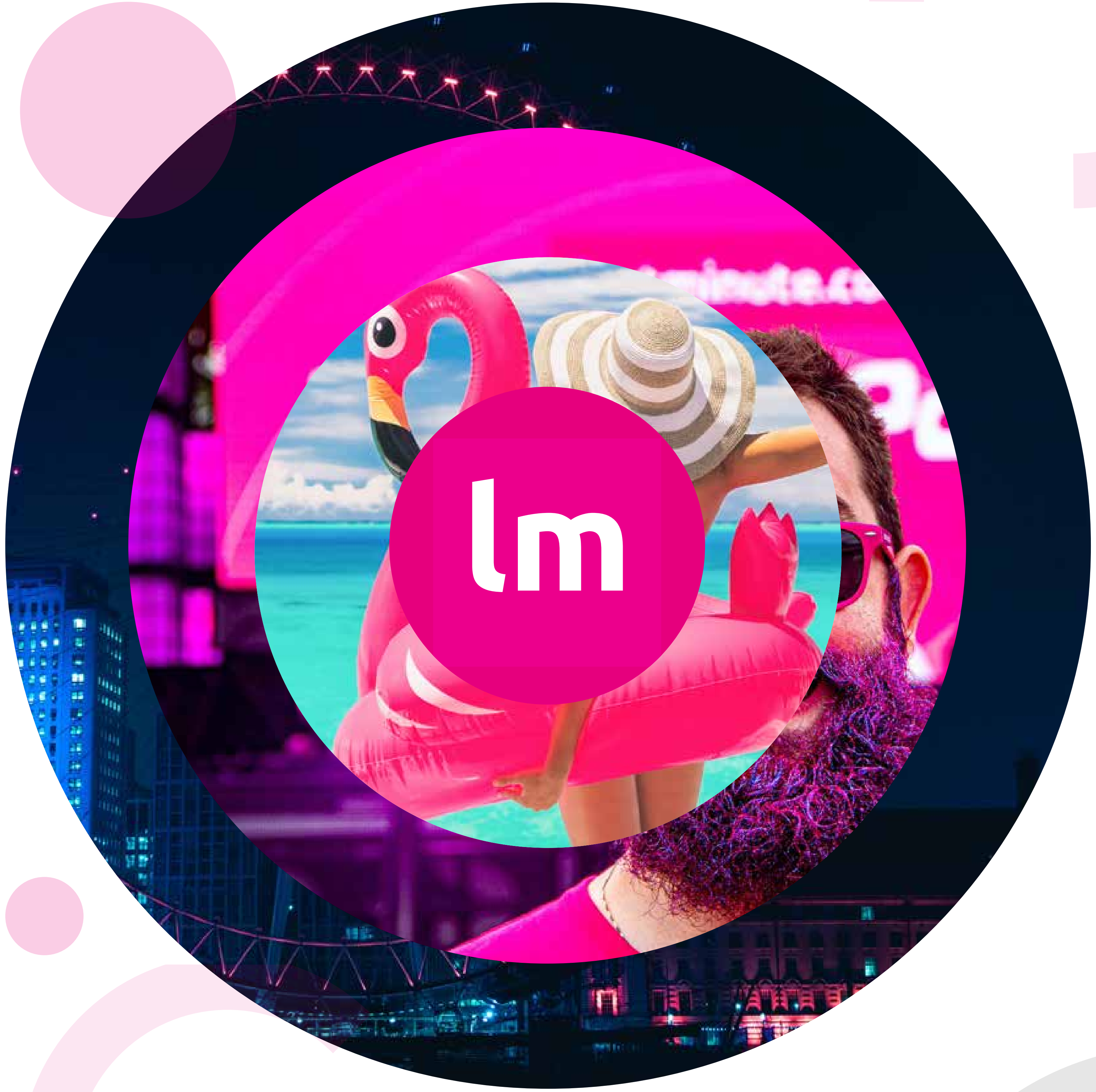
annualreport

2019

lm group

lastminute.com


WE LIVE FOR THE
HOLIDAYS
Hard Rock



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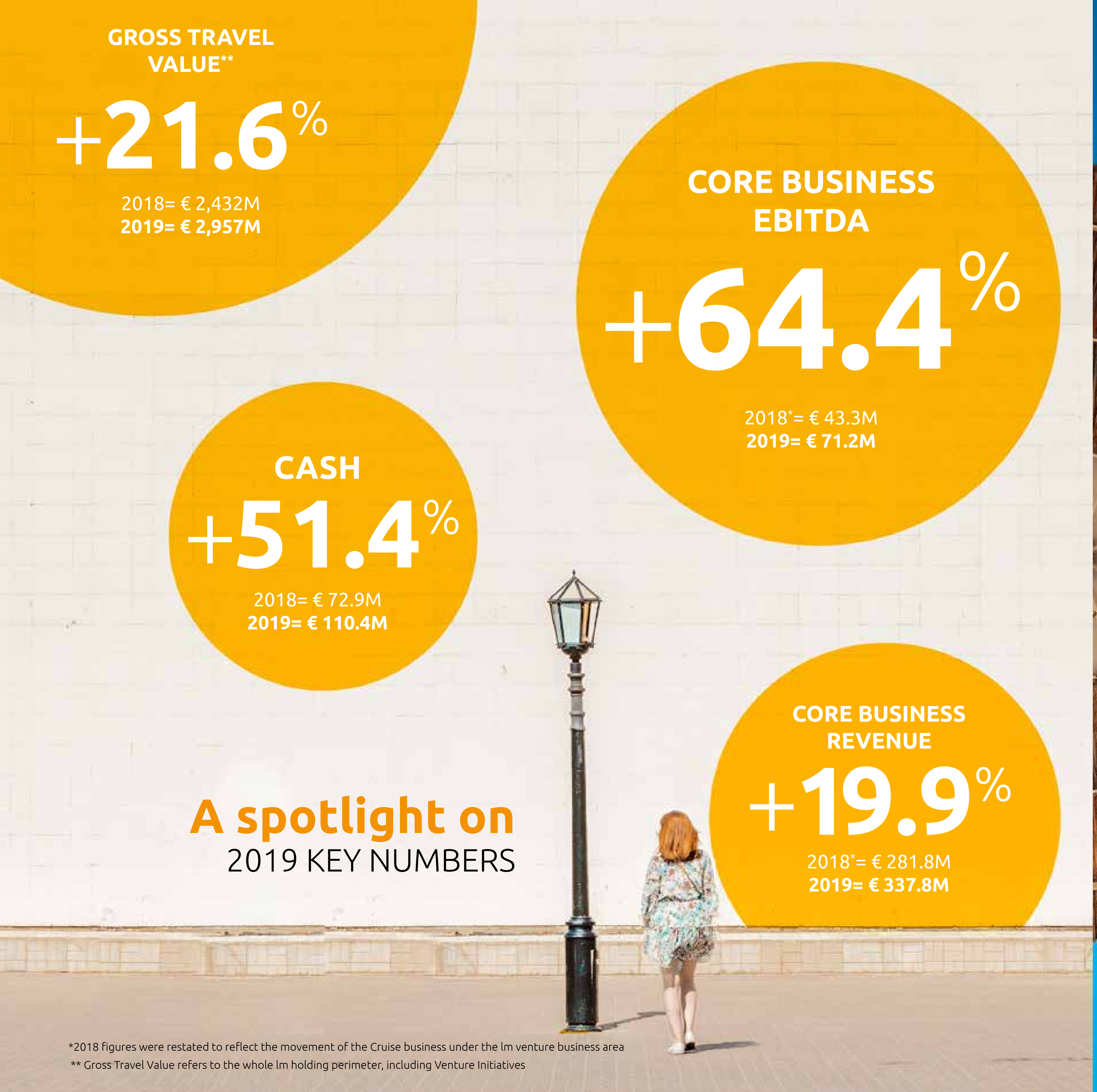
2019
A RECORD
BREAKER
FOR THE GROUP.
A LANDMARK YEAR
THAT SETS IN
MOTION THE NEXT
AMBITIOUS **CYCLE**
OF CHANGE

lastminute.com · volagratis · bravofly · rumbo · weg.de · JETCOST · hotelscan · fwd · crocierissime.it



GROSS TRAVEL VALUE**

+21.6%

2018= € 2,432M
2019= € 2,957M

CORE BUSINESS EBITDA

+64.4%

2018*= € 43.3M
2019= € 71.2M

CASH

+51.4%

2018= € 72.9M
2019= € 110.4M

CORE BUSINESS REVENUE

+19.9%

2018*= € 281.8M
2019= € 337.8M

A spotlight on
2019 KEY NUMBERS

*2018 figures were restated to reflect the movement of the Cruise business under the lm venture business area
** Gross Travel Value refers to the whole lm holding perimeter, including Venture Initiatives

Dynamic Holiday Packages
2019 PERFORMANCE

GROSS TRAVEL VALUE***

2018	557
2019	729

+30.9%

REVENUES***

2018	58.1
2019	83.8

+44.2%

REVENUES*** vs TOTAL OTA

2018	27.2%
2019	30.8%

+13.3%

*** Dynamic Holiday Packages only

Chairman’s letter

Dear stakeholders,

The world has been gripped by an extraordinary event in 2020, the Coronavirus (COVID-19), the full scale of which is still uncertain and will continue to have a huge and ongoing impact on the way we travel and society as a whole. We believe our business is resilient enough to endure this challenging period thanks to its agility and recent performance. Our priority is to support our customers during this difficult time and be ready to inspire them once again when the time is right. We’ll see the impact in our 2020 interim report.

Here we have our FY2019 report and can confirm it was a “landmark” year for the Group which saw us deliver another record year.

In the 2018 report we took you through the major transformation the Group had undertaken since the acquisition of lastminute.com in 2015. We explained the strategic decisions and tactical moves that would set the right path for evolution and translate our vision into reality. This led to strong performance and a 60% increase in EBITDA for the second year in a row. And further proof is here in this report, where we show among other key numbers, growth of 21% in GTV compared to 2018.

This is a huge achievement despite many external factors impacting the way the world travels, be it environmental, economic or political.
Europe has a €300bn travel market and remains a leader in the shift from offline to online holiday package bookings. 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’re 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 Group has the capabilities and management to address all of these challenges and believe there are opportunities to be had. We’re benefiting from the natural move from traditional Tour Operator holiday bookings to Dynamic Holiday Packages, our mobile traffic conversion is robust,and we have 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.

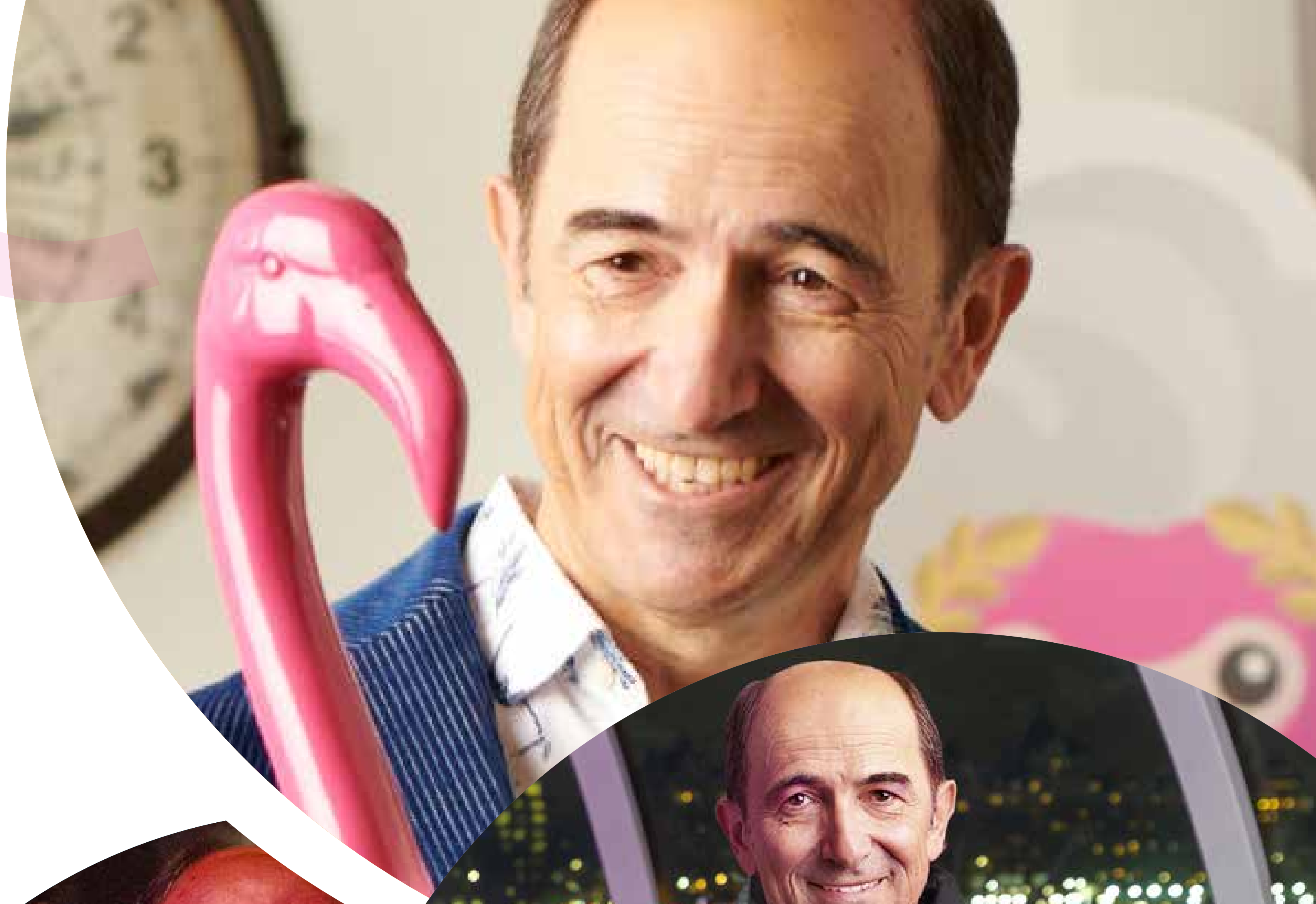
Alongside our major foothold in the UK, France, Germany, Spain and Italy we can look to take market share in other main European markets with digital expansion, such as the Nordics.

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

The holidays business is growing and we are 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.

Ottonel Popesco
Chairman of the Board of Directors



DYNAMIC

DEVELOPING A **DYNAMIC AND DIVERSE** PORTFOLIO FOR THE 21^{ST} CENTURY TRAVELLER

Board of directors and shareholders structure

Fabio Cannavale
Executive Director,
lm holding CEO

Marco Corradino
Executive Director,
lm group CEO

Non-Executive directors

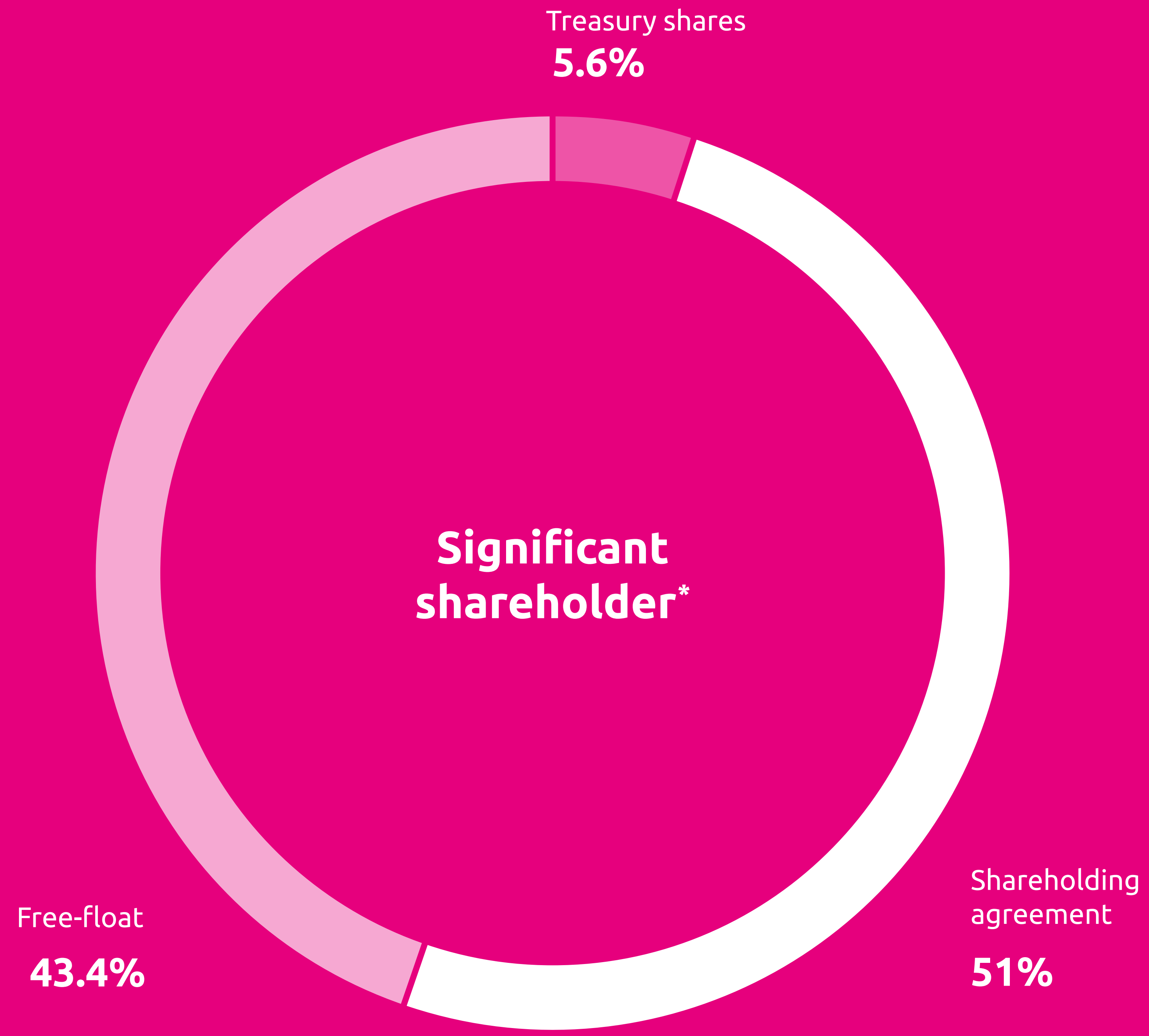
Ottonel Popesco
Non-executive Chairman
of the Board of Directors

Laurent Foata
Non-executive Director

Anna Gatti
Non-executive Director

Roberto Italia
Non-executive Director

Marcello Distaso
Non-executive Director



*Ownership structure as of 31/12/2019

Group's structure

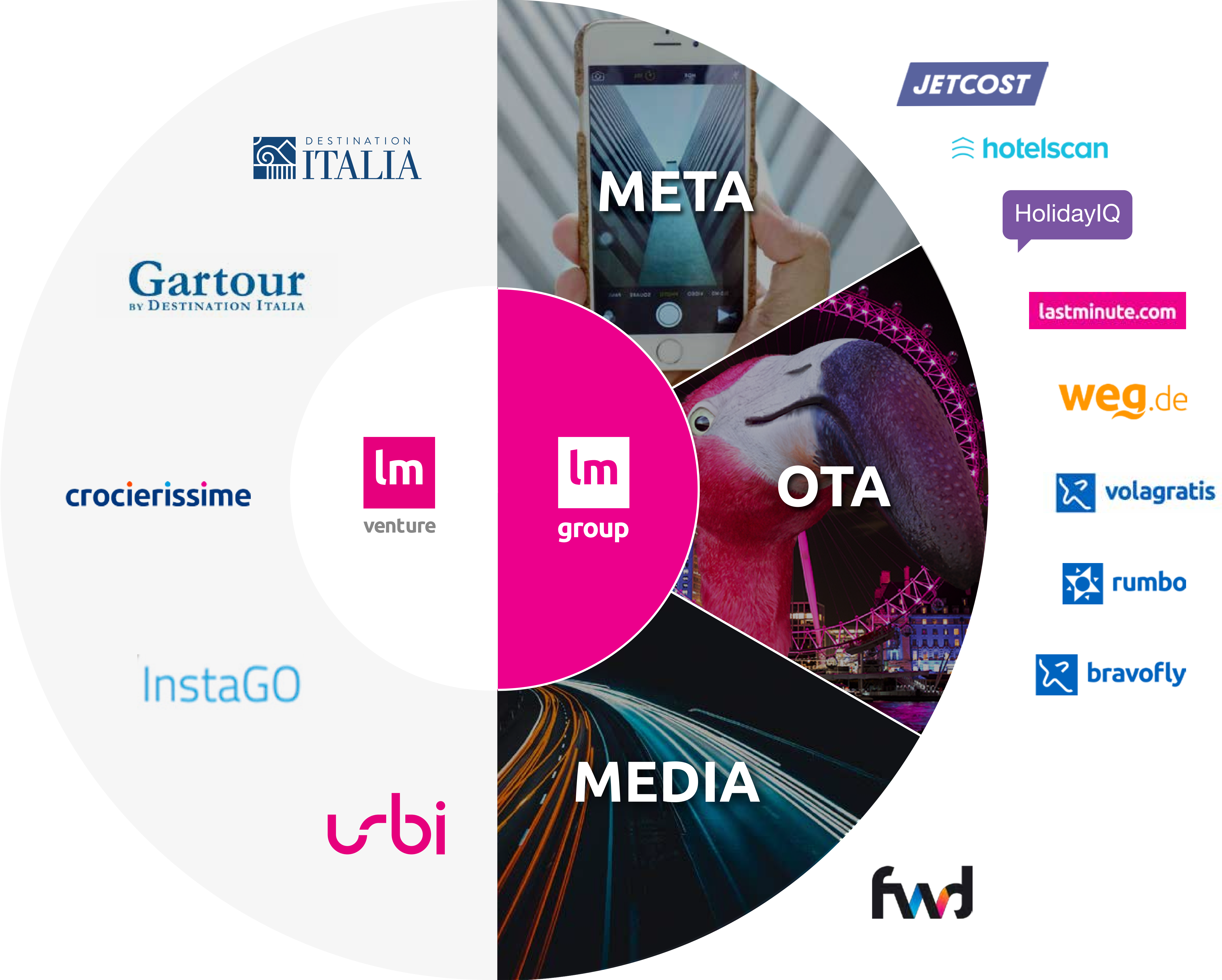
The Group is organised into two business areas (lm group and lm venture), consolidated under a holding, listed on SIX Swiss Exchange since 2014 and led by **Fabio Cannavale**, that provides corporate services.

lm holding

SIX Swiss Exchange

Dutch Holding Company* listed in Switzerland

lm group is led by **Marco Corradino** and represents our core business formed around our Online Travel Agency, our META business and our Media business. lm venture is the tool we use to scout interesting development opportunities in the wide arena of Travel Innovation.



* registered in The Netherland as lastminute.com N.V., listed under the ticker symbol LMN:SW

lm holding CEO's letter

Our 2019 annual report confirms another set of great results for the Group. Our landmark sponsorship of the lastminute.com London Eye, alongside our competitive Dynamic Holiday Packages product, is another example of a bold move that will further strengthen our strategy to become the leader in the online travel industry.

We achieved what we said we would following our launch on the SIX Swiss Exchange in 2014: creating a group with strong financial results, a clear mission, and a diverse base of assets. We can use the Groups fantastic results of another record year to launch into the next cycle of our evolution.

An entrepreneurial attitude, combined with our business capabilities, has set us on the path for incremental extraordinary growth through Mergers & Acquisitions (M&A) and brings us a step closer to our mission of being a relevant and inspiring travel company committed to enriching the lives of travellers.

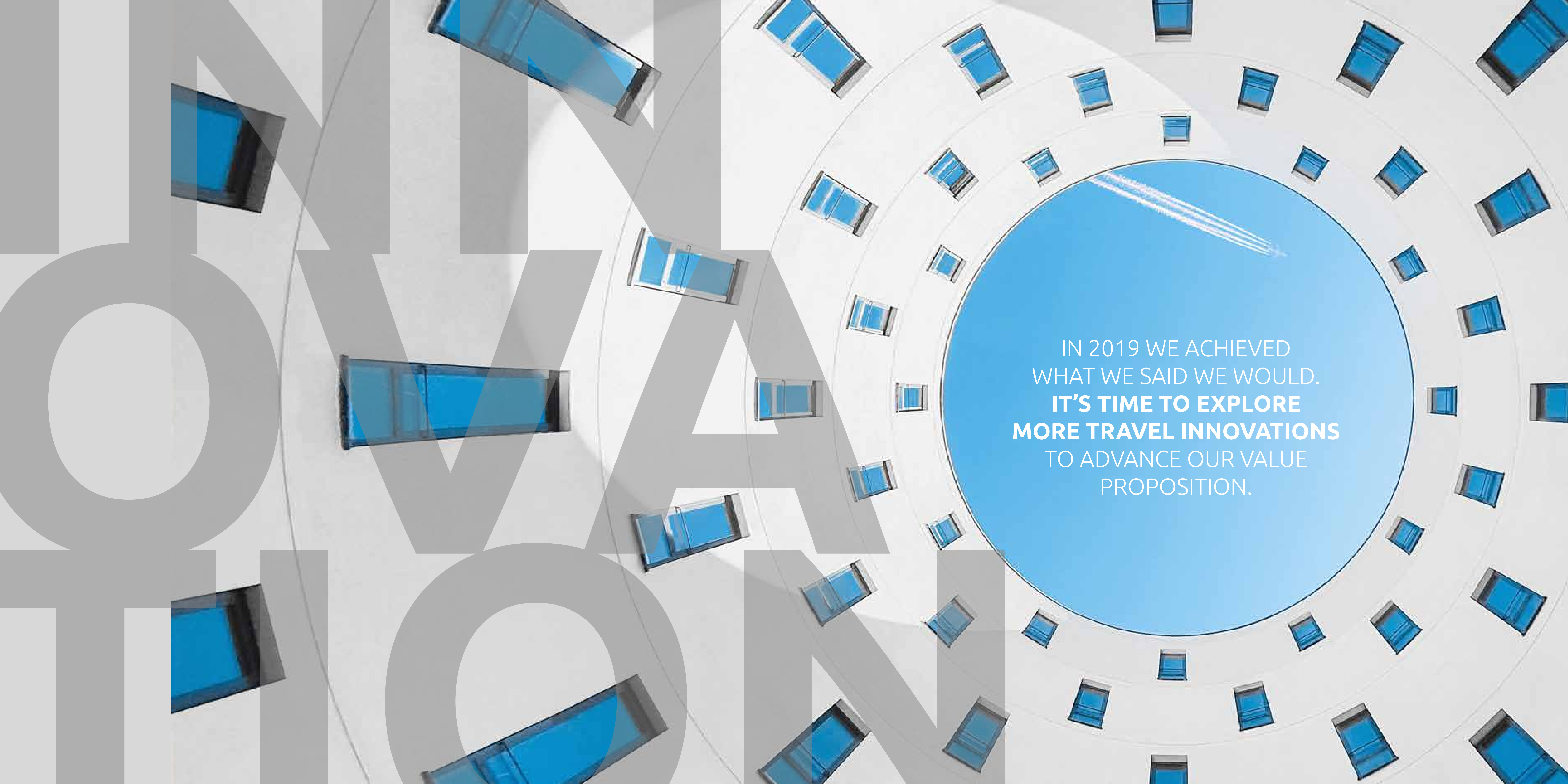
Financially we are robust, and by means of €110m cash available, we have the freedom to evaluate new and interesting investment opportunities that will provide a clear defense against market challenges. With our M&A know-how, we're able to quickly and successfully integrate new technology assets into the Group, further advancing its Product & Technology value proposition.

The changes in our operating model over the last years has meant a shift from being a flight centric transactional-oriented proposition, to a diversified holiday-driven offering built around three distinct business units, OTA, META, and Media. This was the right thing to do. Creating an efficient and productive organisation took time and by putting each building block in place one by one, we're now able to scale the business easily and plug and play new assets. Thus we can truly say we're a European leader in the online travel space.

The solid results of 2018 set the benchmark and the improvement of the Group's net earnings, that reached €23.9M (+184.5%) in 2019, almost three times as high as the €8.4M delivered in 2018. When outperforming the market YoY and gaining market share over our competitors, it's natural that the Group will attract the attention of investors looking to take part in a promising equity story.
We're in a unique position and always looking to continue the transformation of the business in the new decade through strategic opportunities.

Led by an experienced management team our people, who showed great commitment in driving the business forward, are an invaluable asset we can capitalise on as we scale the business and seek out further opportunities in the industry.

Fabio Cannavale
lm holding CEO



INNOVATION

IN 2019 WE ACHIEVED WHAT WE SAID WE WOULD. **IT'S TIME TO EXPLORE MORE TRAVEL INNOVATIONS** TO ADVANCE OUR VALUE PROPOSITION.

An entrepreneurial journey of organic and M&A growth

We always evaluate growth opportunities through extraordinary investments in the form of either small business initiatives as a plug-and-play tool to accelerate our innovation pattern, or medium to-large size deals to complement our offering and scale the business to generate further efficiency. This is the rationale behind all the acquisitions closed in the course of 2019, Qixxit, TripMyDream, iTraveller and HolidayIQ (January 2020).

2014 - IPO
Revenues: 145M

2015
lastminute.com

2016
wayn

2017
hotelscan

2018
weg.de

2018
Revenues*: 281.8M

2019
TRIPMYDREAM
Qixxit.

2019
Revenues:
337.8M

2020
HolidayIQ
iTraveller

lastminute.com
London Eye

On February 19th two iconic brands came together when we turned London pink when we launched our sponsored partnership of the **lastminute.com London Eye**

*2018 figures were restated to reflect the movement of Crocierissime under the lm venture business area

lm group CEO's letter

As a business and a brand, 2019 is an iconic year for us in terms of results and one that I'm personally very proud of. We've successfully delivered our five-year transformation plan and another record year for the Group.

This is thanks to our crystal-clear vision and the long-term planning that we put in place in 2014. We underwent a huge growth and transformational journey, building our company around our core OTA, Meta and Media businesses. We were thinking in the right way at the right moment, which culminated in us tripling the Group net earnings in 2019. We now have a resilient business model with high operational leverage, which gives us the capability to offset any slowdown or market challenges with a certain level of flexibility on the cost side.

Whilst the amazing results achieved this year can be attributed to a number of crucial factors, our best decision was to focus on our cutting edge Dynamic Package technology, and refining our destination scope to focus on a new segment for the Group - Sun and Beach. We have a competitive advantage as the only fully-licensed player, bonded to operate in all major EU countries. Dynamic Packaging is such a relevant and convenient way to book holidays we're now also attracting more of the traditional offline users who've discovered how easy it is to book their holidays online and save money. The holiday market is growing and we're above the curve.

In 2018, we developed a revolutionary and technologically advanced platform, that allows us to produce trillions of flight and hotel packages combinations, in real-time. This foresight and investment has gone on to create value not only to ourselves but to our customers.

Now we have a market-leading product that even powers the likes of Booking.com's package offering. We also revolutionized the way we sold flights to turn the category back into a driver for growth. It's now profitable once again, harking back to the golden era ten years ago.

2019 was the most challenging year yet for the metasearch industry and we made a great effort to face these head on in our META proposition. Our advanced marketing technology platform and business capability allowed us to offset negative effects and we took the opportunity to reorganise the business model to future-proof META and ensure it continues to be sustainable in the long-run.

Forward, our Media proposition, saw the benefit of a complete reorganization and rebranding after making acquisitions that rounded out it's offering. By leveraging this and a productive collaboration amongst the other business units in the Group, we saw this area of the business record a profitable first year.

Through the acquisition of HolidayIQ, we've started to create an engaged community of travellers by activating a conversation strategy with our customers. The concept of personalising experiences and making our products more exciting for our customers is our long-term aim and something our competitors are not doing.

The lastminute.com London Eye is one of the most iconic landmarks in the world, and the inspiration to achieve our goal of becoming a lovemark brand. It is the ultimate "out of home" advertising platform, which we've amplified even further by including complimentary tickets into our DP flight and hotel bookings from Europe.

To achieve all this, the cultural transformation inside the company has been huge. The commitment, passion and 'pink spirit' our people have shown whilst the business evolved to become a holiday provider has been amazing. By uniting our people from around the world with our values and vision, and effectively collaborating to achieve this goal, energised everyone in the group. This was showcased in Ibiza at our first flagship festival featuring the whole company. In the past we had to fix the organisation, now we have the means and the people to deliver even more success.

At the time of the publication of this report, we are amidst a period of huge uncertainty due to the coronavirus outbreak. Today, our first priority is to help our customers manage their travel arrangements in the most effective way. We are protecting our employees and we are taking all appropriate precautions to keep them and their families safe.

Throughout the years we have faced the impact of extraordinary events, like terrorist attacks, the Iceland volcano eruption, the financial crisis and other virus outbreaks. We always bounced back stronger than before. Travel is the world's largest industry and its fundamentals are very solid. It is one of the most dynamic sectors on the planet and the willingness to travel is one of the most resilient attitudes of the human being. Despite a short-term impact on our performance then, we are optimistic about the recovery and the return to our structural pace of growth.

We will continue to exploit the full potential of our three businesses and our people to be changemakers in the travel space over the next 10 years.

Marco Corradino
lm group CEO

EXPLORING

WE TRULY ARE A **BUSINESS THAT EXPLORES** HOW TECHNOLOGY CAN CHANGE THE WAY PEOPLE THINK ABOUT HOLIDAYS. THE HOLIDAY MARKET IS GROWING AND **WE ARE ABOVE THE CURVE**

CFO's letter

As you know 2018 was already a record year thanks to our strong commitment in order to fulfill our transformation following both a radical and incremental approach. In 2019 we were able - for the second time in a row - to register even more tremendous growth in terms of profitability with the Core Business EBITDA climbing more than 60% from €43.3M to €71.2M and almost tripled in two years.

In terms of revenues, the group generated €337.8M in its Core Business, up 19.9% compared to 2018 and almost 20M ahead of the financial guidance.

This robust result was possible thanks to the successful implementation of our repurposed business model, to the efficiencies we were able to generate on the marketing machine and most importantly to our capability to maintain the cost base with revenues growing. This means we were able to transform our revenue growth into profit growth, which is a huge achievement after the already very positive results reached in 2018.

In 2019, the OTA business further strengthened its role as key contributor with Dynamic packaging driving the growth (+44.2% vs. 2018) and significantly outperforming market benchmarks. This was possible thanks to the Group's leading position in this growing market, where the real time bundling technology for Dynamic Holiday Packages has become the most valuable and smartest product for customers who are shifting their preference from traditional offline TO packages towards a digital, more flexible and fuss-free holidays solution.

At the same time, after suffering for a few years, the Flights category started to take off again since the last quarter of 2018 running at a very fast pace with a revenue increase of 34.9% vs last year clearly outpacing the average market growth and meaning a significant gain of share of voice across all main countries in Europe.
One of the key triggers of such a tremendous performance of this segment was the ability to revolutionise the way we sell flights thanks to a sophisticated pricing strategy which allows us to be very competitive on metasearch channels.

On the flight META business (Jetcost) which is competing in a more and more competitive market, we were able to sustain profitability by working on efficiencies (26.6% Core Business EBITDA margin in 2019 vs 23.7% last year) and despite a slowdown in revenues mainly caused by new SEO rules introduced by Google. Our Hotel metasearch business (Hotelscan) has performed very well growing 30% from last year (Revenue increased to €7.0M from €5.5M).

The group's media business (Forward) has been reorganized over the last years serving our properties with programmatic advertising and third party partners with a comprehensive wallet of services and is now seeing the positive results after the launch of new initiatives in 2019 with a growth rate of 22% compared to 2018.
We closed 2019 with €110M cash available, 51.4% more than in 2018, generating a free cash flow from operations of approx €62mln .

The acquisitions closed in the course of 2019 and beginning of 2020 (Madfish, Qixxit, TripMyDream, iTraveller and HolidayIQ), targeted to enhance our capabilities, haven't had a material impact on our P&L nor the Balance Sheet. They were very small in terms of size and configured as startups that have been immediately integrated into the Media and OTA models. The last one in particular 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.

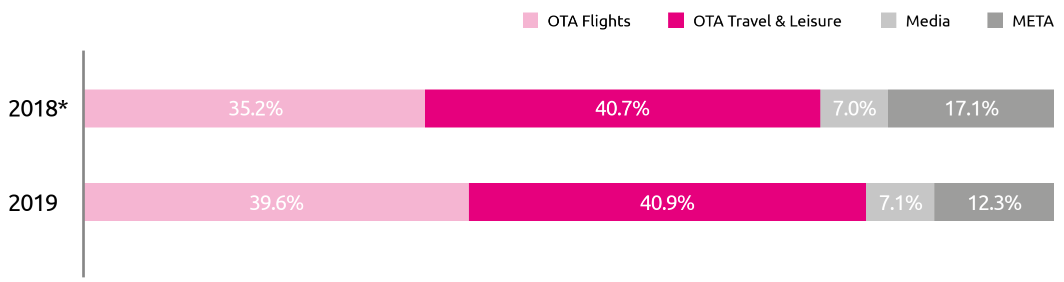
In the recent days, specifically from the second half of February, the Company registered a decrease in demand for flight bookings and hotel reservation, due to the increase of reported cases of COVID-19. This caused a slowdown in revenue generation, offset by a proportional reduction of variable costs 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. 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.

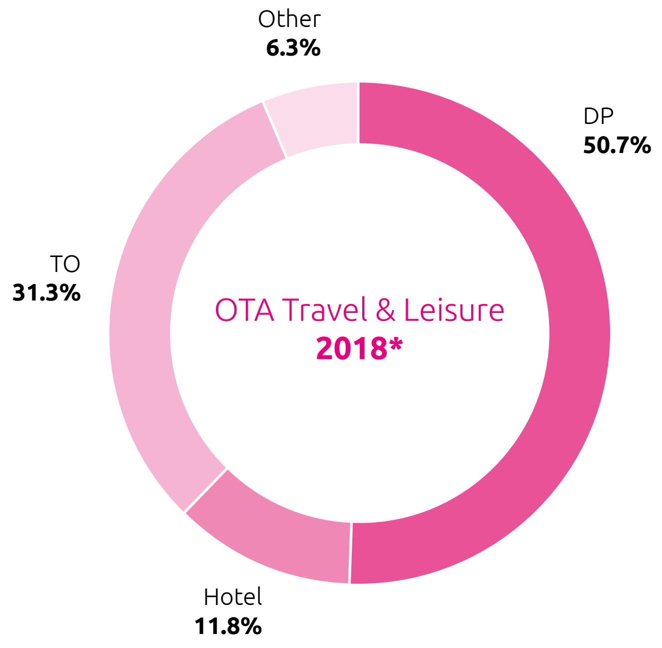
Sergio Signoretti
CFO

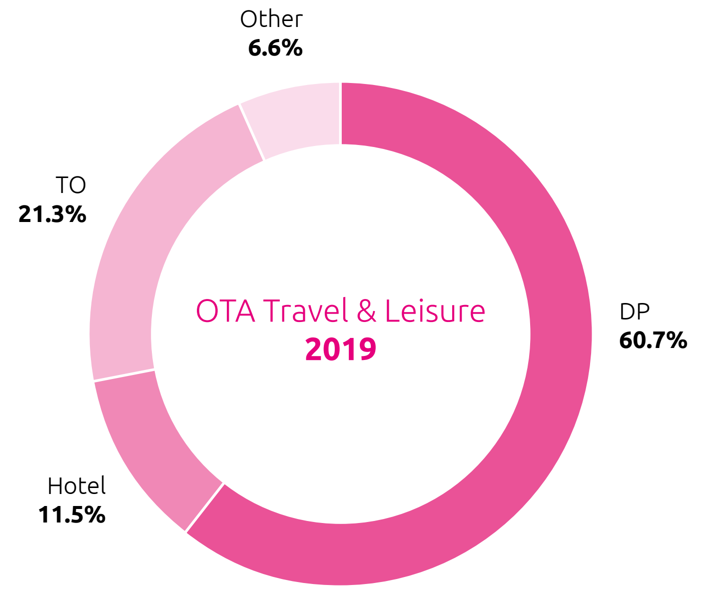
OUR **ROBUST RESULTS** AND **EFFICIENCIES** PROVIDE THE GROUP WITH A STRONG PLATFORM **TO FURTHER EVOLVE AND SCALE** THE BUSINESS

Revenues by product and geography

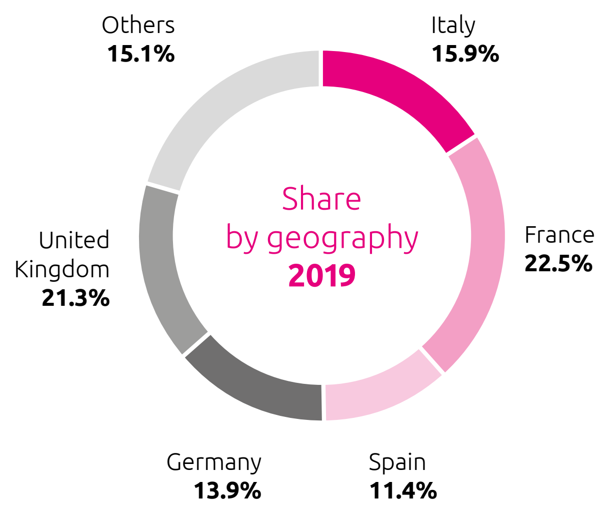


	Core Business Revenue	Venture Initiatives and Other Revenue	Total Revenue
2018*	€ 281.8M	8.7M	€ 290.5M
2019	€ 337.8M	11.2M	€ 349M

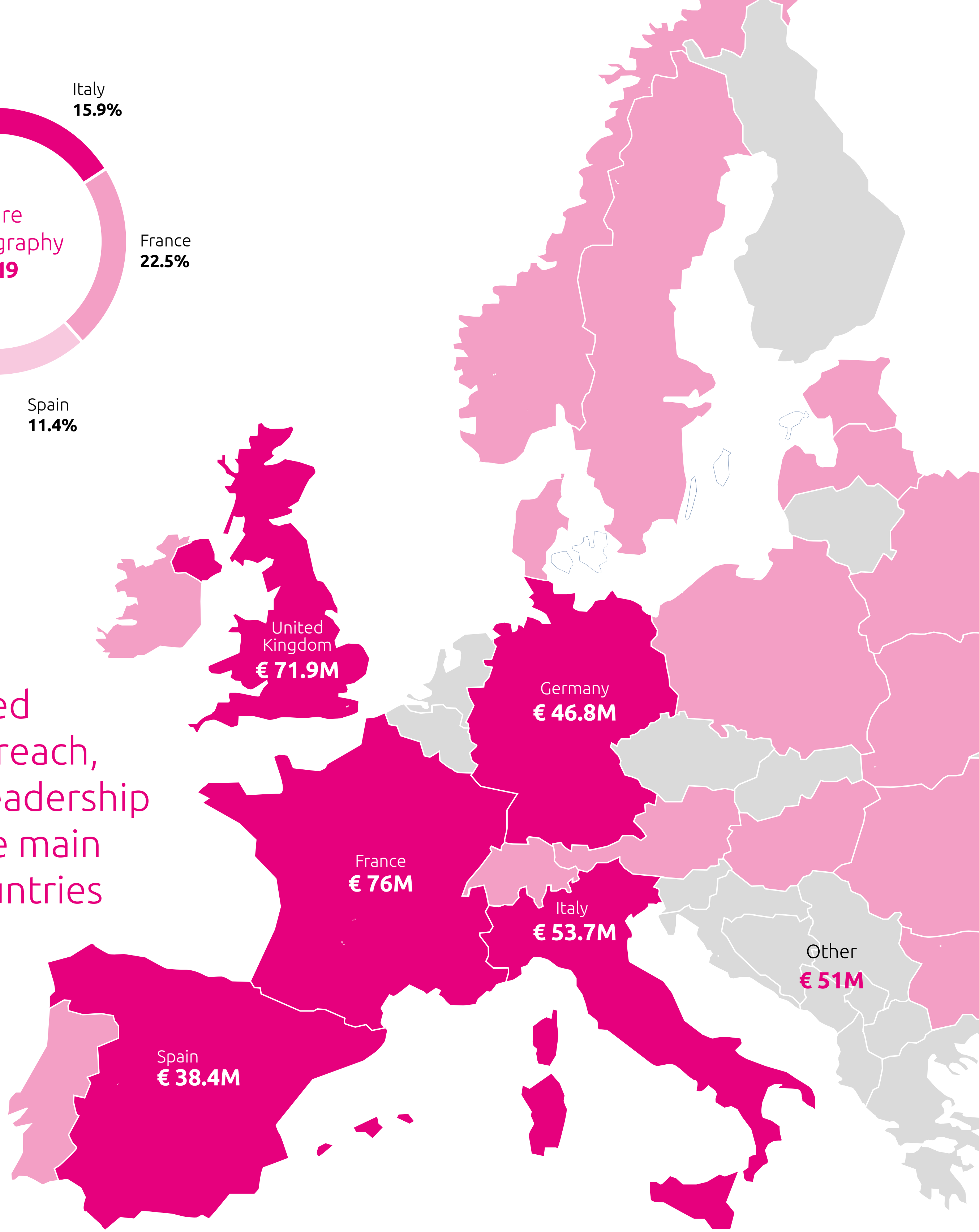




(*) : 2018 figures have been restated carving out the Cruise business from Core business EBITDA



A well balanced geographical reach, backed by a leadership position in the main European Countries



Business KPIs

An impressive improvement driven by organic growth

Both Gross Travel Value and bookings have been growing, as a result of a strong organic performance driven by Dynamic Holiday Packages and Flights.

	2019	2018	Delta %
GTV (€M)	2,880	2,357*	22.2%
Bookings (thousands)	5,246	4,503	16.5%
Average ticket value - GTV/Booking (€)	549	523	4.9%

(*) : 2018 figures have been restated carving out the Cruise business from Core business EBITDA

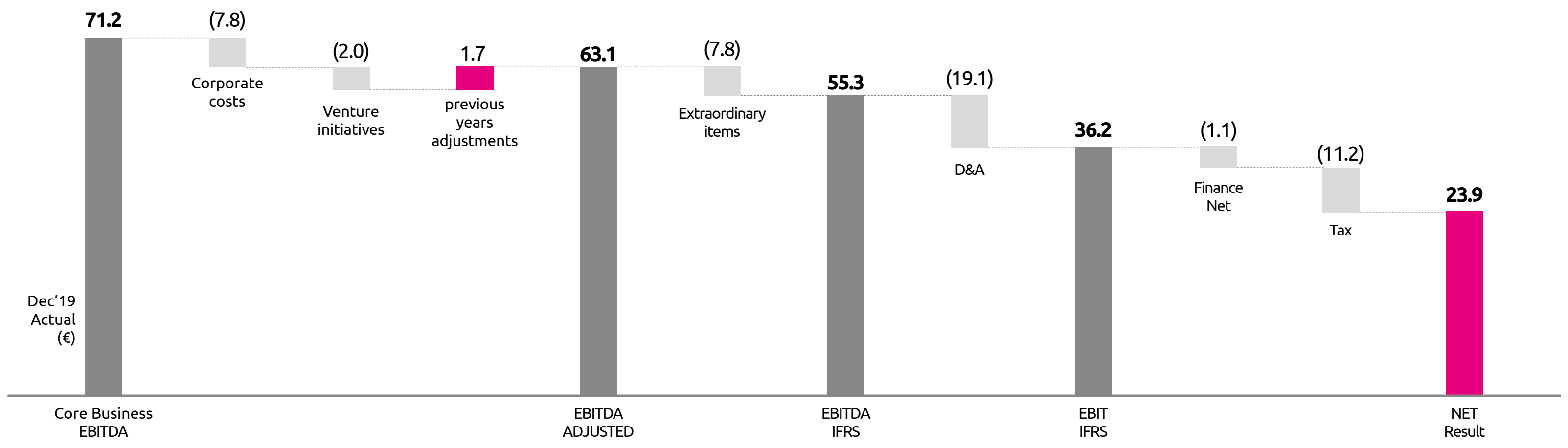
Revenues were fuelled by the strong performance of the Dynamic Package business, by flights revenues driven by META channel and Media's new business proposition which includes the acquisition of Madfish.

	2019	2018	Delta %
Total Group Revenue	**349**	**290.5**	20.1%
LM Venture	(10.0)	(7.2)	38.9%
Non-recurring Business Revenue	(1.2)	(1.5)	-20%
Core Business Revenue	**337.8**	**281.8**	**19.9%**

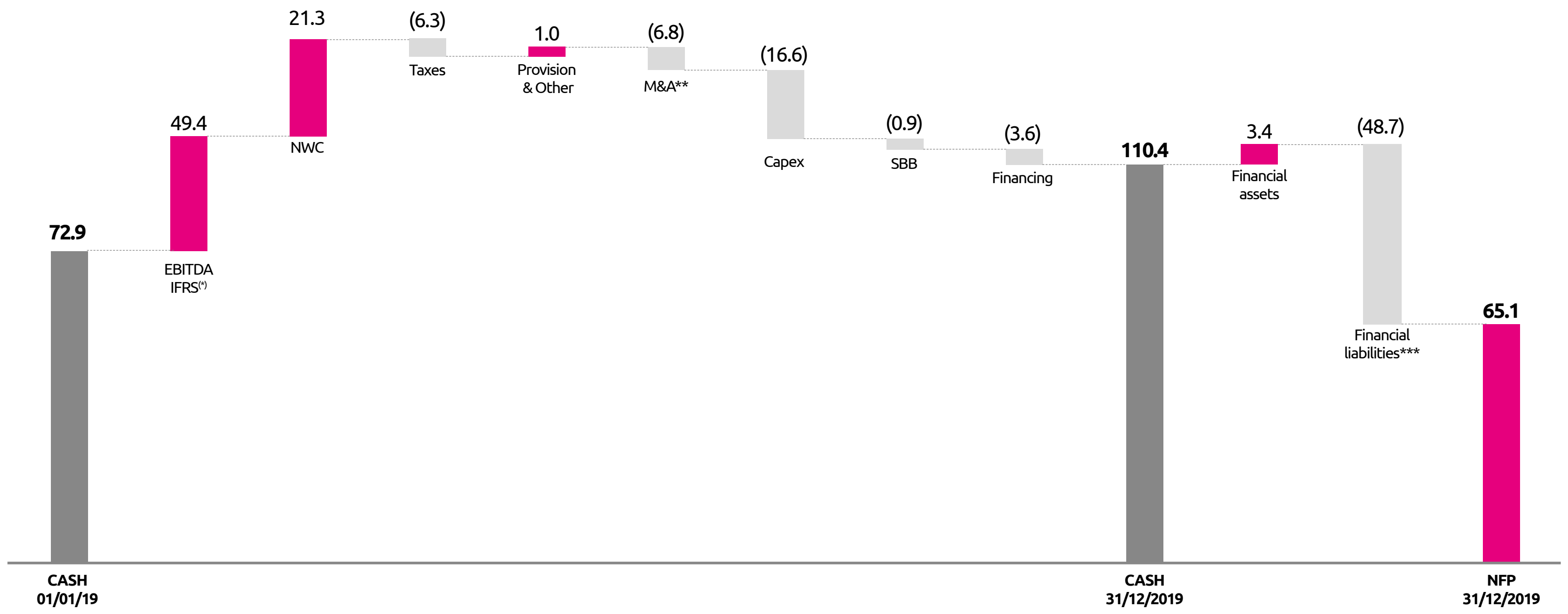
A tremendous efficiency has been generated at EBITDA level thanks to lower impact of brand marketing investments, a more efficient spending in digital marketing and a less than proportional growth of other costs compared to Revenue increase.

	2019	2018	Delta %
Performance mktg	(122.6)	(103.8)	18.1%
Brand mktg	(7.1)	(12.6)	-43.7%
Other costs	(136.9)	(122.1)	12.1%
Business EBITDA	**71.2**	**43.3**	**64.4%**

Net Income at € 23.9M, tripled vs 2018



Cash of € 110.4M at 31 December 2019 (+€ 37.5M vs 2018)



Cash generation in 2019 is €37.5M mainly driven by EBITDA and working capital increase
(*) EBITDA IFRS net of IFRS 16 effect
(**) M&A amount is net of cash acquired
(***) Financial liabilities include -€13.1M of IFRS 16 effect.

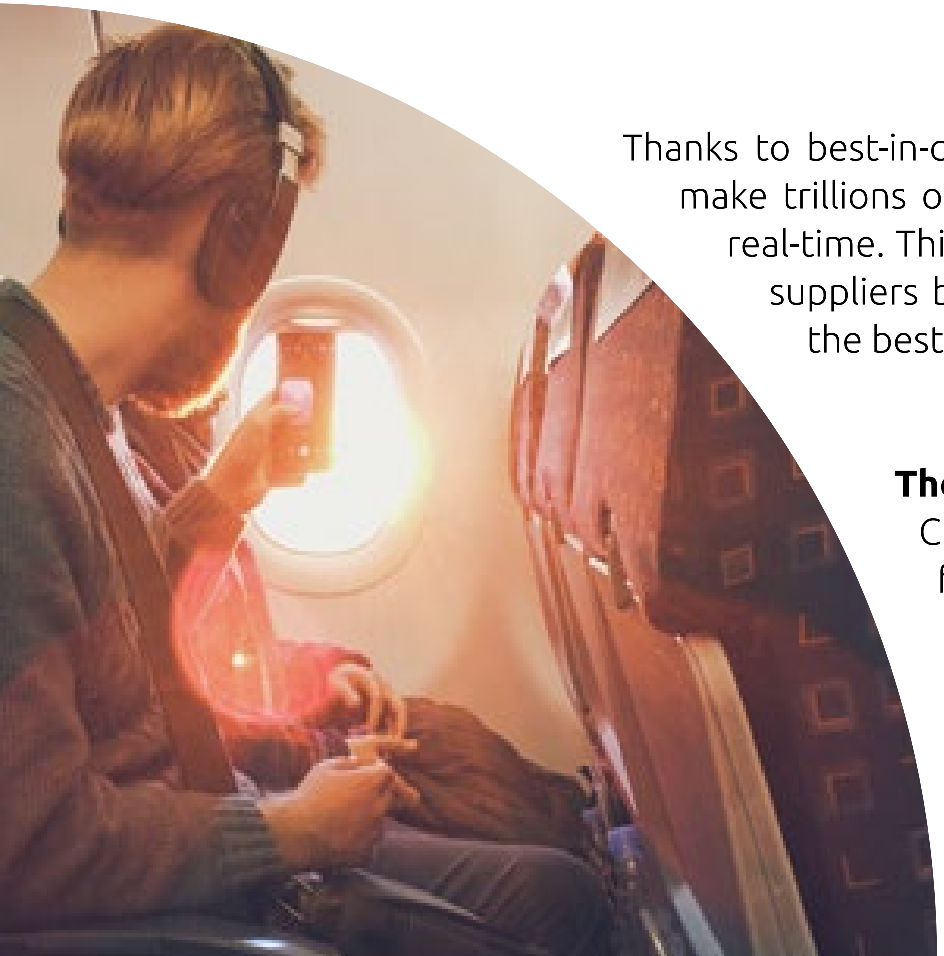
Shining a pink spotlight on...

Dynamic Holiday Packages

How technology changed the way people think about holidays

lastminute.com's big success story over the past few years has been the dynamic package. **We managed to make simple,** the practice of **packaging together flights and accommodation.**

Since 2014,
Dynamic Holiday Packages revenues has grown by over 14-fold



Thanks to best-in-class technology, our advanced platform can make trillions of flight and hotel packages combinations, in real-time. This has created value not only to ourselves and suppliers but for our customers, giving them access to the best possible deals with just the click of a button.

The booking together phenomenon

Customers appreciate the breadth and flexibility of DPs offering compared to that of the traditional tour operator model. In a fast-moving world, the financial guarantees and peace of mind, along with simplicity of booking and great deals make this a game-changing service.

Why airlines and hoteliers love it

DP has solved the price parity dilemma in the industry created by the need for price transparency in the internet age where a comparison is easy.

Through DP suppliers can optimise revenues and yield, leveraging the opaque nature of the channel, discounting as needed without jeopardising direct sales and price integrity.

Relationships are crucial

Through bespoke partnerships, bed banks and relationships with hoteliers cultivated over 20 years, customers can take their pick from over 1million properties across the globe.

Add this to our ability to package flights in the form of low cost carriers as well as GDS airlines, with whom we have the relationships to negotiate exclusive fares, and you get a winning combination. And our partnership with booking.com in Europe has further driven success in this sector.

"We have the talent, relationships and technology to push Dynamic Holiday Packages, and the company, into an exciting future"

Andrea Bertoli - Chief Operating Officer

"The depth of our relationships married with our unique level of account management, means that we can manoeuvre quickly and with maximum benefit. Then combined with our technology we're genuinely able to directly deliver maximum quality DP deals straight to the customer, at exactly the right moment, in the exact destination they seek"

Martin Kleinman - Hotel Partnerships Director

Customers can take their pick from **over 1million properties** across the globe.

Destination Pink

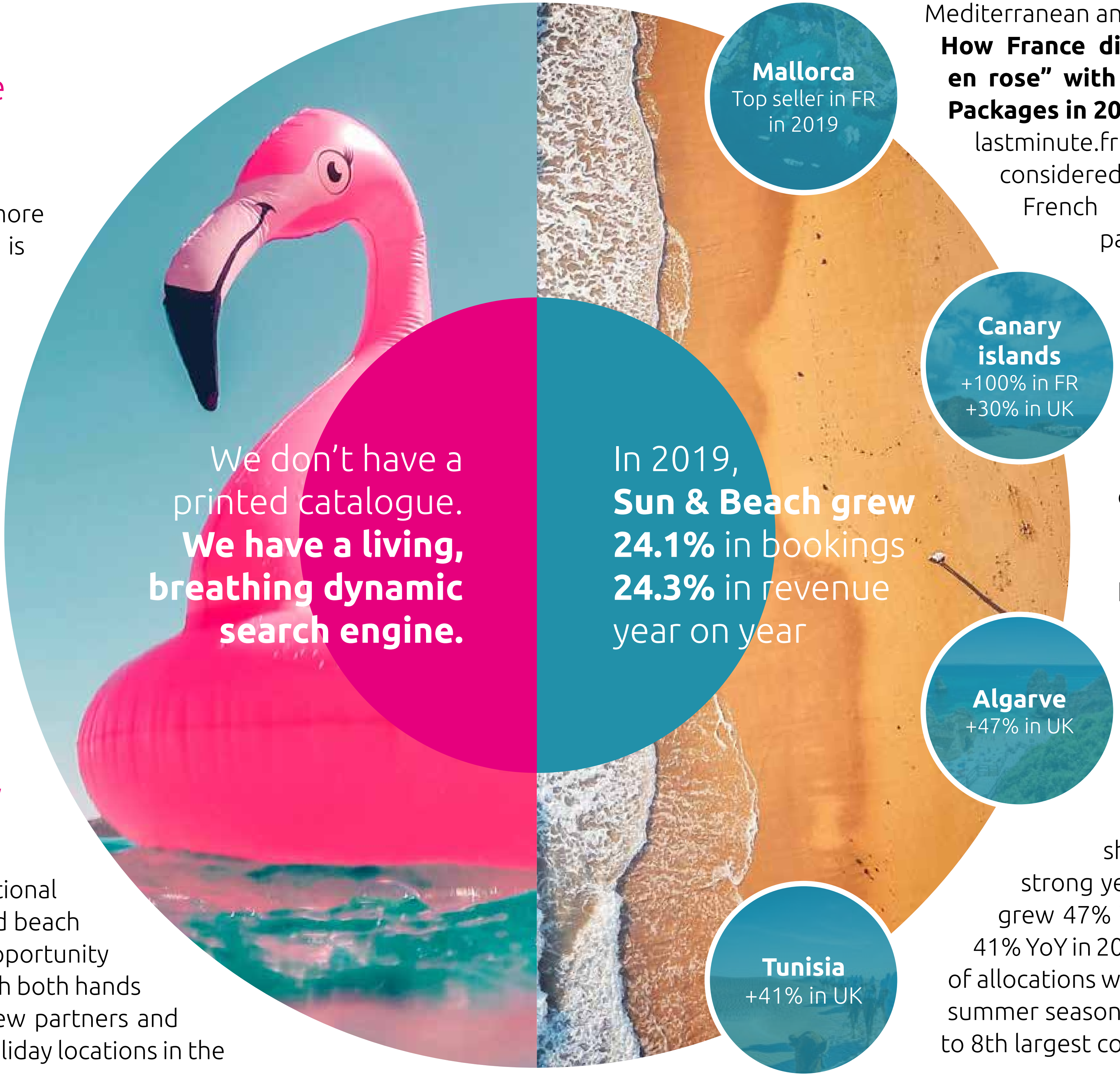
How Sun & Beach snared market share

The holidays business is growing and we are growing more than the market. The global online travel industry is worth €600bn (with €300bn in Europe alone).

Traditional tour operators, with their defined chartered flights and accommodation allocations revealed in a glossy annual catalogue, are coming under increasing pressure.

Dynamic Holiday Packages (DP) don't have that problem - if there is a flight there and a place to stay, DP can take you anywhere in the world. Whether that's a tiny island or a major tourist hotspot.

We don't have to print a catalogue at the beginning of the season with a limited set of curated offers - we have a living, breathing dynamic search engine that offers flexibility never seen before by travellers.



With this pressure on traditional tour operators, the sun and beach market became a huge opportunity and one we grabbed with both hands - giving us access to new partners and customers in crucial holiday locations in the Mediterranean and further afield.

How France discovered "la vie en rose" with Dynamic Holiday Packages in 2019

lastminute.fr has always been considered a key player in the French market as a holiday packages reseller. Traditionally we sold holidays through French TOs, but since 2019 we've seen strong growth in DP. In 2019 Mallorca became the top-selling destination for DP in the French market, overtaking all the big European cities.

A key example of the shift from TO sales to digital DP is the Canary islands. The destination has grown more than 100% in revenues in 2019 vs. the previous year via DP. But it's long-haul sun & beach where France leads the group, growing this segment in 2019 more than 50% YoY.

UK - Dynamic Holiday Packages continues to make our customers "pink"

In 2019, Sun & Beach grew 24.1% in bookings and 24.3% in revenue YoY, closing the gap on city breaks and thus increasing sun & beach market share. Like France, The Canary Islands had a very strong year in 2019, growing 30% overall YoY. The Algarve grew 47% YoY in 2019 along with Tunisia which went up by 41% YoY in 2019. The growth was supported by our commitment of allocations with Tunisair, with weekly flights from London in the summer season. And Greece grew by 22% YoY, moving from 11th to 8th largest country for DP travel.

India - Our treasure trove of technology

We're always on the lookout for new interesting opportunities to grow our business. We scout potential development options in the wide arena of travel innovation selecting initiatives depending on their nature and the concrete opportunity to generate synergies with the Core Business.

This is part of our open innovation approach in order to combine the international scale of the group with the agility, the knowledge and the disruptive energy of digital and tech external partners/start-ups. This way we incorporate technology and know-how into our core business as we strongly believe it can contribute to our growth trajectory and the fulfilment of our mission.

India had a key role to address our purpose to drive growth both via the integration of capabilities that could boost at the same time our OTA and META value proposition, as in the case of HolidayIQ, and via geographical expansion thanks to iTraveller.

Through the acquisition of **HolidayIQ**, the largest online traveller community in India connecting travellers to each other and to hoteliers, tour operators and online travel agents, we have already started leveraging the platform's ability to produce strong inspirational user-generated content for our European customers and enhance our current content marketing activities.
Being able to create an engaged community of travellers by activating a new conversation strategy with our customers, can enable us to enrich our offering during inspirational phase and leverage on the wide Indian community to generate traffic for meta. We also wanted to explore opportunities to develop the presence of the group in a fast-growing market like India, leveraging on a strong local brand.

The Asian market is interesting because the region is expected to grow the most with the Indian travel market alone expected to grow at 11-11.5% to $48 Billion.

When it comes to outbound travel, there are 30 million Indians who travel outside the country for leisure and this number is growing at 20% annually.

iTraveller

iTraveller was the perfect match to address this big opportunity being a holiday platform able to power the Indian travel market with our brand with the aim to boost outbound India long haul trips to Europe and South-East Asia.

Since Indian travellers are adopting online travel booking at a pace that's faster than the global average we want to provide them with a flexible travel itinerary creation and booking platform powered by a strong offline sales and support team. It is an ambitious step towards automating the trip value chain, intending to provide the same seamless experience in planning and booking holidays, as that of flights, hotels and trains.

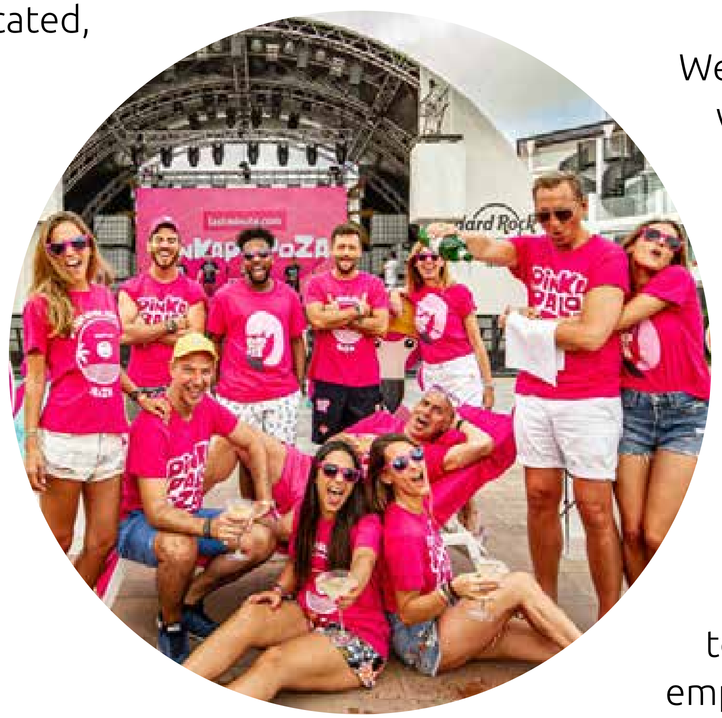

TURNING LONDON PINK
lastminute.com
London Eye
In 2020 lastminute.com became the main sponsor of the iconic London Eye
4M visitors per year
30% domestic | 36% other EU countries
30M passersby
all year around
92% awareness
for all inbound visitors
#1 paid attraction
20th anniversary
in 2020

The pink people behind the results

The culture shift to success

The transformation of the lm group was centred around our business, brands, and most importantly our people. To radically change how our organisation worked, and put the customer at the heart of everything we do, took a seismic cultural shift. We put in place a people focused strategy, fuelled by key engagement drivers, and empowered our dedicated, talented, and passionate "pink family" to execute the plans we created together.

A culture strategy designed by our people.
It was fundamental to talk to our people and seek feedback when asking for their best efforts in delivering the plans and vision set out by our leadership. We do this through multiple touchpoints from regular 1-2-1 check ins to company-wide pulse-check engagement surveys.
This data allows us gage how people are feeling and prioritise what actions could be taken to retain our best talent and what makes this a great place to work. Our efforts were then focused on initiatives that further improved career progression, training and development opportunities, and re-defining our employer brand narrative to better explain why people love working here.



Digitalised learning and enhancing expertise
The access to learning and development makes a difference not just to where you work, but how you work to drive business performance.

DISCOVERY Plug in your talent

11 locations

55 countries

8322 training hours delivered

We revolutionised the way we provide learning programmes to our employees through a compelling elearning digital platform (Discovery) and designing bespoke content in-house or via specialist agencies.

Implementing technical (Continuous learning), managerial (+Academy) and specialist learning programmes that support the group culture. Hosting and encouraging our people to speak at tech conferences allowed us to showcase our areas of expertise around the world.

We identified key managers and leaders within the business who not only lead the way with their expertise but manage others to fulfil their potential. New performance management processes and tools implemented help define a path of growth and will improve the quality of our people.

And we introduced new schemes to be sure diversity, inclusion and employee wellbeing were at the top of management's minds.

PLUS ACADEMY +

Smarter. Faster. Sharper.

PLUG INTO THE CULTURE

LEARN TO INSPIRE

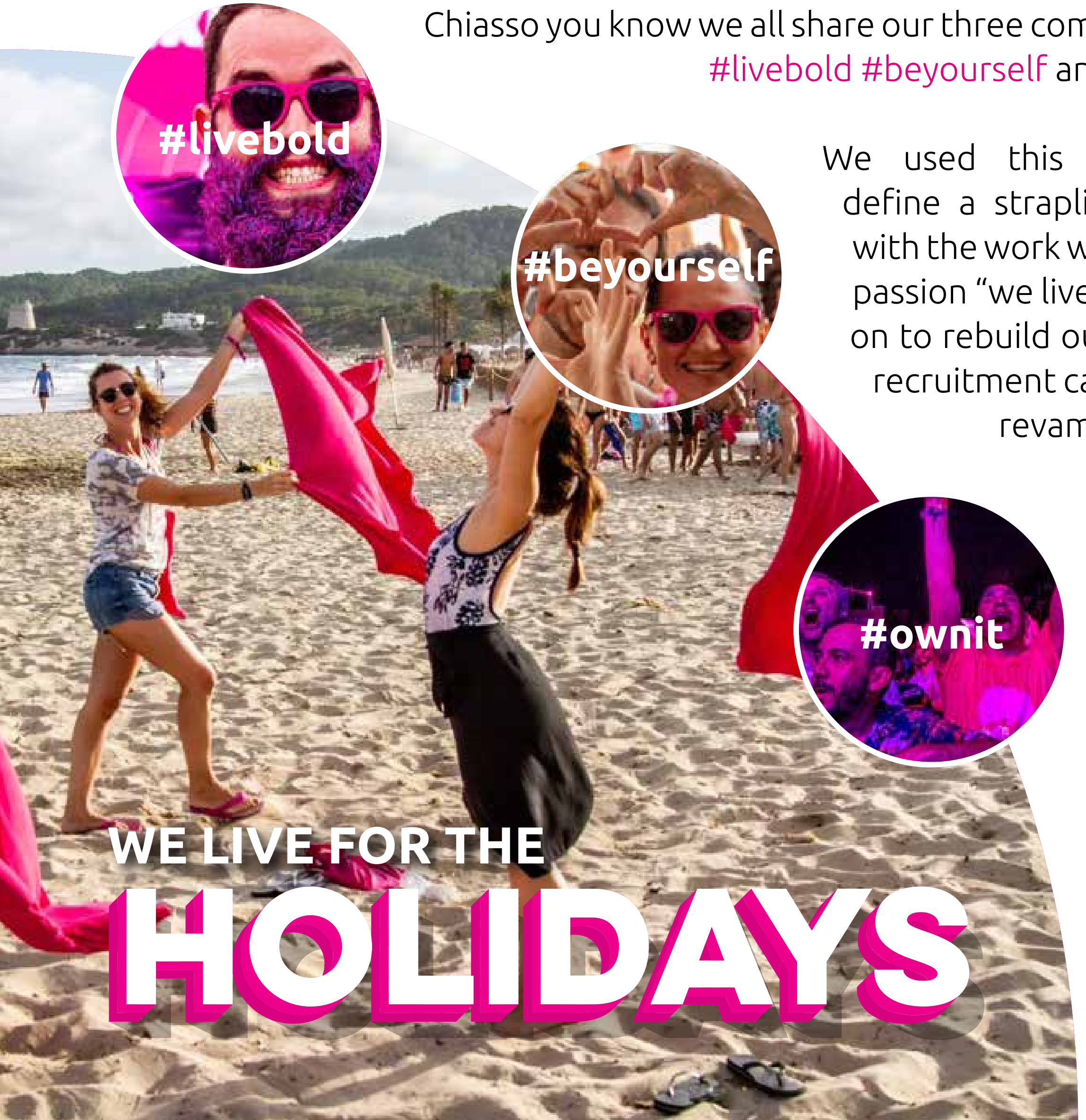
UNLOCK THE MINDSET

SHARE THE NEW EXPERIENCE

We live for the holidays

How do you take a diverse collection of people and get them pulling together to achieve the same goals? This is why we decided to overhaul our entire Employer Branding Value (EVP) proposition.

Our EVP is how we differentiate ourselves and compete for the best talent in the travel market. To do that, we had to get to the heart of the company and understand what makes our people tick. We interviewed 36 people at different levels across six different offices to find out what it meant to work for the lm group. They discovered that whether you're a financier from France or a coder from Chiasso you know we all share our three common values #livebold #beyourself and #ownit.



We used this information to define a strapline that resonates with the work we do everyday, and our passion "we live for the holidays". We went on to rebuild our careers website, ran a targeted recruitment campaign 'wish you were here?' and revamped our company induction.

Pinkapalooza

2018 and 2019 have been huge success stories.

We wanted to say thank you to everyone so embarked on a company wide trip to Ibiza with clear objectives: celebrate our achievements, motivate the team for the future challenges, and cement our pink spirit.

It kicked off with a two-day leadership conference to share our strategic plans for 2020 and was followed by a one-day mini-festival with the rest of the company joining in, some travelling from India for the very first time. It was an iconic moment in the history of the company and organised by our in-house events team. What a great opportunity to gather Employee Generated Content and prove we really do know how to 'live for the holidays'.

People power: Pulse check

In our most recent Pulse Check, we saw an increase in our overall engagement score and a 22 point jump in the number of employees who would recommend the company as a great place to work.

"The commitment, passion and 'pink spirit' our people have shown in creating a tech company that travels has been amazing."

Marco Corradino - *CEO of lastminute.com*

To reach the moon, you have to scale. And to do it, everyone needs to grow. **We're on this journey together.**

Consolidated financial statements
31 December 2019

Consolidated statement of profit or 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**
Gains/losses from disposal of inv. and other	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 N.V.	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 N.V.		25,150	10,427
- thereof attributable to non-controlling interest		(1,016)	(1,834)
EARNINGS PER SHARE			
Basic earnings per share (in EURO)	14	2,27	0,82
Diluted earnings per share (in 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 share reserve	26	(9,108)	(8,507)
Retained earnings	26	35,330	14,713
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM N.V.		**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**

in '000 EUR	Notes	31 Dec 2019	31 Dec 2018
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	Tran-slation Reserve	Treasury Share Reserve	Retained Earnings	Equity attributable to Shareholders of LASTMINUTE.COM N.V.	Non-controlling interest	TOTAL EQUITY
Balance at 1 January 2019		**117**	**101,819**	**1,211**	**(8,507)**	**14,713**	**109,353**	**1,941**	**111,294**
Result for the period		-	-	-	-	24,956	24,956	(1,016)	23,940
Other comprehensive income									
- Remeasurements of the Employee benefits liability (net of tax)	13/15	-	-	-	-	(599)	(599)	-	(599)
- Foreign currency translation differences	26	-	-	793	-	-	793	-	793
Total other comprehensive income net of tax		**-**	**-**	**793**	**-**	**(599)**	**194**	**-**	**194**
Total comprehensive income net of tax		**-**	**-**	**793**	**-**	**24,356**	**25,149**	**(1,016)**	**24,133**
Transactions with shareholders									
- 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	Tran-slation Reserve	Treasury Share Reserve	Retained Earnings	Equity attributable to Shareholders of LASTMINUTE.COM N.V.	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 of 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	910	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	40,679	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)**

in '000 EUR	Notes	2019	2018
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.
For a better understanding of lastminute N.V.’s financial position and the results of operations, these consolidated financial statements should be read in conjunction with the lastminute N.V.’s audited statutory financial statements as of and for the year ended 31 December 2019, which include all disclosures required by International Financial Reporting Standards as adopted by European Union and the statutory provisions of Part 9, 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 than 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 favorable or unfavorable 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.

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.

Basis of consolidation

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.

Capitalized 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 capitalized 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:

Capitalized 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)	1-Jan-20	29-Nov-19
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform - 1)	1-Jan-20	15-Jan-20
Definition of business (Amendments to IFRS 3 Business combinations) - 1)	1-Jan-20	Not Yet endorsed
Definition of material (Amendments to IAS 1 and IAS 8) - 1)	1-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			
	Level 1	Level 2	Level 3	Total
31 December 2019				
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:
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.

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

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 than 1 year	Not due	Less than 6 months	Between 6 month and 1 year	More than 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:

in '000 EUR	2019		2018	
	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)**

Consideration (amounts in '000 EUR)	29 Mar 2019
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					
	OTA	Metasearch	MEDIA	Other	Non reconciling items	Total
Consolidated Revenues	**272,539**	**41,718**	**24,155**	**10,633**	**-**	**349,045**
Total Revenues	290,950	45,137	24,155	11,162	-	371,404
Intersegment Revenues	(18,411)	(3,419)	-	(529)	-	(22,359)
Consolidated EBITDA Adjusted*	**62,110**	**11,120**	**370**	**(2,700)**	**(7,800)**	**63,100**
Non-cash impact of stock options						-
Extraordinary bonuses						-
Costs related to acquisition and integration of subsidiaries						(4,400)
Antitrust provision						-
Litigation, restructuring and other costs/ income incidental to operating activities						(3,352)
One off Comvel						-
Depreciation, Amortization and impairment						(19,138)
Profit before Interest and Income Tax						**36,210**

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

in '000 EUR	2018					
	OTA	Metasearch	MEDIA	Other	Non reconciling items	Total
Consolidated Revenues	**214,314**	**48,195**	**19,738**	**8,264**	**-**	**290,511**
Total Revenues	232,884	53,309	19,738	9,961	-	315,892
Intersegment Revenues	(18,570)	(5,114)	-	(1,697)	-	(25,381)
Consolidated EBITDA Adjusted*	**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						(1,300)
Antitrust provision						-
Litigation, restructuring and other costs/ income incidental to operating activities						(5,545)
One off Comvel						1,300
Depreciation, Amortization and impairment						(14,464)
Profit before Interest and Income Tax						**12,791**

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:

in '000 EUR	OTA		META		MEDIA		OTHER SEGMENT	
	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
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
France	31,854	26,029	3,338	2,064	3,280	2,794	1,026	854
Germany	42,448	34,482	2,646	2,164	1,817	967	7	3
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 Holiday 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	-	-	-	-	-	-	-
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 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/(losses) from disposal of 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/(losses) 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 recognized 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 - Earning per share

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

in '000 EUR	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 thousand 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:

in '000 EUR	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 thousand 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 recognised 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**

in '000 EUR	2019	2018
Reconciliation of the fair value of plan assets		
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 recognized net pension liability

in '000 EUR	2019	2018
Net liability at the beginning of the period	**4,231**	**3,891**
Expense recognised in profit or loss	2,283	2,296
Expense recognised 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 recognised 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 recognised in profit or loss	**2,284**	**2,296**

in '000 EUR	2019	2018
Amount recognised 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 recognised 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. Inter-dependencies 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	Capitalised 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	-	-	-	-	-	-
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**	**66,555**	**-**	**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	Capitalised 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**

in '000 EUR	Capitalised development cost	Other intangible assets	Trademarks	Total intangible assets	Goodwill	Total
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 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 SpA	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:

	Eur/mil	LONG-TERM GROWTH RATE 2019			
		0.7%	1.8%	2.2%	2.7%
WACC	8.5%	790.9	911.1	980.9	1,066.3
	9.0%	745.4	850.7	911.0	983.9
	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%
WACC	8.5%	236.0	243.2	250.4	257.6	264.8
	9.0%	215.0	221.6	228.2	234.7	241.3
	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:

	Eur/mil	LONG-TERM GROWTH RATE 2019			
		0.7%	1.8%	2.2%	2.7%
WACC	12.5%	77.4	86.4	90.2	95.3
	13.0%	72.6	80.7	84.2	88.8
	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%
WACC	12.5%	111.2	111.3	111.4	111.6	111.7
	13.0%	104.6	104.7	104.8	104.9	105.0
	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)	9.50%	-
Perpetuity growth rate	1.70%	-
Revenues growth rate (average of next four years)	10.50%	-
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:

	Eur/mil	LONG-TERM GROWTH RATE 2019			
		0.7%	1.7%	2.2%	2.7%
WACC	8.5%	14.9	18.9	21.6	24.6
	9.0%	12.6	16.0	18.2	20.7
	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	-	-
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
Additions during the year	2,479	869
Used during the year	(211)	(1,289)
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	Total
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 Holiday 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% (2018: 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.

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

Treasury share reserve
The reserve for the Group's treasury share comprises the cost of the shares held by the lastminute.com Group. At 31 December 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)	0.01	0.01
Total amount (EUR)	**116,642**	**116,642**

Note 27 - Provisions

The tables below show the movements in Provisions for 2019 and for 2018:

Provision 2019

in '000 EUR	01 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	01 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 on 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 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 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**	**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	100.0%	100.0%
Viaggiare S.r.l.	Milan, Italy	Fully	100.0%	100.0%
LMnext US INC	Wilmington, USA	Fully	100.0%	100.0%
LMnext DE Gmbh	Munich, Germany	Fully	100.0%	100.0%
LMnext Services Ltd	London, UK	Fully	100.0%	100.0%
LMnext UK Ltd	London, UK	Fully	100.0%	100.0%
Bravoventure India Private lmt	Bangalore, India	Fully	100.0%	100.0%
Sealine Investments LP	Edinburgh, UK	Fully	0.1%	100.0%
Blue Sas - JetCost	Clichy, France	Fully	98.35%	98.35%
Bravojet SA in liquidazione	Chiasso, Switzerland	Fully	0.0%	100.0%
Pigi Shipping & Consulting S.r.l.	Milan, Italy	Fully	100.0%	100.0%
Bravoventure Spain SLU	Madrid, Spain	Fully	100.0%	100.0%
Hotelyo SA	Chiasso, Switzerland	Equity	0.0%	49.0%
Rumbo SA	Madrid, Spain	Fully	100.0%	100.0%
Webnext Limited	Valletta, Malta	Fully	100.0%	100.0%
LMnext CH SA	Chiasso, Switzerland	Fully	100.0%	100.0%
URBANnext SA	Chiasso, Switzerland	Equity	25.0%	25.0%
Cruiseland S.r.l.	Milan, Italy	Fully	100.0%	100.0%
LMnext FR SASU	Clichy, France	Fully	100.0%	100.0%
Bravometa CH SA	Chiasso,Switzerland	Fully	98.35%	98.35%
Bravoventure Poland Spolka	Warsaw, Poland	Fully	100.0%	100.0%
Destination Italia SpA	Milan, Italy	Fully	78.6%	59.5%
Destination 2 Italia Srl	Milan, Italy	Fully	78.6%	59.5%
Lmnext UK Ltd (incorporated in England and Wales) Branch	London, UK	Fully	100.0%	100.0%
Comvel Gmbh	Munich, Germany	Fully	100.0%	100.0%
Bravolivia Sl	Madrid, Spain	Fully	100.0%	100.0%
InstaGo SAGL	Chiasso, Switzerland	Equity	30.04%	15.0%
LM Forward Ltd	London, UK	Fully	83.0%	0.0%
QT Mobilitatsservice Gmbh	Berlin, Germany	Fully	100.0%	0.0%
Madfish Srl	Milan, Italy	Fully	58.1%	0.0%
Smallfish SLU	Madrid, Spain	Fully	58.1%	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. There 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 the budget and than the last year figures 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.

Independent auditor's report

To: the general meeting and the board of directors of lastminute.com N.V.

Report on the consolidated financial statements 2019

Our opinion

In our opinion the accompanying consolidated financial statements 2019 of lastminute.com N.V. ('the Company'), are consistent, in all material respects, with the audited statutory financial statements, in accordance with the basis described in note 1, 2 and 3.

The consolidated financial statements

The Company's consolidated financial statements derived from the audited statutory financial statements for the year ended 31 December 2019 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 statements of changes in equity and cash flows; and
- the related notes to the consolidated financial statements.

These consolidated financial statements do not contain all of the disclosures required by Part 9 of Book 2 of the Dutch Civil Code. Reading the consolidated financial statements and the auditor's report there on, therefore, is not a substitute for reading the audited statutory financial statements of lastminute.com N.V. and the auditor's report thereon.

The audited statutory financial statements and our auditor's report thereon

We expressed an unmodified audit opinion on the audited statutory financial statements in our report dated 6 April 2020. The report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited financial statements of the current period. The following key audit matters are included:

- 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.

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Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis described in note 1, 2 and 3.

Auditor's responsibility

Our responsibility is to express an opinion on whether these consolidated financial statements are consistent, in all material respects, with the audited statutory financial statements based on our procedures, which we conducted in accordance with Dutch Law, including the Dutch Standard 810 'Engagements to report on summary financial statements'.

Amsterdam, 6 April 2020
PricewaterhouseCoopers Accountants N.V.

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

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