lastminute.comgroup

31 DECEMBER 2017

Contents

Financial report

LASTMINUTE.COM N.V.

1. DIRECTORS' REPORT

Management hereby presents to the shareholders the financial statements of lastminute.com N.V. (the "Company", the "Group", "LMN" or "lastminute.com group") for the year 2017.

2. GENERAL INFORMATION

lastminute.com group is a pan-European online travel player increasingly expanding its coverage of markets in and outside Europe. The Group focuses on both flight and non-flight travel business and generate the majority of its revenues from the intermediation of travel and flight products and related services for a leisure customer base in a typical B2C context.
As an Online Travel Agency (OTA), the Group provides consumers with online tools and technologies that allow them to easily search for, compare and book flights, vacation packages and cruises, hotel accommodations, car rentals and other travel products and services. The Company believes that its desktop and mobile web platforms provide users with well-designed, user-friendly interfaces that integrate a large number of products and services with multiple filtering, sorting and comparison tools.

2017 has been a positive year for the Group from a business performance perspective. The actions LMN implemented in the last three years from the acquisition of lastminute.com in 2015, addressed to build a fully customer centric organization and a diversified business model are now definitively taking shape and bearing fruit. 2017 has been a year of significant progress at lastminute.com. The Group operates in a highly competitive environment, a fast changing context impacted by exceptional events that are sometimes unpredictable. lastminute.com is shaped to succeed thanks to the decision to invest in the diversification - which mitigate risks more than a specialized model - and to build a responsive organization, capable to understand trends and to adapt accordingly.

Strategic products in the OTA area, Dynamic Packages and Ancillaries, went up by 30% and 50% respectively at both booking and revenue level. Non-flight business is now representing more than 50% of total OTA margin contribution, a cornerstone in the Group history and a key fact looking at the diversification of the business model and the future results LMN expects in terms of value generation. In that respect the recent acquisition of Comvel GmbH (not consolidated on FY2017 figures).

In 2017 the decrease of margin commissions has been significant and, even if partially offset by the increase of B2B commissions, it resulted in a decrease of revenue and profitability of 10% and 8% respectively vs last year.
Meta is still featuring strong momentum, showing double digit growth in terms of Revenue with EBITDA margin above 20%. The acquisition of Hotelscan closed in the last quarter of 2017, will contribute to support the expansion into other verticals and sustain such a growth trend.

Total Gross Travel Value in 2017 reached EUR 2,042 million, with a decrease of EUR 23 million from EUR 2,065 million in 2016.

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

- continue growing in existing core markets, both in flight and non-flight product categories;
- expanding in other geographical markets;
- broadening the product offering;
- investing in mobile and meta-search capabilities;
- continuously analyzing the market to identify synergic acquisition opportunities;

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

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

2.1 Products and services

The Group's products and services enable its customers to find, choose and book their travel arrangements. The users of the Group's web platforms can use the meta-search or search functions to screen through travel and leisure products. Users of the OTA platforms can use the booking system to make the desired reservations. Once they have booked their flights or other travel and leisure products, the Group offers its customers a strong post-sale assistance.

Consumers utilize the Group's services for searching and booking flights or other travel and leisure products such as vacation packages and cruises, rental cars or hotel accommodation. Through a mix of IT-driven platforms and human-interface operations, the Group provides consumers with tools to find and choose the flights or other services they want, to combine flight and non-flight offerings into dynamic vacation packages, and to book and pay for the chosen services. The Group also provides ancillary products and services such as travel-related insurance.

In addition, consumers can utilize the Group's meta-search services for searching flights, hotels and car rentals and comparing the prices from various product providers whilst using advanced filtering functionality. The Company believes that its technology provides users with easy-to-compare results and the ability to share their travel plans on social media. The Group's meta-search sites redirect the user to the selected OTA or other travel product providers. Like the Group's OTA sites, its meta-search websites also generate revenue by selling advertising space.

2.2 Group's brands

The Group conducts its business through a variety of brands, each with a dedicated website. The Group uses its brands to address each of its core markets: (i) Bravofly, Volagratis, Viaggiare, Crocierissime mainly address the Italian market, (ii) Rumbo and Viajar focuses on the Spanish speaking markets; in Europe, (iii) lastminute.com is a leading brand in France, UK and Germany and (iv) the Group uses Jetcost across Europe and extra-EU.

The following are the Group's current key brands:

lastminute.com

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

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

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

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

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

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

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

Wayn
WAYN (Where are you now?), the world's largest social travel network, will be integrated with lastminute.com group's new media business, the "Travel People".

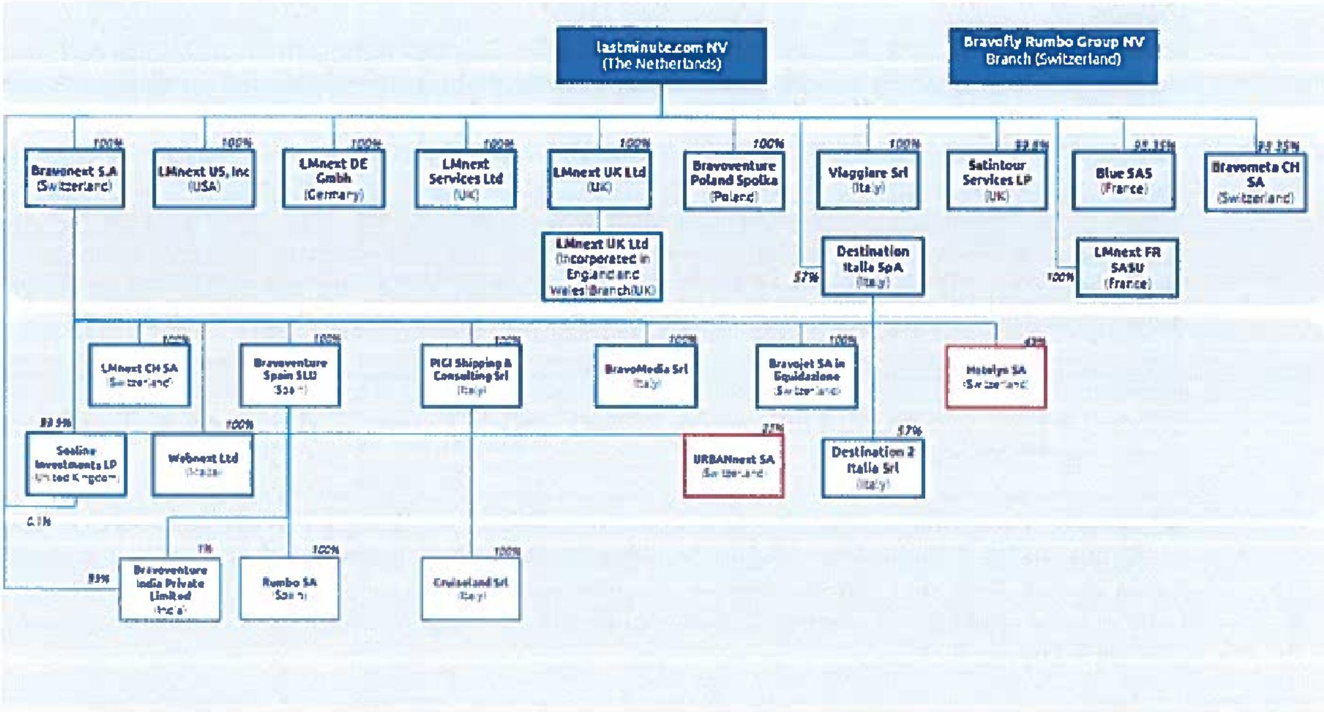
Destination Italia
Destination Italia is an italian website specialized in promotion of tourism into Italy, mainly through online services provided with professional intermediaries (B2B).

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

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

2.3 Group structure

The following chart shows the current structure of the lastminute.com Group as of 31 December 2017:



2.4 Board of directors

The Company has a one-tier board structure.

2.5 Human resources

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

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

Headcount as of December 31,

	2017	2016
Permanent employees	1,157	1,042
Temporary employees	104	128
Total employees	**1,261**	**1,170**

Note: figures do not include outsourced staff.

3. FINANCIAL INFORMATION

In 2017 total revenues decreased by EUR 2,703 thousand, or -1.0%, to EUR 258,830 thousand from EUR 261,533 thousand in 2016.

This decrease is primarily due to i) a drop on flight commission for 28% on a unitary base ii) a decrease in the number of OTA bookings of 121 thousand. These effects have been compensated by a better performance of ancillaries products and a slight increase of revenues from media business.

The Total Net Financial Position for the Group was EUR 45,295 thousand in 2017, compared to EUR 54,931 thousand in 2016, composed as shown below:

- Net Financial Position within 12 months of EUR 44,039 thousand (2016: EUR 53,747 thousand);
  and
- Net Financial Position over 12 months of EUR 1,256 thousand (2016: EUR 1,184 thousand).

The table below shows Equity as of 31 December 2017 and 2016:

in '000 EUR	31 Dec 17	31 Dec 16
SHARE CAPITAL AND RESERVES		
Share capital	146	146
Capital reserves	127,751	127,751
Translation reserve	1,419	1,054
Treasury shares reserve	(16,738)	(12,364)
Retained earnings	19,191	25,714
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM NV	131,769	142,301
Non-controlling interest	1,737	2604
TOTAL EQUITY	133,506	144,905

The solvency of the Company has decreased from 43% to 39%. The solvency is calculated by dividing the equity by the total assets.

A significant indicator for the Group is represented by Gross Travel Value defined as the value of the travel products purchased by the Group's clients using the Group's platforms, including agency fees, insurance and gross of any discounts and cancellations. Gross Travel Value amounted respectively to EUR 2,042 million in 2017 and EUR 2,007 million in 2016. Despite the decrease of overall bookings, the GTV has slightly increased following the Group strategy to focus more on booking with higher value.

Flight revenue

In 2017, the Group's flight revenue decreased EUR 46,735 thousand, or -30.2%, to EUR 107,957 thousand from EUR 154,692 thousand in 2016. This decrease is due to both the reduction margins and the decrease of volume especially in the Mediterranean countries.

Non-flight revenue

In 2017, the Group's non-flight revenue increased by EUR 44,032 thousand, or +41.2%, to EUR 150,873 thousand from EUR 106,841 thousand in 2016. This increase is primarily due to a positive effect of i) meta revenues for EUR 8,409 thousand, ii) better performance of ancillary products showing a growth year to year of 64% iii) higher incidence of dynamic packages on Group's gross margin representing at the end of 2017 approximately 17% of the total.

Geographical Information

The Group categorizes its geographical markets by the countries for which its websites are localized 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 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.

In 2017 Mediterranean countries like Italy and Spain recorded a drop of both volumes and marginality due to the increasing competition and pressure on pricing by the biggest players. Other European countries have substantially kept the level of marginality and pricing by responding efficiently to market dynamics. Growth outside the Europe have shown a strong growth consolidating the brand awareness of the Group also outside the core markets.

In the same period, profit before interest and income tax decreased by -133%, EUR -3,996 thousand (2016: EUR 12,016 thousand). The net result decreased by 217%, EUR -7,801 thousand (2016: EUR 6,657 thousand). While the core business has been stable to last year level, the bottom line of the Group profit and loss has been affected by exceptional items such as the antitrust provision for Eur 2,400 thousand, restructuring and redundancy costs for Eur 2,467 thousand and stock option expenses for EUR 492 thousand.

Total Consolidated Assets increased from EUR 326,732 thousand at the end of 2016 to EUR 344,573 thousand at the end of 2017. Total Consolidated Equity decreased from EUR 144,905 thousand at the end of 2016 to EUR 133,506 thousand at the end of 2017.

The net cash position decreased by EUR 7,412 thousand compared to a decrease of EUR 4'282 thousand. While cash flow from operations has shown growth compared to last year, cash used for investing activities increased slightly mainly heavily influenced by EUR 5 million paid at the end of 2017 regarding the acquisition of a company in Germany, and cash from financing activities were negative due to lower net proceeds from borrowings and share buy backs.

4. SIGNIFICANT RISKS AND UNCERTAINTIES

The following risk factors do not purport to be an extensive and comprehensive list of all possible risks associated to our business. Additional risks of which we are not currently aware, or that we currently deem immaterial, may also impair our business, liquidity, financial condition and results of operations. Any of these risks, should it materialize, could materially and adversely affect our business, liquidity, financial condition or results of operations. All the risks listed below (grouped as "principal" and "other") have been analyzed and assessed during 2017 as planned enterprise risk management activity carried out for the Group.

Principal risks

- We rely on information technology to operate our business and maintain our competitiveness. If we fail to adapt to technological developments or industry trends, our business could suffer.
- The travel industry is highly regulated. Changing laws, rules and regulations, as well as legal uncertainties, may adversely affect our business or financial performance.
- The laws and regulations governing online commerce are strict, and their stringency in many of our markets is increasing. In particular, the online travel industry has recently become the target of negative publicity, resulting in an increased focus on the industry by regulatory authorities. Both current and new or amended laws and regulations may restrict our ability to conduct our business and impose an increasing administrative burden. Failure to comply may result in legal or administrative sanctions and other negative consequences.
- The processing, use and disclosure of personal data could give rise to liabilities as a result of

governmental or industry regulation, conflicting law requirements, differing views of personal privacy rights or security breaches.

- We may not be able to protect our intellectual property rights from infringement by others, including current or potential competitors.
- We may be unable to obtain licenses for third-party intellectual property that we need to conduct our business.
- We depend on relationships with our suppliers and supplier intermediaries, particularly GDS Travel. Adverse changes in these relationships, or an inability to renew established relationships or enter into new relationships, could impair our access to travel offerings and reduce our revenue. In addition, many of these relationships are based on short-term agreements. In some case, we have no contractual relationships with travel providers whose products we book for customers.
- We are obliged to comply with rules set down by IATA (International Air Transport Association). IATA may impose conditions such as guarantees, and can alter payments terms, in ways that are disadvantageous to travel agencies.
- The travel industry is highly competitive. We face intense competition from OTAs as well from other players in the industry.
- Increase in competitors' power, due to requests of traditional carriers (IATA and law compliance, i.e. price showing).
- The Travel industry business is materially affected by the volume of travel and expenditures which in turn depends on general economic conditions that are outside our control. Economic downturns tend to reduce consumer travel expenditures, which in turn can reduce our revenues and harm our business.
- Ryanair, a leading low cost carrier in Europe, actively attempts to prevent OTAs from booking and selling its flights. We are currently involved in litigation with Ryanair relating to our booking of its flights for customers. If these legal proceedings are resolved unfavorably for us, our business could suffer.
- The inability of the firm's to successfully integrate the acquired business and to generate adequate returns from an acquisition could lead to substantial expenses and decreasing efficiencies.
- Our international operations involve additional risks. We expect that these risks will increase as we continue to expand into new markets.
- We could face reputational damages due to infringements to ethic code or accepted social behavior from media exposed personnel.

Other risks

- Many individuals are using smartphones and tablets to obtain products and services on the internet. If we are unable to develop applications, software, and effectible advertisements that engage such individuals, our business could be adversely affected.
- We are primarily an online business. We are at risk from connectivity issues, malfunctions, malware attacks and other technical problems on our websites and on the websites of the travel product providers we access to make bookings.
- We rely on third parties for certain services and systems. Any disruption or adverse change in their businesses could have a material adverse effect on our business.
- Dependence on external sources of marketing to generate new client acquisitions and ensure growth.
- We rely significantly on our reputation. Damage to our reputation could cause our business to suffer.
- Competition from general search engine companies could adversely affect us by reducing traffic to our website and mobile application and by creating a product that people choose over our products and services when searching for travel online.
- We depend on credit cards as a payment method.
- Additional unplanned costs/interruption of services (by credit card issuers) due to acceptance of fraudulent payments from customers.
- Internal frauds are not timely intercepted and prevented, internal control system is not able to

timely detect frauds.

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

5. FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

The principal performance indicators for the Group are the following (2017 vs 2016):

in '000 EUR	2017	2016
Gross Travel value (in EUR mln)	2,042	2,065
Adj Ebitda*	16,907	28,586
Revenues	258,830	261,533
Net financial position	45,295	55,959
Bookings (in mln)	4,442	4,658

***The Group defines "Adjusted EBITDA" as EBITDA (Profit before interest and income tax plus depreciation and amortisation adjusted for the effects of stock option plans and income and costs considered by management as incidental to operating activities, such as those related acquisitions, litigations, restructuring and IPO. Adjusted EBITDA is an important indicator of the underlying performance of the operating business.**

6. ENVIRONMENTAL AND PERSONNEL-RELATED INFORMATION

Please see the information included in paragraph 9.

7. INFORMATION REGARDING FINANCIAL INSTRUMENTS

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

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument

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

At December 31, 2017, the allowance for impaired receivables was EUR 2,094 thousand, representing approximately 3.1% of gross trade receivables.

Liquidity risk

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

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

As of 31 December 2017, total amount of unused available cash credit lines for the Group was EUR 18,800 thousand (EUR 18,479 thousand at 31 December 2016).

Currency risk

The Group is not exposed to significant currency risk as the majority of all transactions and balances are either denominated in or immediately converted to EUR.

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the Euro and British Pounds. The currencies in which these transactions are primarily denominated are Euro, British Pounds and Swiss Francs. The currency risk is mitigated by the fact that most of the transactions are immediately converted in Euro, which is the presentation currency of the Group.
On the other hand, some of the Group's costs and investments are based upon contractually agreed payments that are denominated in CHF, e.g. some of the lease payments for office spaces or some suppliers. The Swiss companies of the Group introduced EUR in their employment contracts reducing the Group's exposure to currency risk. As of 31 December 2017, the Group's balance sheet net exposure in CHF amounted to EUR 2,042 thousand (2016: EUR 2,471 thousand). As of 31 December 2017, the Group's balance sheet net exposure in GBP amounted to EUR 9,550 thousand (2016: EUR 11,904 thousand). As of 31 December 2017, the Group's balance sheet net exposure in USD amounted to EUR 1,809 thousand (2016: EUR 1,803 thousand).
The Group currently does not use hedging tools to cover such currency risk.

Interest rate risk

The interest rate risk is the risk that changes in interest rates will affect Group's result. The impact on profit or loss of the changes in fair value of the fixed-rate bonds investments, the contingent consideration and the put liability measured at fair value through profit or loss due to changes in interest rates is not material. Loans and investments with variable interest rates expose the Group to cash flow interest rate risk.
As of 31 December 2017 the Group had a nil amount of bank liabilities with variable interest rates (31 December 2016: EUR nil).
The Group further had deposits and cash and cash equivalents with variable interest rates in the amount of EUR 51,828 thousand (31 December 2016: 60,229 thousand).
As of 31 December 2017 the interest risk is limited to the cash and cash equivalents with variable interest. Taking into consideration the interest rates applied by the financial counterparts of the Group, a reasonable possible change in the interest rates of cash and cash equivalents, which is expected to be

below 1%, would not have a material impact on profit or loss.

Estimation risk on future costs

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

The estimation risk on future costs is the inherent uncertainty regarding the occurrence, amount or timing of cancellation of covered flight tickets. Lastminute.com Group currently mitigates this risk by either holding this commission or getting the reimbursement from airlines companies.

A provision is calculated to cover the best estimate of future costs with respect to the amount of the vouchers. Management's best estimate for the provision is based on, among other things, the latest available data, past cancellation experience and economic conditions that may affect the ultimate cost. However, it is inherent in the nature of the business that the ultimate liabilities may vary as a result of subsequent developments.
Total maximum exposure where the date of departure is after 31 December 2017 amounts to approximately EUR 2,208 thousand (2016: EUR 1,032 thousand). Hence, any reasonably possible change to management's best estimate for the provision would not have significantly impacted the Group's profit or loss and equity.

8. RESEARCH & DEVELOPMENT INFORMATION

Lastminute.com group is a technology-driven company and strongly believes that innovation is a key element of its competitive advantage. The Group's core competence is to develop well-designed and user-friendly interfaces that integrate a large number of products and services with multiple filtering, sorting and comparison tools. Lastminute.com group's commitment is to simplify users' searching and booking experience, concealing the complexity of the underlying technology. The competitive strength lies in the high flexibility of the platforms' architecture and the ability to rapidly adapt the infrastructure to evolving consumer demands and enabling easy integrations after acquisitions. All technological systems are designed in-house at our IT development departments in Chiasso, Madrid, London and Bangalore which, as of 31 December 2017 employ about 350 developers.

9. ENVIRONMENT AND SOCIAL RESPONSIBILITY

During 2016 lastminute foundation deployed the personal fundraising platform lastminuteheroes.org. Non-profit organisations can use the platform to collect funds for free. The foundation covers all costs and offers support throughout. The platform is open to everyone, to launch an appeal and anyone can donate. Two of the main pillars the foundation strictly guarantee, 100% of the funds go to the projects and 100% transparency.

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

10. OTHER INFORMATION

Employees are contractually required to maintain the highest ethical standards in ensuring that the Group's business is conducted in a manner that in all reasonable circumstance and to operate with due diligence and loyalty.

The Group adopted a specific remuneration policy prepared by the selection, appointment and remuneration committee (the "SARC"). The goal of that Remuneration Policy is to recruit, retain and motivate high quality directors. The Group is committed to providing a total remuneration package that is consistent with sound industry practice and reflects the individual country practices, job market and geographic differences.

The remuneration of the executive directors is determined by the Board's non-executive directors upon the recommendation of the SARC, and shall be subject to approval by the general meeting of shareholders.
The Remuneration Policy is published on the Group's website.

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

11. INFORMATION CONCERNING APPLICATION OF CODE OF CONDUCT

The Code of Conduct was adopted by the Board of Directors of lastminute.com N.V. on 14 April 2014 and applies to every director, officer and employee of the Company and each of its subsidiaries and may be furnished to others performing services for the Company.
As at 31 December 2017 no material infringement of the Code of Conduct has been detected.

12. OUTLOOK

Travel industry is still showing a steady growth and digitalization is contributing even more to make this as a structural trend.
The market seems to be dominated by few big players that feature high power spending, global reach and strong brand awareness. This is only apparent, since smaller companies may find interesting spaces to move, differentiate and develop their value proposition. There's plenty of opportunities out there as well as success initiatives born from the scratch in recent times.

The Group took a clear decision which is definitively to look at sustainability in the long-run more than be focused on quarterly results. This implies to continuously invest for the future regardless short-term effects. The Group has a vision set a strategy to fulfil such vision and a respective execution plan to deliver the strategy. This is key to succeed in a such complex environment where innovation intensity is incredibly high.

The clear shift in favour of online market, with offline travel value shrinking steadily through 2020 give the Group the opportunity to surf the wave of a constant and structural growth trajectory. Flight remains the largest segment even though the growth in 2017 has reduced compared to previous years. On the other hands, in LMN view it appears to be the less attractive, due to fierce competition from direct providers (airlines), aggressive OTA players willing to gain market shares and increasing relevance of the metasearch channel. Vacation packages is the field where the Group sees the greatest opportunities. The segment is growing, and dynamic packages are smashing the market thanks to a model that combines "Tour Operator like" offering and flexibility given by the typical interaction with an online platform. All investments made in the past are now delivering excellent results and are confirming LMN belief that, sooner or later, this would have been the most interesting area where to put our maximum effort.

Consistently with LMN statements since the IPO, the Group firmly believes that a diversified business model and a focus on delivering virtually a limitless variety of travel related product and services, bundled in real-time, are the keys to generate sustainable value in the long run.

The strategy LMN is executing sets out a clear path to steady profitable growth. The Group is focusing attention and resources on a number of key areas where it can stands out from the crowd and that tap into opportunities for growth. Since years LMN invested time and effort in developing a cutting-edge platform able to respond in real-time to customers that require a dynamically bundled vacation package. This is one of the key assets of the Company and the last years results demonstrate that it is paving the way for the consolidation of a distinctive value proposition which is already well perceived by both, final customers and B2B partners. This approach is complemented by a series of partnerships which enable the group to streamline its revenue model. LMN is selling its distinctive capabilities in the Dynamic Packages to other Travel Providers through white-label solutions while, on the other hands, it's embedding specialized offering from third parties into our proposition. This is a catalyst for the next stage in the evolution of the business where the ability to cross/up-sell services throughout various moments of the customer interaction is a critical factor and a huge opportunity. LMN will continue to innovate and give customers an even greater possibility to personalise their experience, either it was a booking of an holiday or the research of information and contents. The only way LMN can do it properly is by means of a sophisticated approach to data management. Relevance is the key word that pervades everything the Group does and drives the setting of its priorities in the tech roadmap. A new organization, customer centric, made by people coming from different contexts and committed to give shape to a new way of managing the "online travel business" has been implemented.

On 28 December 2017 the Group announced the acquisition from ProSiebenSat.1 Group of the entirety of the shares of Comvel GmbH, to scale up its positioning in Germany. 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.1 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, representing around 80% of total transaction value generated by the Company, while the remaining 20% is mostly represented by hotel with a very limited exposure to flight business. Thanks to the acquisition, lastminute.com group will reach a significant size in the largest European country (according to total travel transaction value). The total travel value and the total revenues of Comvel Gmbh as of 31 December 2017 are expected to be respectively around EUR 220 million and more than EUR 20 million. Under the terms of the agreement, lastminute.com group, will acquire 100% of the Comvel GmbH capital with effect 1st January 2018 for a total consideration of EUR 13.5 million, to be paid in cash, EUR 5 million at closing date, EUR 2.5 million during 2018 and EUR 6 million throughout 2019. No other financial information of Comvel Gmbh can be disclosed as the audit on the company has not been completed yet..

CORPORATE GOVERNANCE REPORT 2017

Preliminary remarks

The lastminute.com group Corporate Governance Report 2017 follows the SIX Swiss Exchange Directive on Information relating to Corporate Governance dated 1 January 2017 and takes into account the Swiss Code of Best Practice for Corporate Governance and the Dutch Corporate Governance Code. Please note that the Company, being Dutch, is not subject to the Swiss Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC).

In particular, all disclosures required by the Dutch Corporate Governance Code should be included in the documents hereby, Consolidated Financial Statements, Directors' Report and company's corporate website. To avoid duplication of information, cross-referencing to other reports is made in some sections, namely the Annual Report 2017, the Consolidated Financial Statements 2017 of the lastminute.com NV, as well as the Articles of Association of lastminute.com NV. The Dutch Corporate Governance code can be found on www.MCCG.nl.

The Consolidated Financial Statements of the lastminute.com NV 2017 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and in accordance with part 2 book 9 of the Dutch Civil Code.

Where necessary, these disclosures have been extended to comply with the requirements of the SIX Swiss Exchange Directive Financial Reporting.

1. Group structure and shareholders

1.1 Group structure

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

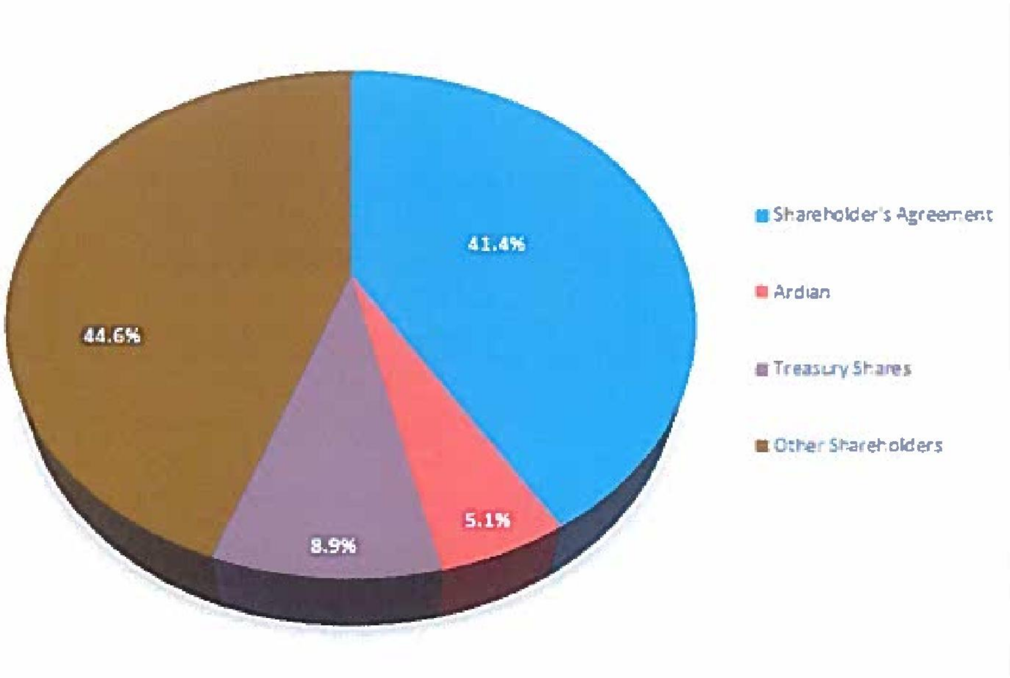
- **OTA ("Online Travel Agency")**, which represents the core and traditional business of the Group.
- **Meta-search,** which includes the business generated in our websites focused on directing traffic, in exchange for a commission, to the sites of OTAs and airlines and other direct providers.
- **Other segments**: which includes the other businesses and ventures that individually and collectively do not constitute a separate operating segment.

Group subsidiaries are listed in Note 31 of the Consolidated Financial Statements.

Lastminute.com NV is registered in The Netherlands, Prins Bernhardplein 200, 1097 JB Amsterdam. LMN's shares are listed on the SIX Swiss Exchange (ISIN code: NL0010733960) in Zurich. On 31 December 2017, the market capitalization of LMN was CHF 225,188,517. For further information visit our website on http://www.lastminutegroup.com/investor-relations/share-information.aspxwww.bravoflyrumbogroup.com/investor-relations/share-information. No other Group's affiliated or associated companies are listed as of 31 December 2017.

1.2 Significant shareholders

Significant shareholders and significant groups of shareholders as of 31 December 2017 are reported below:



On April 1, 2014, Freesailors Cooperatief U.A. (a Dutch cooperatief controlled by Mr. Fabio Cannavale), Micheli Associati Srl (controlled by Mr. Francesco Micheli), Mr. Francesco Signoretti, Dongiro S.a r.l. (controlled by Mr. Jerome Cohen Scali), Kikiz S.a r.l. (controlled by Mr. Arnaud Cohen Scali) and Bigfoot Tech S.a r.l. (controlled by Mr. Antoine Michelat) entered into a Shareholders Agreement regarding all Shares and related derivatives they hold and may hold in the future. This Shareholders Agreement entered into effect as of April 15, 2014 and lasted for a period of three years from that date. The parties have agreed to coordinate the exercise of all their rights out of the Shares and related derivatives held within the group of shareholders formed by the Shareholders Agreement. The coordination will be made such that any decision is taken by a majority vote whereby the majority is determined based on the Shares each party to the Shareholders Agreement holds. As a result, Freesailors Cooperatief U.A. (and thus, indirectly, Fabio Cannavale, which ultimately controls Freesailors) controls the Shareholders Agreement and therefore controls all the Shares in the Company and related derivatives held within the group of shareholders. The admission and exclusion of group members of the Shareholders Agreement requires the consent of 90% of the votes of the members. No consent is required for the sale of Shares or related derivatives. However, if Freesailors Cooperatief U.A. sells at least two million Shares, the other parties have a tag along right. Acquisitions of Shares or related derivatives are subject to a special approval process in the event that the acquisition exceeds 200,000 Shares. The group is dissolved if the group holds less than 33 and 1/3 % holding of Shares and related derivatives that count against the mandatory offer threshold. As the agreement was limited in time, on 27 April 2017, Freesailors Coöperatief U.A., Micheli Associati S.r.l. and Francesco Signoretti entered into a new agreement valid until 27 April 2020, under which all terms and conditions of the previous shall apply *mutatis mutandis* to the new and therefore remain in full force and effect.

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

As of 31 December 2017 the Group held 1,294 thousand own shares. During 2017 the Group announced a Partial Self-Tender Offer (PSTO); for further information please refer to the following links:
http://www.lastminutegroup.com/~/media/Files/B/Bravofly-Rumbo-Group/press-release/2017/English/171215%20Lastminutecom_group_Press%20Release_PSTO_EN.pdf

There are not cross-shareholdings.

2. Capital structure

As of 31 December 2017, the Company has an issued share capital of EUR 146,226 divided into 14,622,631 fully-paid bearer shares with a nominal value of EUR 0.01 each.

Under Dutch law, a company's authorized share capital sets out the maximum number of shares that the company may issue without amending its articles of association. Under the Articles of Association, the Company's authorized capital amounts to EUR 181,100 and is divided into 18,110,000 Shares, each with a nominal value of EUR 0.01. The concept of conditional share capital is not known under Dutch law and thus there is no conditional share capital. Further, also the concept of authorized share capital as known under Swiss law deviates from the concept applicable under Dutch law.
In accordance with Dutch law and the Articles of Association, Shares shall be issued pursuant to a resolution passed by the Company's general meeting of shareholders, upon the proposal of the Board of Directors containing the price and further terms and conditions of the issue. Under the Articles of Association, the Company's general meeting of shareholders may delegate the authority to issue Shares to the Board of Directors, for a fixed period not exceeding five years and in a resolution specifying the number of Shares that may be issued and any further conditions. Such designation may be renewed each time for a period not exceeding five years. The Company's general meeting of shareholders on April 14, 2014 authorized the Board of Directors to issue Shares and grant

rights to subscribe for Shares in relation to the Company's current and future employee incentive plans up to a maximum of 900,000 ordinary shares and to restrict or exclude the pre-emptive rights in connection with such issue of Shares or grant of rights to subscribe for Shares; this authorization applies for a period of 5 years as from the date of the general meeting;

Movement in recognized amounts are detailed in Note 24 of the Consolidated Financial Statements.

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

As of 31 December 2017, there are no outstanding bonds and bonds convertible into, or options to acquire, Shares, except for the options issued under the Company's employee stock option program (please see Note 15 of the Consolidated Financial Statements).

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

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

Further information on the Capital Structure is provided in Note 24 of the Consolidated Financial Statements and in the Articles of Association http://www.lastminutegroup.com/~/media/Files/B/Bravofly-Rumbo-Group/documents/governance-documents/articles-of-association-19-may-2015.pdf

3. Board of Directors

The Company has a one-tier board structure with a board of directors (the "Board of Directors " or the "Board") consisting of executive directors and non-executive directors. The Board shall consist of at least one Executive Director and at least two Non-Executive Directors. The majority of the Board shall be composed of Non-Executive Directors. All the Non-Executive Directors meet the independence requirements established by the Dutch Corporate Governance Code.
The Board believes that it should generally consist of no fewer than three and no more than nine members. This range permits diversity of experience without hindering the effective discussion or diminishing individual accountability. The chairman of the Board (the "Chairman") shall be a Non-Executive Director. The board is well balanced in accordance in accordance with section 2:166, subsection 2 of the Dutch Civil Code.

The table below lists the composition of the Board as of 31 December 2017:

Name	Year of birth	Gender	Nation ality	Qualification	Election	Expires
Ottonel Popesco	1957	Male	French	Non- executive Chairman	2017	2018
Fabio Cannavale	1965	Male	Italian	Executive director, Group CEO	2017	2018
Marco Corradino	1968	Male	Italian	Executive Director, Chief Operations Officer	2017	2018
Roberto Italia	1966	Male	Italian	Non-executive director	2017	2018
Anna Zanardi	1964	Female	Italian	Non-executive director	2017	2018
Anna Gatti	1972	Female	Italian	Non-executive director	2017	2018
Julia Bron	1975	Female	Dutch	Non-executive director	2017	2018

Unless otherwise stated, the non-executive members of the Board of Directors have no significant business relationships with lastminute.com group. Mr. Fabio Cannavale is a Co-founder of the Group, controls the Company through the Shareholders Agreement described in Section 1.2 and acts as a director in some subsidiaries of the Group. Transactions of significance to the company with major shareholders (more than 10%) require approval of the non-executive directors and are agreed on terms customary in the market. No Non-executive director has been a member of the management of the issuer or one of the issuer's subsidiaries in the three financial years preceding the period under review.
In accordance with article 13.4 of the Articles of Association, the Board may agree on a division of the duties of the Board between one or more Non-Executive Directors and one or more Executive Directors.
The duty to supervise the performance of duties by the Executive Directors cannot be taken away from the Non-Executive Director by a division of duties. The chairmanship of the Board, the making of proposals for the appointment of a Director and the adoption or the assessment of the remuneration of the Executive Directors may not be assigned to an Executive Director.
In case of a Director's absence, his duties and powers shall be carried out by the other Directors. In the event that all Directors are absent, their duties and powers shall be temporarily entrusted to a person designated by the general meeting of shareholders of the Company (the "General Meeting").

3.1 Professional background and other activities and functions

Ottonel Popesco
Non-executive Chairman
Ottonel Popesco holds an MBA from Sorbonne University, an MSc in economics from Bucharest Academy, an Ingénieru professionnel de France-diploma from Société Nationale des Ingénieurs Professionnels de France and a diploma in Strategic Marketing Management from Harvard Business School. Between 1983 and 1988, Ottonel Popesco acted as sales and marketing manager in the CLB manufacturing division of ABB France. In 1988, he joined Cavotec SA Switzerland ("**Cavotec**"). Currently Mr. Popesco is a member of the board of directors, of Cavotec SA.

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

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

Roberto Italia
Non-executive Director
Roberto Italia graduated in Economics from LUISS University, Rome, Italy, and holds an MBA from INSEAD, Fontainebleau, France. He started working at Telecom Italia Group in 1990 and since 1994 has been active in private equity, initially with Warburg Pincus, then with Henderson Private Capital and more recently with Cinven, to which he is now a Senior Advisor. Mr. Italia is a co-founder and director of Space Holding Srl, Chief Executive Officer of Space2 SpA, and a Board Member of Avio SpA, Red Black Capital SA, Cinven Luxco 1 SA, Cinven Luxco 2 SA, FCP Manco Sarl,Digivalue Media Sarl and nominated director of the company Cavotec SA.

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

Anna Zanardi
Non-executive Director
Anna Zanardi Cappon holds a degree in Scientific and Industrial Economics and she majored in Systemic Psychology, at Stanford University, and in Expressive and Artistic Therapies at Harvard University. She worked in the United States at the Mental Research Institute in Palo Alto and continued her studies of Ericksonian Hypnosis, Systemic Therapy and Family Therapy in San Francisco. She received a Doctor of Philosophy in Psychology, in Ljubljana, Slovenia, and later specialized in psychosomatics and family constellations. Presently, in addition to her work with psychology and psychotherapy, and as an advisor and consultant for large organizations, she teaches, writes and studies theology and Eastern philosophies. She is a director of several boards, for both listed companies and charity organizations.

Julia Bron
Non-executive Director
Julia Bron holds a law degree from Belarus State University. Ms. Bron has been working in the financial services industry for the past 16 years. During her career she has advised clients on numerous transactions and restructurings, and concluded various audit engagements both locally and internationally, holding a position as senior manager at PwC, Amsterdam in 2009 and as a manager at Deloitte in Amsterdam, Ljubljana and Minsk between 1998 and 2007. She gained experience in the formation and management of companies, and the standardization of corporate governance, compliance and administration, from being a commercial director at TMF, Amsterdam between 2010 and 2012 and a senior integration manager at Citco Funds, Amsterdam between 2007 and 2008. Since 2012, she has been a partner at Lainsburgh, specializing in staffing and structuring operations for international companies in The Netherlands.

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

3.2 Elections, terms of office and areas of responsibility

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

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

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

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

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

The Board has the following main duties:

a) the ultimate direction of the Group, in particular the conduct, management and supervision of the business of the Group, and the provision of necessary directions;
b) the determination of the Group's organisation;
c) the determination of accounting and financial control principles, as well as the principles of financial planning;
d) the appointment and removal of the Committees' members;
e) the ultimate supervision of the Chairman, in particular with respect to his compliance with the law, the Articles of Association, instructions given from time to time by the Board;
f) the preparation of the Annual Report, the General Meeting and execution of its resolutions;
g) the notification of the court in the event of over indebtedness;
h) the discussion and approval of:
– the Group's long-term strategy and annual investment budget;
– major financial operations;
–any significant policy issue dealing with the Group's or the Group's general structure or with financial, commercial and industrial policy;
– Corporate Governance Principles of the Group;
– the review of and decision on any report submitted to the Board;
– the Group's annual risk assessment.

3.3 Internal organisational structure

3.3.1 Allocation of tasks within the Board of Directors

Name	Board of Directors	SAR Committee[1]	Audit Committee
Ottonel Popesco	Chair	Member	Member
Fabio Cannavale	Member	-	-
Marco Corradino	Member	-	-
Roberto Italia	Member	Chair	Chair
Anna Zanardi	Member	-	-
Anna Gatti	Member	-	-
Julia Bron	Member	-	Member

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

The powers and responsibilities of each Committee are established in the applicable Committee Charter, which is approved by the Board. Each Committee is entitled to engage outside counsels.

The members of the Board (each a "Director") are collectively responsible for the management of the Group. The Board shall review and regularly monitor the effectiveness of the Group's fundamental operating, financial and other business plans, policies and decisions, including the execution of its strategies and objectives. The Board shall seek to enhance long-term shareholder value.

The Executive Directors are responsible for the day-to-day management of the Group.

The Non-Executive Directors are responsible for proper and independent supervision of the performance of duties by the Executive Directors..

The Chairman shall ensure the proper and independent functioning of the Board.

The Board of Directors is charged with the management of the Group, subject to the restrictions contained in the Articles of Association. Each director owes a duty to the Group to properly perform the duties assigned to him or her and to act in the corporate interest of the Group. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as stockholders, creditors, employees, customers and suppliers.

The members of the Board of Directors are appointed by the general meeting of shareholders. A resolution of the general meeting of shareholders to appoint a director may be passed by an absolute majority of the valid votes cast. Directors are appointed for a period of one year.

In accordance with the Articles of Association and the Dutch Corporate Governance Code the Board of Directors has installed the following internal Committees with consultative and advisory duties:

- Selection, Appointment and Remuneration Committee ("SAR Committee");
- Audit Committee

in each case consisting of non-executive directors only.

SAR Committee

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

(a) drafts selection criteria and appointment procedures for non-executive directors;

(b) periodically assesses the size and composition of the Board of Directors and proposes a composition profile of the Board of Directors, including monitoring and assessment of trends in the area of corporate governance;

(c) at least once a year assesses the performance of the CEO, other executives and individual directors, reports their findings to the Board of Directors and sets the CEO's and the directors' compensation levels based on this evaluation;

[1] Selection, Appointment and Remuneration Committee.

(d) formulates proposals for appointments and reappointments to the Board of Directors, and prepares a description of the role and capabilities required for a particular appointment;
(e) supervises the policy of the Board of Directors on the selection criteria and appointment procedures for senior management;
(f) formulates proposals for the Board of Directors concerning the remuneration policy for the members of the Board of Directors, the committees and the management, and proposes remuneration of the individual members of the Board of Directors, committees and the management within the framework of that remuneration policy (as adopted by the Company's general meeting of shareholders), which are submitted to the Company's general meeting of shareholders for approval;
(g) oversees the implementation and administration of the Company's compensation and benefit plans, in particular the incentive compensation and equity-based plans of the Company (and, to the extent appropriate, the significant subsidiaries of the Company);
(h) prepares the remuneration report on the remuneration of the Board of Directors; and
(i) develops and recommends to the Board of Directors the criteria for selecting directors and assessing director independence, seeks and evaluates individuals qualified to become directors, reviews background checks and selects or recommends that the Board of Directors selects the director nominees.

In 2017, the SAR Committee has performed its duties in accordance with its duties as set out above.

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

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

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

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

In 2017 the Audit Committee has performed his duties in accordance with the duties as set out above and the requirements of the Dutch Corporate Governance Code.

Table below shows frequency of meetings during the year 2017:

Meetings held in 2017	Frequency	Average duration
Board of Directors	Bimestrial	4 hours
SAR Committee	Half-yearly	1.5 hours
Audit Committee	Quarterly	2 hours

In 2017, All board members attended all the Board of Directors and Committees meetings of which they are part.

3.3.3 Work methods of the Board of Directors and its Committees

The Board expects to have at least four regularly scheduled meetings each year. In addition, special meetings may be called from time to time as determined by the needs of the Group's business. At least annually, the Board shall devote a meeting to a review of the Group's long-term strategic and business plans.
The Chairman shall establish and distribute in advance the agenda for each Board meeting. Any director is free to suggest potential items for the agenda.
Attendance by any non-Director at Board meetings is subject to the discretion of the Board , however, the Board encourages management to bring officers and managers into Board meetings from time to time, when such managers can provide additional insight into the matters being discussed and/or have potential as future members of senior management. Board approval should be sought if the Chairman or Chief Executive Officer (CEO) wishes to add additional personnel as attendees at Board meetings on a regular basis.
Board resolutions shall be passed and elections shall be carried by the absolute majority of votes cast. In the event of equality of votes, the Chairman shall have the casting vote.
Resolutions may be taken in written form, by way of a telephone, or video conference. A Board member that cannot attend the Board meeting can express its vote by email addressed to the Chairman.
An Executive Director may grant another Executive Director a written proxy to represent him at a Board meeting. Non-Executive Directors cannot be represented in this manner.
The discussions and resolutions shall be reported in minutes of the meeting and such minutes shall be signed by the Chairman and the meeting's secretary. The minutes shall be approved by the Board at its next meeting.
Resolutions approved by email must be included in the minutes of the next meeting of the Board.

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

The Board of Directors is informed on a regular basis about materialistic matters involving the Group and the Group's business.
The Chairman and the CEO ensure the proper information flow between the Management and the Board of Directors. The Board of Directors receives regular and ad-hoc reports from the Board's Committees, the Chairman and the CEO. The minutes of Committees' meetings are made available to the full Board.
Furthermore, the Audit Committee reviews the financial performance and assesses the effectiveness of the internal and external audit processes as well as the internal risk management organisation and processes.
The role of the external and internal auditors is as follows:

- external auditors (PwC Netherlands) who conduct their audit of lastminute.com NV in compliance with Dutch law including Dutch Standards on Auditing;
- external auditors (PwC Switzerland) who conduct the audit of the Group and the Swiss companies in compliance with Swiss law and in accordance with Swiss Auditing Standards and with International Standards on Auditing;
- group internal auditors which have a direct reporting line to the Audit Committee. It comprises people with a significant experience travelling worldwide and completing audit assignments.

4. Executive Management
During 2015 a management body was formally established (Executive Management) and it consists of all corporate managers with strategic responsibility for the Group. The table below shows the composition of the Executive Management as of 31 December 2017.

4.1 Members of the Executive Management

Name	Year of birth	Nationality	Current Function
Fabio Cannavale	1965	Italian	Group Chief Executive Officer – Executive Director
Marco Corradino	1968	Italian	Chief Operations Officer – Executive Director
Sergio Signoretti	1964	Italian	Chief Financial Officer

4.2 Professional background and other activities and functions

Fabio Cannavale
Group Chief Executive Officer – Executive Director
Please refer to point 3.1 above.

Marco Corradino
Chief Operations Officer – Executive Director
Please refer to point 3.1 above.

Sergio Signoretti
Chief Financial Officer[2]
Sergio Signoretti is chartered accountant and auditor and graduated in Economics at the State University in Rome. Sergio has extensive experience in the financial services industry, having managed as CEO of CartaLis (IGT-Lottomatica group) the startup of the initiative and led the development of the current second issuer of prepaid cards in Italy. Formerly he was CEO of Lottomatica Videolot Rete (IGT- Lottomatica Group) and he hold positions as Head of planning and control in diversified multinational contexts (manufacturing, telco, gaming) among which Omnitel Vodafone and Lottomatica. He is an Angel Investor member of Italian Angels for Growth, an association of Italian and foreign investors in start-up capital ventures.

4.3 Management contracts
Lastminute.com group does not have management contracts delegating portions of its management to third parties not belonging to the group.

5. Compensation, shareholdings and loans

Please refer to the Compensation Report 2017.

6. Shareholders' participation

The participatory rights of shareholders are defined in LMN's Articles of Association. Each share of the company carries one vote and is entitled to vote on any shareholders' meeting of the Company. The Company's shareholders are only entitled to attend the general meeting in person, or represented by a person holding a written proxy, to address the meeting and to vote at the meeting, if the shareholder has lodged documentary evidence to

[2] During 2017 three different CFOs succeeded within the Group: F. Guidotti, CFO of the previous year, remained in charge until 31/03/2017; F. Guidotti was replaced by S. Biffi, in charge from 01/04/2017 to 30/09/2017.

the Board of Directors of his voting rights. The requirement for a written proxy is also met if the proxy is recorded electronically. For these purposes, the Board of Directors shall set a record date on the twenty-eighth day before the general meeting by which date the shareholder needs to register as such in a register (or one of more parts thereof) designated by the Board of Directors. The registration process is described in the notice for the general meeting.

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

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

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

For details concerning convocation and notification of the General Meeting please see from art. 15 to 18 of the Articles of Association
http://www.lastminutegroup.com/~/media/Files/B/Bravofly-Rumbo-Group/documents/governance-documents/articles-of-association-19-may-2015.pdf

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

The Group operates an equity-settled share-based compensation plan. One option gives the right to buy one share of the Company. The grant-date fair value of the options granted to employees is recognized as an employee expense over the vesting period, with a corresponding increase in equity over the same period. The amount recognized as an expense is adjusted to reflect the number of options for which the related service condition is expected to be met, such that the amount ultimately recognized as an expense is based on the number of options that meet the related service condition at the vesting date.

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. 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.

7. Change of control and defence measures

7.1 Duty to make an offer

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

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

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

7.2 Clauses on change of control

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

8. Auditors

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

During the general meeting held on 28 April 2017 ("AGM") the shareholders of the Company resolved upon the granting of full powers to the Board in the respect of the appointment of a qualified independent accounting firm to audit the Company's accounts for the accounting reference 2017. The Board, after due consideration, approved the proposal received by PricewaterhouseCoopers Accountants N.V. ("PwC") to be appointed in order to provide the Company with financial audit services for the accounting reference year 2017.

8.2 Auditing fees

The total of the auditing fees for the auditors in 2017 amounts to EUR 513 thousand, of which PwC, including network firms, in their capacity as Group auditors, received the full amount.

8.3 Additional fees

Additional fees paid to the auditors (other than PwC Netherlands) for 2017 related to an additional services amount to of EUR 6 thousand for other various non-audit services provided to group companies, such as consultancy activity for disclosures on technical matters.

8.4 Information instruments pertaining to the external audit

PwC presents to the Audit Committee a detailed report on the conduct of the Financial Statements audit, the findings on significant financial accounting and reporting issues together with the findings on the internal control system as well as an overview of issues found during the interim audit.

The Audit Committee reviews annually the appropriateness of retaining PwC as the auditor of LMN, prior to proposing to the Board and to the Annual General Meeting of LMN the election of PwC as auditors. The Audit Committee assesses the effectiveness of the work of the auditors in accordance with Swiss and Dutch law, based on their understanding of the Group's business, control, accounting and reporting issues, together with the way in which matters significant at Group level or in the statutory accounts are identified and resolved.

The Audit Committee is also informed on the work of PwC through regular briefings and information presented by the head of the Internal Audit Department. The lead auditor is rotated every seven years in accordance with Dutch law. Audit fees are ultimately approved by the Audit Committee.

The Group and PwC have agreed on clear guidelines as to audit services which it is appropriate for PwC to provide. These guidelines ensure PwC's independence in their capacity as auditors to the Group. PwC monitors its independence throughout the year and confirms its independence to the Audit Committee annually.

9. Internal control and risk management system

9.1 Principles of the internal control and risk management system

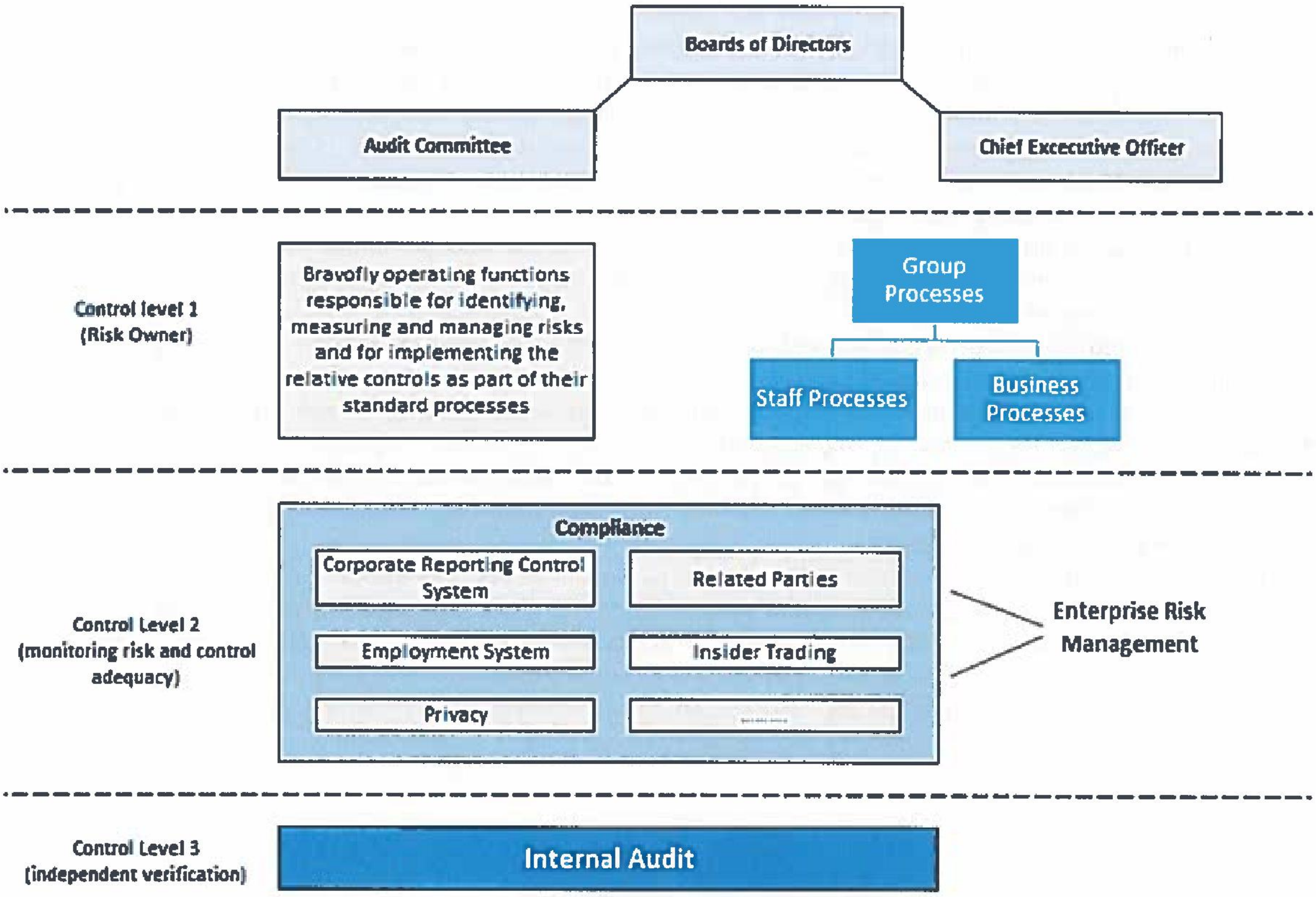
Lastminute.com group has adopted and is committed on promoting and maintaining an adequate internal control and risk management system, to be understood as a set of all of the tools necessary or useful in order to direct, manage and monitor business activities with the objective of ensuring compliance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

The Board of Directors approved the "Guidelines of the Board of Directors on Internal Auditing" (the "Guidelines") that define the system of internal control and risk management as a set of organisational structures, rules and procedures to enable the identification, measurement, management and monitoring of the main risks. An effective system of internal control and risk management assists in leading the Group in line with pre-established goals, promoting reasoned decision-making. The internal control and risk management system director and those appointed to manage it are responsible for establishing and maintaining an effective internal control and risk management system, in line with corporate and procedural objectives, ensuring that risk management procedures correspond to the risk containment plans defined. Lastminute.com group's Board of Directors has identified the Audit Committee as responsible for the supervising of the internal control and risk management system; the Audit Committee defines the guidelines for the internal control and risk management system and annually reviews the operation of the Group's internal risk management and control systems with regard to the characteristics of the Group and the risk profile assumed, as well as its efficacy, so that the main risks facing the Group and its subsidiaries can be correctly identified and adequately measured, managed and monitored. No significant changes over the internal control and risk management system have been made during 2017 or are planned for the coming year.

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

- Level One: identification, evaluation and monitoring of risks inherent to the individual Group processes. The Group departments that bear the individual risks, and are responsible for identifying, measuring and managing them as well as for implementing the necessary controls, are located at this level;
- Level Two: monitoring of the main risks to ensure that they are effectively and efficiently managed and processed, and monitoring of the adequacy and functioning of the controls put in place to protect against the main risks; support for Level One in defining and implementing adequate management systems for the main risks and related controls. This level contains Group personnel charged with coordinating and managing the main control systems (e.g. Disclosures, Privacy etc.);
- Level Three: independent and objective verification of the operating effectiveness and adequacy of Levels One and Two, and in general of all risk management methods. This activity is performed by the Internal Audit Department, which performs his activity under the direction and guidance of the Guidelines.

The following table shows the Corporate Governance structure for the Group, divided in the different control levels:

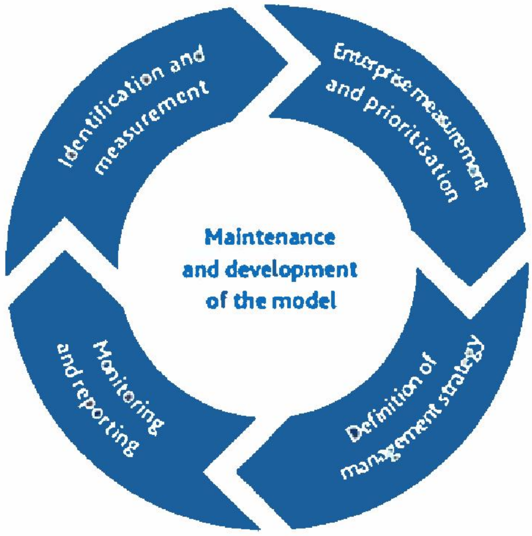


Internal representations received from management, management reviews, reviews of the design and effectiveness of the internal controls and reviews are integral parts of LMN's risk management approach. On the basis thereof, it can be stated that LMN's internal controls over financial reporting provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies, based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis and confirms that these controls have functioned properly in the financial year 2017.
A specific matrix over financial risks is annually prepared by the Management and approved by LMN's CEO and CFO and supervised by the Audit Committee.

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

9.2 Enterprise Risk Management System

Lastminute.com group has adopted an ERM system composed of rules, procedures and organizational structures, for identifying, measuring, managing and monitoring the main risks that could affect the achievement of its strategic objectives.
Lastminute.com group through the ERM system has adopted uniform and structured method for identifying, evaluating, managing and controlling risks in line with existing reference models and best practice.
The ERM system provides for an integrated, cross and evaluation of risk that increases the value of the management systems already in place in the individual corporate processes. The results arisen in relation to the main risks and the relevant plans for managing said risks are submitted to the Audit Committee to allow the evaluation of the effectiveness of the internal control and risk management system in relation to the specific features of lastminute.com group and to the risk profile adopted.
The scope of the risks identification phase is to pinpoint dangerous events both pertaining the corporate processes of lastminute.com group and external to them that may affect the achievement of the corporate objectives. Risks are measured in an integrated and cross manner by way of defined grading scales of probability and impacts that concerns, both quantitative (e.g. economic and financial impacts) and more qualitative and intangible (e.g. reputational impact, health, safety-related) aspects.
To each event is given an 'enterprise' score. For each risk, this score summarises the different evaluations performed by the Risk Owners and by the centralised units with specialist expertise. Risks are prioritised according to a combination of impact and probability scores. Management actions and possible specific interventions are identified for all risks, with the relevant implementation timeframes, associated with a type of risks' management among those codified.
Risk mapping is dynamic and thus needs to be reviewed periodically. The 'enterprise' evaluation dictates how often these reviews will take place, but they will happen at least once a year, even for low-priority risks. Periodic reporting ensures, at different corporate level, that the information on risk management and monitoring activities of competence is available and represented. The ERM system is constantly verified to having a continually effective model in line with methodological and technological developments regarding the risk management matter. Below is a graphical representation of how lastminute.com group's ERM system works:



Within the enterprise risks, the main corporate risks identified, monitored and managed by lastminute.com group are the following:

- Market Risk, being the risk arising from increased competition with possible subsequent loss of market share in comparison with other market players;
- Financial Risk, being the risk associated with financing operations, financial transactions and the risk of fulfilling the obligation linked to loans;

- Fraud Risk, being the risk arising from illegal or wrongdoing acts committed on the organization or by the organization or for the organization by internal or external sources;
- Operational Risk, being the risk resulting from breakdowns in internal procedures, processes, people and systems;
- Compliance Risk, being the risk resulting from changes in laws and regulations applicable to the Group.

9.3 Internal Audit

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

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

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

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

9.4. Lastminute.com group's internal regulatory system

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

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

- Whistleblower Rules;
- Remuneration Policy;
- Dividend Policy;
- Privacy Policy;
- Insider Regulations;
- Related Parties Transactions.

10. Information policy

10.1 Investor Relations – guiding principles

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

10.2 Methodology

LMN produces each year a detailed Annual Report, which reviews the business. It also provides detailed audited Financial Statements. These are complemented by the Half-Yearly Report. Lastminute.com N.V. publishes its full-year and half-year results; it also publishes press releases at the time of any potentially price-sensitive event, such as significant acquisitions and divestments, joint venture agreements and alliances. Major announcements, such as results of corporate activity, are accompanied by a presentation which anyone can choose to access, whether or not that person is a shareholder. Furthermore, LMN has an active investor relations program, including both group meetings and one-to-one meetings. This includes the Annual General Meeting, as well as presentations at the time of its full-year and half-year results. The Group also has a programme of roadshows, which take place in most financial centres around the world, and hosts themed events for institutional investors and investment analysts at which members of line management give an overview of their particular areas of responsibility.
These meetings focus either on recently announced financial results, recent corporate activity or the longer-term strategy of the Group.
The Group utilises its website www.lastminutegroup.com to ensure a rapid and equitable distribution of information. There are links to non-financial information that may be of interest to investors, such as the Articles of Association, Code of Conduct, Whistleblower Rules, Dividend and Remuneration policy.
A Group calendar of relevant dates is displayed on website (www.lastminutegroup.com).
The Investor Relations Department can be contacted, either through the Web site or e-mail.

Link to push service: [http://www.lastminutegroup.com/site-services/alert-service.aspx]

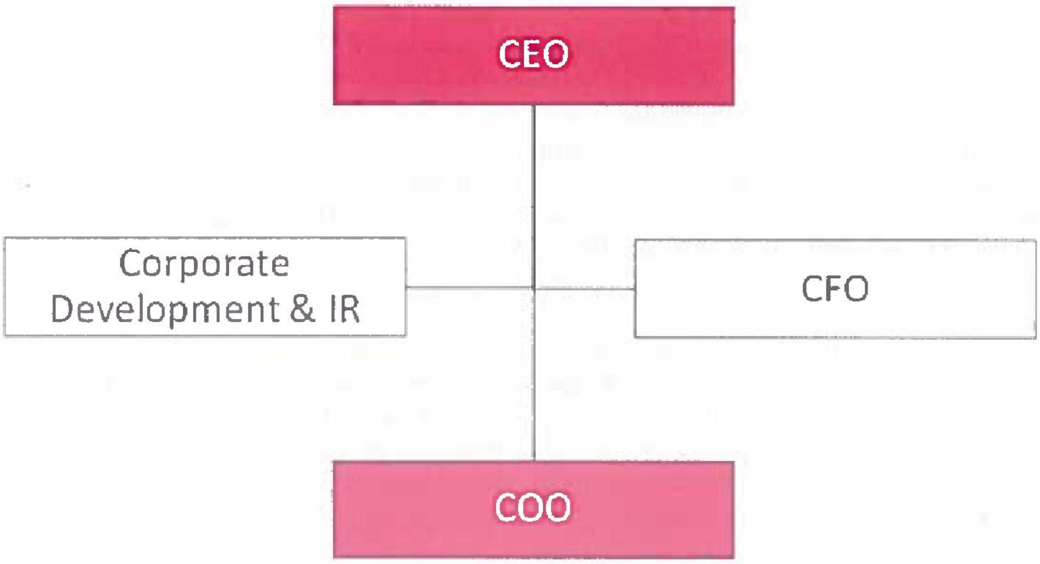
Link to pull service: [http://www.lastminutegroup.com/media/press-releases.aspx]

11. Non-applicability/negative disclosure

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

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

2017 organizational structure:



Material changes since the balance sheet date

At the date of the publication of this report, material changes occurred:

- approval by an Extraordinary General Meeting of a resolution concerning the cancellation of 765 thousands shares (an amount corresponding to 5.23% of the total issued capital) out of 1,294 thousand shares owned as of 31 December 2017. The cancellation became effective at the end of January 2018, after a period of 60 days for potential creditor opposition;
- signing of a binding agreement to acquire Comvel GmbH to expand its business in Germany;
- at the end of January 2018 the Group obtained a loan for EUR 20 million from a primary Italian financial institute.

For further information please refer to the links below:

- http://www.lastminutegroup.com/~/media/Files/B/Bravofly-Rumbo-Group/press-release/2017/English/170922_Lastminute_Press%20Release_EGM_EN.pdf;
- http://www.lastminutegroup.com/~/media/Files/B/Bravofly-Rumbo-Group/press-release/2017/English/20171221%20Lastminutecom_group_Press%20Release_Comvel_EN.pdf.

Compensation Report 2017

Governance

The Board of Directors has the overall responsibility for defining the compensation principles used in the Group. It approves the compensation of the members of the Board, its Chairman and the CEO.
The Remuneration Policy was prepared by the SAR Committee ("SARC") of the Board of Directors. Please see Note 3.3.2 of this document for a detailed description of it.
The goal of this Remuneration Policy is to recruit, retain and motivate high quality directors. The Group is committed to providing a total remuneration package that is consistent with sound industry practice and reflects the individual country practices, job market and geographic differences. The Group has a strong orientation toward achieving overall Group and personal goals. The SARC shall annually evaluate the performance of each executive director and each member of the executive management against these goals.

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

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

The Remuneration Policy is published on the Group's website.

Principles of compensation for the Board of Directors and Executive Management

The remuneration of the members of the Board of Directors and the Executive Management is set to attract and retain highly qualified individuals. The level of remuneration reflects (i) the time and effort required from the members in fulfilling their responsibilities and (ii) the level of skills and experience of each member. The pay structure is designed to ensure the Board and management's focus on the long-term success of the Group.
The remuneration package for the executive directors and for the members of the executive management shall also take into account any division of duties within the Board. The remuneration package and its structure shall also take into account any remuneration an individual executive director may receive (based on employment or non-employment status) from the Group or any of its direct and indirect subsidiaries (each a "Group").
In addition, members of the Board may receive remuneration for consultancy services provided to the Group. Such remuneration shall be at arm's length conditions and must be approved by the SARC.
The competent body in charge for the determination of the compensation of the members of the Board of Directors and the Executive Management is the SARC. Normally, the SARC provides to review and recommend changes to the remuneration of the members of the Board of Directors and the Executive Management once a year, during its first reunion of the year. The SARC's role is to ensure that remunerations are at an appropriate level, effectively managed, to best match the business objectives of LMN reflecting competencies and market conditions in the various countries where LMN is operating. SARC also assists the Board in the approval of remuneration policies and practices.
Members of the SARC whose remuneration is decided by the SARC have the right to attend the meeting during which remunerations are discussed, but they don't have any voting right about the decisions.

The remuneration of Mr. Cannavale is related to his role as member of the Executive Management; for the current year Mr. Corradino renounced to any remuneration further than the fee that he received as a member of the Board. The remuneration of the other members of the Board reflects the time and effort required from the members in fulfilling their Board and Committee responsibilities.

Compensation for Members of the Executive Management

The aggregate compensation, including bonuses, social security and pension contributions and other cost of compensation for the Company, for members of the Executive Management (consisting of 3 members in 2017) for the financial year 2017 was EUR 1,015 thousand[4]. The highest individual compensation was related to Fabio Cannavale (CEO) and amounts to EUR 558 thousand.

In relation to performance-related remuneration, all the eventual bonuses expected for the members of the Executive Management are paid in cash. The base salary is paid in [monthly] instalments in cash. Performance-related remunerations are established and paid on the basis of financial parameters for 70% of the total variable remuneration; financial parameters are divided into Group objectives (i.e. PMC1) and department objectives (i.e. IT costs). The other 30% performance-related remunerations is related to the qualitative performance of the manager.

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

Loans

No loans and credits have been granted to current or former members of the Board of Directors and Executive Management, nor to persons related to them, and no loans or credits to those members and related persons were outstanding on 31 December 2017.

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

During 2017, two consultancy agreements were signed with Anna Gatti and Anna Zanardi, for an amount of EUR 40 thousand and CHF 40 thousand each. As for a resolution taken by the SARC committee, these amounts include the fees recognized to both as members of the Board of Directors.

Amsterdam, 13 March 2018

MR. F. CANNAVALE

MR. M. CORRADINO

[4] The total remuneration includes the aggregate compensation paid to the three CFOs who succeeded each other during the course of the year.

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

In addition to the above, as already done last year, during 2017 the Group has based its criteria for defining the remuneration of the Executive Management also taking into account the survey conducted by an international external consultant (Towers Watson), which has provided an external and fair benchmark related to remuneration system in high tech companies existing actually.
Towers Watson is one of the leading consultants for Human Resources, particularly for the compensation area and for the comparison with the existing benchmarks in the market.
lastminute.com chose Towers Watson for various reasons including:

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

During the last two years, the Group used this approach in order to map the first and second lines and some key roles. The results of the surveys and the benchmark against the market are helpful for top management and HR strategy, in order to (i) have an important idea on how the external market works, (ii) create career paths for the people, (iii) use the external market to retain and to better reward deserving people, (iv) give to new people a better compensation scheme as the role needs. lastminute.com decided to have a comparison with the High Tech market because is the most similar with the Group's business profile and roles and used determined percentages to calibrate the amount of the survey depending on the city where the Group's companies are based.
The Code requires that the non-executive directors of the Board shall analyse possible outcomes of the variable income components on executive directors' remuneration. A high-level scenario analysis is included in the annual determination of the variable element of executive directors' remuneration by the non-executive directors of the Board.

Compensation 2017 for the members of the Board of Directors and Executive Management

<u>Board membership fees and allowances</u>
The table below shows the company cost related to the remuneration, including contingent and deferred compensation, received by the directors in their role of directors, consultants or executive of the Group during the year ended December 31,2017:

In €/000

Name	Fixed Remuneration	Bonus	Options	Other	Total Compensation
Ottonel Popesco	80	0	0	0	80
Fabio Cannavale	508	50[3]	0	0	558
Marco Corradino	20	0	0	0	20
Roberto Italia	40	0	0	0	40
Anna Gatti	20	0	0	0	20
Anna Zanardi	20	0	0	0	20
Julia Bron	25	0	0	0	25
Total remuneration to BoD	**713**	**50**	**0**	**0**	**763**

As shown in the table above, there has been no option expense for the Board of Directors or executive management in 2017.

[3] The amount of the bonus covers all the fringe benefits (e.g. health insurance, cars etc.) contractually stated for F. Cannavale.

lastminute.comgroup

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

[APPROVED ON 13 MARCH 2018]

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

in '000 EUR	Notes	2017	2016
Revenues	6	258,830	261,533
Marketing costs	7	(113,125)	(110,110)
Personnel costs	8	(61,933)	(51,121)
Other operating costs	9	(75,276)	(76,773)
Amortization and depreciation	17/18	(11,985)	(11,162)
Impairment	18	(507)	(351)
Operating Profit / (Loss)		**(3,996)**	**12,016**
Gain from disposal of investments and other assets	10	2,065	-
Finance income	11	776	121
Finance costs	11	(2,362)	(3,207)
Share of result of equity-accounted investees	21	(133)	(66)
Profit / (Loss) before income tax		**(3,650)**	**8,864**
Income tax	12	(4,151)	(2,207)
Profit / (Loss) for the period		**(7,801)**	**6,657**
- thereof attributable to the Shareholders of lastminute.com NV	13	*(6,450)*	*6,810*
- thereof attributable to non-controlling interest		*(1,351)*	*(153)*
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss			
Remeasurements of the Employee benefits liability	14	22	217
Related tax	12	(25)	(24)
Items that will never be reclassified to profit or loss		**(3)**	**193**
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences		365	653
Items that are or may be reclassified to profit or loss		**365**	**653**
Total other comprehensive income for the period, net of tax		**362**	**846**
Total comprehensive income		**(7,439)**	**7,503**
- thereof attributable to the Shareholders of lastminute.com NV		*(6,088)*	*7,656*
- thereof attributable to non-controlling interest		*(1,351)*	*(153)*
EARNINGS PER SHARE			
Basic earnings per share (euro)	13	(0.48)	0.49
Diluted earnings per share (euro)	13	(0.48)	0.49

CONSOLIDATED BALANCE SHEET

in '000 EUR	Notes	31 Dec 2017	31 Dec 2016
NON CURRENT ASSETS			
Property plant and equipment	17	3,243	3,593
Intangible assets	18	143,949	142,238
Goodwill	18/19	56,052	56,399
Non current financial assets	20	1,256	1,184
Investment in equity accounted investees	21	825	238
Deferred tax asset	12	6,419	7,477
TOTAL NON CURRENT ASSETS		211,744	211,129
CURRENT ASSETS			
Inventories		14	9
Current financial assets	20	1,922	2,210
Current tax assets	12	767	3,390
Trade and other receivables	22	77,992	49,749
Cash and cash equivalents	23	52,134	60,245
TOTAL CURRENT ASSETS		132,829	115,603
TOTAL ASSETS		344,573	326,732
Share capital	24	146	146
Capital reserves	24	127,751	127,751
Translation reserve	24	1,419	1,054
Treasury shares reserve	24	(16,738)	(12,364)
Retained earnings	24	19,191	25,714
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM NV		131,769	142,301
Non-controlling interest	24	1,737	2,604
TOTAL EQUITY		133,506	144,905
NON CURRENT LIABILITIES			
Non current provisions	25	-	820
Employee benefits liabilities	14	5,678	5,052
Deferred tax liabilities	12	26,503	25,911
TOTAL NON CURRENT LIABILITIES		32,181	31,783
CURRENT LIABILITIES			
Current provisions	25	3,330	878
Short Term Financial Liabilities	26	10,015	7,680
Current tax liabilities	12	1,002	1,477
Trade and other payables	27	164,539	140,009
TOTAL CURRENT LIABILITIES		178,886	150,044
TOTAL LIABILITIES		211,067	181,827
TOTAL LIABILITIES AND EQUITY		344,573	326,732

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in '000 EUR	Notes	Share capital	Capital Reserves	Translation Reserve	Treasury Share Reserve	Retained Earnings	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM NV	Non-controlling interest	TOTAL EQUITY
Balance at 1 January 2017		146	127,731	1,054	(12,364)	25,714	142,301	2,604	144,905
Result for the period		-	-	-	-	(6,450)	(6,450)	(1,351)	(7,801)
Other comprehensive income									
- Remeasurements of the Employee benefits liability (net of tax)	12/14	-	-	-	-	(3)	(3)	-	(3)
- Foreign currency translation differences	24	-	-	365	-	-	365	-	365
Total other comprehensive income net of tax		-	-	365	-	(3)	362	-	362
Total comprehensive income net of tax		-	-	365	-	(6,453)	(6,088)	(1,351)	(7,439)
Transactions with shareholders									
- Share-buy back plan	24	-	-	-	(4,725)	-	(4,725)	-	(4,725)
- Buy-back share options	15						-		-
- Sale of treasury shares	24				188		188		188
- Share-based payments	15	-	-	-	163	(38)	125	-	125
- Transactions with non-controlling interest	4					(32)	(32)	(253)	(285)
- Capital contribution by non-controlling interest	4						-	737	737
Total transactions with shareholders		-	-	-	(4,374)	(70)	(4,444)	484	(3,960)
Balance at 31 December 2017		146	127,731	1,419	(16,738)	19,191	131,769	1,737	133,506

in '000 EUR	Notes	Share capital	Capital Reserves	Translation Reserve	Treasury Share Reserve	Retained Earnings	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM NV	Non-controlling interest	TOTAL EQUITY
Balance at 1 January 2016		146	127,731	401	(8,838)	21,363	140,823	(36)	140,787
Result for the period		-	-	-	-	6,810	6,810	(153)	6,657
Other comprehensive income									
- Remeasurements of the Employee benefits liability (net of tax)	12/14	-	-	-	-	193	193	-	193
- Foreign currency translation differences		-	-	653	-		653	-	653
Total other comprehensive income net of tax		-	-	653	-	193	846	-	846
Total comprehensive income net of tax		-	-	653	-	7,003	7,656	(153)	7,503
Transactions with shareholders									
- Share-buy back plan	24	-	-	-	(5,534)	-	(5,534)	-	(5,534)
- Share-based payments	24/15	-	-	-	2,008	(2,260)	(252)	-	(252)
- Transactions with non-controlling interest	4	-	-	-	-	(392)	(392)	392	-
- Capital contribution of non-controlling interest	4	-	-	-	-	-	-	2,401	2,401
Total transactions with shareholders		-	-	-	(3,526)	(2,652)	(6,178)	2,793	(3,385)
Balance at 31 December 2016		146	127,731	1,054	(12,364)	25,714	142,301	2,604	144,905

CONSOLIDATED CASH FLOW STATEMENT

in '000 EUR	Notes	2017	2016
Cash flow from operating activities			
Profit / (Loss) for the period		(7,801)	6,657
Adjustments for:			
- Amortization and depreciation	17/16	11,985	11,162
- Impairment losses on intangible and tangible assets	18	507	351
- Net finance result	11	1,586	3,086
- Gains/losses from disposal of inv. and other	10	(2,065)	
- Income tax expense	12	4,151	2,207
- Share-based payments	15	(492)	-
- Share of result of equity-accounted investees	21	133	66
Change in trade and other receivables	22	(23,494)	(3,343)
Change in inventories		(4)	21
Change in trade and other payables	27	24,253	(7,192)
Change in provisions	25	1,633	(2,757)
Change in employee benefit liability	14	644	2,503
Interest paid	11	(99)	(69)
Income tax (paid)/received	12	(403)	(6,561)
Net cash (used in) / from operating activities		10,534	6,131
Cash flow from investing activities			
Interest received	11	13	23
Purchase of property, plant and equipment	17	(1,313)	(1,799)
Purchase of intangible assets	16	(11,747)	(10,867)
Proceeds from sale of intangible assets	16	-	53
Acquisition of subsidiaries, net of cash acquired	4	(5,000)	(1,275)
Proceeds form sales of subsidiaries and other investments	4	2,034	-
Acquisition / (Proceeds) of financial assets	20	218	(818)
Net cash (used in) / from investing activities		(15,795)	(14,683)
Cash flow from financing activities			
Proceeds from borrowings	26	14,043	7,680
Proceeds from exercise of share options	15	125	1,240
Repayments of borrowings	26	(11,425)	-
Payment in exchange of share options	15	-	(1,492)
Share Buy back plan	24	(4,725)	(5,534)
Acquisition of non-controlling interests	4/24	(214)	-
Capital contribution from non controlling interests	24	45	2,376
Net cash (used in)/from financing activities		(2,151)	4,270
Net increase / (decrease) in cash and cash equivalents		(7,412)	(4,282)
Cash and cash equivalents at 1 January	23	60,245	65,559
Effects of currency translation on cash and cash equivalents		(699)	(1,032)
Cash and cash equivalents at 31 December	23	52,134	60,245

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 inscribed in the Netherlands 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 2017 include the Company and its subsidiaries (together referred to as "lastminute.com Group", the "Group" or "LMN" and individually as "Group entities"). Following the acquisition of lastminute.com from Sabre Corporation made on 2 March 2015 (see Note 4), the Annual General Meeting of Shareholders held on 19 May 2015 approved the change of the Company name from Bravofly Rumbo Group N.V. to lastminute.com N.V. 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.

As a result of the acquisition of lastminute.com (see Note 4), the Group has foreign operations, consolidated as explained in the corresponding accounting policy below.

BASIS OF PREPARATION

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

The consolidated financial statements are presented in thousand of Euros and all amounts (including totals and subtotals) have been rounded according to normal commercial practice. Thus, an addition of the amounts presented can result in rounding differences.

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, with the directors having assessed that there are no financial, operating or other kind of indicators that might provide evidence of the Group's inability to meet its obligations in the foreseeable future and particularly in the next 12 months.

The consolidated financial statements were authorized for issue by the Board of Directors on 13 March 2018.

ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017 :

- Amendments to IAS 7: Disclosure Initiative.
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses.

These revised standards did not have a material impact on the Group's consolidated financial statements.

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 recognized 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 recognized 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:

Income taxes

As of 31 December 2017 the net liability for current taxes amounts to EUR 235 thousand (2016: net asset for current taxes of EUR 1,913 thousand). The net liability for deferred taxes amounts to EUR 20,085 thousand at 31 December 2017 (2016: EUR 18,434 thousand, refer to Note 12). 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 recognized 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 recognized 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 2017 management recognised deferred tax assets on losses carried forward for EUR 5,199 thousand based on its estimates of future taxable profits. Management considered probable that future taxable profits will be available against which such losses can be used.

Provision and contingencies

The use of estimates and judgments is required in order to assess the amount and timing of future cash outflows to settle the present legal or constructive obligations. In case the estimates of Group's management differ significantly from effective cash outflows, the consolidated financial statements could be materially affected. Total provisions amount to EUR 3,330 thousand as of 31 December 2017 (EUR 1,698 thousand for 2016). For further information see Note 25.

Business combinations

The Group initially recognizes the fair value of identifiable assets acquired, the liabilities assumed, any non-controlling interest 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 2017 and 2016 the Group had respectively EUR 56,052 thousand and EUR 56.399 thousand in goodwill (see Note 19) and EUR 121,454 thousand and EUR 121,454 thousand in intangible assets with an indefinite useful life (see Note 18). 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. To compute the recoverable amount the Group's management uses key assumptions, e.g. a discount rate reflecting the risk of the assets tested for impairment and future expected cash flows generated by these assets. Actual outcomes, e.g. cash flows, may vary significantly from those assumed by management. Factors such as the underperformance of the operating activities, worsening of market conditions, changes in discount rates and lower than anticipated revenues derived from the assets could lead to a significant impairment.

BASIS OF CONSOLIDATION

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

Business combinations

Business combinations are accounted for by applying the acquisition method. The Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognized amount of any non-controlling interests in the acquiree, less the net recognized 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 recognized immediately in profit or loss.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at their fair value or at their proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

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 unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized 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 recognized 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 recognized initially at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.
Additional information regarding changes in the consolidation area is provided in Note 4.

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 recognized 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 capitalized 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 expenditure are capitalized 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 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 recognized in 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

Separately acquired trademarks are recognized at historical cost. Trademarks acquired in a business combination are recognized 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 capitalized development costs of lastminute.com Group consist mainly of capitalized 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 capitalized 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 amortized. 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 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 recognized in 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 recognized in the income statement. Whenever the initial recognition of a business combination can be determined only provisionally, adjustments to the initially allocated values are recognized within 12 months from the acquisition date.

Goodwill is tested for impairment at least annually or more frequently whenever events or changes in circumstances indicate that goodwill may be impaired, as set forth in IAS 36 (Impairment of Assets); however, when the conditions that gave rise to an impairment loss no longer exist, the original amount of goodwill is not reinstated.

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.

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

Impairment losses recognized 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 recognized. An impairment loss in respect of goodwill is not reversed.

LEASING

The present value of finance lease obligations is recognized on the balance sheet if substantially all risks and rewards associated with ownership have been transferred to the Group entity.

Minimum lease payments made under finance leases are divided into an interest expense and a reduction of the outstanding liability based on the annuity method. The interest expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of their estimated useful life and the lease term.

Operating lease instalments are charged to profit or loss on a straight-line basis over the lease term. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

FINANCIAL INSTRUMENTS

Financial assets

Financial assets are initially recognized on the trade date at fair value plus any directly related transaction costs (unless held for trading purposes or designated at fair value through profit or loss). Subsequently, they are categorized and measured as follows:

- financial assets held for trading purposes or designated at fair value through profit or loss at fair value, whereby changes in the fair value are immediately recognized in profit or loss;
- loans and receivables at amortized cost, whereby the difference between the issue and repayment amount is recognized 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

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. The Group considers evidence of impairment for receivables at both a specific asset and collective level. In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Investments

Investments are measured at fair value with changes in their value recognized 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 amortized cost based on the effective interest rate method, which generally corresponds to their nominal value.

Cash and cash equivalents

Cash and cash equivalents are stated at nominal 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 recognized at fair value less any directly attributable transaction costs. They are subsequently stated at amortized cost, whereby the difference between the issue and repayment amount is recognized 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 amortized cost, which generally corresponds to their nominal value.

PROVISIONS

Provisions are recognized 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. In connection with flight ticket sales, lastminute.com Group offers its customers the possibility to acquire "Travelflex", which allows them to cancel the flight booking at their sole discretion obtaining a voucher for a 90% of the ticket price (excluding agency commissions and other products/services). Provisions are made to cover related expected claims and other directly related costs using current assumptions.

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 defined benefit plan.

The present value of the defined benefit obligation is calculated using the projected unit credit method. 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 recognized 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 recognized in other comprehensive income.

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 recognized 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

The Group operates an cash-settled share-based compensation plan. One option gives the right to buy one share of the Company. The grant-date fair value of the options granted to employees is recognized as an employee expense over the vesting period, with a corresponding increase in equity over the same period. The amount recognized as an expense is adjusted to reflect the number of options for which the related service condition is expected to be met, such that the amount ultimately recognized as an expense is based on the number of options that meet the related service condition at the vesting date.

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 recognized as equity are repurchased, the amount of the consideration paid, net of any tax effects, is recognized 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 recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within Retained earnings.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts, cancellations and value added taxes. The Group recognizes revenue when the outcome of the underlying transaction can be estimated reliably. Revenue associated with the transaction is recognized by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. The Group bases its estimate of cancellations on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from the intermediation of travel services consists of revenue from the services offered on the websites of lastminute.com Group by which customers have the ability to compare and book flights, hotel rooms and car rentals, or the combination of those products, and from the sale of third party travel insurance.

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.

Revenues for flights bookings, hotel room bookings, cruise booking, holiday bookings, car rental bookings and travel insurance, are recognized when the booking is made, secured by credit card or other payment.

In connection with flight ticket sales, lastminute.com Group offers its customers the possibility to acquire "FullFlex", which allows them to cancel the covered flight booking at their sole discretion. When a customer cancels a flight booking covered by FullFlex, he or she obtains a voucher to be used for a replacement booking within a certain period of time of up to 18 months. The fees received for FullFlex are recognized at the time of booking adjusted for the related provision to cover related expected claims and other directly related costs using current assumptions.

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.

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 by reference to the stage of completion over the advertising delivery period, depending on the terms of the contract. Revenue generated from advertising banners is recognized upon notification from the alliance partner that a transaction has occurred.

INCOME TAXES

Income tax comprises current and deferred taxes. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity (i.e. transactions with shareholders), in which case it is recognized 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 recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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. The expected effects as disclosed in the table below reflect a first assessment by Group management:

New Standards or Interpretations	**Effective date annual period beginning on or after:**	**Mandatory application in the EU: annual period beginning on or**
IFRS 15 Revenue from Contracts with Customers 1)	1 January 2018	Endorsed on 1 January 2018
IFRS 9 Financial Instruments 1)	1 January 2018	Endorsed on 1 January 2018
IFRS 16 Leases 4)	1 January 2019	Endorsed on 9 November 2017
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration 2)	1 January 2018	Not Yet endorsed
IFRIC 23 Uncertainty Income Tax Treatments 3)	1 January 2019	Not Yet endorsed
IFRS 17 Insurance Contracts 3)	1 January 2021	Not Yet endorsed
Revisions and amendments of Standards and Interpretations	**Effective date**	**Mandatory application**
Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions 2)	1 January 2018	Not Yet endorsed
Amendments to IAS 40: Transfers of Investment Property 2)	1 January 2018	Not Yet endorsed
Amendments to IFRS 9: Prepayment Features with Negative Compensation 2)	1 January 2019	Not Yet endorsed
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures 2)	1 January 2019	Not Yet endorsed
Annual Improvements to IFRS Standards 2015-2017 Cycle 3)	1 January 2019	Not Yet endorsed
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement 3)	1 January 2019	Not Yet endorsed

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.

3) The impact on the Consolidated Financial Statements of the Group cannot yet be determined with sufficient reliability.

4) In relation to the IFRS 16 the Group has already started a specific assessment. See the table below for further information.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

Title of the standard	**IFRS 9 - Financial instruments**
Nature of the change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	The group has reviewed its financial assets and liabilities and is not expecting the significant impact from the adoption of the new standard on 1 January 2018 as follow: Financial assets currently measured under IAS 39 at fair value through profit or loss (FVPL) have been disposed in January 2018 and the Group will not enter in any other similar investments. The Group has no available for sale instruments. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed. The Group has no derivatives instruments neither has ever applied the Hedge accounting. If in the future the Group enters into derivatives contracts, a specific analysis will be carried out by the management to reflect the appropriate accounting under IFRS 9. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group doesn't expect a significant increase of allowance for bad debt, given that fact the overall net allowance for the entire Group has been less than EUR 0.2 million during 2017.
Date of adoption by the Group	Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

Title of the standard	IFRS 15 - Revenue from Contracts with Customers
Nature of the change	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	Management has performed a detailed analysis over all the revenues streams and it is not expecting the significant impact from the adoption of the new standard on 1 January 2018 as follow: The Group offers a wide range of services through its website. A customer may book several services in only one booking. Every booked services are connected and interdependent to each other. The customer cannot benefit from a single service without benefiting from the others. For instance, the insurance cannot be used without taking the flight. On the other way round, the Group cannot fulfil its promise to transfer each of the services separately. Even in case of a dynamic package, the customer cannot benefit from only a part of the service (being either the hotel or the flight). In case of cancellation of a dynamic package, the customer cannot select which service can be cancelled, but the cancellation obligatory refers to the entire package. Also outside the OTA business, the Group doesn't sell any service with separate performance obligation. That is the case for instance of "click per acquisition" for META or an advertising service for MEDIA. Regarding variable considerations, the Group has limited active contracts with variable considerations. They are related to over-commission to Global Distribution Systems (GDS) and airlines. During the maturation period revenues are recognised based on the best estimate available. As most of these contract have maturity date as of the end on the year, revenue recognition for YE financial statement is based on actual results. All the other type of contracts are quite straight forward. There are no particular incentives or bonuses. Revenue has no significant financing component and the consideration received is only cash. Consideration payable to a customer also includes credit or other items (for example, a coupon or voucher) that can be applied against amounts owed to the entity (or to other parties that purchase the entity's goods or services from the customer). The Group accounts for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue. Historical data showed that not all customers exercise their contractual right to use the voucher. The Group recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customers. As a result of the assessment no significant impact is expected in the Consolidated financial statements 2018.
Date of adoption by the Group	Mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption (if any) will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Title of the standard	IFRS 16 - Leases

Nature of the change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change
Impact	The standard will affect primarily the accounting for the group's operating leases. The Group has operating leases contracts for all the buildings where the offices are located, cars granted to employees and other minor office equipments. The Group preliminary estimates that approximately 80-90% of these relate to payments for medium-term office rental leases (see Note 16) which will be recognised in the Group statement of financial position according the new standard. However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the group's profit or loss and classification of cash flows going forward.
Date of adoption by the Group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

NOTE 3 - FINANCIAL RISK MANAGEMENT

Financial Instruments

The following table shows the Group's financial instruments arranged according to the categories defined in IAS 39:

in '000 EUR	31 Dec 2017	31 Dec 2016
Current financial assets (Investments)	33	33
Total financial assets at fair value through profit or loss	**33**	**33**
Non-current financial assets	1,256	1,154
Current financial assets (Deposits and other)	1,599	2,177
Trade and other receivables *	76,223	47,475
Cash and cash equivalents (excl. cash on hand)	51,525	60,229
Total loans and receivables	**131,196**	**111,065**
Short term financial liabilities	10,015	7,650
Trade and other payables *	157,703	134,611
Total Financial liabilities measured at amortized cost	**167,718**	**142,291**

* *"Trade and other receivables/payables" do not include credit/debit VAT position, and other non-cash items at 31 December.*

For further details refer to Note 20.

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

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 categorized 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).

The following table shows the carrying amount of financial assets and liabilities measured at fair value, including their levels in the fair value hierarchy:

in '000 EUR	Fair value			
31 December 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Investment funds	33	-	-	33

in '000 EUR	Fair value			
31 December 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Investment funds	33	-	-	33

As of 31 December 2017, the Group held investments funds for an amount of EUR 33 thousand (EUR 33 thousand in 2016) at fair value through profit or loss: their fair value was determined based on traded prices in an active market.

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 Chief Executive Officer and the Executive Chairman. 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 2017	Cashflow	Interests charges	Acquisitions	Exchange movement	Change in Fair Value	Other non-cash movements	31 Dec 2017
Short term financial liabilities	(7,680)	(2,615)	(21)				304	(10,015)
Total Short Term Financial Liabilities	**(7,680)**	**(2,615)**	**(21)**	**-**	**-**	**-**	**304**	**(10,015)**

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.

For any further information refer to Note 22.

Exposure to credit risk

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

in '000 EUR	31 Dec 2017	31 Dec 2016
Non-current financial assets	1,256	1,184
Current financial assets	1,922	2,210
Trade and other receivables*	76,223	47,473
Cash and cash equivalents (excl. cash on hand)	51,828	60,229
Total	**131,229**	**111,095**

* *"Trade and other receivables" do not include credit VAT position 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 2017, total amount of unused available cash credit lines for the Group was EUR 18,800 thousand (EUR 18,479 thousand at 31 December 2016). Trade and other payables are due within 90 days.

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

in '000 EUR	31-Dec-17			31-Dec-16		
	Less than 6 months	Between 6 month and 1 year	More then 1 year	Less than 6 months	Between 6 month and 1 year	More then 1 year
Trade and other paybles	(162,834)	(940)	(765)	(141,885)	(381)	(396)
Liabilities for share-based payment	-	-	(1,767)	-	-	(1,826)
Short term financial liabilities	(10,015)	-	-	(7,680)	-	-
Total	**(172,849)**	**(940)**	**(2,532)**	**(149,565)**	**(381)**	**(2,222)**

Currency risk

The Group is not exposed to significant currency risk as the majority of all transactions and balances are either denominated in or immediately converted to EUR.

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the Euro and British Pounds. The currencies in which these transactions are primarily denominated are Euro, British Pounds, 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. The Swiss companies of the Group introduced EUR in their employment contracts reducing the Group's exposure to currency risk. As of 31 December 2017, the Group's balance sheet net exposure in CHF amounted to EUR 6,016 thousand (2016: EUR 4,843 thousand). As of 31 December 2017, the Group's balance sheet net exposure in GBP amounted to EUR 21,972 thousand (2016: EUR 23,332 thousand). As of 31 December 2017, the Group's balance sheet net exposure in USD amounted to EUR 3,649 thousand (2016: EUR 3,534 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:

	2017		2016	
in '000 EUR	Strenghtening	Weakening	Strenghtening	Weakening
Currency risk sensitivity in CHF	(547)	547	(441)	441
Currency risk sensitivity in GBP	(1,997)	1,997	(2,117)	2,117
Currency risk sensitivity in USD	(332)	332	(321)	321

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.

Interest Rate Risk

The interest rate risk is the risk that changes in interest rates will affect 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 2017 the Group has short term bank liabilities for EUR 10,015 thousand (31 December 2016: EUR 7,680 thousand). See also Note 26.

The Group further has cash and cash equivalents with variable interest rates in the amount of EUR 51,828 thousand (31 December 2016: 60,229 thousand). See also Note 23.

As of 31 December 2017 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

Price risk is considered not significant for the Group.

Estimation risk on future costs

In connection with flight ticket sales, lastminute.com Group offers its customers the possibility to acquire an option, which allows them to cancel the flight booking at their sole discretion and obtain a voucher to be used for a replacement booking within 12-18 months. In legal terms, this option is not an insurance product as they are subject to the sole discretion of the customer.

The estimation risk on future costs is the inherent uncertainty regarding the occurrence, amount or timing of cancellation of covered flight tickets. Lastminute.com Group currently does not cover such risk by reinsurance but uses different arrangements.

A provision is calculated to cover the best estimate of future costs with respect to the amount of the vouchers. Management's best estimate for the provision is based on, among other things, the latest available data, past cancellation experience and economic conditions that may affect the ultimate cost. However, it is inherent in the nature of the business that the ultimate liabilities may vary as a result of subsequent developments.

NOTE 4 – CHANGES IN THE SCOPE OF CONSOLIDATION

Financial year 2017

Loss of control in URBANnext SA

On 8 June 2017 the Group reduced its stake in URBANnext SA, a company which operates a shared-use mobility aggregator app, from 80% to 25%. The gain resulting from its stake's decreased was EUR 1,266 thousand. The effect on Group cash flow was an in-flow of EUR 1,650 thousand disclosed within the financing activities (reference should be made to Group cash flow statement above). The reduction followed an investment agreement signed between Telepass S.p.A., an Italian leader company operates in highway's toll payment services, and Bravonext S.A. a Swiss company of lastminute.com group. After the loss of control, the Group derecognised the Non- controlling interests portion with a positive effect on Group's equity of EUR 231 thousand and recognised the investment in associate at its fair value. Starting from consolidated financial statements as of 30 June 2017 the Group has consequently accounted for its Urbannext SA interest using the equity method.

Sale of Prezzi Benzina Srl

On 27 June 2017 the Group sold all its stakes in Prezzi Benzina Srl (50.1%), a company based in Italy, operating with an online platform comparing prices of petrol stations. As a result of the loss of control and the consequently deconsolidation of Prezzi Benzina Srl, the Group recognised a gain of EUR 40 thousand. The effect on Group cash flow was an in-flow of EUR 100 thousand disclosed within the investing activities (reference should be made to Group cash flow statement above). After the loss of control, the Group derecognised the Non-controlling interests portion with a positive effect on Group's equity of EUR 33 thousand.

Sale of Vivigratis SA

On 26 October 2017 the Group sold all its stakes in Vivigratis SA (51.0%), a company based in Switzerland, operating an online platform aggregating and comparing travel, shopping and leisure offers. As a result of the loss of control and the consequently deconsolidation of Vivigratis SA, the Group recognised a loss of EUR 7 thousand. The effect on Group cash flow was a in-flow of EUR 34 thousand disclosed within the investing activities (reference should be made to Group cash flow statement above). After the loss of control, the Group derecognised the Non-controlling interests portion with a negative effect on Group's equity of EUR 187 thousand.

Non controlling interest in Blue SAS and Bravometa CH SA

On 25 September 2017 the Group entered into agreement with the company Travelscan SA, a company engaged in the hotel meta-search business for the purpose of providing information to compare hotels/apartments accommodation availability and prices under the brand of "Hotelscan". The Group acquired the assets of Travelscan SA which will contribute to expand the meta business. The shareholders of Travelscan SA received as consideration minority equity stakes for 1.65% in Bravometa CH SA and Blue SAS, the two entities operating in the meta segment of the Group. The new minority controlling interests contributed in the subscription of the minority stakes by both injection of cash for a total of EUR 125 thousand impacting the Group cash flow statement within the financing activities (reference should be made to Group cash flow statement above) and by contributing intangible assets for an amount of EUR 612 thousand (see Note 18 for further details).
The Non controlling interest portion of Group's equity increased as a consequence of the operation for a total amount of EUR 630 thousand (see the Consolidated statement of changes in equity above for further information)

Step up in control in Bravojet SA

On 11 September 2017, the Group acquired an additional 40% of the issued shares of Bravojet SA for EUR 214 thousand. The Group recognised a decrease in non-controlling interests of EUR 320 thousand. The effect on

Group cash flow was an outflow of EUR 214 thousand disclosed within the investing activities (reference should be made to Group cash flow statement above). At the end of the 2017 Group management has made an assessment over the Bravojet business and decided to liquidate the company. The liquidation process started on 20 December 2017 and it had no impact on the Group income statement.

Closing of subsidiaries

During the 2017 the Group closed 2Spaghi Srl and Rede Universal de Viagens Ltda being two not material companies of which the liquidation process had already started during prior years.

Financial year 2016

Acquisition of Wayn

On 5 September 2016 the Group acquired WAYN 'Where Are You Now?' a social travel network. The acquisition which fall within the group's strategic "innovation budget" will further boost the ability to engage a young and captive audience with the addition of WAYN's 20 million registered members and 2 million monthly unique visitors. The social travel network helps B2B partners reach millions of European travellers through the Group's network of leading online brands, which include lastminute.com, Rumbo, Volagratis, Bravofly and Jetcost.

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

Consideration	5 September 2016
Cash	1,275
Total consideration paid in cash	**1,275**
Customer list	1,043
Property plants and equipments	43
Trademarks	233
Deferred taxes liabilities	(209)
Fair value of total identifiable net assets acquired	**1,110**
Goodwill	165
Total consideration	**1,275**

The Group effectively gained control over Wayn business on 5 September 2016 and consolidated it from that date. The Group's transaction costs relating to the Wayn acquisition are not material to the consolidated financial statements.

Goodwill wasmainly attributable to the assembled workforce, the Group and management's ability to generate future income and growth through the recognition of their trademarks and the opportunity for the Group to expand its footprint in new markets. It will not be deductible for tax purposes.

As of 31 December 2017 the provisional fair values have been confirmed.

In 2016 the Group signed an incentive plan jointly with acquisition deal made with the former Wayn co-founders: the plan will cover next two years for the maximum amount payable of GBP 3 million. This is a post business combination employee expense. The amount payable to the former co-founders will be calculated on certain quantitative targets. The Group did the assessment as of 31 December 2017. Group's management expects that the targets for the bonuses will not be met, hence no expenses have been accrued.

Constitution of Destination Italia SpA

On 28 September 2016, the Group launched a new company named "Destination Italia SpA" together with Intesa S.Paolo as minority shareholder (38% ownership) and Marco Ficarra (5% ownership), a senior travel industry executive, former CEO of Venere.com. The Group fully consolidate Destination Italia Spa. The aim of the project is to increase the current growth rate of international arrivals to Italy, that today is under that of direct world competitors, encouraging new flows from abroad, estimated as approximately 10 million additional arrivals. In terms of tourism, this will generate new business with higher turnovers and profits, thanks above all to the fact that a part of the turnover generated by the industry will be reinvested.

Constitution of Bravometa CH SA

On 18 August 2016 the Group constituted a new company named "Bravometa CH SA". The company operates in the Metasearch business. Revenues are mainly represented by commissions gained by directing traffic from the Group's websites to the sites of the Online Traffic Agencies (OTAs), airlines and other direct providers.

2Spaghi Srl

On 14 March 2016, the Group increased its stake in 2Spaghi Srl, a company operating as aggregator of restaurants and hotels reviews. The control changed from 62.5% to 100%. The Group acquired the non-controlling interest (NCI) by taking over the NCI's negative equity portion of EUR 392 thousand. No cash was transferred to the NCI of Spaghi Srl. As the total equity of 2Spaghi Srl was negative as of 31 December 2015, the transaction has led to a positive effect on the total NCI equity resulting in EUR 371 thousand as of 31 December 2016 (31 December 2015: EUR – 36 thousand).

NOTE 5 - 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 and managed by the Group CODM.

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.
- **Metasearch,** which includes the business generated in the Group's websites focused on directing traffic, in exchange for a commission, to the sites of OTAs and airlines and other direct providers.
- **Other segments**, which includes the other businesses and ventures that individually and collectively do not constitute a separate operating segment.

Other information that are not reportable have been combined and disclosed within **"Other non reconciling items"** which mainly includes head office costs not allocable.

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

in '000 EUR	2017					2016				
	OTA	Metasearch	Other segments	Non reconciling items	Total	OTA	Metasearch	Other segments	Non reconciling items	Total
Consolidated Revenues	209,214	45,942	3,674	-	258,830	224,000	37,533	-	-	261,533
Total Revenues	214,757	53,907	4,812	-	273,475	225,215	47,128	9	-	272,355
Intersegment Revenues	(5,543)	(7,965)	(1,137)	-	(14,645)	(1,215)	(9,595)	(9)	-	(10,822)
Consolidated EBITDA Adjusted*	14,121	13,147	(4,040)	(6,321)	16,908	25,115	9,571	-	(6,100)	28,586
Non-cash impact of stock options					(492)					-
Extraordinary bonuses					(200)					(1,410)
Costs related to acquisition and integration of subsidiaries					(1,040)					(296)
Antitrust provision					(2,400)					
Litigation, restructuring and other costs/income incidental to operating activities					(4,350)					(3,319)
Depreciation, Amortization and impairment					(12,492)					(11,313)
Profit before Interest and Income Tax					(3,996)					12,040

** 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.*

The operating segments generate revenues by selling services related to "flight" and "non-flight" products. Refer to Note 6 for further information about revenues, including geographical information. The table below analyzes the Group's non-current assets, excluding financial instruments and deferred taxes, based on the geographic location of the assets as of 31 December 2017 and 2016:

in '000 EUR	2017	2016
Spain	80,405	80,071
France	38,087	38,939
Switzerland	66,202	66,195
Others	9,611	9,645
UK	8,939	11,539
Total	203,244	206,392

NOTE 6 – REVENUES

The table below shows Revenues for 2017 and 2016:

in '000 EUR	2017	2016
Revenue from sales of travel services	216,329	224,993
Revenue from advertising services	18,567	17,802
Revenue from premium number	1,020	1,553
Revenue from ancillaries	20,764	12,416
Other revenues	2,150	4,769
Total	258,830	261,533

In 2017 total revenues decreased by EUR 2,703 thousand, or -1.0%, to EUR 258,830 thousand from EUR 261,533 thousand in 2016.

This decrease is primarily due to i) a drop on flight commission for 28% on a unitary base ii) a decrease in the number of OTA bookings of 121 thousand. These effects have been compensated by a better performance of ancillaries products and a slight increase of revenues from advertising services.

Revenues by products

The table below shows Revenues by product for 2017 and 2016:

in '000 EUR	2017	% of the Total	2016	% of the Total
Flight	107,957	41.7%	154,692	59.1%
Non-flight	150,873	58.3%	106,841	40.9%
Total	258,830	100.0%	261,533	100.0%

Flight revenue

In 2017, the Group's flight revenues decreased by EUR 46,735 thousand, or -30.2%, to EUR 107,957 thousand from EUR 154,692 thousand in 2016. This decrease is due to both the reduction of the reduction of margins and the decrease of volume especially in the Mediterranean countries.

Non-flight revenue

In 2017, the Group's non-flight revenue increased by EUR 44,032 thousand, or +41.2%, to EUR 150,873 thousand from EUR 106,841 thousand in 2016. This increase is primarily due to a positive effect of i) meta revenues for EUR 8,409 thousand, ii) better performance of ancillary products showing a growth year to year of 64% iii) higher incidence of dynamic packages on Group's gross margin representing at the end of 2017 approximately 17% of the total.

Geographical Information

The Group categorizes its geographical markets by the countries for which its websites are localized 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 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.

The table below shows Revenues from different countries based on website languages for 2017 and 2016:

in '000 EUR	2017	% of the Total	2016	% of the Total
Italy	47,350	18.3%	51,212	19.6%
Spain	30,718	11.9%	32,017	12.2%
UK	61,828	23.9%	61,875	23.7%
France	63,329	24.5%	64,761	24.8%
Germany	15,068	5.7%	17,548	6.7%
Netherlands	462	0.2%	376	0.1%
Others	40,075	15.5%	33,744	12.9%
Total	258,830	100.0%	261,533	100.0%

In 2017 Mediterranean countries like Italy and Spain recorded a drop of both volumes and marginality due to the increasing competition and pressure on pricing by the biggest players. Other European countries have substantially kept the level of marginality and pricing by responding efficiently to market dynamics. Growth outside the Europe have shown a strong growth consolidating the awareness of the Group's brands also outside the core markets.

Major Customers

Revenues of the Group are generated by numerous different transactions of limited value. The Group's largest customer accounts for less than 10% of total consolidated revenues.

NOTE 7 - MARKETING COSTS

The table below shows Marketing costs for the Group for 2017 and 2016:

in '000 EUR	2017	2016
Online costs	96,781	99,272
Offline costs	16,344	10,838
Total	113,125	110,110

Marketing costs increased by EUR 3,015 thousand (2.7%) from EUR 110,110 thousand in 2016 to EUR 113,125 thousand in 2017. Marketing costs as percentage of revenues increased in 2017 compared to 2016 (43.7% vs 42.1%). This increase is almost totally due to the significant investment in offline marketing (TV campaigns). The decrease of online marketing is due to reduced units prices.

NOTE 8 - PERSONNEL COSTS

The table below shows Personnel costs for the Group for 2017 and 2016:

in '000 EUR	2017	2016
Wages and salaries	44,691	38,356
Social security charges	10,497	9,094
Expenses relating to defined benefit plans	1,602	1,153
Other personnel costs	4,723	2,518
Share-based payments	420	-
Total	61,933	51,121

Personnel costs increased by EUR 10,812 thousand (21.1%) from EUR 51,121 thousand in 2016 to EUR 61,933 thousand in 2017. Costs increased driven by the increase in the headcount and for introduction of the minimum salary in Switzerland affecting only 6 months in 2016 and the full year in 2017. Personnel costs as percentage of revenues in 2017 has increased compared with 2016 (23.9% vs 19.5%).

Cost for wages and salaries of EUR 9,542 thousand (2016: EUR 6,276 thousand) have been capitalized as development costs (refer to Note 18 for further details). Wages and salaries capitalized as development costs refer specifically to employees working on such development.

Details about expenses relating to defined benefit plans are provided in Note 14.

Other personnel cost increased by EUR 2,205 (87.6%) from EUR 2,518 thousand in 2016 to EUR 4,723 thousand in 2017. The increase is mainly related to to higher expenses for trainings, travel expenses relating to the integration of the Group's companies and restructuring costs.

Share-based payments related to the existing stock option plans and further details are included in Note 15.

The average number of staff employed by the Group in 2017 amounted to 1,252 headcounts (2016: 1,157).

The table below shows the Group's headcount split at the end of 2017 and 2016:

Units	2017	2016
Sales	408	201
IT	359	326
Operations	182	250
Marketing	149	216
Administration	150	169
Management	5	8
Total	1,253	1,170

NOTE 9 - OTHER OPERATING COSTS

The table below shows Other operating costs for the Group for 2017 and 2016:

in '000 EUR	2017	2016
Credit card processing fee	17,274	16,435
Fees for advisory, legal and other services	7,998	11,597
Call Center operation costs	14,367	14,716
Expense for operating leases	4,504	4,516
IT fix costs	1,436	2,351
Office fix costs	2,976	1,250
Overhead	6,460	4,919
Services costs	15,919	15,213
Other operation costs	4,342	5,743
Total	**75,276**	**76,774**

Other operating costs decreased by EUR 1,497 thousand (-2.0%) from EUR 76,773 thousand in 2016 to EUR 75,276 thousand in 2017.

The "overhead" costs increased by EUR 1,541 thousand (31.3%) from EUR 4,919 thousand in 2016 to EUR 6,460 thousand in 2017. These costs are mainly referred to insurance costs, travel expenses and other tax not related to income.

The "services costs" increased by EUR 706 thousand (4.4%) from EUR 15,213 thousand in 2016 to EUR 15,919 thousand in 2017 and are referred to fraud prevention and actual fraud costs strictly related to business, licenses and driver expenses.

Other operation costs decreased by EUR 1,401 thousand (-24.4%) from EUR 5,743 in 2016 to EUR 4,342 thousand in 2017 and are mainly related to accrual of antitrust provision, for further information see Note 25 Provisions.

The "other costs" includes costs mainly referred to taxes not related to income, other provision allowance and other residual categories of costs.

Other operating costs as percentage of revenues decreased in 2017 compared to 2016 (29.1% vs 29.4%).

NOTE 10 - GAIN FROM DISPOSAL OF INVESTMENTS AND OTHERS ASSETS

The table below shows the gain / losses from disposal on investments and others for the Group in 2017 and 2016:

in '000 EUR	2017	2016
Sale of line of business	759	-
Sale of interests stakes in subsidiaries	1,306	-
Total gain/losses from disposal on investment and others	**2,065**	-

During the 2017 the Group has disposed the following assets:

- on 16 November 2017 a UK subsidiary sold the line of business "Lifestyle - ticketing" to an external partner with an effect on the Group income statement of EUR 759 thousand.
- on 8 June 2017 the Group reduced its stake in Urbannext SA from 80% to 25%. The gain resulting from its stake's decreased was EUR 1,266 thousand. For further information reference should be made to Note 4 and Note 21.

- on 27 June 2017 the Group sold all its stakes in Prezzi Benzina Srl (50.1%). As a result of the loss of control and the consequently deconsolidation of Prezzi Benzina Srl, the Group recognised a gain of EUR 40 thousand. For further information reference should be made to Note 4.

No such type of gain / losses were recorded in 2016.

NOTE 11 - FINANCE RESULT

The table below shows the Net Finance Result for the Group in 2017 and 2016:

in '000 EUR	2017	2016
Interest income	13	23
Others	763	98
Total Finance Income	**776**	**121**
Interest expenses	(99)	(69)
Net FX exchange costs	(1,231)	(3,124)
Others	(1,032)	(14)
Total Finance Costs	**(2,362)**	**(3,207)**
Total Net Finance Result	**(1,586)**	**(3,086)**

The net financial result improved by EUR 1,500 thousand (48.6%) from EUR -3,086 thousand in 2016 to EUR -1,586 thousand in 2017.

The amount recorded as others finance costs is mainly related to:
- EUR 659 thousand due to the completion of a financial transaction with a shareholder of the Group.
- EUR 213 thousand due to a write-off of a financial receivable from Vivigratis SA, a company that the Group sold during 2017.

NOTE 12 - INCOME TAXES

Components of income tax expenses

The table below shows the composition of Income tax expenses / (income) for 2017 and 2016:

in '000 EUR	2017	2016
Current income taxes	2,591	3,742
Deferred taxes	1,560	(1,535)
Total	**4,151**	2,207

Income taxes recognized in other comprehensive income

The table below shows the composition of income taxes recognized in other comprehensive income for 2017 and 2016:

in '000 EUR	2017	2016
Income taxes on remeasurements of the Employee Benefits liability	(25)	(24)
Total income taxes recognized in the period in other comprehensive income	**(25)**	**(24)**

Income taxes on remeasurements of the employee benefit liability relate to the defined benefit plans of the Group. In 2017, the amount of taxes recognized directly in equity was nil (in 2016: nil).

Reconciliation of effective income tax expenses

The table below shows the Group tax rate reconciliation for 2017 and 2016:

Tax rate reconciliation

in '000 EUR	2017 (%)	2017	2016 (%)	2016
Profit (loss) before taxes from continuing operations		(3,650)		8,864
The Group's expected weighted average rate is 21.5% (2016: 25.2%)				
Income tax based on the Group's expected weighted average tax rate	21.5%	(785)	25.2%	2,236
Difference in overseas tax rates	19.2%	705	-12.4%	(1,101)
Current-year tax losses for which no deferred tax assets are recognized	95.7%	3,493	11.0%	978
Effect of change in tax rate on deferred taxes	4.7%	171	5.5%	490
Non deductible expenses	12.4%	453	10.0%	886
Tax-exempt income	-4.1%	(151)	-11.0%	(974)
Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	7.3%	264	-3.5%	(307)
Income Tax expense (benefit) of the Group	**113.7%**	**4,151**	**24.9%**	**2,207**

In 2017 the Group's consolidated income tax expense amounted to EUR 4,151 thousand, compared to EUR 2,207 thousand in 2016 with an increase of 1,944 EUR thousand, mainly due to the significant amount of current-year tax losses for which no deferred tax assets are recognized, to the effect of non-deductible expenses in some of the countries with the higher nominal tax rates, to the effect of change in tax rates on deferred taxes and to the difference between the Group tax rate and the nominal tax rates at local statutory level. As a result the Group's effective tax rate increased from 24.9% in 2016 to 113.7% in 2017.

In respect of unrecognized deferred tax assets, as of 31 December 2017, tax losses carried forward of around EUR 26.3 million exist (2016: EUR 2.8 million). These losses can be offset against operating future profits, for the main portion, for a period between seven and nine years after the year in which the losses did occur. 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 recognized.

Deferred tax assets and liabilities are attributable to the following:

in '000 EUR	31 Dec 2017		31 Dec 2016	
	Asset	Liabilities	Asset	Liabilities
Trade Receivables	259	-	422	-
Property, plant and equipment	40	-	27	-
Intangible assets	-	(26,503)	-	(25,911)
Employee benefits liability	884	-	596	-
Provision	13	-	17	-
Losses carry-forward	5,199	-	6,403	-
Other	24	-	12	-
Deferred Tax assets (liabilities)	**6,419**	**(26,503)**	**7,477**	**(25,911)**

In 2017 compared to 2016, deferred tax assets decreased by EUR 1,058 thousand due to the main following effects:

- decrease of EUR 1,204 thousand referred to the utilisation of the deferred taxes assets recognised during prior years with regard to losses carried forward on LMN entities. As a general rule, deferred tax assets resulting from temporary differences and tax loss carry-forward are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized;
- increase in employee benefit assets for EUR 288 thousand mainly attributable to French LMN entity and Bravonext.

The main portion of DTA is related to losses that may be carried forward indefinitely.

Deferred tax liabilities increased during 2017 by EUR 592 thousand due to temporary differences on amortisation of intangible assets.

The movement in the net deferred tax asset / liability during 2017 and 2016 was as follows:

in '000 EUR	1 Jan 2017	Correction of previous years	Recognized in Profit or Loss	Recognized in OCI	Recognized directly in Equity	Business combination	Currency Translation Differences	31 Dec 2017
Net deferred tax assets/(liabilities)	(18,434)	-	(1,560)	(25)	-	7	(73)	(20,085)
Total	(18,434)	-	(1,560)	(25)	-	7	(73)	(20,085)

in '000 EUR	1 Jan 2016	Correction of previous years	Recognized in Profit or Loss	Recognized in OCI	Recognized directly in Equity	Business combination	Currency Translation Differences	31 Dec 2016
Net deferred tax assets/(liabilities)	(22,565)	4,162	1,535	(24)	-	(209)	(1,333)	(18,434)
Total	(22,565)	4,162	1,535	(24)	-	(209)	(1,333)	(18,434)

Current tax assets & liabilities

As of 31 December 2017, the total net position relating to "Current tax assets & liabilities" amounts to a negative EUR 235 thousand (2016: EUR 1,913 thousand). In 2017, the net tax position of the Group decreased by EUR 2,148 thousand compared to the previous year mainly due to the income tax reimbursements received during 2017 by the Spanish and French entities. For further information please see the "Cash flow statement" above.

NOTE 13 - EARNINGS PER SHARE

Basic earnings per share

The table below shows basic earnings per share for 2017 and 2016:

	2017	2016
Profit for the period attributable to the shareholders of lastminute.com NV (in EURO/000)	(6,450)	6,810
Weighted-average number of shares outstanding during the period (in thousand of units)	13,413	13,792
Basic earnings per share (in EUR)	(0.48)	0.49

Weighted-average number of ordinary shares (basic)

Number of shares (in thousand of units)	2017	2016
Issued ordinary shares at 1 January	14,623	14,623
Effect of share options exercise	(3)	(4)
Share buy back	(1,207)	(827)
Weighted-average number of shares (Basic) at 31 December	13,413	13,792

Diluted earnings per share

The table below shows diluted earnings per share for 2017 and 2016:

	2017	2016
Profit for the period attributable to the shareholders of lastminute.com NV (in EURO/000)	(6,450)	6,810
Weighted-average number of shares outstanding during the period (in thousand of units)	13,413	13,867
Diluted earnings per share (in EUR)	(0.48)	0.49

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

Number of shares (in thousand of units)	2017	2016
Weighted-average number of shares (Basic)	13,413	13,792
Effect of share options in issue	-	75
Weighted-average number of shares (Diluted) at 31 December	**13,413**	**13,867**

In 2017 the result of the Group was negative, hence the share options on issue were anti-dilutive and were ignored in the calculation of diluted earnings per share of 2017.

NOTE 14 - EMPLOYEE BENEFITS

The table below shows Employee benefits liabilities as at 31 December 2017 and 2016 for the Group:

in '000 EUR	31 Dec 2017	31 Dec 2016
Net defined benefit liabilities	3,890	3,226
Cash-settled share-based payment liabilities	1,767	1,826
Total employee benefit liabilities	**5,678**	**5,052**

The decrease of Cash-settled share-based payment liabilities is mainly related to the exit of some of the limited partners from the Cash settled share-based payments. For further information see Note 15.
Net defined benefit liabilities are described as follow.

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 2017 the minimum interest was 1.0% (1.25% in 2016).

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 2017	31 Dec 2016
Funding of the defined benefit plan		
Present value of unfunded obligations	600	365
Present value of funded obligations	7,119	5,983
Total present value of obligations	7,719	6,348
Fair Value of plan assets	3,829	3,122
Pension liability recognized in the balance sheet	3,890	3,226

in '000 EUR	2017	2016
Reconciliation of the defined benefit obligation		
Defined Benefit Obligation at 1.1.	6,348	5,107
Current service cost (employer)	1,355	1,153
Past service cost	58	-
Interest cost	48	52
Contributions by plan participants	771	453
Administration cost	3	2
Benefits paid	(873)	(266)
Effect of business combination	171	-
Actuarial (gain) / loss on DBO	(12)	(210)
Exchange rate effect	(150)	57
Defined Benefit Obligation at 31.12.	7,719	6,348

Reconciliation of the fair value of plan assets	2017	2016
Fair Value of plan assets at 1.1.	3,122	2,341
Interest income	24	24
Contributions by the employer	817	453
Contributions by plan participants	771	453
Benefits paid	(706)	(189)
Effect of business combination and disposal	99	-
Return on plan assets excl.interest income	10	7
Exchange rate effect	(308)	33
Fair Value of plan assets at 31.12.	3,829	3,122

Reconciliation of the recognized net pension liability

in '000 EUR	2017	2016
Net liability at the beginning of the period	3,226	2,766
Expense recognized in profit or loss	1,598	1,207
Expense recognized in other comprehensive income	(22)	(217)
Contributions by the employer	(817)	(453)
Effect of business combination	73	-
Benefits paid by unfunded defined benefit plans	(167)	(77)
Net liability at the end of the period	3,891	3,226

in '000 EUR	2017	2016
Pension expense recognized in profit or loss		
Current service cost (employer)	1,355	1,153
Net interest cost	24	28
Administration cost	3	2
Past service costs	58	-
Exchange rate effect	158	24
Expense recognized in profit or loss	1,598	1,207

in '000 EUR	2017	2016
Amount recognized in other comprehensive income		
Return on plan assets excl.interest income	(10)	(7)
Remeasurements gain/(loss):		
Actuarial gain/(loss) arising from demographic assumptions	-	(630)
Actuarial gain/(loss) arising from financial assumptions	10	291
Actuarial gain/(loss) arising from experience adjustment	(22)	129
Total amount recognized in other comprehensive income	(22)	(217)

Actuarial assumptions for the defined benefit obligations

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

Swiss plan

Actuarial Assumptions	31 Dec 2017	31 Dec 2016
- Discount rate	0.70%	0.70%
- Future salary increases	1.00%	1.00%
- Mortality table	BVG 2015GT	BVG 2015GT

As of 31 December 2017, the weighted-average duration of the defined benefit obligation was 21.4 years (2016: 22 years).

French plan

Actuarial Assumptions	31 Dec 2017	31 Dec 2016
- Discount rate	1.20%	1.35%
- Future salary increases	3.00%	3.00%
- Future pension indexations	0.00%	0.00%
- Mortality table	THG05/TGF05	THG05/TGF05

As of 31 December 2017, the weighted-average duration of the defined benefit obligation was 19.4 years (2016: 20 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:

	2017		2016	
in '000 EUR	Increase	Decrease	Increase	Decrease
Discount rate (0.25%)	(358)	394	(305)	335
Future salary growth (0.25%)	114	(107)	116	(113)
Future mortality (1 year)	88	(88)	82	(83)

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 analyzed separately as part of the test. Interdependencies were not taken into account.

Plan assets

The fair value of plan assets for the Swiss plan as of 31 December 2017 of EUR 3,829 thousand (2016: EUR 3,122 thousand) consists of a receivable from the insurance company, see above.

Expected contributions in 2018

The Group expects to pay contributions to the defined benefit plans in the amount of EUR 831 thousand in 2018.

NOTE 15– SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

From 2011 to 2013, the Group granted options to top and middle management employees under the employee share option plan approved on 26 July 2011 by the shareholders. One option gives the right to buy one share of the Company, subject to a vesting period of 33 months. The options can only be exercised in the three year period following the vesting date. All options are to be settled by physical delivery of shares.

In 2017, an expense of EUR 492 thousand including EUR 72 thousand of social security charges has been recognized as personnel costs for the share option plan (2016: nil). During 2017 the Group repurchased 136 thousand vested options (2016: 268 thousand) . The re-purchase price amounted to the difference between the share market price and the exercise price of the respective options (EUR 10 on average, Eur 8.2 on average in 2016). During 2017 12 thousand vested options have been exercised with an exercise price of EUR 10 on average (2016: 154 thousand on with an exercise price of EUR 8.2 on average) . As of 31 December 2017 there are no more outstanding options related to 2011 and 2012 plans.

The number of outstanding options under the option plan is as follows:

in thousands of options	2017 (in thousands of options)	Weighted average exercise price 2017 (EUR)	2016 (in thousands of options)	Weighted average exercise price 2016 (EUR)
Reconciliation of outstanding share options				
Oustanding at 1 January	198	11.64	622	9.17
Forfeited during the year	(9)	(10.00)	(2)	(8.00)
Exercised during the year	(12)	(10.00)	(154)	(8.20)
Repurchased during the year	(136)	(10.00)	(268)	(8.20)
Oustanding at 31 December	41	18.00	195	11.64
Exercisable at 31 December	41	18.00	195	11.64

The weighted-average contractual life of the options outstanding at 31 December 2017 was 1 years (2016: 1.21 years).

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 2017, the liability recorded in relation to the cash settled obligation in relation to the plan amounted to EUR 1,767 thousand (2016: EUR 1,826 thousand). As at 31 December 2017, the receivables recorder in relation to the financing part granted to limited partners amounted to EUR 1,027 thousand (2016: EUR 1,028 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 performed 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 59 thousand has been recognised as income.

Treasury shares held by the Group to hedge its potential obligation arising from the cash-settled share-based payment arrangement amount to around 1,282 thousand shares for a total investment of around EUR 16.7 million (see Note 24 for additional details).

NOTE 16 – LEASING

The future minimum lease payments under non-cancellable operating leases are as follows:

in '000 EUR	31 Dec 2017	31 Dec 2016
Less than one year	9,904	8,320
Between one and five years	1,356	2,710
More than five years	1,593	2,577
Total	12,853	13,607

The Group leases a number of cars and office spaces under operating leases. The leases typically run for a period between 1 and 4 year. The Group will face future payments of operating leases for more than five year mainly related to lastminute.com UK offices with long term agreements.

The leases of office spaces contain a renewal option.

NOTE 17 – PROPERTY PLANT AND EQUIPMENT

The tables below show Property, Plant & Equipment movements during 2017 and 2016:

In '000 EUR	Furniture	IT Equipment	Other	Total
Historical Cost				
Balance at 1 January 2017	675	6,422	1,644	8,741
Additions	93	923	297	1,313
Currency translation differences	(5)	(3)	(49)	(57)
Balance at 31 December 2017	763	7,342	1,892	9,997
Accumulated depreciation				
Balance at 1 January 2017	380	3,399	1,369	5,148
Depreciation for the year	88	1,202	345	1,635
Reclassification	8	43	(51)	-
Currency translation differences	(1)	6	(34)	(29)
Balance at 31 December 2017	475	4,650	1,629	6,754
Carrying amounts				
At 1 January 2017	295	3,023	275	3,593
At 31 December 2017	288	2,692	263	3,243

In '000 EUR	Furniture	IT Equipment	Other	Total
Historical Cost				
Balance at 1 January 2016	**551**	**5,057**	**1,263**	**6,871**
Additions	126	1,288	385	1,799
Acquisition from business combination	-	46	-	46
Currency translation differences	(2)	31	(4)	25
Balance at 31 December 2016	**675**	**6,422**	**1,644**	**8,741**
Accumulated depreciation				
Balance at 1 January 2016	**241**	**2,331**	**1,003**	**3,575**
Depreciation for the year	139	1,038	368	1,545
Currency translation differences	-	30	(2)	28
Balance at 31 December 2016	**380**	**3,399**	**1,369**	**5,148**
Carrying amounts				
At 1 January 2016	**310**	**2,726**	**260**	**3,296**
At 31 December 2016	**295**	**3,023**	**275**	**3,593**

Investments in 2017 and 2016

In 2017 and 2016 the Group made additions to Property plant and equipment respectively for EUR 1,313 thousand and 1,799: the additions in 2017 were mainly relating to IT equipment for EUR 923 thousand and leasehold improvement for EUR 297.

Capital Commitments

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

NOTE 18 – INTANGIBLE ASSETS

The tables below shows Intangibles and Goodwill movements during 2017 and 2016:

in '000 EUR	Capitalized development cost	Other intangible assets	Trademarks	Total intangible assets	Goodwill	Total
Historical Cost						
Balance at 1 January 2017	49,167	3,432	121,454	174,053	56,399	230,452
Acquisitions - internally developed	9,542	-	2	9,544	-	9,544
Acquisitions - external supplier	2,199	2	-	2,201	-	2,201
Acquisitions (disposals) from business combinations	407	(25)	(4)	378	158	536
Reclassification	2,327	(2,327)	-	-	-	-
Impairment	-	-	-	-	(507)	(507)
Disposals	-	-	-	-	-	-
Currency translation differences	(44)	(68)	3	(109)	2	(107)
Balance at 31 December 2017	63,598	1,014	121,455	186,067	56,052	242,119
Accumulated amortization and impairment						
Balance at 1 January 2017	30,653	1,162	-	31,815	-	31,815
Amortization for the period	10,319	30	-	10,349	-	10,349
Currency translation differences	(28)	(19)	1	(46)	-	(46)
Reclassifications	1,076	(1,076)	-	-	-	-
Balance at 31 December 2017	42,020	97	1	42,118	-	42,118
Carrying amounts						
At 1 January 2017	18,514	2,270	121,454	142,238	56,399	198,637
At 31 December 2017	21,578	917	121,454	143,949	56,052	200,001

in '000 EUR	Capitalized development cost	Other intangible assets	Trademarks	Total intangible assets	Goodwill	Total
Historical Cost						
Balance at 1 January 2016	37,902	2,536	121,236	161,974	60,746	222,720
Acquisitions - internally developed	6,276	-	-	6,276	-	6,276
Acquisitions - external supplier	5,591	-	-	5,591	-	5,591
Acquisitions from business combinations	-	1,043	233	1,276	166	1,442
Adjustment of previous year				-	(4,162)	(4,162)
Impairment	-	-	-	-	(351)	(351)
Disposals	-	(53)	-	(53)	-	(53)
Currency translation differences	(602)	(394)	(15)	(1,011)	-	(1,011)
Balance at 31 December 2016	49,167	3,432	121,454	174,053	56,399	230,452
Accumulated amortization and impairment						
Balance at 1 January 2016	21,185	945	65	22,195	-	22,195
Amortization for the period	9,465	149	-	9,617	-	9,617
Reclassifications	-	65	(65)	-	-	-
Balance at 31 December 2016	30,653	1,162	-	31,815	-	31,815
Carrying amounts						
At 1 January 2016	16,717	1,555	121,171	139,776	60,746	200,522
At 31 December 2016	18,514	2,270	121,454	142,238	56,399	198,637

Investments in 2017 and 2016

During 2017, additions have mainly related to capitalized development cost for a total amount of EUR 11,741 thousand (2016: EUR 11,867 thousand).

Capitalized development costs

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

As of 31 December 2017 and 2016 lastminute.com Group has capitalized development costs in the carrying amount of EUR 11,741 thousand and EUR 11,867 thousand, respectively (refer to Note 17). As of 31 December 2017, capitalized development costs not yet available for use were EUR 2,134 thousand (2016: EUR 2,825 thousand). There are no impairment indicators for 2017.

Trademarks

The impairment test of Trademarks has been performed at CGU level using the model and assumption described in Note 19 and did not result in the recognition of an impairment. The aggregate amount of trademarks allocated to each cash generating unit is as follows at each reporting date:

in '000 EUR	CGU	31 Dec 2017	31 Dec 2016
lastminute.com	OTA	44,704	44,704
Rumbo	OTA	58,900	58,900
Pigi Shipping	OTA	2,232	2,232
Jetcost	Metasearch	15,385	15,385
Wayn	Other	233	233
Total		**121,454**	**121,454**

Other intangible assets

In 2017 there are no relevant additions of other intangible assets. In 2016, the amount of additions was related to the customer list coming from the Wayn acquisition for EUR 1,043 thousand.

Capital Commitments

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

NOTE 19 – 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 Other. The aggregate amount of goodwill allocated to each cash generating unit is as follows at each reporting date:

in '000 EUR	CGU	31 Dec 2017	31 Dec 2016
	OTA	35,710	36,057
	Metasearch	20,176	20,176
	Other	166	166
Total		**56,052**	**56,399**

The balance as of 31 December 2017 amounts to EUR 56,052 thousand (EUR 56,399 thousand in 2016).

The Group performed the impairment analysis for the two CGUs that contain material indefinite life intangible assets and goodwill as of 31 December 2017 and 2016. It was determined that no impairment is to be recognised in the consolidated financial statements as of 31 December 2017 and 2016.

In 2017 LMN Fr impaired registration fees included in goodwill for an amount of EUR 507 thousand.

During the 2017 the Group purchased the Waynaut business, after an assessment of the assets coming from this company, the management determined to allocate the goodwill for an amount of EUR 186 thousand.

At the end of the 2017 Group management sold the Prezzi Benzina business and, for this reason, the course of the derecognition, the goodwill amounting to EUR 26 thousand was written off.

OTA

Goodwill amounts to EUR 35,710 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 2017	31 Dec 2016
Weighted average cost of capital (WACC)	10.0%	10.5%
Perpetuity growth rate	1.8%	1.7%
Revenues growth rate (average of next five years)	5.4%	2.4%
EBITDA growth rate (average of next five years)	20.3%	18.1%

Five 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 2017 and 2016 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 2017				
		0.8%	1.3%	1.8%	2.3%	2.8%
	9.0%	70.0	75.5	80.9	86.4	91.9
	9.5%	62.4	67.4	72.4	77.4	82.4
WACC	10.0%	55.6	60.3	64.9	69.5	74.1
	10.5%	49.7	53.9	58.2	62.5	66.7
	11.0%	44.4	48.3	52.3	56.2	60.2

Eur/mil		LONG-TERM GROWTH RATE 2016				
		0.7%	1.2%	1.7%	2.2%	2.7%
	9.5%	46.1	55.4	65.8	77.7	91.4
	10.0%	37.7	46.0	55.3	65.7	77.6
WACC	10.5%	30.2	37.6	45.9	55.1	65.5
	11.0%	23.5	30.1	37.5	45.7	55.0
	11.5%	17.3	23.3	30.0	37.4	45.6

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 2017	31 Dec 2016
Weighted average cost of capital (WACC)	13.0%	12.0%
Perpetuity growth rate	1.8%	1.7%
Revenues growth rate (average of next five years)	16.5%	5.9%
EBITDA growth rate (average of next five years)	5.6%	7.1%

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

Sensitivity analysis

A sensitivity table to the discount rate and terminal growth rate for 2017 and 2016 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 2017				
		0.8%	1.3%	1.8%	2.3%	2.8%
	12.0%	57.3	57.6	57.9	58.2	58.5
	12.5%	52.8	53.0	53.3	53.6	53.9
WACC	13.0%	48.6	48.9	49.2	49.4	49.7
	13.5%	44.8	45.1	45.3	45.6	45.8
	14.0%	41.3	41.6	41.8	42.0	42.3

Eur/mil		LONG-TERM GROWTH RATE 2016				
		0.7%	1.2%	1.7%	2.2%	2.7%
	11.0%	62.0	65.9	70.3	75.2	80.7
	11.5%	57.4	60.9	64.9	69.2	74.1
WACC	12.0%	53.2	56.4	59.9	63.8	68.1
	12.5%	49.4	52.3	55.5	59.0	62.8
	13.0%	45.9	48.5	51.4	54.5	58.0

NOTE 20 - FINANCIAL ASSETS

The table below shows Financial assets for the Group as of 31 December 2017 and 2016:

in '000 EUR	31 Dec 17	31 Dec 16
Long-term Deposits	1,187	1,184
Other investment - non current	69	–
Total non-current financial assets	**1,256**	**1,184**
Short-term Deposits	1,808	1,717
Receivables from shareholder	81	460
Other investments	33	33
Total current financial assets	**1,922**	**2,210**

<u>Non Current financial assets</u>

Long-term deposits of EUR 1,187 thousand (2016: EUR 1,184 thousand), mainly related to deposits for renting of the UK, French and Spanish offices for the amount of EUR 1,056 thousand.

<u>Current financial assets</u>

Short-term deposits of EUR 1,808 thousand (2016: EUR 1,717 thousand) is mainly related to real estate and utilities agreements.

Receivables from shareholders as of 31 December 2017 decreased by EUR 379 compared with previous year. The decrease is due to the write-off of the advance in cash made in 2016 for EUR 460 thousand and the opening of receivable from a shareholder.

As of 31 December 2017, as in previous year, "Other investments" mainly included investments funds with a primary French bank for the amount of EUR 21 thousand.

NOTE 21 - INVESTMENT IN EQUITY ACCOUNTED INVESTEES

"Investment in equity accounted investees" amounted as of 31 December 2017 and 2016 respectively to EUR 825 thousand and EUR 238 thousand. The increase is mainly due to the company Urbannext SA which has been accounted for using the equity method starting from June 2017. The initial recognition has been made taking into account the Fair value of the interest at the date of the loss of control. For further information see Note 4.

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

in '000 EUR	2017	2016
	Hotelyo SA	Hotelyo SA
Percentage ownership interest	49%	49%
Non-current assets	83	75
Current assets	1,814	1,150
Non-current liabilities	-	-
Current liabilities	(1,567)	(668)
Net assets (100%)	330	557
Revenues	398	360
Costs	(584)	(456)
Amortisation and depreciation	(39)	(38)
Finance income / (costs)	(1)	1
Income taxes	(1)	(2)
Profit or Loss	(227)	(135)
Effects of OCI adjustment	-	-
Total comprehensive income	(227)	(135)

in '000 EUR	2017
	URBANnext SA
Percentage ownership interest	25%
Non-current assets	331
Current assets	185
Non-current liabilities	
Current liabilities	(428)
Net assets (100%)	89
Revenues	183
Costs	(445)
Amortisation and depreciation	(48)
Finance income / (costs)	331
Income taxes	6
Profit or Loss	27
Effects of OCI adjustment	-
Total comprehensive income	27

Total effects with equity method have been included in profit and loss in "Share of result of equity-accounted investees" line for the total amount of EUR -133 thousand (2016: EUR -66 thousand).

NOTE 22 –TRADE AND OTHER RECEIVABLES

The table below shows Trade and other receivables as at 31 December 2017 and 2016 for the Group:

in '000 EUR	31 Dec 2017	31 Dec 2016
Trade receivables	67,930	42,591
Receivables from shareholders	1	1
Other receivables	7,072	4,940
Accrued income and deferred expenses	2,989	2,217
Total	77,992	49,749

The two most significant debtors of the Group included in the total trade receivables at 31 December 2017 had an open balance amounting respectively to EUR 8.043 thousand (11.8%) (2016: EUR 5,841 thousand (13.0%)) and EUR 1,958 thousand (2.9%) (2016: EUR 2,213 thousand (5.0%)).

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

in '000 EUR	31 Dec 2017	31 Dec 2016
Not past due	67,022	38,554
Past due 0-30 days	4,200	4,886
Past due 31-90 days	2,478	2,782
Past due 91-180 days	799	1,312
Past due 181-360 days	2,956	947
Past due 361 and over	537	1,267
Total	77,992	49,749

The range "Past due 181-360 days" includes receivables related to the Gartour business that will be likely collected during 2018.

The receivables over 1 year not impaired mainly refer to VAT receivables that will be likely cashed during the coming years.

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

in '000 EUR	2017	2016
Balance at 1 January	2,235	1,909
Additions during the year	858	1,437
Used during the year	(232)	(484)
Currency Translation Differences	(32)	(41)
Effect of business combination	(4)	-
Released during the year	(731)	(586)
Balance at 31 December	2,094	2,235

Impairments are established on an individual basis. All of the receivables concerned are fully impaired as they are considered to be not recoverable. Individually impaired trade receivables relate to specific punctual analysis on recoverability of receivables past due 91 days and over; except for specific cases, all receivables past due 365 days are written down. Based on historical default rates, the Group believes that, apart from the above, no additional impairment allowance is necessary in respect of not individually impaired trade receivables.

NOTE 23 - CASH AND CASH EQUIVALENTS

The table below shows Cash and cash equivalents as of 31 December 2017 and 2016:

in '000 EUR	31 Dec 2017	31 Dec 2016
Cash on hand	306	16
Bank accounts	42,473	52,956
Credit Card accounts	9,355	7,273
Total	52,134	60,245

Bank accounts

The decrease of bank accounts of EUR 10,483 thousand is mainly due to the Share Buy Back program and first installment paid for Comvel gmbh acquisition (see respectively the Note 24 Shareholders' equity and Note 4 Changes in the scope of consolidation).

The Group's bank accounts are interest bearing with variable interest rates between 0% and 0.1% (2016: 0 % and 0.1%). Bank overdrafts bear variable interest rates are nil in 2017 (2016: 0.25 % and 3.50%). For further information refer to the Consolidated Cash Flow Statement and Note 26.

Credit card accounts

This position contains all credit card accounts with debit balances that are used for payments in the daily business. The increase compared to the previous year of EUR 2,082 thousand is mainly related to Group's choice to meet the requirements of low cost flight companies that have more advantages to accept the prepaid cards.

NOTE 24 – SHAREHOLDERS' EQUITY

The table below shows Equity as of 31 December 2017 and 2016:

Share capital

in '000 EUR	31 Dec 17	31 Dec 16
SHARE CAPITAL AND RESERVES		
Share capital	146	146
Capital reserves	127,751	127,751
Translation reserve	1,419	1,054
Treasury shares reserve	(16,738)	(12,364)
Retained earnings	19,191	25,714
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM NV	131,769	142,301
Non-controlling interest	1,737	2604
TOTAL EQUITY	133,506	144,905

As of 31 December 2017 the number of ordinary shares is 14,622,631 (2016: 14,622,631) for a nominal value per share of EUR 0.01 (2016: 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.

The Group completed its IPO at a price of CHF 48.00 per share. A syndicate of banks consisting of Credit Suisse, Morgan Stanley and UBS as Joint Global Coordinators and Joint Bookrunners, and Mediobanca as Joint Bookrunner, placed 2,187,500 newly-issued shares on behalf of the Group as well as 3,145,000 existing shares on behalf of the selling shareholders to the public in Switzerland and to selected private and institutional investors outside Switzerland. In addition, the syndicate of banks partially exercised its over-allotment option and, as a result, additional 73,920 bearer shares of the Group were issued at a price of CHF 48.00 per share.

Including the shares placed in connection with the over-allotment option, a total of 5,406,420 offered shares were sold, corresponding to 37% of the share capital (after the partial exercise of the over-allotment option). The offer size of the IPO (after the partial exercise of the over-allotment option) therefore amounted to EUR 212.5 million, of which gross proceeds from the primary shares issued amounted to EUR 88.9 million. The aggregate number of shares in issue after the partial exercise of the over- allotment option was 14,622,631 bearer shares.

The difference on Non controlling interests, from EUR 2,604 thousand in 2016 to EUR 1,737 thousand in 2017 is mainly related these effects:

- the loss of the period pertaining to Non controlling interests for EUR 1,351 thousand;
- the capital contribution by Non controlling interests for EUR 737 thousand;
- acquisition/loss of control of subsidiaries for EUR -253 thousand.

For further details please see the Note 4 Change in the scope of consolidation.

The table below shows the number of shares and total issued capital as of 31 December 2017 and 2016:

Issued Capital	31 Dec 2017	31 Dec 2016
Number of ordinary shares	14,622,631	14,622,631
Nominal value per share (EUR)	0.01	0.01
Total amount (EUR)	146,226	146,226

Capital reserves

As of 31 December 2017 capital reserves, including share premium reserves, amount to EUR 127,751 thousand (2016: EUR 127,751 thousand).

In 2014 the share premium relating to the IPO described above was posted net of the following costs:

- fees for the joint global coordinators that supported the Group in the IPO process amounting to EUR 2,667 thousand;
- additional listing costs amounting to EUR 430 thousand (net of the tax effect). The remaining listing costs, amounting to EUR 2,849 thousand, were recognized in profit or loss, within marketing costs and other operating costs.

Translation reserve

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

Treasury share reserve

The reserve for the Group's treasury share comprises the cost of the shares held by the lastminute.com Group. At 31 December 2017, the Group held 1,282 thousand shares for the total value of EUR 16,738 thousand (948 thousand shares as of 31 December 2016 for a total value of EUR 12,364): during 2017 the Group bought treasury shares for a total of 360 thousand for the total value of EUR 4,725 thousand. The Group sold 12 thousand treasury shares to employees who exercised their stock option for an amount of EUR 163 thousand and 14 thousand treasury shares for EUR 188 thousand. For further information refer to Note 15.

On 13 August 2014, the Group announced officially a share buy-back plan to purchase bearer shares of lastminute.com N.V. for a maximum amount of EUR 10 million. Such maximum amount has been increased up to EUR 18 million through resolution taken by the Board of Directors on 16 June 2015. This maximum amount could be increased from time to time upon resolution by the Board of Directors, but shall keep under the maximum buyback volume limit of 9,390 bearer shares per day in accordance with art. 55b para. 1 lit c SESTO.

The bearer shares repurchased are to be used for Group's employee stock option 2011–2013 plans and/or to finance acquisitions. Starting from 2015 bearer shares were repurchased in connection with the new cash-settled share-based payment arrangement. For more information refer to Note 15. The Group's bearer shares are listed in the main standard of SIX Swiss Exchange AG; no separate trading line has been opened for the share buy-back. The share buy-back started on 17 September 2014 and will end no later than 4 November 2017.

On 15 December 2017 the Group announced that the parent company lastminute.com N.V. (the Company) made available for approval with the Swiss Take Over Board the offer prospectus regarding the Partial Self Tender Offer (PSTO), already announced on 10 August 2017.

According to the Offer Prospectus, the Partial Self Tender Offer shall extend to 2,193,395 shares of the Company (the "Offer Shares"), representing 15% of the share capital of the Company, at an offer price of CHF 16.00 net in

The PSTO shall extend to 2,193,395 shares of the Company. If more than 2,193,395, but not more than 4,090,314 shares of the Company are validly tendered, the Company shall reserve the right to accept such additional tendered shares. The offer implies a premium of +12.3% over the closing price of Thursday 14 December 2017 and an expected cash out of around CHF 35 million or EUR 30 million.
The Company will reduce its own issued capital through either the cancellation of the shares repurchased during the PSTO and through the cancellation of part of the treasury shares already owned.

Retained Earnings

Retained earnings as of 31 December 2017 amounted to EUR 19,191 thousand (2016: EUR 25,714 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.

As of 31 December 2017 retained earnings included a debit entry for EUR 38 thousand (2016: EUR 2,261 thousand) to reflect the effect of the buy-back of share options from employees and the difference between the fair value of shares sold to employees and the exercise price of option exercised.

Dividends

No dividends were paid by the group during 2017.

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.

NOTE 25 - PROVISIONS

The table below shows the movements in Provisions for 2017 and for 2016:

Provision 2017

in '000 EUR	01 Jan 2017	Reversals	Use	Additions	Reclassification	31 Dec 2017
Provision for fraudulent credit card transactions	724	(605)	(75)	526	(44)	526
Provision FullFlex	35	-	-	13	2	50
Other provisions	939	(925)	-	2,698	42	2,754
Total	**1,698**	**(1,530)**	**(75)**	**3,237**	**-**	**3,330**
Non-current	820	(820)	-	-	-	-
Current	878	(710)	(75)	3,237	-	3,330
	1,698	**(1,530)**	**(75)**	**3,237**	**-**	**3,330**

Provision 2016

in '000 EUR	01 Jan 2016	Reversals	Use	Additions	Reclassification	31 Dec 2016
Provision for fraudulent credit card transactions	559	(50)	(303)	515	-	724
Provision Volaflex	210	-	(2,155)	1,953	-	35
Redundancy provision	1,254	-	(1,254)	-	-	-
Other provisions	2,432	(1,382)	(597)	456	-	939
Total	4,455	(1,432)	(4,312)	2,967	-	1,698
Non-current	2,000		(1,150)	-		820
Current	2,455	(1,432)	(3,132)	2,967		878
	4,455	(1,432)	(4,312)	2,967	-	1,698

Provision for fraudulent credit card transactions

Provision for fraudulent credit card transactions, for an amount of EUR 526 thousand (2016: EUR 680 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 Fullflex

The provision for FullFlex represents the best estimate of future payments under the FullFlex program. This includes the costs with respect to unused vouchers resulting from flight cancellations before the balance sheet date. Further information on FullFlex is provided in Note 2.

Other

As of 31 December 2017, other current provisions amounted to EUR 2,754 thousand and they are mainly referred to:

- provision for fine levied by the Italian antitrust authority for EUR 2,400 thousand. Even though the Group will appeal against the sentence, management deemed that a provision needed to be booked for the entire amount of the fine. The Group has already started the process to set up a conduct in compliance with the Italian market regulatory framework.
- provision for a fine following a labour inspection in Spain for EUR 248 thousand that is likely to be paid in 2018. Management will appeal in 2018.

During the 2017 an amount of EUR 820 thousand related to VAT tax risks for past years has been released through profit and loss.

NOTE 26 – NET FINANCIAL POSITION

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

The table below represents the net financial position for the Group as of 31 December 2017 and 2016:

in '000 EUR	31 Dec 2017	31 Dec 2016
Current financial assets	1,922	2,210
Cash and cash equivalents	52,134	60,245
Short term financial liabilities	(10,015)	(7,680)
Net Financial Position within 12 months	**44,041**	**54,775**
Non current financial assets	1,256	1,184
Net Financial Position over 12 months	**1,256**	**1,184**
Total Net Financial Position	**45,297**	**55,959**

The Net Financial Position for the Group was EUR 45,295 thousand in 2017, compared to EUR 55,959 thousand in 2016.

The changes in the composition of the net financial position as of 31 December 2017 compared to December 2016 can be mainly explained by a lower cash and cash equivalents by EUR 8,111 thousand mainly due to the changes of payments terms from different suppliers;

Short term liabilities are related to the opening of a short term loan granted by a primary bank of the Group with no impact of the net financial position.

For further information see the Consolidated Cash Flow Statement.

NOTE 27 - TRADE AND OTHER PAYABLES

The table below shows "Trade and other payables" as of 31 December 2017 and 2016:

in '000 EUR	31 Dec 2017	31 Dec 2016
Trade payables	(115,322)	(86,654)
Credit card payables	(35,919)	(38,636)
Other payables	(7,706)	(9,066)
Accrued expenses and deferred income	(5,592)	(5,653)
Total	**(164,539)**	**(140,009)**

The two most significant creditors of the Group included in the total trade payables at 31 December 2017 had an open balance amounting respectively to EUR 6,488 thousand, referred to the Group's major supplier (5.6%) (2016: EUR 5,805 thousand (7.0%)), and EUR 5,217 thousand (4.5%) (2016: EUR 4,343 (5.0%)).

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

in '000 EUR	31 Dec 2017	31 Dec 2016
Not past due	(150,952)	(125,181)
Past due 0-30 days	(9,638)	(9,782)
Past due 31-90 days	(905)	(3,255)
Past due 91-180 days	(1,340)	(1,014)
Past due 181-360 days	(940)	(381)
Past due 361 and over	(765)	(396)
Total	**(164,539)**	**(140,009)**

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 2017 is in line compared to the previous year. At 31 December 2017, the Group had agreed credit card plafonds for a total amount of EUR 88,799 thousand (2016: EUR 88,290 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 2017 decreased by EUR 1,360 thousand compared to 2016.

NOTE 28 – 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 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. 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.

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 recognized as dominant in the market. In 2016 the second instance judgment has been appealed by Viaggiare before the Cassazione Court.

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 on June 2013. In March 2015 The proceeding has been transferred to lmnext CH sa due the transfer of going concern between lastminute.com Srl and Lmnext CH SA. In July 2015 the second instance court decided in favour of Lmnext CH even if Ryanair has not been recognized as dominant in the market. In 2016 the second instance judgment has been appealed by lmnext CH before the Cassazione Court.

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 pleading challenging jurisdiction of French courts. In March 2013 Court held that matter should be heard before the Paris Commercial Court rejecting Ryanair claim to have proceedings transferred to Ireland. In March 2015 Lmnext FR has taken over to VSM's in the trial. The parties are waiting for the court to set date for first hearing. 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.

NOTE 29 - 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 41.4% (2016: 47.5%) of the shares of the Company and controls it. The remaining 58.6% (2016: 52.5%) 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 on consolidation basis.

Receivables from shareholders

The table below shows Receivables from shareholders as of 31 December 2017 and 2016:

in '000 EUR	31 Dec 17	31 Dec 16
Financial receivables	81	160
Total	81	160

An amount of EUR 659 thousand recorded as a financial expense (see Note 26) relates to a reimbursement to the shareholder Freesailors Coöperatief u.a in relation to a financial expense sustained on behalf of the Group. As at 31 December 2017 the Group has a receivable from a minority shareholders in one of the Swiss entity recorded under "current financial assets".

Key management personnel compensation

The key management personnel compensation for 2017 and 2016 is presented in the table below:

in '000 EUR	2017	2016
Short-term employee benefits	1,901	2,552
Share-based payments	21	451
Post employment benefits	167	108
Termination benefits	-	555
Total	2,089	3,666

In 2017, the composition of key management changed following a new simplified structure, reducing the number of members from 8 in 2016 to 5 in 2017.

Transactions with associates

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

in '000 EUR	31 Dec 2017		31 Dec 2016	
	Assets	Liabilities	Assets	Liabilities
Hotelyo SA	663	833	194	37
URBANnext SA	60	-	-	-
Total	723	833	194	37

in '000 EUR	31 Dec 2017		31 Dec 2016	
	Costs	Revenues	Costs	Revenues
Hotelyo SA	18	65	90	51
URBANnext SA	-	86	-	-
Total	18	151	90	51

Other transactions

In 2017 the Group recognised a cost with regard an employee of a related party for EUR 112 thousand. The open payable as at 31 December 2017 is EUR 30 thousand. No other transactions occurred in 2017.

In 2016 the Group paid a bonus to a minority shareholder's of a subsidiary for a total amount of EUR 120 thousand. In 2016 a former member of Board of Directors exercised 150 thousand stock options and cashed in another 50 thousand stock options for EUR 258 thousand. The same person exited from the cash-settled share-based payment plan for a total value of cash of EUR 85 thousand. No other transactions occurred in 2016.

NOTE 30 – BANK GUARANTEES

As of 31 December 2017, financial institutions had issued bank guarantees to third parties on behalf of the Group for a total amount equal to EUR 54.0 million (2016: EUR 45.8 million), of which EUR 3.5 million related to a bank guarantee to a Spanish GDS airline and EUR 36.1 million relate to a bank guarantee for the IATA, ABTA and ATOL.

NOTE 31 - GROUP COMPANIES

The table below shows the Group 's structure as of 31 December 2017 and 2016:

Name	Country	Consolidated for 2017	Ownership interest	
			2017	2016
lastminute.com N.V.	Netherlands	-	Parent Company	Parent Company
Bravonext SA	Switzerland	Fully	100.0%	100.0%
Viaggiare S.r.l.	Italy	Fully	100.0%	100.0%
Satintour Services	UK	Fully	99.8%	99.8%
LMnext US INC	USA	Fully	100.0%	100.0%
LMnext DE Gmbh	Germany	Fully	100.0%	100.0%
LMnext Services Ltd	UK	Fully	100.0%	100.0%
LMnext UK Ltd	UK	Fully	100.0%	100.0%
Bravoventure India Private lmt	India	Fully	100.0%	100.0%
Sealine Investments LP	UK	Fully	100.0%	100.0%
Blue Sas - JetCost	France	Fully	98.4%	100.0%
2Spaghi S.r.l. in liquidazione	Italy	Fully	0.0%	100.0%
Bravojet SA in liquidazione	Switzerland	Fully	100.0%	60.0%
Bravomedia S.r.l.	Italy	Fully	100.0%	100.0%
Pigi Shipping & Consulting S.r.l.	Italy	Fully	100.0%	100.0%
Prezzi Benzina S.r.l.	Italy	Fully	0.0%	50.1%
Bravoventure Spain SLU	Spain	Fully	100.0%	100.0%
Hotelyo SA	Switzerland	Equity	49.0%	49.0%
Vivigratis SA	Switzerland	Fully	0.0%	51.0%
Rumbo SA	Spain	Fully	100.0%	100.0%
Rede Universal de Viagens Ltda	Brazil	Fully	0.0%	100.0%
Webnext Limited	Malta	Fully	100.0%	100.0%
LMnext CH SA	Switzerland	Fully	100.0%	100.0%
URBANnext SA	Switzerland	Equity	25.0%	80.0%
Cruiseland S.r.l.	Italy	Fully	100.0%	100.0%
LMnext FR SASU	France	Fully	100.0%	100.0%
Bravometa CH SA	Switzerland	Fully	98.4%	100%
Bravoventure Poland Spolka	Poland	Fully	100.0%	100%
Destination Italia SpA	Italy	Fully	57.0%	57%
Destination 2 Italia Srl	Italy	Fully	57.0%	100%
Lmnext UK Ltd (incorporated in England and Wales) Branch	UK	Fully	100.0%	0%

NOTE 32 – SUBSEQUENT EVENTS

Cancellation of own shares

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 no impact on EPS should be calculated.

Acquisition of Comvel Gmbh

The Group announced the acquisition from ProSiebenSat.1 Group of the entirety of the shares of Comvel GmbH, to scale up its positioning in Germany. 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.1 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, representing around 80% of total transaction value generated by the Company, while the remaining 20% is mostly represented by hotel with a very limited exposure to flight business. Thanks to the acquisition, lastminute.com group will reach a significant size in the largest European country (according to total travel transaction value). The total travel value and the total revenues of Comvel Gmbh as of 31 December 2017 are expected to be respectively around EUR 220 million and more than EUR 20 million. Under the terms of the agreement, lastminute.com group, will acquire 100% of the Comvel GmbH capital with effect 1st January 2018 for a total consideration of EUR 13.5 million, to be paid in cash, EUR 5 million at closing date, EUR 2.5 million during 2018 and EUR 6 million throughout 2019. No other financial information of Comvel Gmbh can be disclosed as the audit on the company has not been completed yet.

New Loan

At the end of January 2018 the Group obtained a loan for EUR 20 million from a primary Italian financial institute.

No other subsequent events occurred since balance sheet date, which would change the financial position of the Group or which would require adjustment of disclosure in the annual accounts presented.

lastminute.com N.V.

Amsterdam, the Netherlands

Company financial statements

(Registered number 34267347)

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lastminute.com N.V.

Company balance sheet as at December 31, 2017

(in '000 EUR)

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

	Notes	2017	2016
Fixed assets	4		
Intangible fixed assets	4a	20,176	20,176
Financial fixed assets	4b		-
Participations	4b - I	71,548	73,811
Loans	4b - II	11,902	41,902
Total Fixed Assets		103,626	135,889
Receivables	5		
Receivable from shareholder	5a	-	460
Receivable from affiliated companies	5b	34,389	10,357
Other receivables	5c	160	163
Cash and cash equivalents	5 d	418	387
Total Current Assets		34,967	11,367
Total Assets		138,593	147,256
Current liabilities	6		
Payable to shareholder(s)		-	1
Payable to affiliated companies	6a	2,117	257
Other payables	6b	532	73
Creditors		100	288
Accrued expenses and deferred income	6c	807	320
Total current liabilities		3,556	939
Working Capital (current assets less current liabilties)		31,411	10,428
Total Assets less Current Liabilities		135,037	146,317
Provisions			
Losses on Participations	4b - I	1,531	1,412
Capital and Reserves	7		
Share capital		146	146
Capital reserves		113,750	113,750
Legal Reserve - Participations		14,001	14,001
Translation reserve		1,419	1,054
Treasury cash reserve		(16,738)	(12,364)
Retained earnings		28,729	21,661
Result for the year		(7,801)	6,657
Total Equity		133,506	144,905
Total liabilities and equity		138,593	147,256

lastminute.com N.V.

Company profit and loss account for the year ended December 31, 2017

(in '000 EUR)

	Notes	2017	2016
Sales	12	1.185	784
Other expenses			
General and administrative expenses	13	(3.662)	(1.872)
Total operating expenses		(3.662)	(1.872)
Operating result		(2.477)	(1.088)
Interest income on loans	14a	690	983
Exchange differences	14b	(61)	(41)
Other finance costs	14c	(706)	-
Bank and other interest	14d	(23)	(42)
		(101)	900
Result before taxation		**(2.577)**	**(188)**
Corporate income tax	15	-	-
Results of subsidiaries	4b - I	(5.224)	6.845
Net result for the year		(7.801)	6.657

Notes to the company financial statements for the year ended 31 December 2017

1. General

The company financial statements are part of the 2017 financial statements of lastminute.com N.V. (hereinafter: the "Company").

Basis of preparation

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

2. Principles of valuation of assets and liabilities

(a) Intangible fixed assets - Goodwill

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

Presentation of goodwill is dependent on the structuring of the acquisition. Goodwill is presented separately in the company financial statements if this relates to an acquisition performed by the company itself. Goodwill is subsumed in the carrying amount of the net asset value (see Note 19) if an investment in a participation is acquired through the company's intermediate participation.

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

(b) Participations

i. Participating interests in group companies

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

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

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

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

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

Result of participating interests

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

ii. Loans

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

(c) Receivables from affiliated companies

Receivables from affiliated companies are stated at amortized cost, which generally corresponds to their nominal value.

(d) Equity

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

3. Accounting policies

The accounting principles remained unchanged compared to previous year.

4. Fixed assets

(a) Intangible fixed assets

Intangible fixed assets comprises goodwill created on acquisition of Blue SAS. in 2013, a summary of the movements of intangible fixed assets is given below:

The movements in goodwill are as follows:

	2017	2016
Cost		
Balance as at 1 January	20,176	20,176
Additions	-	-
Balance as at December 31	20,176	20,176

The goodwill shown above represents goodwill on participating interests acquired by the company. For the annual impairment test, this goodwill is allocated to the relevant cash-generating units. Additional information is included in Note 19 to the consolidated financial statements.

(in '000 EUR)

(b) Financial fixed assets

I. Participations

The Company has shares in the following companies as at December 31, 2017:

Name	Domicile	Ownership	Book Value
Viaggiare S.R.L	Milan, Italy	100.00%	987
Bravonext S.A.	Chiasso, Switzerland	100.00%	24,976
Satintour Services L.P.	Edinburgh, U.K.	99.80%	6
Blue SAS	Paris, France	98.35%	19,805
LMNext UK Ltd	London, U.K.	100.00%	10,185
LMNext Services (UK) Ltd.	London, U.K.	100.00%	2,014
LMNext US Inc.	Delaware, U.S.A.	100.00%	34
Bravoventure India Private Ltd.	Bangalore, India	99.00%	357
LMNext DE GmbH	Munich, Germany	100.00%	-
Sealine Investments LP	Edinburgh, U.K.	0.10%	-
Bravometa CH S.A.	Chiasso, Switzerland	98.35%	4,128
Bravoventure Poland Spolka (forme Thetford sp. Zoo)	Warsaw, Poland	100.00%	-
Destination Italia SpA	Milan, Italy	57.00%	2,280
LMNext FR SASU	Paris, France	100.00%	6,776
			71,548

(in '000 EUR)

I. Participations, continued

The movements in the participations are as follows:

Participations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Balance Gross as at 31 December 2016	788	33.718	2.164	22.177	[illegible]	1.467	18	267	-	-	3.404	-	-	[illegible]	[illegible]
[illegible]	-	-	-	-	-	-	-	-	-	[illegible]	-	-	-	-	[illegible]
[illegible]	-	-	-	-	-	-	-	-	[illegible]	-	-	[illegible]	-	-	[illegible]
Balance Net as at 31 December 2016	788	33.718	[illegible]	[illegible]	[illegible]	1.467	18	267	[illegible]	[illegible]	3.404	[illegible]	-	[illegible]	[illegible]
[illegible]															
[illegible]	-	-	-	[illegible]	-	-	-	-	-	-	-	-	[illegible]	-	-
[illegible]	-	-	-	-	[illegible]	[illegible]	-	-	-	-	-	-	-	-	[illegible]
[illegible]	-	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-	[illegible]
[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	42	[illegible]	[illegible]	-	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Balance Net as at 31 December 2017	[illegible]	[illegible]	6	[illegible]	[illegible]	[illegible]	34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Balance Gross as at 31 December 2017	[illegible]	[illegible]	6	[illegible]	[illegible]	[illegible]	34	[illegible]	-	-	[illegible]	-	[illegible]	[illegible]	[illegible]
[illegible]	-	-	-	-	-	-	-	-	-	[illegible]	-		-	-	[illegible]
[illegible]	-	-	-	-	-	-	-	-	[illegible]		-	[illegible]		-	[illegible]
Balance Net as at 31 December 2017	[illegible]	[illegible]	6	[illegible]	[illegible]	[illegible]	34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(in '000 EUR)

II. Loans

As at December 31, 2017, this item can be detailed as follows:

Borrower	Maturity	Rate	Principal
Bravonext S.A.	31-12-2019	1%	11,902
Balance as at December 31, 2017			11,902

	2017	2016
Balance as at January 1	41,902	69,515
New loans	-	1,500
Conversion loan to share premium	-	(23,141)
Repayments	-	(2,475)
Stock options	-	(1,273)
Set-offs/compensation	(4,878)	(2,224)
Allocated to current assets	(25,122)	-
Balance as at December 31	11,902	41,902

As at 31 December 2017 an amount equal to EUR 4,878 thousand has been compensated against financial amounts owed to Bravonext S.A.
A residual amount equal to EUR 25,122 thousand has maturity date December 2018 and therefore has been classified within the current assets.
The loans are unsecured and are subordinated to all other obligations of the borrower.

(in '000 EUR)

5. RECEIVABLES

(a) Receivable from shareholder

This amount can be specified as follows:

	2017	2016
Freesailors Cooperatief U.A.	-	460
	-	460

No interest is calculated and the transaction with the shareholder has been settled during the year.

(b) Receivable from affiliated companies

This amount can be specified as follows:

	2017	2016
Bravonext S.A:loan and interests	27.723	891
LMNext Services UK Ltd	-	503
Sealine Investments LP	6.647	6.367
Satintour Services LP	1	1
Bravoventure Spain SLU	-	12
LMNext UK Ltd	-	2.556
Hotelyo srl	-	9
Rumbo SA	5	18
LMNext Fr SASU	13	-
	34.389	10.357

The receivables from affiliated companies contain the following:		
Receivables from affiliated companies	35.196	10.861
Less: Provisions	(807)	(504)
	34.389	10.357

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

(in '000 EUR)

(c) Other receivables

This amount can be specified as follows:

	2017	2016
Prepayments	129	62
Other receivables	10	95
Invoices to be issued	15	-
VAT	6	6
	160	163

The other receivables are due within one year.

(d) Cash and cash equivalents

This amount can be specified as follows:

Bank name	Currency	2017	2016
Corner	CHF	3	2
Corner	EURO	1	1
UBS	EURO	27	27
UBS	CHF	136	149
Credit Suisse	CHF	25	139
Credit Suisse	EURO	172	57
ABN Ambro	EURO	54	12
Cash funds		418	387

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

(in '000 EUR)

6. CURRENT LIABILITIES

All the current liabilities are due within one year.

(a) Payable to affiliated companies

This amount can be specified as follows:

	2017	2016
Bravonext SA	628	71
LM Next UK	127	-
Webnext Ltd	33	33
LMNext France	127	14
Rumbo	117	-
Viaggiare srl	7	100
Bravomedia Srl	-	39
Sealine Investments LP	1,079	-
	2,117	257

(b) Other payables

This amount can be specified as follows:

	2017	2016
Wage taxes and social security premiums	39	73
Other employee related costs	493	-
	532	73

Other employee costs refer to the exercise of the stock options. The cash settlement took place in January 2018.

(in '000 EUR)

(c) Accrued expenses and deferred income

This amount can be specified as follows:

	2017	2016
Audit fees	80	204
Consultancy fees	155	116
M&A costs	483	-
Deferred income	89	-
	807	320

7. CAPITAL AND RESERVES

The authorised share capital of € 181 thousand is divided into 181.1 million ordinary shares with a par value of € 0.01 each. The paid-up and called up share capital of € 146 thousand is divided into 14,622,631 ordinary shares with a par value of € 0.01 each.

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

	Share Capital	Capital Reserves	Legal Reserve - Participations	Translation Reserve	Treasury Share reserve	Retained Earnings	Result for the year	Total
Balance as at 1 January 2016	146	122.610	5.141	401	- 8.838	39.228	- 17.901	140.787
Profit/loss appropriation	-	-	-	-	-	(17.901)	17.901	-
Purchase own shares	-	-	-	-	(3.334)	-	-	(3.334)
Purchase own shares by participation	-	-	-	-	(1.344)	-	-	(1.344)
Disposal own shares	-	-	-	-	1.152	-	-	1.152
Share-based payments	-	-	-	-	-	(2.260)	-	(2.260)
Revaluations under IFRS	-	-	-	-	-	2.401	-	2.401
Transfers to Legal Reserves	-	(1.371)	1.371	-	-	-	-	-
Transfers to Legal Reserves	-	-	-	653	-	-	-	653
Actuarial result DB pension plan	-	-	-	-	-	193	-	193
Result for the year	-	-	-	-	-	-	6.657	6.657
Balance as at 1 January 2017	146	121.239	6.512	1.054	(12.364)	21.661	6.657	144.905
Profit/loss appropriation	-	-	-	-	-	6.657	(6.657)	-
Purchase own shares	-	-	-	-	(3.627)	-	-	(5.627)
Purchase own shares by participation	-	-	-	-	-	-	-	-
Disposal own shares	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	163	(38)	-	125
Revaluations under IFRS	-	-	-	363	901	449	-	1.713
Transfers to Legal Reserves	-	2.690	(2.690)	-	-	-	-	-
Transfers to Legal Reserves	-	-	-	-	-	-	-	-
Other	-	-	-		139	-	-	139
Result for the year	-	-	-	-	-	-	(7.801)	(7.801)
Balance as at 31 December 2017	146	123.929	3.822	1.419	(16.733)	28.729	- 7.801	133.506

Capital reserves

The capital reserve consists of EUR 128,181 thousand of share premium and EUR -430 thousand of IPO costs recorded within Equity reserve. An amount equal to EUR 3,822 thousand is reclassified within the Legal reserve participation (see below).

Legal reserve participation

The legal reserve participations consists of amounts required by law in Spain, Switzerland and Italy of EUR 3,822 thousand (2016: EUR 6,512 thousand).

Translation reserve

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

Treasury share reserve

Buy/Sale own shares

On 13 August 2014, the Company announced officially a share buy-back plan to purchase bearer shares of Bravofly Rumbo Group N.V. for a maximum of EUR 10 million. In 2017 69,027 shares were re-acquired from Sealine Investments LP and then 12,460 shares were sold to employees of the

Company's group of companies. As at December 2017 the number of shares acquired and held by the Company is 360,324.

8. APPROPRIATION OF RESULTS OF FINANCIAL YEAR 2016

The Annual Report 2016 was adopted in the General Meeting of Shareholders held on April 28, 2017. The General Meeting of Shareholders has determined the appropriation of the result for 2016 in accordance with the proposal made in the 2016 Annual Report.

9. SHARE OPTIONS

Please refer to the information included in the Notes 15 and 24 to the consolidated financial statements.

10. PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2017

The board of directors of the Company proposes to charge the loss for the year to the retained earnings. This proposal allocation of result has not been incorporated in the annual accounts; it is subject to the approval of the annual general meeting of Shareholders. The net result for the year is included in the capital and reserves as result for the year.

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

11. GENERAL RESERVE

Subject to the provisions under Dutch law that the Company's equity exceeds the reserves that the Company must maintain pursuant to the law and/or the Articles of Association, the general meeting of the Company is authorised to allocate the profit determined by adopting the annual accounts.

Furthermore, Dutch law prescribes that any distribution may only be made if the Company's ability to continue paying its due and payables debts has been ascertained. If not, the managing directors shall, subject to the provisions of prevailing law, be jointly and severally liable to the Company for the shortfall created by the distribution.

(in '000 EUR)

12. SALES

	2017	2016
Intercompany recharges and revenues	787	672
Advertising revenues	383	96
Other revenues	15	16
	1,185	784

13. GENERAL AND ADMINISTRATIVE EXPENSES

This amount can be specified as follows:

	2017	2016
Advertising	1,039	757
Consultancy fees	1,531	433
Administrative fees	77	48
Accountancy and Audit fees	80	330
Legal fees	8	71
Office expenses and other expenses	162	38
Directors fees	190	101
Wages and salaries	45	63
Social security charges	15	30
Travel and other employee expenses	23	1
Share-based payments	492	-
	3,662	1,872

The increase in consultancy fees is mainly due to Corporate Development activities performed during the year.

(in '000 EUR)

Audit fees

The following fees were charged by PWC Accountants N.V. (previous year: KPMG Accountants N.V.) to the company, its subsidiaries and other consolidated companies, as referred to in the Section 2:382a (1) and (2) of the Netherlands Civil Code.

Year 2017	PwC Accountants NV	Other PwC Network	Total 2017
Audit of financial statement	80	469	549
Other non-audit services	-	6	6
	80	475	555

Year 2016	KPMG Accountants NV	Other KPMG Network	Total 2016
Audit of financial statement	68	459	527
Other audit engagement	8	-	8
Tax-related advisory services	-	5	5
Other non-audit services			
	76	464	540

The audit fees related to the subsidiaries in scope for the audit of the consolidated financial statements have been directly charged and invoiced to the respective subsidiaries. These fees relate to the audit of the 2017 financial statements, regardless of whether the work was performed during the financial year.

Number of employees and employment costs

During the year under review the Company had 1 (2016: 2) employee(s), all employees (2016: 2) working outside of the Netherlands.

(in '000 EUR)

14. FINANCIAL INCOME / EXPENSE

(a) Interest income on loans

This amount can be specified as follows:

	2017	2016
Interest income on loans to affiliated companies	690	983
	690	983

(b) Exchange differences

	2017	2016
Revaluation of bank accounts held in foreign currcencies	(61)	(41)
	(61)	(41)

(c) Other finance costs

	2017	2016
Other finance costs	(706)	-
	(706)	-

Other finance costs are mainly referred (EUR 659 thousand) to a reimbursement to the shareholder Freesailors Cooperatief in relation to a financial expense sustained on behalf of the Group.

(d) Bank and other interest

This amount can be specified as follows:

	2017	2016
Interest on cash pooling	(22)	(1)
Bank interest	(1)	(2)
Bank charges	-	(39)
	(23)	(42)

(in '000 EUR)

FISCAL POSITION

15. Corporate income tax

	2017	2016
Result before taxation	(7.801)	6.657
Loss from participations/(non-taxable income)-participations exemption	5.224	(6.845)
Other non-deductible expenses	-	124
Share based payments	420	-
Deductible expenses (income) taken direct to reserves	-	330
Correction previous years	-	285
Fiscal result	(2.157)	552
Losses brought forward	(5.010)	(5.562)
Tax losses carry forward	(7.167)	(5.010)

The Company generated taxable loss during the year under review. Therefore, no tax charge for the year is recorded. At year-end the losses carry forward amount to EUR 7,167 thousand which can be offset against future profits. This amount includes the taxable losses of the year under review. Deferred tax is not included in this calculation because the Company does not expect to generate taxable income in the Netherlands in the coming years.

(in '000 EUR)

16. OFF-BALANCE SHEET ASSETS AND LIABILITIES

As of 31 December 2016 the Company had issued parent company guarantees guaranteeing commercial and financial third parties about the performance of the Company's subsidiaries. As of 31 December 2017 such guarantees were drawn for an amount equal to EUR 54,048 thousands (2016: EUR 48,409 thousands).

17. DIRECTORS

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

In €/000

Name	Fixed Remuneration	Bonus	Options	Other	Total Compensation
Ottonel Popesco	80	-	-	-	80
Fabio Cannavale	508	50	-	-	558
Marco Corradino	20	-	-	-	20
Roberto Italia	40	-	-	-	40
Anna Gatti	20	-	-	-	20
Anna Zanardi	20	-	-	-	20
Julia Bron	25	-	-	-	25
Total remuneration to BoD	713	50	-	-	763

As shown in the table above, no options have been awarded during 2017. The remuneration of Mr. Cannavale is related to their role as members of the Executive Management. The remuneration of the other members of the Board reflects the time and effort required from the members in fulfilling their Board and Committee responsibilities. The amount of the bonus covers all the fringe benefits (e.g. health insurance, cars etc.) contractually stated for Mr. Cannavale.

18. SUBSEQUENT EVENTS

For details on subsequent events at Group level, please refer to Note 32 of the Consolidated Financial Statements.

Amsterdam, 13 March 2018

The Board of Directors,

Executive Board Members

Mr. F. Cannavale

Mr. M. Corradino

Non--executive Board Members

Mr. R. Italia

Mr. O. Popesco

Ms. A. Gatti

Mrs. J.V. Bron

Ms. A. Zanardi

OTHER INFORMATION

APPROPRIATION OF RESULT ACCORDING TO THE ARTICLES OF ASSOCIATION

According to article 24 of the Articles of Association the result of the year is at free disposal of the General Meeting of Shareholders.

BRANCH ESTABLISHMENTS

The company has a branch in Switzerland operating under the name Bravofly BV Branch SA

Independent auditor's report

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Independent auditor's report

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

Report on the financial statements 2017

Our opinion

In our opinion:

- lastminute.com N.V.'s consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2017 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- lastminute.com N.V.'s company financial statements give a true and fair view of the financial position of the Company as at 31 December 2017 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2017 of lastminute.com N.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of lastminute.com N.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2017;
- the following statements for 2017: the consolidated statement of profit and loss and other comprehensive income and the consolidated statements of changes in equity and cash flows; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2017;
- the company profit and loss account for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

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

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands
T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

The basis for our opinion

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

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

Independence

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

Our audit approach

Overview and context

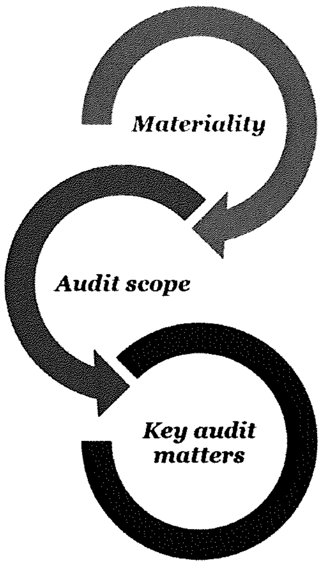
lastminute.com N.V. is an online travel player providing consumers with online tools and technologies that allow them to easily search for, compare and book flights, vacation packages and cruises, hotel accommodations, car rentals and other travel products and services. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In note 2 of the financial statements the company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the impairment assessment of intangible assets, we considered this to be a key audit matter as set out in the section 'Key audit matters' of this report. Furthermore, we identified the occurrence, accuracy and cut-off of revenue from sales of travel services as a key audit matter because of the large number of transactions and counterparties and dependency on the IT-systems.

Other areas of focus, that were not considered to be key audit matters were the capitalisation and valuation of own developed software and valuation of deferred income taxes. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the board of directors that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of an online service company. We therefore included IT and valuation specialists in our teams.

The outline of our audit approach was as follows:



Materiality

- Overall materiality: €2 million.

Audit scope

- We conducted audit work on six components. We paid particular attention to the head office in Switzerland as that is where the central IT department resides
- A site visits was conducted to Rumbo S.A., Spain
- Audit coverage: 91% of consolidated revenue, 94% of consolidated total assets and 77% of consolidated result before tax

Key audit matters

- Valuation of goodwill and trademarks
- Occurrence, accuracy and cut-off of revenue from sales of travel services

Materiality

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

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

Overall group materiality	€2 million
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 0.8% of total revenue.
Rationale for benchmark applied	We used revenue as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements, the focus of the company on growth and the fluctuating results over the past years. On this basis we believe that revenue is an important metric for the financial performance of the company.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between €0.4 million and €1.5 million.

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

We agreed with the board of directors that we would report to them misstatements identified during our audit above €100,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

First-year audit considerations

During the process of becoming lastminute.com's auditors in 2017, we developed our transition plan. We carried out a comprehensive process of understanding lastminute.com's business activities, its environment including internal controls and IT systems, and internal controls framework and the way this impacts lastminute.com's financial reporting . Subsequently, we carried out a review of the predecessor auditor's files to confirm our understanding of internal controls of lastminute.com, that appropriate accounting policies have been consistently applied in the current period's financial statements, and that the opening balance sheet does not contain material misstatements. Based on these procedures, we have prepared our risk assessment and audit plan which has been discussed with the board of directors and the Audit Committee.

The scope of our group audit

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

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

The group audit primarily focused on the significant components: Bravonext S.A. (Switzerland) and Blue S.A.S. (France). These two components were subjected to audits of their complete financial information as those components are individually financially significant to the group. Additionally, four components were selected for audits of their complete financial information to achieve appropriate coverage on financial line items in the consolidated financial statements.

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

Consolidated revenue	91%
Consolidated total assets	94%
Consolidated result before tax	77%

None of the remaining components represented more than 3% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

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

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

For this first year audit, we have organised a meeting before the start of the audit with all the local finance function heads and local audit teams to discuss our audit approach.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and scope of the work to be performed. We determined the level of our involvement in the audit work of these components in order to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. We explained to the component audit teams the structure of the group, the main developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We have also had individual calls with both of the in-scope component audit teams multiple times during the year including upon the conclusion of their work. During these calls we have discussed the significant accounting and audit issues identified by the component auditors, the reports of the component auditors, the findings of their procedures and other matters which could be of relevance for the consolidated financial statements.

Additionally, we visited the Spanish operations and the Spanish component audit team. The Spanish component is the largest in respect of revenue of the two components that are not audited by the group engagement team.

The group consolidation, financial statement disclosures and a number of complex items are audited by the group engagement team at the head office. These include the impairment test on the indefinite life intangible assets and the central audit procedures performed on the relevant IT systems. By performing these procedures at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of directors. The key audit matters are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

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

Key audit matter	*How our audit addressed the matter*

Valuation of goodwill and trademarks
(Notes 2, 18 and 19)

As at 31 December 2017 the Company's Goodwill and trademarks with indefinite useful lives are valued at €56.1 million and €121.5 million respectively.

The key assumptions and sensitivities are disclosed in notes, 2, 18 and 19 to the consolidated financial statements.

The annual impairment test for goodwill and trademarks with indefinite useful life is significant to our audit because the assessment process is complex, involves significant management judgement and is based on assumptions that are affected by expected future market and economic conditions, revenue growth, margin developments, the discount rates and perpetuity growth rates as well as the Group's continuous development and the rapid technology change.

Management, supported by an external valuation expert, has estimated future cash flows for both cash generating units (CGUs); Online Travel Agency (OTA) and Metasearch.

Based on the annual impairment test, including sensitivity tests, the Board of Management concluded that no impairment of goodwill and trademarks with indefinite useful lives was necessary.

We evaluated the management's policies and procedures to determine future cash flow forecasts, the process by which they were drawn up and also assessed design effectiveness of controls over the impairment process.

We evaluated and challenged management's key cash flow assumptions such as long term growth rates for revenue and EBITDA, discount rate and perpetuity growth rate for both CGUs OTA and Metasearch.

Our audit procedures included, amongst others:

- Assessing the appropriateness of management's identification of the Company's CGUs based on management's reporting and organizational structure.

- A recalculation of the mathematical accuracy of managements' calculations.

- We evaluated, with the support of our valuation specialists, the appropriateness of the assumptions and the methodology used by management to prepare its cash flow forecasts. We evaluated Group management's assumptions of long term growth rates and discount rates, by comparing them with economic and industry forecasts, by assessing the cost of capital for the company and comparable organizations. We compared Group management's expectations of revenue growth and EBITDA, included in the FY18 budget and the five year plan included in the impairment model, against the latest Board approved plans and management approved forecasts. We reviewed the forecasts for the CGUs by stress testing key assumptions, assessing the impact on the sensitivity analysis, and understanding the degree to which assumptions would need to move before impairment would be triggered.

- We also assessed the reasonableness of the assumptions by comparing the sum of the future cash flow forecast of all CGUs to the

Key audit matter	*How our audit addressed the matter*
	market capitalisation. - Assessing the adequacy of the Company's disclosures regarding assumptions and, sensitivities. Our procedures did not identify material exceptions and we considered management's key assumptions to be within a reasonable range of our own expectations.
Occurrence, accuracy and cut-off of revenue from sales of travel services *(note 2 and note 6)* As of 31 December 2017 the Group recognized € 216 million of revenue from sales of travel services, which is 84% of total revenue. The Group acts as an agent. Revenue from the placing of travel services consists of the commission that represents the difference between the total amount receivable from clients and the amount payable to travel suppliers. Connected to sales, lastminute.com Group receives rebates on target volumes from suppliers. Given the significant volume of transactions and counterparties that characterizes the online travel business and the high dependency on the IT systems, we consider the occurrence, accuracy and cut-off of revenue from sales of travel services a key audit matter.	Our procedures includes the assessment of the appropriateness of the Group's accounting policies on revenue recognition, in particular those relating to presentation of net revenues applicable to an agency relationship. We tested whether only the margin is recognized as revenue based on a reconciliation of cash received from clients and cash paid to service providers. Our procedures did not result in material findings with respect to gross versus net presentation of recognized revenues. We performed centralized audit procedures on general IT controls with respect to the major operating systems, accounting systems and critical interfaces which are relevant for appropriate revenue recognition and validity and accuracy of transactions captured. We evaluated the design, implementation and tested operating effectiveness of internal controls over revenue, in particular the application controls relating to interfaces between operating systems, accounting systems and cash in- and outflows, and we tested the reconciliation of revenues between operating system and accounting system. We tested on a sample basis the accuracy of recording of revenues based on the underlying sale and purchase documentation, the calculation of commissions applied to clients based on contractual agreement, and the calculation of rebates to be recognized from service providers based on contracts. We obtained confirmations from suppliers on a sample basis. For

Key audit matter	*How our audit addressed the matter*
	testing occurrence of the revenue transaction we traced the revenue transactions to bank- and credit card payments on a sample basis. We tested on a sample basis the cut-off of revenue by selecting invoices before and after year-end and verified that the revenue was recorded in the same period as the booking date. Our procedures did not result in material findings with respect to the accuracy, occurrence and cut-off of revenues.

Report on the other information included in the annual report

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

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

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

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of lastminute.com N.V. for the first time on 12 July 2017 by the board of directors following the passing of a resolution by the shareholders at the annual meeting held on 28 April 2017.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The non-executive directors are responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

Amsterdam, 13 March 2018
PricewaterhouseCoopers Accountants N.V.

A.C.M. Gerritsen RA

Appendix to our auditor's report on the financial statements 2017 of lastminute.com N.V.

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

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

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

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

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

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

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

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