464	4,501
Total	**90,990**	**79,125**

Total other operating costs increased by EUR 11,865 thousand (+14.9%) from EUR 79,125 thousand in 2018 to EUR 90,990 thousand in 2019. See below the explanations split by categories:

"Credit card processing fee" increased by 3,489 thousand (+20.9%) from EUR 16,695 thousand in 2018 to EUR 20,184 thousand in 2019 due to higher volumes processed.

"Fees for advisory, legal and other services" increased by EUR 3,826 thousand (+36.4%) from EUR 10,507 thousand in 2018 to EUR 14,333 thousand in 2019. Most of the increase is explained by non recurring advisory and legal costs connected to M&A projects.

"Call Center operation costs" increased by EUR 1,325 thousand (+8.3%) from EUR 15,906 thousand in

2018 to EUR 17,231 thousand in 2019 due to higher volumes.

“Expense for operating leases” decreased by EUR 4,037 thousand (-89.7%) from EUR 4,501 thousand in 2018 to 464 thousand in 2019 due to the first application of the new standard IFRS 16. Further guidance can be found in Note 17 and Note 3.

“IT fixed costs” decreased by EUR 1,093 thousand (-34.5%) from EUR 3,172 thousand in 2018 to EUR 2,079 thousand in 2019. The decrease is related to the efficiency in the main IT Datacenter costs (from EUR 3,017 thousand in 2018 to EUR 1,569 in 2019). Hardware maintenance costs increased by EUR 361 thousand (from EUR 34 thousand in 2018 to EUR 395,750 in 2019)

“Overhead costs” increased by EUR 5,947 thousand (>100%) from EUR 4,751 thousand in 2018 to EUR 10,698 thousand in 2019. These costs are mainly referred to insurance costs, travel expenses and other tax not related to income.

“Services costs” increased by EUR 2,659 thousand (+14.9%) from EUR 17,871 thousand in 2018 to EUR 20,530 thousand in 2019 and are mainly referred to license costs.

“Other operation costs” decreased by EUR 561 thousand (+22.1%) from EUR 2,533 in 2018 to EUR 3,094 thousand in 2019.

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

The table below shows the gain / (loss) from disposal on investments and others for the Group in 2019 and 2018:

in '000 EUR	2019	2018
Sale of interests stakes in associates	108	-
Other disposals of assets	(2)	-
Total gain/(loss) from disposal on investment and others	**106**	**-**

During 2019 the Group has disposed of the investment in Hotelyo (49%). The investment was accounted for by applying the equity method. As a result of the sale, the Group recognised a loss of EUR 108 thousand.

NOTE 12 - FINANCE RESULT

The table below shows the Net Finance Result for the Group in 2019 and 2018:

in '000 EUR	2019	2018
Net FX exchange income	-	361
Others	601	35
Total Finance Income	**601**	**396**
Interest expenses	(632)	(455)
Net FX exchange costs	(719)	-
Others	(161)	(451)
Total Finance Costs	**(1,512)**	**(906)**
Total Net Finance Result	**(910)**	**(510)**

In 2019 net financial results (net expense) increased from EUR (510) thousand to EUR (910) thousand. Interest expenses increased by EUR (177) thousand compared to last year (+38.9%). This increase is fully related to the first application of the IFRS 16, with an interest expense of EUR (314) thousand.

Furthermore the unfavourable exchange rate brought to a total FX costs of EUR (719) thousand mainly due to the weakening 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 2019 and 2018:

in '000 EUR	2019	2018
Current income taxes	7,930	4,342
Deferred taxes	3,313	(476)
Total	**11,244**	**3,866**

Income taxes recognised in other comprehensive income

The table below shows the composition of income taxes recognised in other comprehensive income for 2019 and 2018:

in '000 EUR	2019	2018
Income taxes on remeasurements of the Employee Benefits liability	156	(114)
Total income taxes recognized in the period in other comprehensive income	**156**	**(114)**

Reconciliation of effective income tax expenses

The table below shows the Group tax rate reconciliation for 2019 and 2018:

in '000 EUR	2019 (%)	2019	2018 (%)	2018
Profit (loss) before taxes from continuing operations		35,183		12,238
The Group's expected weighted average rate is 24.7% (2018: 32.9%)				
Income tax based on the Group's expected weighted average tax rate	24.7%	8,697	32.9%	4,029
Difference in overseas tax rates	0.8%	276	2.4%	296
Current-year tax losses for which no deferred tax assets are recognized	6.1%	2,151	12.0%	1,468
Non deductible expenses	2.1%	731	1.7%	207
Tax-exempt income	-0.1%	(52)	-0.3%	(32)
Utilisation of previously unrecognised tax losses	-3.9%	(1,366)	-16.0%	(1,959)
Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	2.3%	806	-1.2%	(143)
Income Tax expense (benefit) of the Group	**32.0%**	**11,244**	**31.6%**	**3,866**

In 2019 the Group's consolidated income tax expense amounted to EUR 11,244 thousand, compared to EUR 3,866 thousand in 2018 with an increase of 7,378 EUR thousand, mainly due to higher tax results of the main subsidiaries of Group, to the effect of recognition of tax effect of previously unrecognised tax losses, to the difference between the Group tax rate and the nominal tax rates at local statutory level and the derecognition of previously recognised deductible temporary differences. As a result the Group's effective tax rate increased from 31.6% in 2018 to 32.0% in 2019.

In respect of unrecognised deferred tax assets, as of 31 December 2019, tax losses carried forward of around EUR 40.5 million exist (2018: EUR 26.6 million). These losses can be offset against future operating profits. EUR 4.8 million will expire within 6 years, EUR 10.8 million 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:

in '000 EUR	31 Dec 2019		31 Dec 2018	
	Asset	Liabilities	Asset	Liabilities
Trade Receivables	-	(378)	254	-
Property, plant and equipment	53	-	47	(50)
Intangible assets	-	(26,819)	-	(26,334)
Employee benefits liability	1,239	-	973	-
Provision	90	-	-	-
Losses carry-forward	3,858	-	6,598	-
Other	13	-	67	-
Deferred Tax assets (liabilities)	**5,254**	**(27,198)**	**7,940**	**(26,384)**

In 2019 compared to 2018, deferred tax assets decreased by EUR 2,686 thousand due to the use of deferred tax assets against current fiscal positive result of the period.

The main portion of deferred tax asset 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 2019 by EUR 814 thousand mainly due to temporary differences on amortisation of intangible assets.

The movement in the net deferred tax asset / liability during 2019 and 2018 was as follows:

in '000 EUR	1 Jan 2019	Correction of previous years	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)**

in '000 EUR	1 Jan 2018	Correction of previous years	Recognized in Profit or Loss	Recognized in OCI	Recognized directly in Equity	Business combination	Currency Translation Differences	31 Dec 2018
Net deferred tax assets/(liabilities)	(20,085)	-	476	(114)	28	1,174	76	(18,444)
Total	**(20,085)**	**-**	**476**	**(114)**	**28**	**1,174**	**76**	**(18,444)**

Current tax assets & liabilities

As of 31 December 2019, the total net position relating to "Current tax assets & liabilities" amounts to a negative EUR 5,514 thousand (2018: EUR 2,227 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 2019 and 2018:

	2019	2018
Profit for the period attributable to the shareholders of LMN Group NV (in EURO/000)	24,956	10,206
Weighted-average number of ordinary shares outstanding during the year (in thousand)	11,012	12,380
Basic earnings per share (in EUR)	**2.27**	**0.82**

Weighted-average number of ordinary shares (basic)

Number of shares (in thousands of units)	2019	2018
Issued ordinary shares at 1 January	11,664	14,623
Cancellation of own shares	-	(687)
Share buy back	(649)	(745)
PSTO project (net of cancellation)	-	(811)
Sale of own shares	(3)	-
Weighted-average number of shares (Basic) at 31 December	**11,012**	**12,380**

Diluted earnings per share

The table below shows diluted earnings per share for 2019 and 2018:

	2019	2018
Profit for the period attributable to the shareholders of LMN Group NV (in EURO/000)	24,956	10,206
Weighted-average number of ordinary shares outstanding during the year (in thousand)	11,012	12,380
Diluted earnings per share (in EUR)	**2.27**	**0.82**

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

Number of shares (in thousands of units)	2019	2018
Weighted-average number of ordinary shares (Basic)	11,012	12,380
Effect of share options in issue	-	-
Weighted-average number of shares (Diluted) at 31 December	**11,012**	**12,380**

NOTE 15 - EMPLOYEE BENEFITS

The table below shows Employee benefits liabilities as at 31 December 2019 and 2018 for the Group:

in '000 EUR	31 Dec 2019	31 Dec 2018
Net defined benefit liabilities	6,247	4,231
Cash-settled share-based payment liabilities	1,369	1,575
Total employee benefit liabilities	**7,616**	**5,806**

The decrease of Cash-settled share-based payment liabilities is mainly related to the exit of some participants from the Cash settled share-based payments. 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 entity is affiliated to the "Sammelstiftung BVG der Allianz Suisse Lebensversicherungsgesellschaft", which is a collective foundation administering the pension plans of various unrelated employers. The pension plan of the Swiss Group entity is 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 2019 the minimum interest was 1.0% (1.0% in 2018).

According to IAS 19, the Swiss pension plan is classified as “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 “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 “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:

in '000 EUR	31 Dec 2019	31 Dec 2018
Funding of the defined benefit plan		
Present value of unfunded obligations	985	565
Present value of funded obligations	11,026	8,353
Total present value of obligations	**12,011**	**8,918**
Fair Value of plan assets	5,764	4,686
Pension liability recognized in the balance sheet	**6,247**	**4,232**

in '000 EUR	2019	2018
Reconciliation of the defined benefit obligation		
Defined Benefit Obligation at 1.1.	**8,917**	**7,719**
Current service cost (employer)	2,084	2,147
Past service cost	(4)	-
Interest cost	85	57
Contributions by plan participants	915	835
Administration cost	4	3
Benefits paid	(1,542)	(1,597)
Effect of business combination	431	-
Actuarial (gain) / loss on DBO	760	(530)
Exchange rate effect	362	283
Defined Benefit Obligation at 31.12.	**12,012**	**8,917**

Reconciliation of the fair value of plan assets	2019	2018
Fair Value of plan assets at 1.1.	**4,686**	**3,829**
Interest income	46	29
Contributions by the employer	973	889
Contributions by plan participants	915	835
Benefits paid	(1,062)	(1,074)
Effect of business combination and disposal	-	-
Return on plan assets excl.interest income	5	13
Exchange rate effect	201	165
Fair Value of plan assets at 31.12.	**5,764**	**4,686**

Reconciliation of the recognised net pension liability

in '000 EUR	2019	2018
Net liability at the beginning of the period	**4,231**	**3,891**
Expense recognized in profit or loss	2,283	2,296
Expense recognized in other comprehensive income	755	(543)
Contributions by the employer	(973)	(889)
Effect of business combination	431	-
Benefits paid by unfunded defined benefit plans	(480)	(523)
Net liability at the end of the period	**6,247**	**4,231**

in '000 EUR	2019	2018
Pension expense recognized in profit or loss		
Current service cost (employer)	2,084	2,147
Net interest cost	39	28
Administration cost	4	3
Past service costs	(4)	-
Exchange rate effect	161	118
Expense recognized in profit or loss	**2,284**	**2,296**

in '000 EUR	2019	2018
Amount recognized in other comprehensive income		
Return on plan assets excl.interest income	(5)	(13)
Remeasurements gain/(loss):		
Actuarial gain/(loss) arising from demographic assumptions	(253)	(233)
Actuarial gain/(loss) arising from financial assumptions	1,061	(250)
Actuarial gain/(loss) arising from experience adjustment	(48)	(47)
Total amount recognized in other comprehensive income	**755**	**(543)**

Actuarial assumptions for the defined benefit obligations

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

Swiss plan

Actuarial Assumptions	31 Dec 2019	31 Dec 2018
- Discount rate	0.30%	0.90%
- Future salary increases	1.00%	1.00%
- Mortality table	BVG2015-CMI	BVG 2015 GT

As of 31 December 2019, the weighted-average duration of the defined benefit obligation was 22.4 years (2018: 21.3 years).

French plan

Actuarial Assumptions	31 Dec 2019	31 Dec 2018
- Discount rate	0.70%	1.60%
- Future salary increases	3.00%	3.00%
- Mortality table	TGH05/TGF05	TGH05/TGF05

As of 31 December 2019, the weighted-average duration of the defined benefit obligation was 19.1 years (2018: 18.7 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:

	2019		2018	
in '000 EUR	Increase	Decrease	Increase	Decrease
Discount rate (0.25%)	(568)	626	(406)	447
Future salary growth (0.25%)	188	(179)	134	(125)
Future mortality (1 year)	161	(160)	98	(97)

The disclosed sensitivities have 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 2019 of EUR 5,764 thousand (2018: EUR 4,686 thousand) consists of a receivable from the insurance company, see above.

Expected contributions in 2020

The Group expects to pay contributions to the defined benefit plans in the amount of EUR 1,094 thousand in 2020.

NOTE 16– SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

No employee share option plans are in place as of 31 December 2019 and 2018.

Cash settled share-based plan

On 26 March 2015, the Group established a new 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 2019, the liability recorded in relation to the cash settled obligation in relation to the plan amounted to EUR 1,370 thousand (2018: EUR 1,575 thousand). As at 31 December 2019, the receivables recorded in relation to the financing part granted to limited partners amounted to EUR 1,453 thousand (2018: EUR 902 thousand). 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 amount has been remeasured and the amount of EUR 205 thousand has been recognised as finance income (2018:EUR 192 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 around EUR 7.1 million (see Note 26 for additional details).

NOTE 17 – LEASES

The table below shows the movement schedule of the right-of-use assets during 2019.

in '000 EUR	Building	Hosting	Car	Other	Total
Historical cost					
Balance at 1 January 2019	**9,795**	**5,657**	**645**	**66**	**16,162**
Additions	1,872	-	76	-	1,948
Additions from business combinations	918	-	-	-	918
Disposals	(140)	-	-	-	(140)
Impairment	-	-	-	-	-
Balance at 31 December 2019	**12,445**	**5,657**	**721**	**66**	**18,888**
Accumulated depreciation					
Balance at 1 January 2019	-	-	-	-	-
Depreciation for the year	3,568	1,886	308	20	5,782
Disposals	(29)	-	-	-	(29)
Balance at 31 December 2019	**3,539**	**1,886**	**308**	**20**	**5,753**
At 1 January 2019	**9,795**	**5,657**	**645**	**66**	**16,162**
At 31 December 2019	**8,907**	**3,771**	**413**	**46**	**13,136**

Most significant additions of the period relate to new lease contracts the company entered in 2019, such as new offices in France and Poland and lease contracts acquired from business combinations. With reference to depreciation charge for right-of-use assets, EUR 3,568 thousand is related to buildings, EUR 1,886 to hostings, EUR 308 thousand to cars and EUR 20 thousand to other contracts.

Please refer to Note 3 for evidence of the carrying amount of the right-of-use assets by class of underlying assets.

The table below shows the lease liabilities as of 31 December 2019 and 1 January 2019:

in '000 EUR	31 Dec 2019	1 Jan 2019
Short term Lease liabilities	5,921	5,222
Long term Lease liabilities	7,380	10,940
Total Lease liabilities	**13,301**	**16,162**

For evidence of the movement schedule of the lease liabilities during the period reference should be made to Note 4 - Financial risk management.

The lease liabilities are secured by the related underlying assets. The discounted maturity analysis of lease liabilities at 31 December 2019 is as follows:

in '000 EUR	Amount
Within 1 year	5,921
Between 1 and 5 years	7,380
More than 5 years	-
Total lease liabilities	**13,301**

NOTE 18 – PROPERTY PLANT AND EQUIPMENT

The tables below show Property, Plant & Equipment movements during 2019 and 2018:

in '000 EUR	Furniture	IT Equipment	Other	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**
Accumulated 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)
Reclassification	-	-	-	-
Currency translation differences	1	4	40	45
Balance at 31 December 2019	**719**	**7,414**	**1,769**	**9,902**
Carrying amounts				
At 1 January 2019	**247**	**1,405**	**833**	**2,485**
At 31 December 2019	**187**	**1,686**	**958**	**2,831**

in '000 EUR	Furniture	IT Equipment	Other	Total
Historical Cost				
Balance at 1 January 2018	**763**	**7,342**	**1,892**	**9,997**
Additions	108	475	376	959
Others	-	29	-	29
Impairment	(12)	-	-	(12)
Currency translation differences	(3)	(6)	(13)	(22)
Balance at 31 December 2018	**856**	**7,840**	**2,255**	**10,951**
Accumulated depreciation				
Balance at 1 January 2018	**475**	**4,650**	**1,629**	**6,754**
Depreciation for the year	91	1,303	291	1,685
Reclassification	27	479	(507)	-
Currency translation differences	16	3	9	28
Balance at 31 December 2018	**609**	**6,435**	**1,422**	**8,466**
Carrying amounts				
At 1 January 2018	**288**	**2,692**	**263**	**3,243**
At 31 December 2018	**247**	**1,405**	**833**	**2,485**

Investments in 2019 and 2018

In 2019 and 2018 the Group made additions to Property Plant and Equipment of EUR 1,680 thousand and EUR 959 thousand respectively. The additions in 2019 were mainly related to IT equipment for EUR 1,202 thousand and other tangible assets for EUR 410 thousand, mainly related to leasehold improvements. During 2019 the group acquired net assets from business combinations for EUR 115 thousand, as a result of the Qixxit and Madfish 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 2019 and 2018:

in '000 EUR	Capitalized development cost	Other intangible assets	Trademarks	Total intangible assets	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 (disposals) from business combinations	251	-	1,316	1,567	2,489	4,056
Impairment	0	-	-	-	-	-
Currency translation differences	51	42	(20)	73	106	179
Balance at 31 December 2019	**92,591**	**1,052**	**128,921**	**222,564**	**61,229**	**283,794**
Accumulated amortization and impairment						
Balance at 1 January 2019	**54,439**	**172**	**1**	**54,612**	**-**	**54,612**
Amortization for the period	11,867	76	-	11,943	-	11,943
Currency translation differences	-	-	-	-	-	-
Balance at 31 December 2019	**66,306**	**248**	**1**	**66,554**	**-**	**66,554**
Carrying amounts						
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**

in '000 EUR	Capitalized development cost	Other intangible assets	Trademarks	Total intangible assets	Goodwill	Total
Historical Cost						
Balance at 1 January 2018	**63,598**	**1,014**	**121,455**	**186,067**	**56,052**	**242,119**
Additions - internally developed	7,313	-	-	**7,313**		**7,313**
Additions - external supplier	4,681	-	-	**4,681**	-	**4,681**
Acquisitions (disposals) from business combinations	2,019	11	6,089	**8,119**	2,600	**10,719**
Impairment	(238)	-	-	**(238)**	-	**(238)**
Currency translation differences	(11)	(15)	(3)	**(29)**	- 18	**(47)**
Balance at 31 December 2018	**77,362**	**1,010**	**127,541**	**205,913**	**58,634**	**264,547**
Accumulated amortization and impairment						
Balance at 1 January 2018	**42,020**	**97**	**1**	**42,118**	**-**	**42,118**
Amortization for the period	12,459	82	-	12,541	-	12,541
Currency translation differences	(40)	(7)	-	(47)	-	(47)
Balance at 31 December 2018	**54,439**	**172**	**1**	**54,612**	**-**	**54,612**
Carrying amounts						
At 1 January 2018	**21,578**	**917**	**121,454**	**143,949**	**56,052**	**200,001**
At 31 December 2018	**22,923**	**838**	**127,540**	**151,301**	**58,634**	**209,935**

Investments in 2019 and 2018

During 2019, additions relate to capitalised development cost for a total amount of EUR 14,927 thousand (2018: EUR 11,944 thousand) and intangibles from the acquisition of Madfish Srl for a total amount of EUR 1,567 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 2019 and 2018 lastminute.com Group has capitalised development costs in the carrying amount of EUR 14,927 thousand and EUR 11,944 thousand, respectively. As of 31 December 2018, capitalised development costs not yet available for use were EUR 4,086 thousand (2018: EUR 2,043 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 amount of trademarks allocated to each segment is as follows at each reporting date:

in '000 EUR	Segment	31 Dec 2019	31 Dec 2018
lastminute.com	OTA - Media	44,704	44,704
Rumbo	OTA - Media	58,900	58,900
Weg.de (Comvel)	OTA - Media	6,089	6,089
Wayn	OTA	230	230
Bravonext SA	OTA	10	-
Madfish	Media	1,316	-
Jetcost	Metasearch	15,385	15,385
Pigi Shipping	Other segment	2,232	2,232
Destination Italia	Other segment	54	-
Total Trademarks		**128,920**	**127,540**

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. For further information see Note 6 - Segment information.

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

in '000 EUR	Segment	31 Dec 2019	31 Dec 2018
	OTA	33,773	38,458
	Metasearch	20,176	20,176
	Media	3,248	-
	Other Segment	4,032	-
Total		**61,229**	**58,634**

The balance as of 31 December 2019 amounts to EUR 61,229 thousand (EUR 58,634 thousand in 2018).

The Group performed an impairment analysis for the CGUs that contain material indefinite life intangible assets and goodwill as of 31 December 2019 and 2018. It was determined that no impairment is to be recognised in the consolidated financial statements as of 31 December 2019 and 2018.

During 2019 the Group purchased the Madfish and Smallfish business. After the completion of the Purchase Price Allocation, the Group recorded a remaining goodwill of EUR 663 thousand. See Note 5 for further information.

OTA

Goodwill amounts to EUR 33,773 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 perpetuity growth rate and the revenues 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 2019	31 Dec 2018
Weighted average cost of capital (WACC)	9.5%	9.5%
Perpetuity growth rate	1.8%	1.7%
Revenues growth rate (average of next four years)	10.9%	7.2%
EBITDA growth rate (average of next four years)	13.0%	19.7%

Four years of cash flow were included in the DCF model. Revenues were based on future expected outcomes taking into account past experience. A long-term growth rate into perpetuity was determined based on management's best estimate of the long-term growth rate in the industry.

Sensitivity analysis

A sensitivity table to the discount rate and terminal growth rate for 2019 and 2018 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:

		LONG-TERM GROWTH RATE 2019			
	Eur/mil	0.7%	1.8%	2.2%	2.7%
	8.5%	790.9	911.1	980.9	1,066.3
	9.0%	745.4	850.7	911.0	983.9
WACC	**9.5%**	705.1	**798.1**	850.7	913.6
	10.0%	669.0	751.8	798.1	853.0
	10.5%	636.7	710.8	751.8	800.1

Eur/mil		LONG-TERM GROWTH RATE 2018				
		0.7%	1.2%	1.7%	2.2%	2.7%
	8.5%	236.0	243.2	250.4	257.6	264.8
	9.0%	215.0	221.6	228.2	234.7	241.3
WACC	9.5%	196.7	202.7	**208.8**	214.8	220.8
	10.0%	180.6	186.2	191.7	197.2	202.8
	10.5%	166.4	171.5	176.6	181.7	186.8

Metasearch

Goodwill arising from the acquisition amounts to EUR 20,176 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 perpetuity growth rate and the revenues 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 2019	31 Dec 2018
Weighted average cost of capital (WACC)	13.5%	13.5%
Perpetuity growth rate	1.8%	1.8%
Revenues growth rate (average of next four years)	15.2%	13.5%
EBITDA growth rate (average of next four years)	16.1%	19.2%

A long-term growth rate into perpetuity was determined based on management's best estimate of the long-term growth rate in the industry.

Sensitivity analysis

A sensitivity table to the discount rate and terminal growth rate for 2019 and 2018 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:

		LONG-TERM GROWTH RATE 2019			
Eur/mil		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

Eur/mil		LONG-TERM GROWTH RATE 2018				
		0.8%	1.3%	1.8%	2.3%	2.8%
	12.5%	111.2	111.3	111.4	111.6	111.7
	13.0%	104.6	104.7	104.8	104.9	105.0
WACC	13.5%	98.5	98.6	**98.8**	98.9	99.0
	14.0%	93.0	93.1	93.2	93.3	93.4
	14.5%	87.9	88.0	88.1	88.2	88.2

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 perpetuity growth rate and the revenues 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 2019	31 Dec 2018
Weighted average cost of capital (WACC)	9.5%	-
Perpetuity growth rate	1.7%	-
Revenues growth rate (average of next four years)	10.5%	-
EBITDA growth rate (average of next four years)	>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.

Sensitivity analysis

A sensitivity table to the discount rate and terminal growth rate for 2019 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:

		LONG-TERM GROWTH RATE 2019			
Eur/mil		0.7%	1.7%	2.2%	2.7%
	8.5%	14.9	18.9	21.6	24.6
	9.0%	12.6	16.0	18.2	20.7
WACC	**9.5%**	12.6	**16.0**	18.2	20.7
	10.0%	8.6	11.2	12.8	14.6
	10.5%	6.9	9.2	10.6	12.1

NOTE 21 - FINANCIAL ASSETS

The table below shows financial assets for the Group as of 31 December 2019 and 2018:

in '000 EUR	31 Dec 2019	31 Dec 2018
Long-term Deposits	1,365	1,602
Other investment - non current	65	65
Total non-current financial assets	**1,430**	**1,667**
Short-term Deposits	1,936	1,349
Total current financial assets	**1,936**	**1,349**

Non-Current financial assets

In total non-current financial assets, long-term deposits decreased by EUR 237 thousand (14,8%) from EUR 1,602 thousand in 2018 to EUR 1,365 thousand in 2019. These are mainly related to deposits for renting of the Swiss, UK, French and Spanish offices.

Current financial assets

In total current financial assets, short-term deposits of EUR 1,936 thousand (2018: EUR 1,349 thousand) are mainly related to real estate and utilities agreements.

NOTE 22 - INVESTMENT IN EQUITY ACCOUNTED INVESTEES

"Investment in equity accounted investees" amounted as of 31 December 2019 and 2018 respectively to EUR 966 thousand and EUR 916 thousand. The increase is mainly due to the positive results realised by both UrbaNext SA and Instago SAGL, partially offsetted by the sale of Hotelyo investment. For further information see Note 5.

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).

in '000 EUR	2019	2018
	URBANnext SA	URBANnext SA
Percentage ownership interest	25%	25%
Non-current assets	668	415
Current assets	1,217	617
Non-current liabilities	(1,608)	-
Current liabilities	(476)	(980)
Net assets (100%)	**(199)**	**52**
Revenues	668	763
Costs	(639)	(672)
Amortisation and depreciation	(292)	(130)
Finance income / (costs)	53	2
Income taxes	(18)	-
Profit or Loss	**(229)**	**(37)**
Effects of OCI adjustment	-	-
Total comprehensive income	**(229)**	**(37)**

in '000 EUR	2019	2018
	InstaGo SAGL	InstaGo SAGL
Percentage ownership interest	*30%*	*15%*
Non-current assets	11	5
Current assets	451	138
Non-current liabilities	-	-
Current liabilities	(38)	(10)
Net assets (100%)	**423**	**134**
Revenues	320	-
Costs	(212)	(18)
Amortisation and depreciation	-	-
Finance income / (costs)	(8)	-
Income taxes	(0)	-
Profit or Loss	**100**	**(18)**
Effects of OCI adjustment	-	-
Total comprehensive income	**100**	**(18)**

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 amount of EUR -9 thousand (2018: EUR -43 thousand).

NOTE 23 –TRADE AND OTHER RECEIVABLES

The table below shows Trade and other receivables as at 31 December 2019 and 2018 for the Group:

in '000 EUR	31 Dec 2019	31 Dec 2018
Trade receivables	88,691	74,111
Receivables from shareholders	1	1
Other receivables	6,227	3,225
Accrued income and deferred expenses	3,310	3,943
Total Current	**98,229**	**81,280**
Trade and other receivable	265	377
Total Non Current	**265**	**377**

Trade receivables are amounts related to customer services performed in the ordinary course of the business and these increased by 14,580 (20%) from EUR 74,111 thousand in 2018 to EUR 88,691 thousand in 2019.

The two most significant debtors of the Group included in the total trade receivables at 31 December 2019 had an open balance amounting respectively to EUR 3,581 thousand (3.6%) (2018: EUR 7,068 thousand (8,7%)) and EUR 3,391 thousand (3,5%) (2018: EUR 2,431 thousand (2.8%)).

Other receivables include VAT credits and other trade receivables. The increase of other receivables within the period is mainly due to an increase of advance payment to suppliers.

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

in '000 EUR	31 Dec 2019	31 Dec 2018
Not past due	89,095	73,687
Past due 0-30 days	4,624	3,432
Past due 31-90 days	2,131	2,240
Past due 91-180 days	2,090	1,612
Past due 181-360 days	519	526
Past due 361 and over	35	160
Total	**98,494**	**81,657**

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

in '000 EUR	2019	2018
Balance at 1 January	2,707	2,090
Change in basis of consolidation	-	
Additions during the year	2,479	869
Used during the year	(211)	(1,289)
Currency Translation Differences	-	-
Effect of business combination	-	1,206
Recognized directly in Equity	-	262
Released during the year	(49)	(431)
Balance at 31 December	**4,927**	**2,707**

As explained in Note 4, during 2019 the Group faced the risk related to the bankruptcy of Thomas Cook affecting the bad debt provision for a total amount of EUR 1.409 thousand. The remaining amount of the additions of the year are mainly related to overseas clients of the META entities.
The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivable.
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 2019 or 1 January 2019 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 2019 was determined as follows:

	Current	0-30	31-90	91-180	181-360	OVER 360	TOT
Expected credit loss %	2.0%	2.5%	5.0%	20.0%	60.0%	100.0%	
Credit loss 31 Dec 2019	**1,506**	**94**	**82**	**169**	**382**	**2,694**	**4,927**

Credit loss related to not past due receivables also included the effect of the bankruptcy of Thomas Cook, as explained above.

NOTE 24 - CONTRACT ASSETS AND CONTRACT LIABILITIES

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

in '000 EUR	31 Dec 2019	31 Dec 2018
Contract assets	7,727	3,861
Contract liabilities	(10,616)	(7,259)

Contract assets are related to over-commissions and other incentives on flights. Contract assets have increased in 2019 due to the Group's growth in flight volumes despite a decrease in profitability of the segment.

Contract liabilities are related to advance payments from customers and have increased in 2019 due to the Group's growth in Dynamic Packages. For further details refer to Note 7.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses also on Contract assets.

NOTE 25 - CASH AND CASH EQUIVALENTS

The table below shows Cash and cash equivalents as of 31 December 2019 and 2018:

in '000 EUR	31 Dec 2019	31 Dec 2018
Cash on hand	21	223
Bank accounts	99,819	62,482
Credit Card accounts	10,520	10,166
Total	**110,360**	**72,871**

Bank accounts

The Group's bank accounts are interest bearing with variable interest rates between 0% and 0.1% (2017: 0 % and 0.1%). Bank overdrafts bear variable interest rates are nil in 2019 (2018: nil). For further information refer to the Consolidated Cash Flow Statement and Note 26.

Credit card accounts

Credit card accounts of EUR 10,520 thousand (2018: EUR 10,166 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 2019 and 2018:

Share capital

in '000 EUR	31 Dec 2019	31 Dec 2018
SHARE CAPITAL AND RESERVES		
Share capital	117	117
Capital reserves	101,819	101,819
Translation reserve	2,004	1,211
Treasury cash reserve	(9,108)	(8,507)
Retained earnings	35,330	14,713
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM NV	**130,162**	**109,353**
Non-controlling interest	2,525	1,941
TOTAL EQUITY	**132,687**	**111,294**

As of 31 December 2019 the number of ordinary shares is 11,664,219 (same as of 31 December 2018) for a nominal value per share of EUR 0.01 (2018: EUR 0.01).

On 15 April 2014, the Group completed its Initial Public Offering ("IPO") on SIX Swiss Exchange. Upon the approval of the IPO, the preferred shares transformed into ordinary shares. Following the IPO, the parent company increased its capital by 2,261 thousand additional ordinary shares with a nominal value per share of EUR 0.01.

Cancellation of own shares - January 2018

On 21 September 2017 the extraordinary general meeting of the Company resolved to reduce the capital of the Company through the cancellation of shares. The cancellation of shares occurred on 30 January 2018. As a result of this cancellation of shares, the capital of the Company was decreased to EUR 138,576.14. Only treasury shares have been cancelled, hence there is no impact on EPS.

PSTO
Following the approval of the Swiss Takeover Board, in April 2018 the Group launched a Partial Self-Tender Offer ("PSTO"). According to the prospectus of the offer the Partial Self-Tender Offer shall extend to 2'193'395 shares of lastminute.com NV ("the Company"), representing 15.83% of the share capital of the Company, at an offer price of CHF 16 net in cash per Offer Share. As more than 2,193,395 lastminute shares were validly tendered, lastminute.com NV has reduced the number of shares accepted pro rata to 2,193,395 lastminute shares.
The Settlement of the offer took place on 23 May 2018. The effect on Group's equity has been presented in the Consolidated statement of changes in equity.

Cancellation of share - October 2018

On 3 October 2018 the Group cancelled 2,193,395 shares in its own share capital, with a nominal value of EUR 0.01 each, as acquired by the Group pursuant to the partial self-tender offer ("PSTO"). As of 31 December 2018, the issued share capital of the Company consists of 11,664,219 shares, with a nominal value of EUR 0.01 each.
The effect on Group's equity has been presented in the Consolidated statement of changes in equity.

Capital reserves

As of 31 December 2019 capital reserves, including share premium reserves, amount to EUR 101,819 thousand (2018: EUR 101,819 thousand).

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

Translation reserve

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

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 2019, the Group held 646 thousand shares for the total value of EUR 9,108 thousand (626 thousand shares as of 31 December 2018 for a total value of EUR 8,507 thousand): during 2019 the Group bought 38 thousand treasury shares for a total total value of EUR 816 thousand and sold 18 thousand shares for a total value of EUR 215 thousand .

Retained Earnings
Retained earnings as of 31 December 2019 amounted to EUR 35,330 thousand (2018: EUR 14,713 thousand) and contain the profit relating to current year and accumulated results obtained in previous years generated by the Group and not distributed to shareholders as well as amounts booked in relation to the remeasurements of the employee benefits liability and share-based payments.
During the 2019 retained earnings have decreased following the recognition of tax payments from owned shares that have not benefited from tax exemption with an effect of EUR 2,585 thousand.

Dividends

No dividends were paid by the group during 2019.

Capital Management

The capital managed by the Company consists of the consolidated equity. The Group's goal is to maintain a strong capital base so 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 1,941 thousand in 2018 to EUR 2,525 thousand in 2019 is mainly related to these effects:

- the loss of the period pertaining to Non controlling interests for EUR (1,016) thousand;
- the acquisition of control of subsidiaries with non-controlling interest with a positive effect on NCI of EUR 447 thousand;
- In 2019 the Group increased its percentage of participation to the share capital of a NCI through a capital increase. As a consequence, the Group also increased its participation to the previous years losses.

The table below shows the number of shares and total issued capital as of 31 December 2019 and 2018:

Issued Capital	31 Dec 2019	31 Dec 2018
Number of ordinary shares	11,664,219	11,664,219
Nominal value per share (EUR)	0	0
Total amount (EUR)	**116,642**	**116,642**

NOTE 27 - PROVISIONS

The table below shows the movements in Provisions for 2019 and for 2018:

Provision 2019

in '000 EUR	1 Jan 2019	Reversals	Use	Additions	Reclass	31 Dec 2019
Provision for fraudulent credit card transactions	93	(83)	-	166	-	177
Other provisions	100	(11)	(40)	578	-	627
Provision for tax risks	367	(1)	(836)	807	(237)	100
Total	**560**	**(95)**	**(876)**	**1,551**	**(237)**	**904**
Non-current	-	-	-	-	-	-
Current	560	(95)	(876)	1,551	(237)	904
Total	**560**	**(95)**	**(876)**	**1,551**	**(237)**	**904**

Provision 2018

in '000 EUR	1 Jan 2018	Reversals	Use	Additions	Reclass	31 Dec 2018
Provision for fraudulent credit card transactions	526	(526)	-	93	-	93
Other provisions	2,754	-	(254)	-	**(2,400)**	100
Provision for tax risks	-	-	-	367	-	367
Total	**3,280**	**(526)**	**(254)**	**460**	**(2,400)**	**560**
Non-current	-	-	-	-	-	-
Current	3,280	(526)	(254)	460	(2,400)	560
Total	**3,280**	**(526)**	**(254)**	**460**	**(2,400)**	**560**

Provision for fraudulent credit card transactions

Provision for fraudulent credit card transactions, for an amount of EUR 177 thousand (2018: EUR 93 thousand), refer to transactions completed in the year preceding the reporting date and likely to be disputed by the customer in the following year.

Provision for tax risks

Provision for tax risks, for an amount of EUR 100 thousand (2018: EUR 367), refer to minor risks for which the Group expects to have a cash out flow in the coming years in Spain.

In November 2019 the Tax audit for the years 2014-2015 on the Spanish entities concluded with a total cash out of EUR 559 thousand. In order to eliminate any risk in the following years, the Group made a voluntary disclosure for the years 2016, 2017 and 2018.

In December 2019 the Group reached a conclusion also on the Tax audit in the Netherlands for a total cash out flow of EUR 440 thousand of which EUR 237 were already booked as provision at December 2019. The amount has been classified under other liabilities in December 2019.

Other provisions
As of 31 December 2019, other current provisions amounted to EUR 627 thousand (2018: EUR 100) and they are mainly referred to litigations in Italy, United Kingdom and France.

NOTE 28 – NET FINANCIAL POSITION

Group's management considers the net financial position as defined below as a KPI for measuring the Group's financial performances.

The table below represents the net financial position for the Group as of 31 December 2019 and 2018:

in '000 EUR	31 Dec 2019	31 Dec 2018
Current financial assets	1,936	1,349
Cash and cash equivalents	110,360	72,871
Short term financial liabilities	(24,399)	(29,532)
Short term Lease liabilities	(5,921)	-
Net Financial Position within 12 months	**81,976**	**44,688**
Non current financial assets	1,430	1,667
Long term financial liabilities	(10,982)	(14,529)
Short term Lease liabilities	(7,380)	-
Net Financial Position over 12 months	**(16,932)**	**(12,862)**
Total Net Financial Position	**65,044**	**31,826**

The Net Financial Position for the Group was EUR 65,044 thousand in 2019, compared to EUR 31,826 thousand in 2018.

The changes in the composition of the net financial position as of 31 December 2019 compared to December 2018 can be mainly explained by a higher cash and cash equivalents by EUR 37,489 thousand and a decrease in Financial Liabilities by EUR 8,680 thousand and an increase in lease liabilities by EUR 13,301 thousand due to the introduction of IFRS 16.

Financial liabilities are related to the opening of loans granted by top rated European banks with no impact of the net financial position. All financial covenants have been respected during 2019.

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

NOTE 29 - TRADE AND OTHER PAYABLES

The table below shows "Trade and other payables" as of 31 December 2019 and 2018:

in '000 EUR	31 Dec 2019	31 Dec 2018
Trade payables	144,829	117,275
Credit card payables	53,810	49,867
Other payables	18,787	12,006
Accrued expenses and deferred income	8,743	5,314
Total Current	**226,169**	184,462
Other payables	-	642
Total Non Current	-	**642**
Total Trade and other payables	**226,169**	**185,104**

The two most significant creditors of the Group included in the total trade payables at 31 December 2019 had an open balance amounting respectively to EUR 6,486 thousand, referred to the Group's major supplier (4.5%) (2018: EUR 6,133 thousand (5.2%)), and EUR 3,959 thousand (2.7%) (2018: EUR 10,085 (8.6%)).

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

in '000 EUR	31 Dec 2019	31 Dec 2018
Not past due	206,140	160,094
Past due 0-30 days	9,410	19,269
Past due 31-90 days	8,507	2,923
Past due 91-180 days	490	847
Past due 181-360 days	669	651
Past due 361 and over	953	1,320
Total	**226,169**	**185,104**

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 2019 increased by EUR 3,943 compared to the previous year. On 31 December 2019, the Group increased the credit card plafonds to a total amount of EUR 93,733 thousand (2018: EUR 84,124 thousand).

Other payables

Other payables mainly include payables relating to taxes, social security and amounts due to personnel for the annual bonus. The amount in 2019 increased by EUR 6,781 thousand compared to 2018.

NOTE 30 – CONTINGENT LIABILITIES

Proceedings against Ryanair Ltd

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 counterappeal on 13 December 2019. Considering the positive outcome of the first grade of the court, management believes that no liability is required at the balance sheet date.

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 has been 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 Viaggiare 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.

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 Ryan air 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 2 April 2020.
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.

Proceeding against Hotel delle Terme

Hotel delle Terme asked for an Order of Payment for Eur 244 thousand. Destination 2 Italy claimed to have paid Hotel delle Terme in cash, but there is no receipt for such payment. In addition, Destination 2 Italy deposited a sum of Eur 30 thousand. The judgment started the first hearing on 21 February 2019 asking for the deposit of documents and remembrances. The judge fixed the hearing for proof discussion on 23 May 2019. At the hearing the judge decided to order a technical consulting officer, so called "CTU" under Italian legislation. The process with the CTU is ongoing.
Based on legal advice, the likelihood of success for Hotel delle Terme is possible.

NOTE 31 - RELATED PARTIES

The Group is controlled by Freesailors Cooperative (incorporated in the Netherlands), which is controlled by Mr. Fabio Cannavale. Freesailors Cooperative controls the Shareholders' Agreement owning 51.2% (2018: 50.2%) of the shares of the Company. The remaining 48.2% (2018: 49.8%) 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 kind of operations are "recurring" transactions eliminated at consolidated level.

Receivables and payables from shareholders

As of 31 December 2019 the Group has no receivable from or payables to any shareholder.

Key management personnel compensation

The key management personnel compensation for 2019 and 2018 is presented in the table below:

in '000 EUR	2019	2018
Short-term employee benefits	1,315	1,567
Share-based payments	-	-
Post employment benefits	81	74
Termination benefits	-	-
Total	1,396	1,641

The 2019 key management remuneration includes Eur 1 million release of the 2018 bonus that was not approved by the general meeting.

Transactions with associates

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

in '000 EUR	31 Dec 2019		31 Dec 2018	
	Assets	Liabilities	Assets	Liabilities
Hotelyo SA	-	-	388	973
URBANnext SA	28	-	56	-
Instago SAGL	-	143	-	-
Total	28	143	444	973

in '000 EUR	31 Dec 2019		31 Dec 2018	
	Costs	Revenues	Costs	Revenues
Hotelyo SA	-	-	13	30
URBANnext SA	-	160	-	59
Instago SAGL	321	-	-	-
Total	321.0	160	13	89

During 2019 the Group has disposed of its investment in Hotelyo. For further information reference should be made to Note 5.

Other transactions

On the 29 of March 2019 and with effect on the same day, the Group acquired 68.5% of Madfish S.r.l. stakes. One of the main shareholders of the acquired company is an Executive Director of the Group. The consideration for a total of EUR 1.2 million has been valued by an external independent consultant to ensure the transaction was measured at arm's length value. Further information about the acquisition of Madfish Srl can be found in Note 5.

On the 19 of November 2019 the Group signed an agreement related to the price management decision support with the related party e-Novia S.p.A. The agreement was 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 was approved by the Board.

All of the related party information required by IAS 24 that is relevant to the Group has been presented in this note 31.

NOTE 32 – BANK GUARANTEES

As of 31 December 2019, financial institutions had issued bank guarantees to third parties on behalf of the Group for a total amount equal to EUR 70.5 million (2018: EUR 58.1 million), of which EUR 3.5 million related to a bank guarantee to a Spanish GDS airline and EUR 50.3 million 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 2019 and 2018:

Name	Place of business	Consolidated for 2019	Ownership interest	
			2019	2018
lastminute.com N.V.	Amsterdam, Netherlands	-	Parent Company	Parent Company
Bravonext SA	Chiasso, Switzerland	Fully	100.00%	100.0%
Viaggiare S.r.l.	Milan, Italy	Fully	100.00%	100.0%
LMnext US INC	Wilmington, USA	Fully	100.00%	100.0%
LMnext DE Gmbh	Munich, Germany	Fully	100.00%	100.0%
LMnext Services Ltd	London, UK	Fully	100.00%	100.0%
LMnext UK Ltd	London, UK	Fully	100.00%	100.0%
Bravoventure India Private lmt	Bangalore, India	Fully	100.00%	100.0%
Sealine Investments LP	Edinburgh, UK	Fully	0.10%	100.0%
Blue Sas - JetCost	Clichy, France	Fully	98.35%	98.35%
Bravojet SA in liquidazione	Chiasso, Switzerland	Fully	0.00%	100.0%
Pigi Shipping & Consulting S.r.l.	Milan, Italy	Fully	100.00%	100.0%
Bravoventure Spain SLU	Madrid, Spain	Fully	100.00%	100.0%
Hotelyo SA	Chiasso, Switzerland	Equity	0.00%	49.0%
Rumbo SA	Madrid, Spain	Fully	100.00%	100.0%
Webnext Limited	Valletta, Malta	Fully	100.00%	100.0%
LMnext CH SA	Chiasso, Switzerland	Fully	100.00%	100.0%
URBANnext SA	Chiasso, Switzerland	Equity	25.00%	25.0%
Cruiseland S.r.l.	Milan, Italy	Fully	100.00%	100.0%
LMnext FR SASU	Clichy, France	Fully	100.00%	100.0%
Bravometa CH SA	Chiasso,Switzerland	Fully	98.35%	98.35%
Bravoventure Poland Spolka	Warsaw, Poland	Fully	100.00%	100.0%
Destination Italia SpA	Milan, Italy	Fully	78.60%	59.5%
Destination 2 Italia Srl	Milan, Italy	Fully	78.60%	59.5%
Lmnext UK Ltd (incorporated in England and Wales) Branch	London, UK	Fully	100.00%	100.0%
Comvel Gmbh	Munich, Germany	Fully	100.00%	100.0%
Bravolivia Sl	Madrid, Spain	Fully	100.00%	100.0%
InstaGo SAGL	Chiasso, Switzerland	Equity	30.04%	15.0%
LM Forward Ltd	London, UK	Fully	83.00%	0.0%
QT Mobilitatsservice Gmbh	Berlin, Germany	Fully	100.00%	0.0%
Madfish Srl	Milan, Italy	Fully	58.10%	0.0%
Smallfish Srl	Madrid, Spain	Fully	58.10%	0.0%

NOTE 34 – SUBSEQUENT EVENTS

Acquisition of HolidayIQ PTE Ltd

On 9th January 2020, the Group finalised the acquisition of 100% of HolidayIQ Pte Ltd (HIQ), a company operating in the online travel space with focus on the Indian market. The transaction, entirely settled on a cash basis, has the purpose to both complement the capabilities of the Group in the "Users Generated Content" environment and explore opportunities to develop the presence of the Group in a fast-growing market like India, leveraging on a strong local brand.
Total consideration was EUR 2,030 thousand, to be paid in cash in three tranches. The first tranche of the consideration for € 1,632 was paid at the closing date.

Coronavirus (Covid-19 virus)

IAS 10 defines an adjusting event as an event that provides evidence of conditions that existed at the reporting date. A non-adjusting event indicates conditions that arose after the reporting date.

The situation as of 31 December 2019 was that a limited number of cases of an unknown virus had been reported to the World Health Organisation. There was no explicit evidence of human-to-human transmission at that date. These were the conditions that existed as of 31 December. The subsequent spread of the virus and its identification as a new coronavirus does not provide additional evidence about the situation that existed as of 31 December 2019, and it is therefore a non-adjusting event.

In the days up to the issuance of this financial statements, many countries have declared state of emergency and among others issued restrictions to free movement within the country but also across borders, airlines have suspended most of their flights and tour operators their travel operations. It is expected that the uncertainties will continue over the next few months. The timing and extent of market recovery depends on the effectiveness of the governments' measures to counter the crisis.

Despite the concern linked to the spread of the virus, the Group has performed better than budgeted and then prior year up to the end of February 2020. The trend has reversed starting from the last week of February particularly in Italy which is the Country mostly affected by the Covid-19 within Europe. Starting early March the other main countries in which the Group operates have started to follow the declining trend.

Based on the situation as of the dates leading to the publication of the financial statements the group has performed scenario analyses and stress tests using assumptions on the significance of the drop in bookings, the length of the period of such significantly dropped level of business activities and the recovery period also based on what happened in China. The analyses cover net revenues, business EBITDA as well as the liquidity situation.

The Group has taken a variety of measures in an 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 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, will generate savings in a range of € 15 million to € 30 million in 2020, depending on how long the crisis will last.

In order to further protect from worst case scenarios, the Group has extended seasonal credit lines and accessed government secured financings in Switzerland and may apply for the same in all the jurisdictions where governments are adopting similar measures to fund the national business during this difficult period due to Covid-19 pandemic.

Based on the current financial position and results, there is a risk that, with reference to a financing currently in place, we may not meet our covenant ratios at the next measurement date on 30 June 2020. 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, therefore not impacting the continuity of the financing.

While uncertainties remain and it is currently not reasonably possible to estimate the future impact, based on the actions taken management does not have any reason to believe that the Group is not able to continue as a going concern.

lastminute.com N.V.

Amsterdam, the Netherlands

Company financial statements

(Registered number 34267347)

Annual report 2019

lastminute.com NV

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lastminute.com N.V.

Company balance sheet as at December 31, 2019

(in '000 EUR)

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

	Notes	31-Dec-19	31-Dec-18
Fixed assets	4		
Intangible fixed assets	4a	20,176	20,176
Participations	4b - I	91,730	54,149
Total Fixed Assets		**111,906**	**74,325**
Receivables	5		
Receivable from affiliated companies	5a	28,563	39,026
Other receivables	5b	30	61
Cash and cash equivalents	5 c	381	123
Total Current Assets		**28,974**	**39,210**
Total Assets		**140,880**	**113,535**
Current liabilities	6		
Creditors		1,188	8
Payable to affiliated companies	6a	4,619	1,122
Other payables	6b	3,068	1,098
Accrued expenses and deferred income	6c	1,197	1,048
Total current liabilities		**10,072**	**3,276**
Working Capital (current assets less current liabilties)		18,902	35,934
Total Assets less Current Liabilities		130,808	110,259
Provisions			
Losses on Participations (associates)	4b - I	646	907
Capital and Reserves	7		
Share capital		117	117
Capital reserves		95,385	96,838
Legal Reserve - Participations		6,434	4,981
Translation reserve		2,004	1,210
Treasury cash reserve		(9,108)	(8,507)
Retained earnings		10,374	4,507
Result for the year		24,956	10,206
Total Equity		**130,162**	**109,352**
Total liabilities and equity		**140,880**	**113,535**

lastminute.com N.V.

Company profit and loss account for the year ended December 31, 2019

(in '000 EUR)

	Notes	2019	2018
Revenues	11	1,169	771
General and administrative expenses	12	(6,367)	(3,130)
Total operating expenses		(6,367)	(3,130)
Operating result		(5,198)	(2,359)
Interest income on loans	13a	457	593
Exchange differences		(63)	(1)
Other finance costs		-	(43)
Bank and other interest	13b	(134)	(12)
		260	537
Result before taxation		**(4,938)**	**(1,822)**
Income tax expense		-	(3)
Results of subsidiaries	4b - I	29,894	12,031
Net result for the year		**24,956**	**10,206**

Notes to the company financial statements for the year ended 31 December 2019

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.

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 19) 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) Participations

i. Participating interests in group companies and associates.

Participating interest in group companies are all entities (including intermediate subsidiaries) over which the company has control.

The company applies the acquisition method to account for acquiring participating interests, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred by the company, liabilities incurred to the former owners of the acquiree and the equity interests issued by the company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date, and are subsumed in the net asset value of the investment in consolidated participations. Acquisition-related costs are expensed as incurred

Participating interests in group companies are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

Participating interests with a negative net asset value are valued at nil. If the company fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly. This provision is presented under provisions for the part of the share of the losses incurred by the participating interest, or for the estimated payments by the company on behalf of these participating interests.

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 is 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, a summary of the movements of intangible fixed assets is given below:

The movements in goodwill are as follows:

	31-Dec-19	31-Dec-18
Cost		
Balance as at 1 January	20,176	20,176
Additions	-	-
Balance as at December 31	20,176	20,176

For the annual impairment test, this goodwill is allocated to the relevant cash-generating units. Additional information is included in Note 19 to 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%	50,900
Blue SAS	Paris, France	98.35%	24,121
Bravoventure India Private Ltd.	Bangalore, India	99.00%	1,095
Sealine Investments LP*	Edinburgh, U.K.	0.10%	67
Bravometa CH S.A.	Chiasso, Switzerland	98.35%	11,125
Destination Italia SpA	Milan, Italy	78.60%	3,223
LM Forward Ltd	London,UK	83%	-
InstaGo SAGL	Chiasso, Switzerland	30.04%	693
URBANnext SA	Chiasso, Switzerland	25%	506
			91,730

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

(in '000 EUR)

I. Participations, continued

The movements in the 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	InstaGo SAGL	URBANnext SA	Sealine Investments LP	**Total**
Balance Gross as at 31 December 2018	**24,699**	**21,295**	-	**540**	**7,615**	-	-	-	-	**54,149**
To provision participations	-	-	-	-	-	(907)	-	-	-	(907)
To provision receivables	-	-	-	-	-	-	-	-	(1,150)	(1,150)
										-
Balance Net as at 31 December 2018	**24,699**	**21,295**	-	**540**	**7,615**	**(907)**	-	-	**(1,150)**	**52,092**
Change during the financial year:										
- New acquisition	-	-	953	-	-	-	664	563	-	2,180
- Capital increase	-	-	-	-	-	7,594	-	-	-	7,594
- Direct equity movement participation	316	-	(41)	(15)	(67)	(1,154)	-	-	285	(676)
- Results on participations	25,885	2,826	(1,558)	570	3,577	(2,310)	29	(57)	932	29,894
Balance Net as at 31 December 2019	**50,900**	**24,121**	**(646)**	**1,095**	**11,125**	**3,223**	**693**	**506**	**67**	**91,084**
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**

(in '000 EUR)

5. RECEIVABLES

(a) Receivable from affiliated companies

This amount can be specified as follows:

	31-Dec-19	31-Dec-18
Bravonext S.A - loan and interests	20,161	31,711
Bravonext S.A. - trade receivables	1,523	22
Sealine Investments LP	6,869	6,729
Blue SAS	-	564
LM Forward Ltd	10	-
	28,563	39,026

The receivables from affiliated companies contain the following:		
Receivables from affiliated companies	28,563	40,176
Less: Provisions	-	(1,150)
	28,563	39,026

The fair value of the receivables approximates the book value.

(in '000 EUR)

As at December 31, 2019, the loan with Bravonext S.A. can be detailed as follows:

Borrower	Maturity	Rate	Principal
Bravonext S.A.	31-12-2020	1%	19,860

	2019
Balance as at January 1	31,711
Interests accrued in the year	301
Set-offs/compensation	(11,851)
Balance as at December 31	20,161

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.

(b) Other receivables

This amount can be specified as follows:

	31-Dec-19	31-Dec-18
Prepayments	7	52
Other receivables	23	-
Trade receivable/Invoices to be issued	-	9
	30	61

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.

(a) Payable to affiliated companies

This amount can be specified as follows:

	31-Dec-19	31-Dec-18
Bravonext SA - cash pooling	4,559	-
Bravonext SA - trade payable	27	10
Webnext Ltd	33	33
Sealine Investments LP	-	1,079
	4,619	1,122

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-19	31-Dec-18
Directors remuneration	1,094	1,014
Wage taxes, social security premiums and other employee related costs	562	33
VAT liability	562	51
Other liability	850	-
	3,068	1,098

The Directors emoluments liability refers to the emoluments of the executive directors (excluding wage tax and social security premium) for the year 2019 to be paid in 2020.
Other liability comprises Euro 850 thousand payable to lastminute.com foundation. An amount equal to Euro 150 thousand of the total donation of Euro 1 million has been paid to the foundation during the year.
VAT liability comprises an amount equal to Euro 525 thousand related to the amount payable to the Dutch Tax Authority following a settlement agreement.

(in '000 EUR)

(c) Accrued expenses and deferred income

This amount can be specified as follows:

	31-Dec-19	31-Dec-18
Audit fees	62	47
Consultancy fees	145	154
M&A costs	932	582
Acquiring costs	58	-
Deferred income	-	28
VAT accrual	-	237
	1,197	1,048

The amount of Euro 237 thousand and related to the VAT liability has been reclassified to Other payables following the settlement reached with the Dutch Tax Authority during the year (see previous note for further details).

(in '000 EUR)

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 2018).

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 2018	**146**	**123,929**	**3,822**	**1,419**	**(16,738)**	**25,641**	**(6,450)**	**131,769**
Profit/loss appropriation	-	-	-	-	-	(6,450)	6,450	-
Purchase own shares	-	-	-	-	(1,262)	-	-	(1,262)
PSTO	-	-	-	-	(30,259)	-	-	(30,259)
Cancellation of own Shares	(29)	(25,932)	-	-	39,752	(13,791)	-	-
CTA/Adjustment on initial application of IFRS 9	-	-	-	(209)	-	(234)	-	(443)
Transaction with non-controlling interest	-	-	-	-	-	(1,088)	-	(1,088)
Transfers to Legal Reserves	-	(1,159)	1,159	-	-	-	-	-
Actuarial result DB pension plan	-	-	-	-		429	-	429
Result for the year	-	-	-	-	-	-	10,206	10,206
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)	-	(3,404)
Sale of treasury shares					215	-	-	215
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 31 January 2019	**117**	**95,385**	**6,434**	**2,004**	**(9,108)**	**10,374**	**24,956**	**130,162**

Capital reserves

As of 31 December 2019 capital reserves, including share premium reserves, amount to EUR 101,819 thousand (2018: EUR 101,819 thousand). An amount equal to EUR 6,434 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 2018).

Legal reserve participation

The legal reserve participations consists of amounts required by law in Spain, Switzerland and Italy of EUR 6,434 thousand (2018: EUR 4,981 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 2019, the Group held 646 thousand shares for the total value of EUR 9,108 thousand (626 thousand shares as of 31 December 2018 for a total value of EUR 8,507 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.

Retained Earnings

Retained earnings as of 31 December 2019 amounted to EUR 10,372 thousand (2018: EUR 4,507 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.
During the 2019 retained earnings have decreased following the recognition of tax effect from owned shares that have not benefited from tax exemption with an effect of EUR 2,588 thousand.

8. APPROPRIATION OF RESULTS OF FINANCIAL YEAR 2018

The Annual Report 2018 was adopted in the General Meeting of Shareholders held on 8 May 2019. The General Meeting of Shareholders has determined the appropriation of the result for 2018 in accordance with the proposal made in the 2018 Annual Report.

9. SHARE OPTIONS

Please refer to the information included in the Notes 15 and 26 to the consolidated financial statements.

10. PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2019

The board of directors of the Company proposes to allocate the profit for the year to the retained earnings.
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)

11. REVENUES

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

12. GENERAL AND ADMINISTRATIVE EXPENSES

This amount can be specified as follows:

	2019	2018
Consultancy and accountancy fees	3,080	1,227
Personnel costs	116	90
Directors fees	620	1,282
Other	2,550	531
	6,367	3,130

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 PricewaterhouseCoopers Accountants N.V. (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 2019	PwC Accountants NV	Other PwC Network	Total 2019
Audit of financial statements	97	601	698
Tax services	-	-	-
Other non-audit services	-	46	46
	97	647	744

Year 2018	PwC Accountants NV	Other PwC Network	Total 2018
Audit of financial statements	80	539	619
Tax services	-	-	-
Other non-audit services	-	24	24
	80	563	643

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 2019 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 1 (2018:1) employee working inside the Netherlands.

(in '000 EUR)

13. FINANCIAL INCOME / EXPENSE

(a) Interest income on loans

This amount can be specified as follows:

	2019	2018
Interest income on loans to affiliated companies	457	593
	457	593

(b) Bank and other interest

This amount can be specified as follows:

This amount can be specified as follows:

	2019	2018
Interest on cash pooling	(8)	(11)
Interest on tax settlements	(126)	
Bank interest	-	(1)
	(134)	(12)

(in '000 EUR)

FISCAL POSITION

14. Corporate income tax

The Company generated taxable loss during the year under review. Therefore, no tax charge for the year is recorded. At year-end the losses carry forward amount to EUR 15,601 thousand (2018: EUR 10,791 thousand) which can be offset against future profits. This amount includes the taxable losses of the year under review. 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.

15. OFF-BALANCE SHEET ASSETS AND LIABILITIES

As of 31 December 2019, financial institutions had issued bank guarantees to third parties on behalf of the Company for a total amount equal to EUR 800 thousand (2018: EUR 9,713 thousand).

16. DIRECTORS

During the year under review, the Company had seven directors, who received remuneration from the Group as detailed below. The Company has no supervisory directors.

In €/000

Name	Fixed Remuneration	Bonus	Total	2018 Fixed	2018 Bonus*	2018 Total
Ottonel Popesco	55		55	45		45
Fabio Cannavale	100	500	600	112	500	612
Marco Corradino	100	750	850	20	500	520
Roberto Italia	45		45	40		40
Anna Gatti	25		25	20		20
Laurent Foata	25		25	25		25
Marcello Distaso	20		20	20		20
Total remuneration to BoD	**370**	**1,250**	**1,620**	**282**	**1,000**	**1,282**

* The variable compensation for 2018 was not approved by the AGM and for this reason the amount equal to EUR 1,000 thousand, has been released in the 2019 profit and loss.
Based on above, the costs related to directors' remuneration in 2019 profit and loss is equal to EUR 620 thousand (EUR 1,620 thousand for year end 2019 compensation less EUR 1,000 thousand described above)

17. SUBSEQUENT EVENTS

For details on subsequent events, please refer to Note 34 of the Consolidated Financial Statements.

Amsterdam, 6 April 2020

The Board of Directors,

Executive Board Members

Mr. F. Cannavale

Mr. M. Corradino

Non- executive Board Members

Mr. R. Italia

Mr. I. O. Popesco

Ms. A. Gatti

Mr. D. Marcello

Mr. L. Foata

OTHER INFORMATION

APPROPRIATION OF RESULT ACCORDING TO THE ARTICLES OF ASSOCIATION

According to article 24 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 and the board of directors of lastminute.com N.V.

Report on the financial statements 2019

Our opinion

In our opinion:

- lastminute.com N.V.'s consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019 and of its result and 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;
- lastminute.com N.V.'s company financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 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 accompanying financial statements 2019 of lastminute.com N.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of lastminute.com N.V. together with its subsidiaries ('the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2019;
- the following statements for 2019: the consolidated statement of profit and loss and other comprehensive income and the consolidated statement of changes in equity and the consolidated cash flow statement; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2019;
- the company profit and loss account for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of lastminute.com N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

lastminute.com N.V. 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. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.
In note 2 of the financial statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the impairment test of goodwill and trademarks, we considered this matter as key audit matter as set out in the section 'Key audit matters' of this report.

Furthermore, we identified the occurrence, accuracy and cut-off of revenue from sales of travel services as a key audit matter because of the large number of transactions and counterparties and dependency on the IT-systems.

Other areas of focus, that were not considered as key audit matters were the capitalisation of internal development costs for websites and the valuation thereof, the implementation of IFRS 16 'Leases' and the valuation of deferred income taxes. As in all of our audits, we also addressed the risk of management override of internal controls, including whether there was evidence of bias by the board of directors that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams at both group and component level included the appropriate skills and competences, which are needed for the audit of an online travel player. We therefore included specialists in the areas of IT and valuations in our team.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: €2.7 million

Audit scope

- We conducted audit work on seven components. We paid particular attention to the head office in Switzerland as that is where the central IT department resides, amongst others.
- A site visit was conducted by the group audit team to LMnext FR SASU (France).
- Audit coverage: 90% of consolidated revenue, 99% of consolidated total assets and 81% of consolidated result before tax.

Key audit matters

- Valuation of goodwill and trademarks.
- Occurrence, accuracy and cut-off of revenue from sales of travel and ancillary services.
- Basis of preparation – impact of COVID-19 Virus

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€2.7 million (2018: €2.5 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 0.8% of total revenue.
Rationale for benchmark applied	We used revenue as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements, the focus of the company on growth and the fluctuating results over the past years. On this basis, we believe that revenue is an important metric for the financial performance of the company.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between €0.39 million and €2.65 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the board of directors that we would report to them misstatements identified during our audit above €135,000 (2018: €125,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

lastminute.com N.V. is the parent company of a group of entities. The financial information of this Group is included in the consolidated financial statements of lastminute.com N.V.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group audit team and by each component auditor.

Our group audit primarily focussed on the significant components Bravonext S.A. (Switzerland) and LMnext FR SASU (France). These two components were subjected to audits of their complete financial information as those components are individually significant to the Group. Additionally, five components were selected for audits of their complete financial information to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	90%
Total assets	99%
Profit before tax	81%

None of the remaining components represented more than 4% of total group revenue or total group assets. For those remaining components we performed, amongst others, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

For lastminute.com N.V. and the group entities Bravonext S.A., (Switzerland), Blue S.A.S. (France) and LMnext UK ltd, (United Kingdom) the group audit team performed the audit work. For the components Rumbo S.A. (Spain), LMnext FR S.A.S. (France) and Comvel GmbH (Germany) we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where component auditors performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether we had obtained sufficient appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component auditors in our audit scope. These instructions included amongst others our risk analysis, materiality and scope of the work. We explained to the component audit teams the structure of the Group, the main developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach.
We had individual calls with each of the in-scope component audit teams during the year, including upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, the reports of the component auditors, the findings of their procedures and other matters, which could be of relevance for the consolidated financial statements.
The group audit team visits the component teams and local management on a rotational basis.
In the current year, the group audit team visited the French component given the fact that this component was not visited in the previous years as part of our rotational visit schedule of components in group audit scope and reviewed selected working papers.

The group audit team performed the audit work on the group consolidation, financial statement disclosures and a number of complex items at the head office. These include, but are not limited to the implementation of IFRS 16, the impairment test of the indefinite life intangible assets, segmentation, , capitalisation of internal developments costs and the valuation thereof, tax accounting and the central audit procedures performed on the relevant IT systems.

By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the 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 identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we made on the results of our procedures should be read in this context.

The key audit matters 'Valuation of goodwill and trademarks' and 'Occurrence, accuracy and cut off of revenue from sales of travel and ancillary services' are similar in nature to the key audit matters we reported in previous year due to the nature of the company's business and its environment. The key audit matter 'Basis of preparation – impact of COVID-19 Virus has been added this year.

Key audit matter	Our audit work and observations
Valuation of goodwill and trademarks *(Notes 2, 19 and 20)* As at 31 December 2019, the Company's goodwill and trademarks with indefinite useful lives are valued at €61.2 million and €128.9 million respectively. The key assumptions and sensitivities are disclosed in notes, 2, 19 and 20 to the consolidated financial statements. We considered the valuation of goodwill and trademarks to be a key audit matter. The annual impairment test for goodwill and trademarks with indefinite useful life is significant to our audit because the book values are significant, the impairment test involves significant management judgement and is based on assumptions that are affected by expected future market and economic conditions. These include revenue growth, margin developments, the discount rates and perpetuity growth rates as well as the Group's continuous development. Management has estimated future cash flows and value in use for all cash generating units (CGUs); Online Travel Agency (OTA), Metasearch and Media. Management was supported by an external valuation expert. Based on the annual impairment test, including sensitivity tests, management concluded that no impairment of goodwill and trademarks with indefinite useful lives was necessary.	We evaluated management's policies and procedures to determine future cash flow forecasts, the process by which they were drawn up and we assessed design effectiveness of controls over the impairment process. Additionally, we evaluated the accuracy of previous years' assessment to consider whether the assessment included assumptions that, with hindsight, had been optimistic. We evaluated and challenged management's key cash flow assumptions such as long-term growth rates for revenue and EBITDA, discount rate and the perpetuity growth rate for the CGUs OTA, Metasearch and Media. Our audit procedures included: • Assessing the appropriateness of management's identification of the Company's CGUs based on management's reporting and organizational structure. • Evaluating the management's expert for his competence and capabilities and objectivity through assessment of his reputation, professional qualification and independence from lastminute.com. • A recalculation of the impairment calculation to determine the mathematical accuracy of management's calculations. • We evaluated, with the support of our valuation specialists, the appropriateness of the assumptions and the methodology used by management to prepare its cash flow forecasts. • We evaluated management's assumptions of long-term growth rates and discount rates, by comparing them with economic and industry forecasts, by assessing the cost of capital for the company and comparable organizations. • We compared management's expectations of revenue growth and EBITDA, included in the FY20 budget and the five-year plan included in the impairment model, against the latest board approved plans and management approved forecasts. We reviewed the forecasts for the CGUs by stress testing key assumptions, assessing the impact on the sensitivity analysis, and understanding the degree to which assumptions would need to move before an impairment would be triggered compared to a reasonable change in assumptions. • We assessed the reasonableness of the assumptions by comparing the sum of the future cash flow forecast of all CGUs to the market capitalisation.

Key audit matter	Our audit work and observations
	• Assessing the adequacy of the Company's disclosures regarding assumptions and sensitivities. Our procedures did not identify material exceptions and we considered management's key assumptions to be within a reasonable range of our own expectations within the context of our audit.
Occurrence, accuracy and cut off of revenue from sales of travel and ancillary services *(note 2 and note 7)* As of 31 December 2019, the Group recognized €323 million of revenue from sales of travel and ancillary services, which is 92% of total revenue. The revenue from sales of travel and ancillary services that the Group receives mainly comprises of commissions applied to clients based on contractual agreements from service providers and rebates on realised target volumes from service providers also based on contractual agreements. The volume of the transactions and counterparties that characterizes 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 significant misstatement of revenue. The revenue from sales of travel and ancillary services is recognized in the same period as the booking date of the customer and revenue recognition for cancellations is different depending on the type of travel and ancillary services. Based on the above, we consider the occurrence, accuracy and cut-off of revenue from sales of travel and ancillary services a key audit matter.	For the purpose of our audit and with assistance of our IT specialists, we performed centralized audit procedures on general IT controls with respect to the major operating systems, accounting systems and critical interfaces, which are relevant for appropriate revenue recognition and validity and accuracy of transactions captured. The audit procedures included testing of user access, data and change management. We evaluated the design, implementation and tested operating effectiveness of internal controls over revenue that are relevant to our audit. Our audit focussed on the application controls relating to interfaces between operating systems, accounting systems and cash in- and outflows. The testing of the operating effectiveness included the testing of system configuration for pricing, margin calculation and data completion. Additionally, we tested the reconciliation of revenue between operating system and the accounting system. We tested on a sample basis the accuracy and completeness of recording of revenue based on the underlying sale and purchase documentation, the calculation of commissions applied to clients based on contractual agreements, and the calculation and recognition of rebates from service providers based on contracts. For testing the occurrence of revenue transactions, we traced the revenue transactions to bank- and credit card payments on a sample basis. We tested on a sample basis the cut-off of revenue by selecting invoices before and after year-end and verified that the revenue was recorded in the same period as the booking date. Our procedures did not result in material findings with respect to the occurrence accuracy and cut-off of revenue.

Key audit matter	*Our audit work and observations*
Basis of preparation – impact of COVID-19 Virus *(note 2 and note 34)* The Director General of the World Health Organization declared the novel coronavirus, COVID-19, a global pandemic on 11 March 2020. As set out in note 2 and note 34 to the financial statements, following the declaration, management have updated their evaluation of the Group's ability to continue as a going concern to incorporate an assessment of the potential impact of COVID-19. This included an assessment of the expected disruption on both the travel and financial markets, and specifically the online travel business. While the impact of COVID-19 is uncertain, management performed scenario analyses and stress tests over their cash flow forecast to factor in the impact of a decline of bookings, and the Group has secured additional committed financing and implemented a variety of mitigating actions and contingency plans in response to the pandemic. Given the inherent uncertainty associated with the impact of COVID-19 on the Group, we consider this to be a key audit matter in relation to going concern and general disclosure.	In challenging management's assessment of the impact of COVID-19 on their business, our procedures included: • conducting enquiries with key members of management outside of the finance function, to understand the group's mitigating actions and contingency plans; • reviewing board reporting with regards to the expected business impact of the matter; • reviewing, with the help of specialists, management's scenario analyses and stress tests on the Group's future cash flow projections; • reviewing the related financial statement disclosures for consistency with the results of our procedures; • checking the mathematical accuracy of Management's cash flow forecasts and validated the opening cash position; • obtaining evidence over Management's underlying cash flow projections for the Group by agreeing data to other external and internal sources as necessary, including recent booking volumes and assessing the realistic probability of achieving cost reductions; • performed independent sensitivity analysis to assess the impact of changes in the key assumptions underlying the cash flow forecast such as slower recovery of the bookings, and the Group's ability to take mitigating actions; • obtaining evidence of additional committed financing, including evaluation of substance of conditional requirements and testing of debt covenants and cross-default clauses of existing credit lines. Based on the above, we concluded that no change was required in respect of management's conclusions on going concern. Based on the current facts and circumstances we believe that management's disclosures in relation to COVID-19 are appropriate, however, as management has disclosed, uncertainties remain in this evolving area and further risks may arise which may impact the Group's business.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' report;
- the corporate governance report;
- the compensation report; and
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is 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 in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our 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 such procedures was substantially 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 directors' report, the corporate governance report, the compensation report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of lastminute.com N.V. for the first time on 12 July 2017 by the board of directors following the passing of a resolution by the shareholders at the annual meeting held on 28 April 2017. Our appointment has been renewed by the shareholders on 8 May 2019, representing a total period of uninterrupted engagement appointment of three years.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors 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 responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 6 April 2020
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.G.J. Gerritsen RA

Appendix to our auditor's report on the financial statements 2019 of lastminute.com N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.
Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going-concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going-concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.