



compensation
report 2021

lastminute.com

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 Executive Management. The Board of Directors adopted a Remuneration Policy as per suggestion of the SAR Committee (“SARC”). Please see the Corporate Governance Report for a detailed description of this committee. The goal of this Remuneration Policy is to recruit, retain and motivate high quality directors. The Group is committed to providing a total remuneration package that is consistent with sound industry practice and reflects the individual country practises, job market and geographic differences. The Group has a strong orientation toward achieving overall Group and personal goals. The SARC shall annually evaluate the performance of each executive director and each member of the executive management against these goals.

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

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

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

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

Principles of compensation for the Board of Directors and Executive Management

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

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

If members of the Board 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 and by the Board of Directors.

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

Members of the SARC whose remuneration is proposed by the SARC have the right to attend the meeting during

which remunerations are discussed, but they don't have any voting right about the decisions. To ensure the integrity and independence of the choices of the SARC, all the meetings of the committee are attended by guests qualified to represent the interests of the Group and stakeholders, such as the senior manager of the People Department of the Group.

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

In addition to the above, as already done last year, during 2021 the Group has based its criteria for defining the remuneration of the Executive Management also taking into account the survey conducted by an international external consultant (Willis Towers Watson), which provided an external and fair benchmark related to remuneration system in high tech companies existing actually.

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

In 2020 the Group chose Willis Towers Watson for various reasons including:

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

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

Compensation 2021 for the members of the Board of Directors and Executive Management

Board membership fees and allowances

The 2021 Annual General Meeting held on 22 June 2021 approved the remuneration proposal for the board of director's members as follows:

in '000 Eur								
Name	Qualification	Fixed Remuneration	Bonus	Other	Total Compensation	Variable on Total Compensation	Fair value of SAR (Estimated Potential Value) (*)	Fair value of SAR (Proportioned to vesting) (**)
Fabio Cannavale	Executive Director, founder & CEO	100	550	-	650	85%	-	-
Andrea Bertoli	Executive Director, CEO & COO	290	360	-	650	55%	1,408	157
Roberto Italia	Non-executive director	40	-	-	40	0%	-	-
Massimo Pedrazzini	Non-executive director	35	-	-	35	0%	-	-
Paola Garzoni	Non-executive director	30	-	-	30	0%	-	-
Laurent Foata	Non-executive director	45	-	-	45	0%	-	-
Javier Perez Tenessa	Non-executive director	20	-	-	20	0%	-	-
Total remuneration to Board of Directors		560	910	-	1,470		1,408	157

(*) reported as the potential Fair Value of the total options granted valued as of 31 December 2021 regardless the vesting period.

(**) reported as Fair Value of the total option recognised pro quota in 2021 profit & loss, in accordance with IFRS principles even if different vesting conditions apply.

As regards the Variable on Total Compensation (%) calculation, it does not include neither the estimated potential fair value nor the proportioned to vesting fair value of the consideration resulting from the granted SAR. In reference to the SAR plan, Andrea Bertoli has been granted with no. 200,000 SAR with strike price of 25 CHF and subject to the following vesting conditions:

- i) period of time: 4 years Pro rata from Year 2 to Year 4; and
- ii) Company's stock price levels (the "**Price' Thresholds**"): (a) 35% of the SAR subject to a Price Threshold equal or higher than CHF 40; (b) 65% of the SAR subject to a Price Threshold equal or higher than CHF 60.

In addition to the remuneration proposed for the board of directors, some loan agreements ("**Loans**") with the Company has been signed by:

- Fabio Cannavale and Andrea Bertoli in the contest of adherence to the Long Term Investment Plan dated 2014 ("**LTIP**"); and
- Andrea Bertoli in the contest of the Long Term Investment Plan, dated 2021 ("**LTIP2**").

LTIP is an investment scheme ("**Scheme**") for employees and directors of lastminute.com. The Scheme has been set up using a Scottish Limited Partnership structure, called Sealine Investments Limited Partnership (the "**Partnership**"). The Partnership is governed by a partnership agreement which sets out the rights and obligations of the General Partner, lastminute.com NV, and the limited partners (LP). When the LP enters the Scheme, he contributes funds to the Partnership – this is known as "Initial Capital Contribution" and the Partnership allocates

to the LP membership account a portion of its loan funds equal to three times the Initial Capital Contribution (“**Additional Funding**”). Such funding will either be loaned to the Partnership by the Company, or through a bank loan secured by the Company. The Loan is subject to Libor CHF 3m plus 1% of interests. The Initial Capital Contribution and the Additional Funding are used to purchase shares in lastminute.com NV (“**LM Shares**”), and these LM Shares will be allocated to LP partnership account. The LP will not have any further liability, to repay the loan funds or otherwise, beyond his Initial Capital Contribution to the Partnership.

LTIP 2, instead, is an investment scheme (“**Scheme 2**”) for employees and directors of lastminute.com. The Scheme 2 has been set up using a Scottish Limited Partnership structure, called Sealine Investments 2 Limited Partnership (the “**Partnership 2**”). The Partnership 2 is governed by a partnership agreement which sets out the rights and obligations of the General Partner, the Company, and the limited partners (LP). The Partnership includes three types of limited partners: Limited Partner A, Limited Partner B and Limited Partner C. When the limited partner enters the Scheme2, he contributes funds to the Partnership – this is known as “Initial Capital Contribution”. In relation to the Capital Contribution of the Limited Partner B only, the Partnership 2 allocates to the Limited Partner B’s membership account a portion of its loan funds equal to three times the Initial Capital Contribution (“**Additional Funding**”). Such funding will either be loaned to the Partnership 2 by the Company, or through a bank loan secured by the Company. The Loan is subject to Libor CHF 3m plus 1% of interests. The Initial Capital Contribution and eventual Additional Funding are used to purchase memberships in Freesailors Cooperatief UA (“**Freesailors’ Memberships**”), and these Freesailors Memberships will be allocated to Limited Partner’s partnership account. The Limited Partner B will not have any further liability, to repay the loan funds or otherwise, beyond his Initial Capital Contribution to the Partnership 2. Freesailors Cooperatief UA only assets are the Company’s shares.

The total investment in LTIP of Fabio Cannavale is for a total value of Euro 774 thousand, corresponding to a total Fair Value as of 31 December 2021 of Euro 3,171 thousand. The related loan in favour of Fabio Cannavale is for a total amount of Euro 676 thousand.

The total investment of Andrea Bertoli in LTIP is for a total value of Euro 2,209 thousand, corresponding to a total Fair Value as of 31 December 2021 of Euro 5,056 thousand and a related loan of Euro 2,256 thousand. The investment of Andrea Bertoli as Limited Partner B in LTIP 2 is for a total value of Euro 2,323 thousand, corresponding to a Fair Value as of 31 December 2021 of Euro 4,204 thousand and a related loan of Euro 2,268 thousand.

Javier Perez Tenessa is part of the Partnership 2 as Limited Partner A with a Capital Contribution of Euro 1,069 thousand. The Fair Value of the investment as of 31 December 2021 is Euro 1,934 thousand.

The remuneration of Mr. Fabio Cannavale and Mr. Andrea Bertoli 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 overview of the compensation of the Non-executive directors during the last 5 years is the following:

in '000 Eur					
Name / Year	2017	2018	2019	2020	2021
Roberto Italia	40	40	45	40	40
Massimo Pedrazzini	N/A	N/A	N/A	N/A	35
Paola Garzoni	N/A	N/A	N/A	N/A	30
Laurent Foata	N/A	25	25	30	45
Javier Perez Tenessa	N/A	N/A	N/A	N/A	20

in '000 Eur					
Office / Year	2017	2018	2019	2020	2021
Non-executive director	20	20	20	20	20
Chairman of the Board of Directors	70	35	35	35	35
Member of SARC	5	5	5	5	5
Chairman of SARC	10	10	10	10	10
Member of Audit Committee	5	5	5	5	5
Chairman of Audit Committee	10	10	10	10	10
Member of RS Committee	N/A	N/A	5	5	5
Chairman of RS Committee	N/A	N/A	10	10	10

Compensation for Members of the Executive Management

In 2021 the executive management consisted of 3 members, being Mr. Fabio Cannavale, Mr. Andrea Bertoli and Mr. Sergio Signoretti.

The aggregate approved compensation, including bonuses, social security and pension contributions and other cost of compensation for the Group, for members of the Executive Management for the financial year 2021 is EUR 1,570 thousand.

in '000 Eur								
Name	Qualification	Fixed Remuneration	Bonus	Other	Total Compensation	Variable on Total Compensation	Fair value of SAR (Estimated Potential Value) (*)	Fair value of SAR (Proportioned to vesting) (**)
Fabio Cannavale	Executive Director, founder & CEO	100	550	-	650	85%	-	-
Andrea Bertoli	Executive Director, CEO & COO	290	360	-	650	55%	1,408	157
Sergio Signoretti	Executive Manager, CFO	210	60	-	270	22%	430	53
Total remuneration to Executive Management		600	970	-	1,570		1,838	210

The highest individual compensation is related to both Fabio Cannavale, founder & CEO lastminute.com, and Andrea Bertoli, CEO & COO lastminute.com, for an amount of EUR 650 thousand each. This amount does not include neither the estimated potential fair value nor the proportioned to vesting fair value of the consideration resulting from the shadow stocks granted under the SAR.

The internal pay ratio between the average annual compensation of the Executive Directors and the average annual compensation of a Group's employee was 6.89:1 (2020: 2.82:1). The internal pay ratio does not include neither the estimated potential fair value nor the proportioned to vesting fair value of the consideration resulting from the granted SAR.

The bonuses are linked to the performance targets defined by the Board of Directors and accordingly their pay-

ment is due if the target is reached. The actual compensation recorded in 2021 financial statements is EUR 944 thousand and it is related to the fixed remuneration and the actual variable compensation. The actual compensation recorded in 2020 financial statements was EUR 467 thousand and it was related only to the fixed remuneration and to post-employment benefits.

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 or una tantum solution in cash. Performance-related remunerations are established and paid on the basis of financial parameters for 100% of the total variable remuneration; financial parameters are divided into Group objectives (i.e. Adjusted EBITDA and Gross margin of OTA segment). The variable compensation for the Members of the Executive Management being equal to EUR 970 thousand will be paid based on targets achieved in 2021 for a total value of EUR 344 thousand and it is recorded in 2021 financial statements accordingly.

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

In '000 Eur	2017	2018	2019	2020	2021
Group Revenues	259,150	290,511	349,045	105,065	146,876
Group EBITDA	8,496	27,255	55,348	-44,923	222
founder & CEO	558	600	100 (**)	100	293
Compensation Over Revenues (%)	0.22%	0.21%	0.03%	0.10%	0.20%
Compensation Over EBITDA (*) (%)	6.57%	2.20%	0.18%	-0.22%	131.76%
CEO & COO	20	520	100 (***)	290	416
Compensation Over Revenues (%)	0.01%	0.18%	0.03%	0.28%	0.28%
Compensation Over EBITDA (*) (%)	0.24%	1.91%	0.18%	-0.65%	187.39%

(*) EBITDA defined as Earnings Before Interest, Tax, Depreciation and Amortisation accounted for in accordance with IFRS principles.

(**) on 11th November 2021 the current CEO Fabio Cannavale waived to receive the bonus of 500,000 euro decided by the AGM in May 2019 and subject to the achievement of results.

(***) on 1st April 2021 the former COO Marco Corradino of the Group waived to receive the bonus of 750,000 euro decided by the AGM in May 2019 and subject to the achievement of results.

In reference to the SAR plan, Sergio Signoretti has been granted with no. 40,000 SAR with strike price of 25 CHF and subject to the following vesting conditions:

- i) period of time: 4 years Pro rata from Year 2 to Year 4; and
- ii) Company's stock price levels (the "Price Thresholds"): (a) 40 % of the SAR without Price Threshold b) 35% of the SAR subject to a Price Threshold equal or higher than CHF 40; (c) 25% of the SAR subject to a Price Threshold equal or higher than CHF 60.

Further the above Sergio Signoretti signed a partnership loan agreement with the company in the contest of the adherence to the LTIP. The total investment of Sergio Signoretti is for a total value of Euro 538 thousand, corresponding to a total. The Fair Value as of 31 December 2021 of Euro 1,011 thousand. The related loan in favour of Sergio Signoretti is for an amount of Euro 501 thousand.

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

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

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

Amsterdam, 23 March 2022

The Board of Directors,

Executive Board Members

Mr. Fabio Cannavale

Mr. Andrea Bertoli

Non-Executive Board Members

Mr. Roberto Italia

Ms. Paola Garzoni

Mr. Laurent Foata

Mr. Massimo Pedrazzini

Mr. Javier Perez-Tenessa

Annex 1: Definitions

In this Compensation Report, the terms in capitalized form shall have the following meaning:

- **“Company”** shall refer to lastminute.com NV, with a registered seat based in Amsterdam (The Netherlands), Basisweg, 10.
- **“Board”** and/or **“Board of Directors”** shall refer to the Company’s board of directors.
- **“CEO”** shall mean chief executive officer.
- **“lastminute.com”** shall refer to the Company and all of its direct and indirect subsidiaries.
- **“Media”** shall mean the sale of online advertising primarily on the proprietary OTA and META websites and database and, to a lesser extent, on third party partners’ available spaces.
- **“META” (Meta-search)** shall mean the business generated in the Group websites focused on directing traffic, in exchange for a commission, to the sites of OTAs, airlines, hotel providers and other direct providers.
- **“OTA” (Online Travel Agency)** shall mean the intermediation of touristic services and organisation of dynamic packages. It represents the traditional business of the Group.

Contacts

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