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LASTMINUTE.COM N.V.

DIRECTORS REPORT

1. INTRODUCTION

Management hereby presents to the shareholders the financial statements of lastminute.com N.V. (the "Company") and its consolidated financial affiliates (the "Group", "LMN" or "lastminute.com group") for the year 2018.

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 generates the majority of its revenues from the intermediation of travel and flight products and related services for a leisure customer base in a typical B2C context.

As an Online Travel Agency ("OTA"), the Group provides consumers with online tools and technologies that allow them to easily search for, compare and book flights, vacation packages and cruises, hotel accommodations, car rentals and other travel products and services. The Company believes that its desktop and mobile web platforms provide users with well-designed, user-friendly interfaces that integrate a large number of products and services with multiple filtering, sorting and comparison tools.

The Group is very active also in the Metasearch business ("META") comparing flight tickets and hotel room pricing across different websites, allowing travellers to click onto the hotel or OTA site with the best price and complete their booking there. Thanks to the brand "Hotelscan", acquired in the last quarter of 2017, LMN has grown also in the meta-hotel business.

In 2018 total revenues increased by EUR 31,681 thousand, or 12.2%, to EUR 290,511 thousand from EUR 258,830 thousand in 2017. See "financial information" (Note 3 of this directors report) for further information.

A strong last quarter accelerated the momentum seen throughout 2018 and contributed to results above expectations, both in terms of top line growth and particularly regarding profitability. Main driver continues to be the company's OTA business. In terms of products and services, Dynamic Packages continued to grow fast in terms of volume, running at high margins. Flights also experienced a turning point. After a long period of challenges, in the course of the last quarter the business started to recover in terms of both volume and profitability. Thanks to the quick and effective integration of weg.de, the Tour Operator Packages business also delivered good results.

Meta and Media businesses performed well primarily driven by the positive turnaround of Hotelscan, where revenues increased four times compared to 2017, and the successful diversification strategy adopted in the Media area.

The Group's balance sheet remains strong. Despite an investment of approx. EUR 31.5 million to finance the share buyback and the Partial Self-Tender Offer ("PSTO"), the cash available at the end of the year was nearly 40% higher than at the end of last year, thanks to the cash generated from the operations and the availability of credit lines negotiated to finance the above mentioned investments.

Total Gross Travel Value in 2018 reached EUR 2,395 million, with an increase of EUR 353 million from EUR 2,042 million in 2017 (+17.3%).

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

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

The Company believes that 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. Focused M&A track record;
 - c. Strong business and marketing expertise;
4. Sound financial structure
 - a. Strong margin-cash conversion;
 - b. Positive cash position and further headroom for leveraging.

2.1 Products and services

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

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

In addition, consumers can utilize the Group's meta-search services for searching flights, hotels and car rentals and comparing the prices from various product providers whilst using advanced filtering functionality.

The 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) lastminute.com, Bravofly, Volagratis, Crocierissime, Destination Italia and Gartour mainly address the Italian market, (ii) Rumbo and Viajar focus on the Spanish speaking markets; in Europe, (iii) lastminute.com is a leading brand in France and the UK (iv) weg.de focuses on the German speaking

countries and (v) the Group uses Jetcost and Hotelscan across Europe and extra-EU in the segment META.

The following are the Group's current key brands:

lastminute.com

lastminute.com is an iconic brand with emotional resonance and unrivalled brand awareness across Europe. lastminute.com operates since 1998 with the aim to give people five-star experiences at a three-star price. The lastminute.com website provides customers an extensive offer comprising 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 Group when the Group acquired Rumbo in 2012. Its extensive offering comprises flight tickets, package holidays and cruises, hotels and rental cars, as well as bus and railway tickets. The brand Rumbo is perceived as a leading OTA in particular in Spain and South America.

Jetcost

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

Hotelscan

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

Volagratis

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

Crocierrissime

Crocierrissime 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 offerings 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.

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).

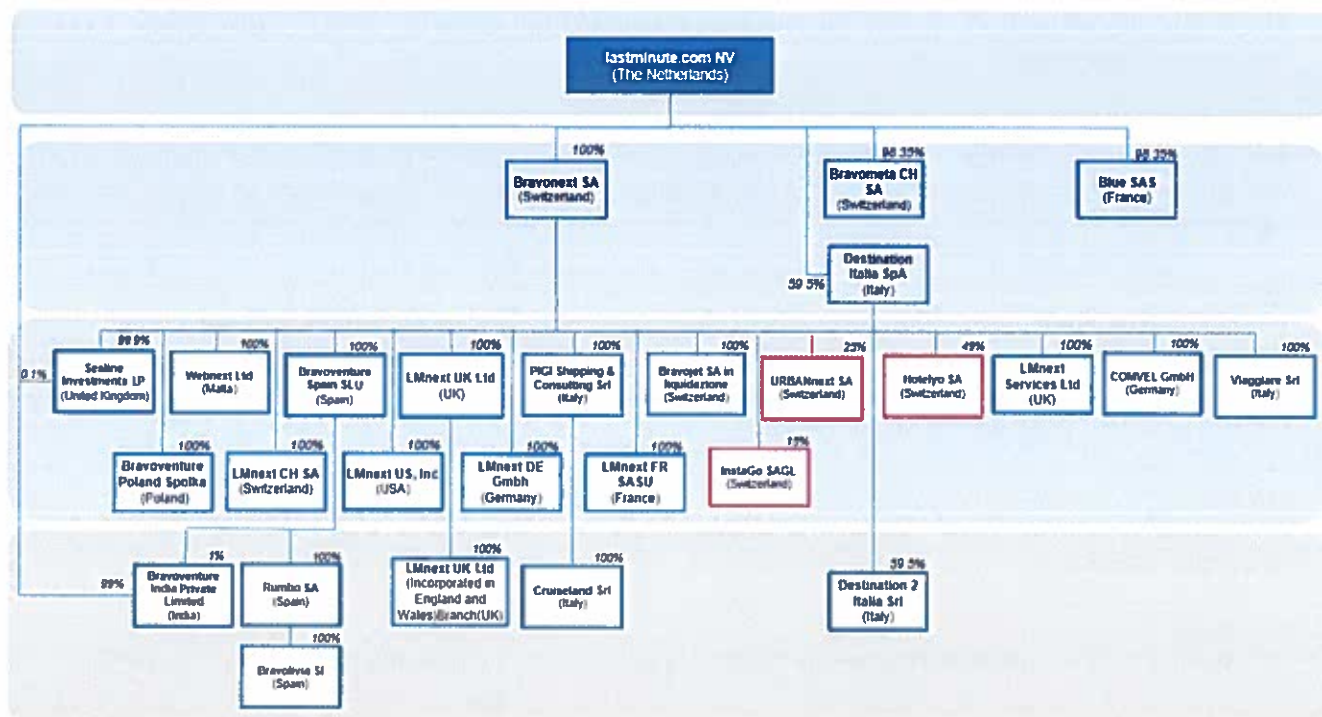
weg.de

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

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

2.3 Group structure

The following chart shows the structure of the lastminute.com Group as of 31 December 2018:



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,

	2018	2017
Permanent employees	1,171	1,202
Temporary employees	65	51
Total employees	1,236	1,253

Note: figures include only own employees.

3. FINANCIAL INFORMATION

In 2018 total revenues increased by EUR 31,681 thousand, or 12.2%, to EUR 290,511 thousand from EUR 258,830 thousand in 2017.

This increase is primarily due to:

- i) good performance of the OTA segment thanks to a strong organic growth driven from Dynamic Packages and Tour Operator products;
- ii) Successful integration of Comvel GmbH (weg.de) with a contribution of EUR 22,523 thousand;
- iii) high performance of ancillaries products for EUR 7,022 thousand which has compensated a drop in the unitary margin of the flight products.

For the Group the Net Financial Position is the sum of cash and cash equivalents, financial assets and liabilities. The Total Net Financial Position for the Group was EUR 31,826 thousand in 2018, compared to EUR 45,297 thousand in 2017, composed as shown below:

- Net Financial Position within 12 months of EUR 44,688 thousand (2017: EUR 44,041 thousand);
- and
- Net Financial Position over 12 months of EUR -12,862 thousand (2017: EUR 1,256 thousand).

The table below shows the Equity of the Group as of 31 December 2018 and 2017:

in '000 EUR	31 Dec 2018	31 Dec 2017
SHARE CAPITAL AND RESERVES		
Share capital	117	146
Capital reserves	101.819	127.751
Translation reserve	1.211	1.419
Treasury cash reserve	(8.507)	(16.738)
Retained earnings	14.713	19.191
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM NV	109.353	131.769
Non-controlling interest	1.941	1.737
TOTAL EQUITY	111.294	133.506

The solvency of the Company has decreased from 39% to 29%. The solvency is calculated by dividing the equity by the total assets.

Despite the very positive results of the Group during 2018, the solvency has decreased due to the partial self-tender offer ("PSTO") and the Share buy back program which have decreased the Group's equity with EUR 31,521 thousand. See the consolidated financial statements (Note 26) for further information.

A significant indicator for the Group is represented by the Gross Travel Value ("GTV") defined as the value of

the travel products purchased by the Group's clients using the Group's platforms, including agency fees, insurance and gross of any discounts and cancellations. GTV amounted to EUR 2,395 million in 2018 and EUR 2,042 million in 2017. The GTV has strongly increased thanks especially to the growth of Dynamic packages and Tour operators products.

Flight revenue

In 2018, the Group's flight revenues decreased by EUR 7,050 thousand, or -6.5%, to EUR 100,907 thousand from EUR 107,957 thousand in 2017. This decrease is due to a lower unitary margin and a shift of volume to dynamic packages.

Dynamic packages revenue

In 2018, the Group's dynamic packages revenues boosted by EUR 15,536 thousand, or 40.4%, to EUR 53,950 thousand from EUR 38,414 thousand in 2017. This increase is due to higher volume and unitary margins in all the core Countries.

Hotel revenue

In 2018, the Group's hotel revenues decreased by EUR 1,149 thousand, or -8.1%, to EUR 13,087 thousand from EUR 14,235 thousand in 2017. The contraction was limited to the UK market.

Tour operator

In 2018, the Group's TO revenues increased by EUR 15,832 thousand, or 75.5%, to EUR 36,790 thousand from EUR 20,958 thousand in 2017. Big part of the increase is explained by the acquisition of Comvel GmbH which sells primarily TO in the German market.

Metasearch revenue

In 2018, the Group's metasearch revenues increased by EUR 5,601 thousand, or 12.2%, to EUR 51,543 thousand from EUR 45,942 thousand in 2017. The metasearch business has been growing for years and the Group expects it to be growing also in the coming years.

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.

In 2018 the overall revenues have increased significantly in all the countries. Germany has seen the biggest increase (EUR 20,829 thousand) thanks to the acquisition of Comvel which has contributed especially in sales of Tour Operators Products.

Mediterranean countries like Italy and Spain have seen again an increase in revenue for Flight Products after a couple of years of contraction.

2018 growth has shown a positive trend also outside Europe thanks to a stronger awareness of the Group's brands outside the core markets.

Earnings Before Interest and income Tax increased by 420% to EUR 12,791 thousand (2017: EUR -3,996 thousand). The net result increased by 207% to EUR 8,372 thousand (2017: EUR -7,801 thousand).

Total Group Assets increased from EUR 344,573 thousand at the end of 2017 to EUR 384,017 thousand at the end of 2018. Total Group Equity decreased from EUR 133,506 thousand at the end of 2017 to EUR 111,294 thousand at the end of 2018. The Group's equity has been impacted by the PSTO project and the share buy back with an effect of EUR 31,521 thousand.

The net cash position increased by EUR 20,737 thousand compared to a decrease of EUR 4,282 thousand last year, mainly driven by EBITDA and working capital decrease. Proceeds from borrowings have been used to sustain the PSTO project (partial self-tender offer).

4. SIGNIFICANT RISKS AND UNCERTAINTIES

Risk mitigation

All risks considered to be unacceptable on account of their nature or their potential financial or qualitative impacts are mitigated by appropriate strategies. The implementation and effectiveness of the defined mitigation measures are reviewed continuously and additional actions are defined if necessary. For this purpose, the impacts of risks are considered before and after the implementation of those mitigation measures. A risk appetite rating has been applied to each risk, ranking these risks from averse to minimalist, cautious and flexible. Refer to section 9 of the Corporate Governance report.

The following risk factors do not purport to be an extensive and comprehensive list of all possible risks associated to our business. Additional risks of which we are not currently aware, or that we currently deem immaterial, may also impair our business, liquidity, financial condition and results of operations. Any of these risks, should it materialize, could materially and adversely affect our business, liquidity, financial condition or results of operations. All the risks listed below (grouped as "principal" and "other") have been analysed and assessed during 2018 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 unfavourably for us, our business could suffer.
- The inability of the Group's to successfully integrate the acquired business and to generate adequate returns from an acquisition could lead to substantial expenses and decreasing efficiencies.
- Our international operations involve additional risks. We expect that these risks will increase as we continue to expand into new markets.
- We could face reputational damages due to infringements to 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.
- Brexit may have an impact on our currency risk.

5. FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

The principal performance indicators for the Group are the following (2018 vs 2017):

in '000 EUR	2018	2017
Gross Travel value (in EUR mln)	2.395	2.042
Adj Ebitda*	32.800	16.907
Revenues	290.511	258.830
Net financial position	31.826	45.295
Bookings (in mln)	4.519	4.442

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

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 the Board of Directors. In order to strengthen financial risk management operations, the Group allocated the general overview on this kind of financial risks to finance and treasury departments with the aim to monitor and manage on a daily basis the financial activities and any related risks identified, with direct and constant reporting to the Chief Financial Officer.

Credit risk

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

At December 31, 2018, the allowance for impaired receivables was EUR 2,445 thousand, representing approximately 3.1% of gross trade receivables. (2017: EUR 2,094 ; 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 2018, total amount of unused available cash credit lines for the Group was EUR 25,757 thousand (EUR 18,800 thousand at 31 December 2017).

Currency risk

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

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

On the other hand, some of the Group's costs and investments are based upon contractually agreed payments that are denominated in CHF, e.g. some of the lease payments for office spaces or some suppliers.

As of 31 December 2018, the Group's balance sheet net exposure in CHF amounted to EUR 9,040 thousand (2017: EUR 6,016 thousand). As of 31 December 2018, the Group's balance sheet net exposure in GBP amounted to EUR 33,810 thousand (2017: EUR 21,972 thousand). As of 31 December 2018, the Group's balance sheet net exposure in USD amounted to EUR 7,477 thousand (2017: EUR 3,649 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. Loans and investments with variable interest rates expose the Group to cash flow interest rate risk.

As of 31 December 2018 the Group has EUR 18,072 thousand (of which EUR 14,529 thousand present as long term) of bank liabilities with variable interest rates (31 December 2017: EUR nil). As the Euribor 6m has been negative for all 2018 and analysts expect it to remain negative in the next future, the Group do not see any material impact on its financial statements.

The Group further had deposits and cash and cash equivalents with variable interest rates in the amount of EUR 53,028 thousand (31 December 2017: EUR 51,828 thousand).

The Group further has cash and cash equivalents with variable interest rates in the amount of EUR 72,648 thousand (31 December 2017: EUR 51,828 thousand).

As of 31 December 2018 the interest risk is limited to the cash and cash equivalents with variable interest and to the financial liabilities with variable interest rate. 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.

The maximum exposure where the date of departure is after 31 December 2018 amounts to approximately EUR 4,755 thousand (2017: EUR 2,208 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 2018 employ about 364 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 attitudes, skills and abilities, and promote a policy of equal opportunity in employment, without consideration of sex, race, nationality, age, disability, religion or any other category protected by law. The Group provides additional benefits to women in maternity leave and facilitate flexible working roles upon their return to work. We also promote employee well-being through social and sport initiatives.

10. OTHER INFORMATION

Employees are contractually required to maintain the highest ethical standards in ensuring that the Group's business is conducted in a manner that in all reasonable 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 has adopted and is committed to promoting and maintaining an adequate internal control and risk management system, to be understood as a set of all of the tools necessary or useful in order to direct, manage and monitor business activities with the objective of ensuring compliance with laws and Group procedures, protecting corporate assets, managing activities in the best and most efficient manner and providing accurate and complete accounting and financial data.

11. INFORMATION CONCERNING APPLICATION OF CODE OF CONDUCT

The Code of Conduct was adopted by the Board of Directors of lastminute.com N.V. on 14 April 2014 and applies to every director, officer and employee of the Company and each of its subsidiaries and may be furnished to others performing services for the Company. The Code of Conduct is available on the corporate web site. (https://lmgroup.lastminute.com/~media/Files/B/Bravofly-Rumbo-Group/documents/governance-documents/2016/lmn_code_of_conduct.pdf).

As at 31 December 2018 no infringement of the Code of Conduct has been detected.

12. OUTLOOK

The 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 are plenty of opportunities out there as well as success initiatives born from the scratch in recent times. Despite economic and political challenges in the region, Europe's travel market continues to expand. A relatively modest Gross Travel Value growth of 2% in 2018 goes along with a faster online bookings trend which reported 7% year on year increase, moving up the online penetration rate from 47% to 49%. Most of this growth comes from mobile, which is projected to register a double-digit year on year increase for the next years. Europe is one of the leading regions in online penetration and, according to Phocuswright, from 2019 it will be the area where online bookings will overtake, for the first time in history, the offline channel. However, the offline business still remains significant in terms of both, volumes and relevance for certain segments of the population and travel related products. Relatively complex and expensive products such as tours and vacation packages have been slow to gain traction online, as many consumers prefer talking to an expert to sort out the options and costs. This is where the Group sees the most interesting potential upside opportunities. The Group strategically boosted the shift toward Holiday solutions, from more commoditized flight and hotel-only products, investing since a long time on Dynamic Packages technology. Thanks to such a move, the Group is now one of the undisputable leaders in the field leveraging concrete competitive advantages against other OTAs and traditional Tour Operators. It is ready to address the digital transformation and it is materially contributing to let people drifting away from the offline channel toward a more comfortable way of booking a truly personalized and relevant holiday solution. 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 stand 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 year's 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 a 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.

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

Material changes since the balance sheet date

On 11 February 2019 the Board of Directors approved the acquisition of an Italian company operating in the Media business of which one of the main shareholder is an Executive Director of the Group. The consideration will be EUR 1.7 million and it has been valued by an external independent consultant at arm's length value.



CORPORATE GOVERNANCE REPORT 2018

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Preliminary remarks

LM group Corporate Governance Report 2018 follows the SIX Swiss Exchange Directive on Information relating to Corporate Governance entered into force on 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).

All disclosures required by the Dutch Corporate Governance Code are 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 2018, the Consolidated Financial Statements 2018 of lastminute.com NV, as well as the Articles of Association of lastminute.com NV. The Dutch Corporate Governance code can be found on www.MCCG.nl.

The Consolidated Financial Statements of lastminute.com NV 2018 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:

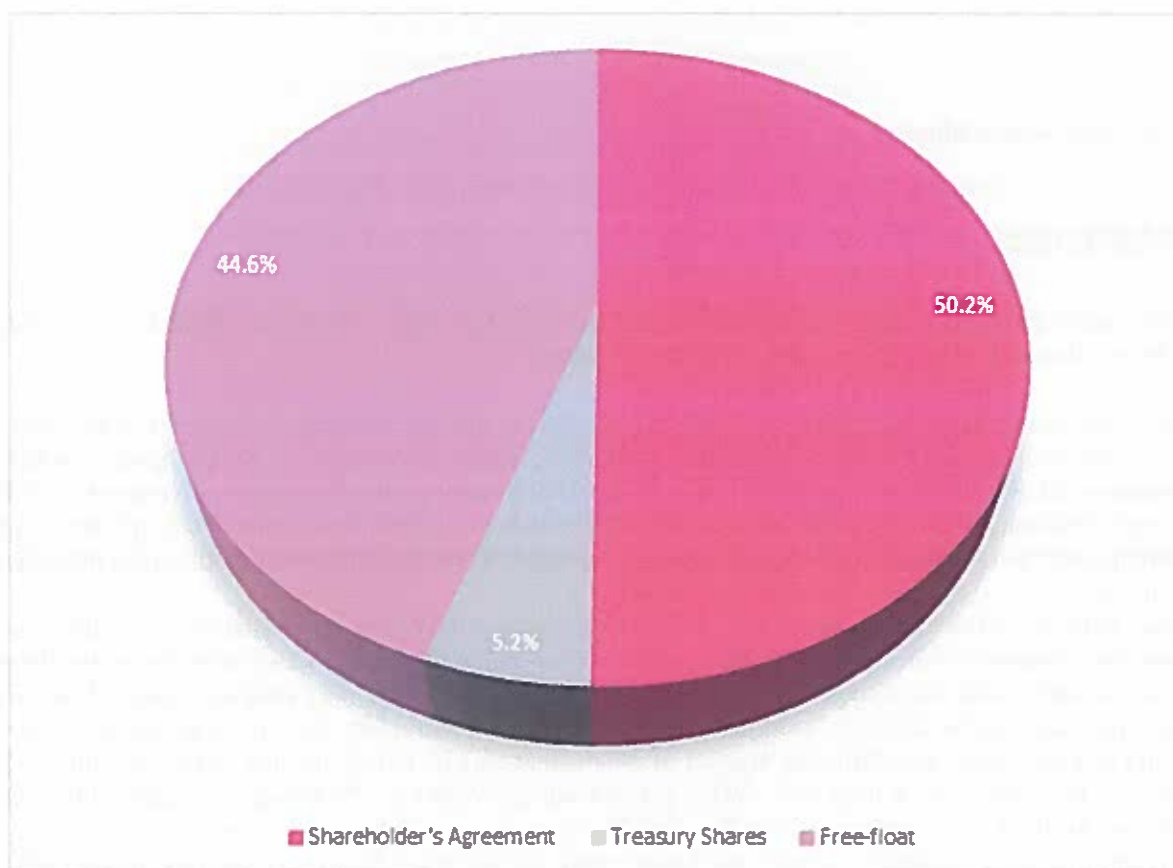
- **OTA (“Online Travel Agency”)**, which represents the core and traditional business of the Group.
- **Meta-search**, which includes the business generated in our websites focused on directing traffic, in exchange for a commission, to the sites of OTAs and airlines and other direct providers.
- **Other 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 33 of the Consolidated Financial Statements.

Lastminute.com NV is registered in The Netherlands, with its statutory seat at Prins Bernhardplein 200, 1097 JB Amsterdam. LMN’s shares are listed on the SIX Swiss Exchange (ISIN code: NL0010733960) in Zurich. On 31 December 2018, the market capitalization of LMN was CHF 204,123,832. For further information visit our website on <https://lmgroup.lastminute.com/investor-relations/share-information.aspx>. No other Group’s affiliated or associated companies are listed as of 31 December 2018.

1.2 Significant shareholders

Significant shareholders and significant groups of shareholders as of 31 December 2018 are reported below:



On April 27, 2017, Freesailors Cooperatief U.A. (a Dutch cooperatief controlled by Mr. Fabio Cannavale), Micheli Associati Srl (controlled by Mr. Francesco Micheli) and Mr. Francesco Signoretti renewed the Shareholders Agreement previously signed on 1 April 2014 regarding all Shares and related derivatives they hold and may hold in the future. This updated Shareholders Agreement is valid until 27 April 2020 and all terms and conditions of the previous shareholders agreement apply *mutatis mutandis* to the new one; therefore they remain in full force and effect, except for the number of involved parties which result to be limited to three. The parties agreed to coordinate the exercise of all their rights out of the Shares and related derivatives held within the group of shareholders formed by the Shareholders Agreement. The coordination will be made such that any decision is taken by a majority vote whereby the majority is determined based on the Shares each party to the Shareholders Agreement holds. As a result, Freesailors Cooperatief U.A. (and thus, indirectly, Fabio Cannavale, 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 of shareholders is dissolved if it holds less than 33 and 1/3 % holding of Shares and related derivatives that count against the mandatory offer threshold.

Further disclosure 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 2018 the Group held 625 thousand own shares. Following the approval of the Swiss Takeover Board, in April the Group, launched a Partial Self-Tender Offer ("PSTO"). For more details please refer to Note 26 of the Consolidated Financial Statements.

There are not cross-shareholdings.

2. Capital structure

As of 31 December 2018, the Company has an issued share capital of EUR 116,642.19 divided into 11,664,219 fully-paid bearer shares with a nominal value of EUR 0.01 each.

Under Dutch law, a company's authorized share capital sets out the maximum number of shares that the company may issue without amending its articles of association. Under the Articles of Association, the Company's authorized capital amounts to EUR 181,100 and is divided into 18,110,000 Shares, each with a nominal value of EUR 0.01. The concept of conditional share capital is not known under Dutch law and thus there is no conditional share capital. Further, also the concept of authorized share capital as known under Swiss law deviates from the concept applicable under Dutch law.

In accordance with Dutch law and the Articles of Association, Shares shall be issued pursuant to a resolution passed by the Company's general meeting of shareholders, upon the proposal of the Board of Directors containing the price and further terms and conditions of the issue. Under the Articles of Association, the Company's general meeting of shareholders may delegate the authority to issue Shares to the Board of Directors, for a fixed period not exceeding five years and in a resolution specifying the number of Shares that may be issued and any further conditions. Such designation may be renewed each time for a period not exceeding five years. 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 26 of the Consolidated Financial Statements.

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

As of 31 December 2018, there are no outstanding bonds and bonds convertible into, or options to acquire, Shares. The stock option program dedicated to the Group's employee has ended in December 2018 (please see Note 16 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 26 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 not well balanced in accordance with section 2:166, subsection 2 of the Dutch Civil Code (gender composition balance), due to the changes of two directors in comparison to previous year. The new directors, independently from their gender, have been selected due to their skills and support to strategic decisions that they can afford during the year. Gender diversity will be one of the criteria of selection for future replacement of directors.

The table below lists the composition of the Board as of 31 December 2018:

Name	Year of birth	Gender	Nationality	Qualification	1st Election	Expires
Ottonel Popesco	1957	Male	French	Non- executive Chairman	2014	2019
Fabio Cannavale	1965	Male	Italian	Executive director, Group CEO	2014	2019
Marco Corradino	1968	Male	Italian	Executive Director, lastminute.com CEO	2016	2019
Roberto Italia	1966	Male	Italian	Non-executive director	2014	2019
Laurent Foata	1971	Male	French	Non-executive director	2018	2019
Anna Gatti	1972	Female	Italian	Non-executive director	2017	2019
Marcello Distaso	1972	Male	Italian	Non-executive director	2018	2019

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 M.Sc. in economics from Bucharest Academy, an Ingénieur professionnel de France-diploma from Société Nationale des Ingénieurs Professionnels de France. He is one of the co-founders of Cavotec Group NV of the '80s, served as its Group CEO and Board member for over a decade during the listing at the NASDAQ OMX, NZX. Actually he is member of various Boards worldwide acting in different industries.

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, lastminute.com CEO

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

Roberto Italia

Non-executive Director

Roberto Italia graduated in Economics from LUISS University, Rome, Italy, and holds an MBA from INSEAD, Fontainebleau, France. He started with the Telecom Italia Group in 1990 and since 1994 has been active in private equity with Warburg Pincus, Henderson Private Capital and, more recently, with Cinven. In 2013 he launched Red Black Capital and co-founded Space Holding as well as Redseed. Mr. Italia is today a director of Space Holding, Managing Director of Red Black Capital SA and Space Capital Ventures SA, Chairman of Avio SpA, as well as a Board Member of Cinven Luxco 1 SA, Cinven Luxco 2 SA, FCP Manco Srl and 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 from 2008 she was Head of International Online Sales and Operations at YouTube. In 2011 she moved to Skype becoming Sr. Director of Advertising and New Monetization and in 2012 Anna co-founded Soshoma Inc. (Artificial Intelligence Start-up) covering as well the position of CEO until 2015. She has been appointed board member for Buongiorno (2007-2012), Piquadro (2013-2016), Gtech/IGT (2014-2015), Banzai (2014-2015) and Rai Way from 2014 as of present day.

Laurent Foata

Non-executive Director

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

Marcello Distaso

Non-executive Director

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

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

3.2 Elections, terms of office and areas of responsibility

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

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

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

The Selection, Appointment and Remuneration Committee is responsible for seeking and evaluating individuals qualified to become Directors, reviewing background checks respecting such individuals, and selecting or

recommending that the Board 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
Laurent Foata	Member	Member	-
Anna Gatti	Member	-	-
Marcello Distaso	Member	-	-

¹ Selection, Appointment and Remuneration Committee.

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;
- (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 2018, 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 2018 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 2018:

Meetings held in 2018	Frequency	Average duration
Board of Directors	Bimestrial	4 hours
SAR Committee	Half-yearly	1.5 hours
Audit Committee	Quarterly	2 hours

In 2018, 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 significant matters involving the Group and the Group's business.

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

Furthermore, the Audit Committee reviews the financial performance and assesses the effectiveness of the internal and external audit processes as well as the internal risk management organisation and processes.

The role of the external and internal auditors is as follows:

- external auditors (PwC Netherlands) who conduct their audit of lastminute.com NV and the Group in compliance with Dutch law including Dutch Standards on Auditing;
- external auditors (PwC Switzerland) who conduct the audit of the Swiss companies in compliance with Swiss law and in accordance with Swiss Auditing Standards and with International Standards on Auditing;
- 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 2018.

4.1 Members of the Executive Management

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

4.2 Professional background and other activities and functions

Fabio Cannavale

Group Chief Executive Officer – Executive Director

Please refer to section 3.1 of this corporate governance report.

Marco Corradino

lastminute.com Chief Executive Officer – Executive Director

Please refer to point 3.1 of this corporate governance report.

Sergio Signoretti

Chief Financial Officer

Sergio 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

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

5. Compensation, shareholdings and loans

Please refer to the Compensation Report 2018.

6. Shareholders' participation

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

Directors of his voting rights. The requirement for a written proxy is also met if the proxy is recorded electronically. For these purposes, the Board of Directors shall set a 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 no 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 33¹/₃% 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 3 May 2018 ("AGM") the shareholders of the Company resolved upon the appointment of PricewaterhouseCoopers Accountants N.V. ("PwC") to provide the Company with financial audit services for the accounting reference year 2018.

8.2 Auditing fees

The total of the fees for the auditors in 2018 amounts to EUR 643 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 2018 audit related services amount to EUR 24 thousand.

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

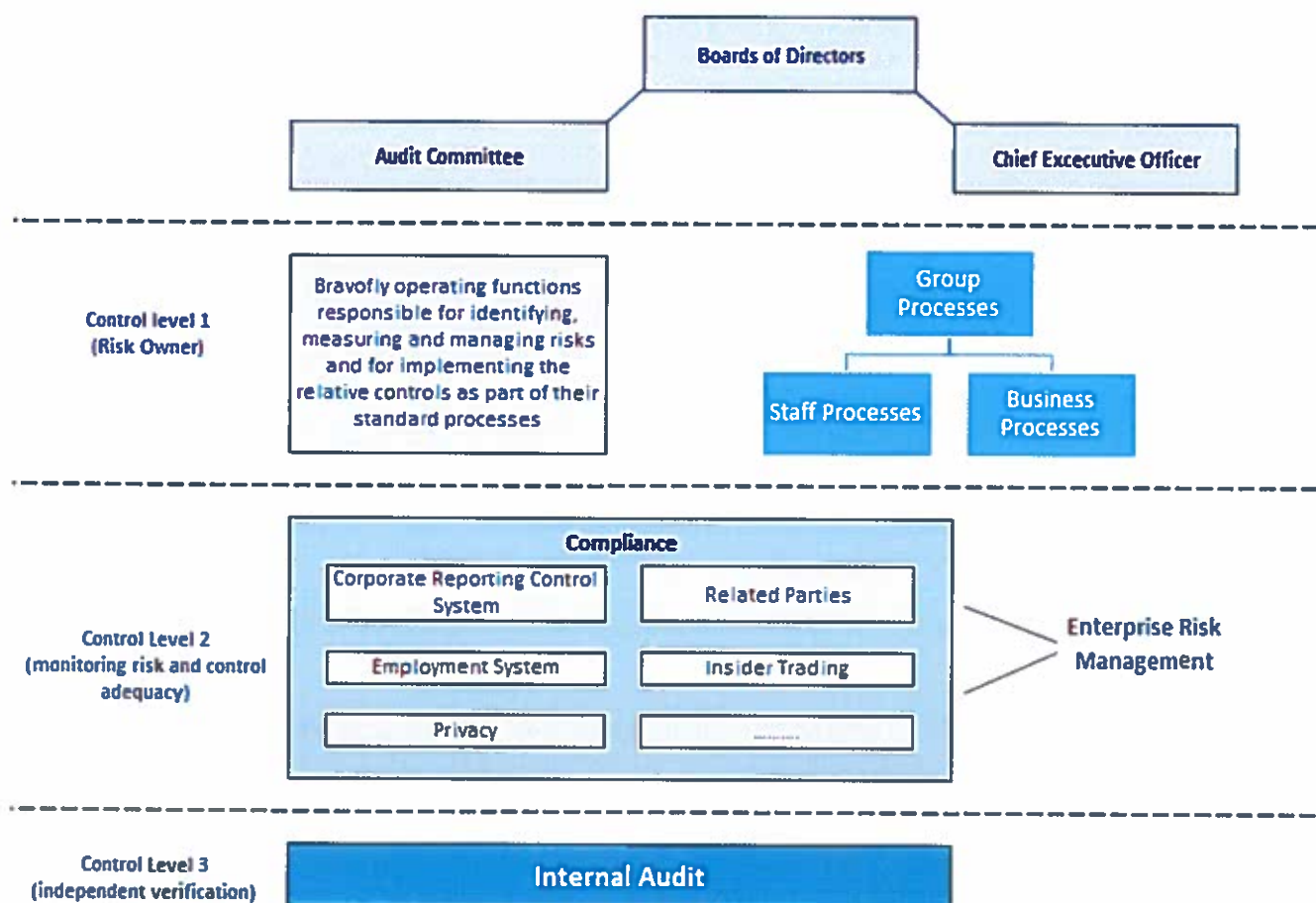
Lastminute.com group has adopted and is committed on promoting and maintaining an adequate internal control and risk management system, to be understood as a set of all of the tools necessary or useful in order to direct, manage and monitor business activities with the objective of ensuring compliance 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 2018 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 2018.

In accordance with best practice 1.4.3 of the Dutch Code dated December 2016, the board of directors confirms that:

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

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.

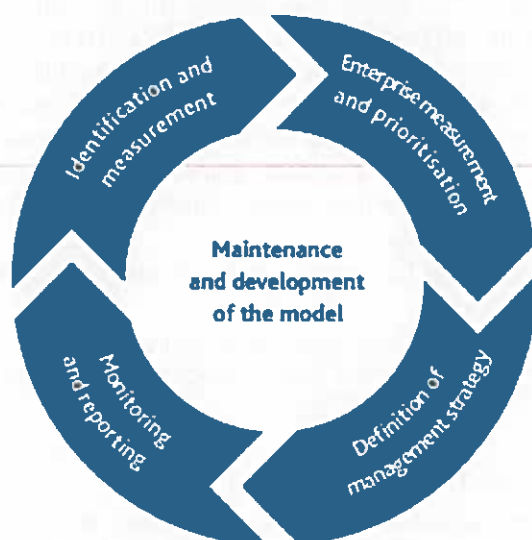
Lastminute.com group through the ERM system has adopted uniform and structured method for identifying, evaluating, managing and controlling risks in line with existing reference models and best practice.

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:

- Code of Conduct;
- 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>]

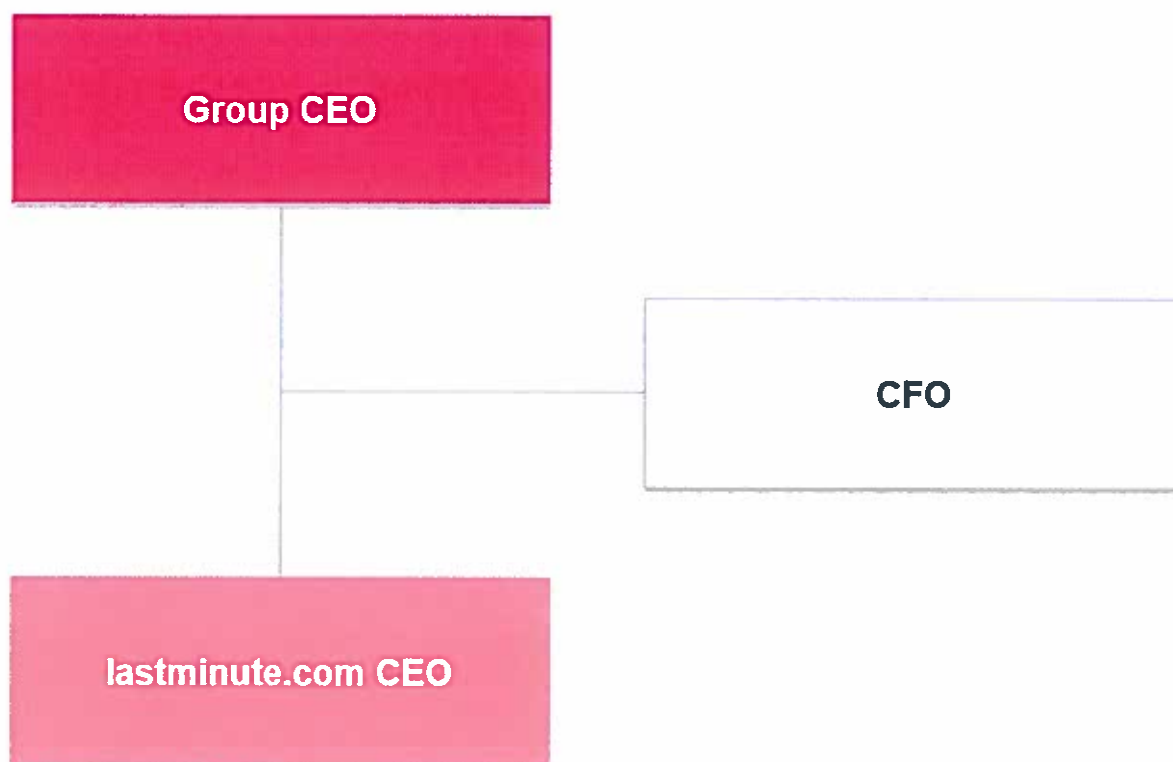
Link to pull service: [<http://www.lastminutegroup.com/media/press-releases.aspx>]

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

2018 organizational structure:**Compensation Report 2018****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 LM reflecting competencies and market conditions in the various countries where LM 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.

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 2018 the Group has based its criteria for defining the remuneration of the Executive Management also taking into account the survey conducted by an international external consultant (Willis Towers Watson), which has provided an external and fair benchmark related to remuneration system in high tech companies existing actually.

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

lastminute.com 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. 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 2018 for the members of the Board of Directors and Executive Management

Board membership fees and allowances

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 31 December 2018:

In EUR/000					
Name	Fixed Remuneration	Bonus	Options	Other	Total Compensation
Ottonel Popesco	45	0	0	0	45
Fabio Cannavale	100	500	0	12	612
Marco Corradino	20	500	0	0	520
Roberto Italia	40	0	0	0	40
Anna Gatti	20	0	0	0	20
Laurent Foata	25	0	0	0	25
Marcello Distaso	20	0	0	0	20
Total remuneration to BoD	270	1.000	0	12	1.282

As shown in the table above, there has been no option expense for the Board of Directors or executive management in 2018.

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 2018) for the financial year 2018 was EUR 1,417 thousand. The highest individual compensation was related to Fabio Cannavale (CEO) and amounts to EUR 612 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 or quarterly] instalments in cash. Performance-

related remunerations are established and paid on the basis of financial parameters for 100% of the total variable remuneration; financial parameters are divided into Group objectives (i.e. Adjusted EBITDA and Gross margin of OTA segment).

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 2018.

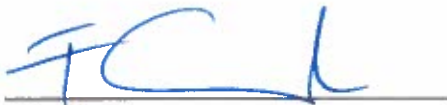
Additional fees and remuneration of the Board of Directors and Executive Management

During 2017, one consultancy agreement was signed with Anna Gatti , for an amount of EUR 40 thousand, paid half in 2017 and half in 2018. 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, 18 March 2019

The Board of Directors,

Executive Board Members


Mr. F. Cannavale
Mr. M. Corradino



CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2018

[APPROVED ON 18 MARCH 2019]

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

in '000 EUR	Notes	2018	2017
Revenues	7	290,511	258,830
Marketing costs	8	(116,401)	(113,125)
Personnel costs	9	(67,730)	(61,933)
Other operating costs	10	(79,123)	(75,276)
Amortization and depreciation	18/ 19	(14,226)	(11,985)
Impairment	19	(238)	(507)
Operating Profit / (Loss)		12,791	(3,996)
Gain from disposal of investments and other assets	11	-	2,065
Finance income	12	396	776
Finance costs	12	(906)	(2,362)
Share of result of equity-accounted investees	22	(43)	(133)
Profit / (Loss) before income tax		12,238	(3,650)
Income tax	13	(3,866)	(4,151)
Profit / (Loss) for the period		8,372	(7,801)
- thereof attributable to the Shareholders of lastminute.com NV	14	10,206	(6,450)
- thereof attributable to non-controlling interest		(1,834)	(1,351)
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss			
Remeasurements of the Employee benefits liability	15	543	22
Related tax	13	(114)	(25)
Items that will never be reclassified to profit or loss		429	(3)
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences		(208)	365
Items that are or may be reclassified to profit or loss		(208)	365
Total other comprehensive income for the period, net of tax		221	362
Total comprehensive income		8,593	(7,439)
- thereof attributable to the Shareholders of lastminute.com NV		10,427	(6,055)
- thereof attributable to non-controlling interest		(1,834)	(1,351)
EARNINGS PER SHARE			
Basic earnings per share (euro)	14	0.82	(0.45)
Diluted earnings per share (euro)	14	0.82	(0.45)

CONSOLIDATED BALANCE SHEET

in '000 EUR	Notes	31 Dec 2018	31 Dec 2017 (*)
NON CURRENT ASSETS			
Property plant and equipment	18	2,485	3,243
Intangible assets	19	151,301	143,949
Goodwill	19 / 20	58,634	56,052
Non current financial assets	21	1,667	1,256
Investment in equity accounted investees	22	916	825
Deferred tax asset	13	7,940	6,419
Trade and other receivables - Non current	23	377	-
TOTAL NON CURRENT ASSETS		223,320	211,744
CURRENT ASSETS			
Inventories		14	14
Current financial assets	21	1,349	1,922
Current tax assets	13	1,322	767
Trade and other receivables	23	81,280	75,635
Contract assets	24	3,861	2,357
Cash and cash equivalents	25	72,871	52,134
TOTAL CURRENT ASSETS		160,697	132,829
TOTAL ASSETS		384,017	344,573
Share capital	26	117	146
Capital reserves	26	101,819	127,751
Translation reserve	26	1,211	1,419
Treasury shares reserve	26	(8,507)	(16,735)
Retained earnings	26	14,713	19,191
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM NV		109,353	131,769
Non-controlling interest	26	1,941	1,737
TOTAL EQUITY		111,294	133,506
NON CURRENT LIABILITIES			
Non current provisions	27	-	-
Employee benefits liabilities	15	5,806	5,678
Long Term Financial Liabilities	28	14,529	-
Deferred tax liabilities	13	26,384	26,503
Trade and other payables - Non current	29	642	-
TOTAL NON CURRENT LIABILITIES		47,361	32,181
CURRENT LIABILITIES			
Current provisions	27	789	3,330
Short Term Financial Liabilities	28	29,532	10,015
Current tax liabilities	13	3,549	1,002
Trade and other payables	29	184,233	160,722
Contract liabilities	24	7,259	3,817
TOTAL CURRENT LIABILITIES		225,362	178,886
TOTAL LIABILITIES		272,723	211,067
TOTAL LIABILITIES AND EQUITY		384,017	344,573

*See note 3 for details about restatements for changes in accounting policies.

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 31 December 2017		146	127,731	1,419	(16,738)	19,191	131,769	1,737	133,506
Adjustment on initial application of IFRS 9, net of tax						(234)	(234)		(234)
Balance at 1 January 2018		146	127,731	1,419	(16,738)	18,957	131,535	1,737	133,272
Result for the period		-	-	-	-	10,206	10,206	(1,834)	8,372
Other comprehensive income									
- Remeasurements of the Employee benefits liability (net of tax)	13/15	-	-	-	-	429	429	-	429
- Foreign currency translation differences	25	-	-	(208)	-	-	(208)	-	(208)
Total other comprehensive income net of tax		-	-	(208)	-	429	221	-	221
Total comprehensive income net of tax		-	-	(208)	-	10,635	10,627	(1,834)	8,993
Transactions with shareholders									
- Share-buy back plan	25	-	-	-	(1,262)	-	(1,262)	-	(1,262)
- Share-buy back plan PSTO	25	-	-	-	(30,259)	-	(30,259)	-	(30,259)
- Cancellation of shares	25	(29)	(23,932)	-	39,732	(13,791)	-	-	-
- Share-based payments	16	-	-	-	-	-	-	-	-
- Transactions with non-controlling interest	25	-	-	-	-	(1,033)	(1,033)	1,033	-
- Capital contribution by non-controlling interest	25	-	-	-	-	-	-	930	930
Total transactions with shareholders		(29)	(23,932)	-	8,231	(14,879)	(32,609)	2,038	(30,571)
Balance at 31 December 2018		117	103,819	1,211	(8,507)	14,713	109,133	1,941	111,294

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	1,834	(12,364)	25,714	142,961	2,684	144,905
Result for the period		-	-	-	-	(6,430)	(6,430)	(1,351)	(7,801)
Other comprehensive income									
- Remeasurements of the Employee benefits liability (net of tax)	13/15	-	-	-	-	(3)	(3)	-	(3)
- Foreign currency translation differences	25	-	-	363	-	-	363	-	363
Total other comprehensive income net of tax		-	-	363	-	(3)	362	-	362
Total comprehensive income net of tax		-	-	363	-	(6,433)	(6,068)	(1,351)	(7,499)
Transactions with shareholders									
- Share-buy back plan	25	-	-	-	(4,725)	-	(4,725)	-	(4,725)
- Buy-back share options	16	-	-	-	-	-	-	-	-
- Sale of treasury shares	25	-	-	-	153	-	153	-	153
- Share-based payments	16	-	-	-	163	(38)	125	-	125
- Transactions with non-controlling interest	5	-	-	-	-	(32)	(32)	(233)	(285)
- Capital contribution of non-controlling interest	5	-	-	-	-	-	-	737	737
Total transactions with shareholders		-	-	-	(4,374)	(70)	(4,644)	484	(3,960)
Balance at 31 December 2017		146	127,731	1,419	(16,738)	19,191	131,769	1,737	133,506

CONSOLIDATED CASH FLOW STATEMENT

in '000 EUR	Notes	2018	2017
Cash flow from operating activities			
Profit / (Loss) for the period		8,372	(7,501)
Adjustments for:			
- Amortization and depreciation	18/19	14,226	11,955
- Impairment losses on intangible and tangible assets	19	238	507
- Net finance result	12	510	1,586
- Gains/losses from disposal of inv. and other	11	-	(2,065)
- Income tax expense	13	3,866	4,151
- Share-based payments	16	-	(492)
- Share of result of equity-accounted investees	22	43	133
Change in trade and other receivables	23	(8,815)	(23,259)
Change in contract assets	24	(1,504)	(235)
Change in inventories		-	(4)
Change in trade and other payables	29	21,388	21,712
Change in contract liabilities	24	3,442	2,541
Change in provisions	27	(2,541)	1,633
Change in employee benefit liability	15	671	644
Interest paid	12	(455)	(99)
Income tax (paid)/received	13	(2,332)	(403)
Net cash (used in) / from operating activities		37,109	10,534
Cash flow from investing activities			
Interest received	12	-	13
Purchase of property, plant and equipment	18	(959)	(1,313)
Purchase of intangible assets	19	(11,994)	(11,747)
Acquisition of subsidiaries, net of cash acquired	5	(764)	(5,000)
Proceeds from sales of subsidiaries and other investments	5	-	2,034
Acquisition / (Proceeds) of financial assets	21	254	218
Net cash (used in) / from investing activities		(13,463)	(15,795)
Cash flow from financing activities			
Proceeds from borrowings	27	49,750	14,043
Proceeds from exercise of share options	16	-	125
Repayments of borrowings	28	(21,704)	(11,425)
Share Buy back plan	26	(1,262)	(4,725)
Share Buy back plan for PSTO	26	(30,259)	-
Acquisition of non-controlling interests	4 / 26	(135)	(214)
Capital contribution from non controlling interests	26	950	45
Net cash (used in)/from financing activities		(2,660)	(2,151)
Net increase / (decrease) in cash and cash equivalents		20,986	(7,412)
Cash and cash equivalents at 1 January	25	52,134	60,245
Effects of currency translation on cash and cash equivalents		(249)	(699)
Cash and cash equivalents at 31 December	25	72,871	52,134
		-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION

Lastminute.com N.V. (hereinafter referred to as the “Company”) is a company domiciled in the Netherlands and registered with the Chamber of Commerce under number 34267347. The address of the Company’s registered office is Prins Bernhardplein 200, 1097 JB Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2018 include the Company and its subsidiaries (together referred to as “lastminute.com Group”, the “Group” or “LMN” and individually as “Group entities”). The Group is an online travel player providing consumers with online tools and technologies that allow them to easily search for, compare and book flights, vacation packages and cruises, hotel accommodations, car rentals and other travel products and services.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

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

This is the first year in which IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have been applied. Further information is reported in the following paragraphs.

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.

The consolidated financial statements were authorized for issue by the Board of Directors on 18 March 2019.

ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The Group has applied the following standards for the first time for their annual reporting period commencing 1 January 2018 :

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments.

The group had to change its accounting policies following the adoption of IFRS 9 and IFRS 15. This is disclosed in Note 3 Changes in accounting policies.

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 2018 the net liability for current taxes amounts to EUR 2,227 thousand (2017: net liability for current taxes of EUR 235 thousand). The net liability for deferred taxes amounts to EUR 18,444 thousand at 31 December 2018 (2017: EUR 20,085 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 2018 management recognised deferred tax assets on losses carried forward for EUR 6,598 thousand based on its estimates of future taxable profits. Management considers it probable that future taxable profits will be available against which such losses can be used.

Provision and contingencies

The use of estimates and judgments is required in order to assess the amount and timing of future cash outflows to settle the present legal or constructive obligations. In case the estimates of Group's management differ significantly from effective cash outflows, the consolidated financial statements could be materially affected. Total provisions amount to EUR 789 thousand as of 31 December 2018 (EUR 3,330 thousand for 2017). For further information see Note 27.

Business combinations

The Group initially recognizes the fair value of identifiable assets acquired, the liabilities assumed, any non-controlling interest 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 2018 and 2017 the Group had respectively EUR 58,634 thousand and EUR 56,052 thousand in goodwill (see Note 19) and EUR 127,541 thousand and EUR 121,454 thousand in intangible assets with an indefinite useful life (see Note 19). Assets that have an indefinite useful life, such as trademarks owned by the Group, goodwill and intangible assets not yet available for use are not subject to amortization and are annually tested for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is 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 information of the parent company lastminute.com N.V. and of the companies over which LMN has the right to exercise control, either directly or indirectly.

Business combinations

Business combinations are accounted for by applying the acquisition method. The Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the 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.

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

Subsidiaries

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

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

Transactions eliminated on consolidation

Intra-group balances and transactions, and any 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 5.

FUNCTIONAL AND PRESENTATION CURRENCY

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

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

INTANGIBLE ASSETS

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

Trademarks

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 the statement of profit or loss.

GOODWILL

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

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. See note 3 for more information.

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 "Fullflex", 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 Group has transferred the title, has transferred the physical possession, has a present right to payment and the customer has accepted and has the significant risks and rewards of ownership of the assets. 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.

Packages assembled by travellers through the packaging model on the Group's websites generally include a merchant hotel component and some combination of an air, car or destination services component.

The individual package components are recognized in accordance with LM's revenue recognition policies stated above.

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

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 costs. 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 at the moment the 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.

New Standards or Interpretations	Effective date annual period beginning on or after:	Mandatory application in the EU: annual period beginning on or after
IFRS 16 - Leasing	01-Jan-19	31-Oct-17
Prepayment Features with Negative Compensation (IFRS 9)	01-Jan-19	22-Mar-18
IFRIC 23 Interpretation / Uncertainty Income Tax Treatments	01-Jan-19	23-Oct-18
IFRS 14 Regulatory Deferral Accounts	01-Jan-16	Not Yet endorsed
IFRS 17 Insurance Contracts	01-Jan-21	Not Yet endorsed
Amendments of Standards and Interpretations	Effective date	Mandatory application
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	To be defined	Not Yet endorsed
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	01-Jan-19	Not Yet endorsed
Annual Improvements to IFRS Standards (2015-2017 Cycle)	01-Jan-19	Not Yet endorsed
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	01-Jan-19	Not Yet endorsed
Amendments to References to the Conceptual Framework in IFRS Standards	01-Jan-20	Not Yet endorsed
Definition of business (Amendments to IFRS 3)	01-Jan-20	Not Yet endorsed
Definition of material (Amendments to IAS 1 and IAS 8)	01-Jan-20	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) In relation to the IFRS 16 the Group has completed 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 2018 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 16 - Leases
<i>Nature of the change</i>	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.
<i>Impact</i>	The group has set up a project team which has reviewed all of the group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. 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 estimates that approximately 80-90% of these relate to payments for medium-term office rental leases (see Note 17) which will be recognised in the Group statement of financial position according the new standard. As at the reporting date, the group has non-cancellable operating lease commitments of EUR 12,845 thousand (see Note 17). Of these commitments, EUR 407 thousand relate to short-term leases and EUR 9 thousand to low value leases which will both be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments the Group expects to recognise right-of-use assets and liabilities of approximately EUR 12.4 million on 1 January 2019. The Group expects that IFRS EBITDA will increase by approximately EUR 3 million for 2019 as a result of adopting the new rules. Anyway the Group is not expecting to change the Adjusted EBITDA, used to measure segment results, as the adjustments made under IFRS 16 will be kept as a reconciliation item between Adjusted and IFRS EBITDA. Operating cash flows will increase and financing cash flows decrease by approximately EUR 3 million as repayment of the principal.
<i>Date of adoption by the Group</i>	The group will apply the standard from its mandatory adoption date of 1 January 2019. The group will apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

NOTE 3 - CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the group's financial statements.

IFRS 9 - FINANCIAL INSTRUMENTS

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and minor adjustments to the amounts recognised in the financial statements.

In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

The Group has not recognised any material adjustments because of the following reasons:

Financial assets previously measured under IAS 39 at fair value through profit or loss (FVPL) have been disposed in January 2018 and the Group has not entered in any other similar investments (see Note 4).

The Group has none of the following instruments:

- corporate bonds;
- non-trading equities;
- debentures and zero-coupon bonds;
- listed and unlisted debt securities;
- any other 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 increased the allowance with EUR 262 thousand directly recognised in equity. For further details see the Consolidated statement of changes in equity and the following paragraph.

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales;
- contract assets;
- deposits and other financial assets.

No contract assets as defined under IFRS 9 have been identified. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was deemed to be zero. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivable and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for both trade receivables and contract assets:

EUR/000	Current	0-30	31-90	91-180	181-360	OVER 360	TOT
Expected credit loss	0.00%	0.00%	5.00%	20.00%	60.00%	100.00%	
Gross amount	7,176	3,695	1,744	611	601	1,696	15,523
Already provided for under IAS 39	-	-	(16)	(60)	(195)	(1,734)	(2,005)
Credit loss under IFRS 9	-	-	(87)	(122)	(361)	(1,696)	(2,266)
Difference in Retained earning	-	-	(71)	(63)	(166)	38	(262)

Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, 1 January 2018, the financial instruments of the group were as follows, with any reclassifications noted:

in '000 EUR	Measurement category		Carrying amount		Difference
	Original (IAS 39)	New (IFRS 9)	Original	New	
Non-current financial assets	Amortized cost	Amortized cost	-	-	-
Current financial assets (Investments)	FVTPL	FVTPL	33	33	-
Current financial assets (Deposits and other)	Amortized cost	Amortized cost	1,922	1,922	-
Trade and other receivables	Amortized cost	Amortized cost	76,223	75,961	(262)
Cash and cash equivalents (excl. cash on hand)	Amortized cost	Amortized cost	51,628	51,628	-
Long term financial liabilities	Amortized cost	Amortized cost	-	-	-
Short term financial liabilities	Amortized cost	Amortized cost	10,015	10,015	-
Trade and other payable	Amortized cost	Amortized cost	157,703	157,703	-

IFRS 15 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. The implementation of IFRS 15 did not have a material impact to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the Group has adopted the new rules retrospectively.

The Group has decided to reclassify contract assets and contract liabilities and present them as a separate line item in the balance sheet.

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional. The impairment of contract assets is measured, presented and disclosed on the same basis as financial assets that are within the scope of IFRS 9. An entity should recognise a contract liability if the customer's payment of consideration precedes the entity's performance. For further details refer to Note 24.

Management has performed a detailed analysis over all the revenues streams and no impact from the adoption of the new standard on 1 January 2018 has been determined.

Following the result of the assessment split by operating segment.

Online Travel Agency (OTA)

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. 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 year end financial statement is based on actual results. 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.

Metasearch business (META)

Also outside the OTA business, the Group doesn't sell any service with separate performance obligation. Revenues from metasearch are related to (i) traffic to customers websites and are based on clicks on the results of users search queries. A revenue is earned for each click generated, at an agreed tariff with the customer (Cost per click, or "CPC"); (ii) in some cases revenues are earned for each agreement entered between users and META customers (in which case the tariffs is CPA cost per Agreements); (iii) in addition, Media revenues are related to clicks from users on advertising on web properties. The accounting treatment under IAS 18 is the same as under IFRS 15.

IMPACT ON FINANCIAL STATEMENTS

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the group's financial statements.

As a result of the changes in the entity's accounting policies, prior year financial statements had to be restated. As explained below, IFRS 9 was adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018. The adoption of IFRS 15 has led to add two more lines in the statement of financial position and in the cash flow statement reflecting the contracts assets and liabilities. The restatement has only involved presentation of the numbers and disclosure. No adjustments affecting the retained earnings have been recognised in the consolidated financial statements following the adoption of the new standard IFRS 15.

in '000 EUR	31 Dec 17 As originally presented	IFRS 15	31 Dec 17 Restated	IFRS 9	1 Jan 18
Balance sheet (extract)					
Current assets					
Trade and other receivables	77,992	(2,357)	75,635	(262)	75,373
Contract assets	-	2,357	2,357		2,357
Non current assets					
Deferred tax asset	6,419		6,419	28	6,447
Equity					
Retained earnings	19,191		19,191	(234)	18,957
Current liabilities					
Trade and other payables	164,539	(3,817)	160,722		160,722
Contract liabilities		3,817	3,817		3,817

NOTE 4 - FINANCIAL RISK MANAGEMENT

Financial Instruments

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

in '000 EUR	31 Dec 2018	31 Dec 2017
Current financial assets (Investments)	-	33
Total financial assets at fair value through profit or loss	-	33
Non-current financial assets	1,667	1,256
Current financial assets (Deposits and other)	1,349	1,889
Trade and other receivables * (Current and Non Current)	79,490	73,866
Contract assets	3,861	2,357
Cash and cash equivalents (excl. cash on hand)	72,648	51,828
Total financial assets measured at amortised cost	159,015	131,196
Short term financial liabilities	29,532	10,015
Trade and other payables * (Current and Non Current)	3,931	153,886
Contract liabilities	7,259	3,817
Total Financial liabilities measured at amortized cost	40,722	167,718

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

For further details refer to Note 21.

The carrying amounts of the above listed loans and receivables including cash and cash equivalents as well as of the financial liabilities measured at 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).

As of 31 December 2018, the Group held no more investments funds (EUR 33 thousand in 2017). As of 31 December 2017 they had been valued at fair value through profit or loss: their fair value was classified at level 1 as it was 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	01-Jan-18	Repayments	Interest charges	Acquisitions	Exchange movements	Change in Fair Value	Other non-cash movements	31-Dec-18
Financial liabilities	(10,015)	2,071	(342)	(36,000)	-	-	225	(44,061)
Total Financial Liabilities	(10,015)	2,071	(342)	(36,000)	-	-	225	(44,061)

As of 31 December 2018 current financial liabilities amount to EUR 29,532 thousand (2017: current financial liabilities of EUR 10,015 thousand) and long term financial liabilities amount to EUR 14,529 thousand (in 2017: nil).

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 23.

Exposure to credit risk

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

in '000 EUR	31 Dec 2018	31 Dec 2017
Non-current financial assets	1,667	1,256
Current financial assets	1,349	1,922
Trade and other receivables * (Current and Non Current)	79,490	73,866
Contract assets	3,861	2,357
Cash and cash equivalents (excl. cash on hand)	72,648	51,828
Total	159,015	131,229

* "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 2018, total amount of unused available cash credit lines for the Group was EUR 25,757 thousand (EUR 18,800 thousand at 31 December 2017). Trade and other payables are mainly due within 60 days.

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

in '000 EUR	31-Dec-18				31-Dec-17			
	Not due	Less than 6 months	Between 6 month and 1 year	More than 1 year	Not due	Less than 6 months	Between 6 month and 1 year	More than 1 year
Trade and other payables	(167,124)	(23,039)	(651)	(1,320)	(150,952)	(11,883)	(940)	(765)
Liabilities for share-based payment	(1,575)				(1,763)		-	
Short term financial liabilities	(29,532)		-	-	(10,015)		-	-
Long term financial liabilities	(14,529)		-	-		-	-	-
Total	(212,760)	(23,039)	(651)	(1,320)	(162,730)	(11,883)	(940)	(765)

Currency risk

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

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

On the other hand, some of the Group's costs and investments are based upon contractually agreed payments that are denominated in CHF, e.g. some of the lease payments for office spaces or some suppliers. As of 31 December 2018, the Group's balance sheet net exposure in CHF amounted to EUR 9,040 thousand (2017: EUR 6,016 thousand). As of 31 December 2018, the Group's balance sheet net exposure in GBP amounted to EUR 33,810 thousand (2017: EUR 21,972 thousand). As of 31 December 2018, the Group's balance sheet net exposure in USD amounted to EUR 7,477 thousand (2017: EUR 3,649 thousand).

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

in '000 EUR	2018		2017	
	Strengthening	Weakening	Strengthening	Weakening
Currency risk sensitivity in CHF	(822)	822	(547)	547
Currency risk sensitivity in GBP	(3,074)	3,074	(1,997)	1,997
Currency risk sensitivity in USD	(680)	680	(332)	332

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 2018 the Group has short term bank liabilities for EUR 29,532 thousand (31 December 2017: EUR 10,015 thousand) and long term liabilities EUR 14,529 thousand (31 December 2017: nil). An amount of EUR

18,072 thousand (of which EUR 14,529 thousand present as long term) is regulated by variable interest rate (Euribor 6 months plus 140 bpps). As the Euribor 6m has been negative for all 2018 and analysts expect it to remain negative in the next future, the Group does not see any material impact on its financial statements. See also Note 28.

The Group further has cash and cash equivalents with variable interest rates in the amount of EUR 72,648 thousand (31 December 2017: 51,828 thousand). See also Note 25.

As of 31 December 2018 the interest risk is limited to the cash and cash equivalents with variable interest. Taking into consideration the interest rates applied by the financial counterparts of the Group, a reasonable possible change in the interest rates of cash and cash equivalents, which is expected to be below 1%, would not have a material impact on profit or loss.

Price Risk

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

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 the utilisation of the voucher is 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 covers such risk by offering an external insurance.

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 5 – CHANGES IN THE SCOPE OF CONSOLIDATION

Financial year 2018

Acquisition of Comvel GmbH

With effect 1st January 2018 the Group acquired from ProSiebenSat. Group the entirety of the shares of Comvel GmbH, to scale up its positioning in Germany.

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

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

	<i>amounts in Eur thousand</i>
Consideration	1 January 2018
Cash	7,498
Future fixed consideration	5,780
Total consideration paid in cash	13,278
Cash and cash equivalents	1,733
Current financial assets	91
Deferred tax assets	3,041
Intangible assets	2,462
Property plant and equipment	119
Trade and other payables	(2,766)
Trade and other receivables	2,206
Fair value of total identifiable net assets acquired	6,886
Goodwill	2,602
Weg.de Brand	5,657
DTL	(1,867)
Total consideration	13,278

The future fixed consideration of EUR 6,000 thousand has been discounted to EUR 5,780 thousand. The Group gained control over Comvel GmbH on 1 January 2018 and consolidated it from that date. The gross contractual amount of trade and other receivables at acquisition date is EUR 3,413 thousand. The amount expected to be collectible is EUR 2,206 thousand. Goodwill is mainly attributable to the assembled workforce, the companies 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.

InstaGo SAGL

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

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.

NOTE 6 - SEGMENT INFORMATION

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

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

Management determined 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 is not reportable has 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	2018					2017				
	OTA	Metasearch	Other segments	Non reconciling items	Total	OTA	Metasearch	Other segments	Non reconciling items	Total
Consolidated Revenues	235,900	31,544	3,068	-	270,512	209,683	45,942	3,203	-	258,828
Total Revenues	243,405	56,637	3,053	-	303,145	216,363	33,907	3,203	-	273,473
Intersegment Revenues	(7,303)	(3,114)	(18)	-	(12,634)	(6,620)	(7,963)	-	-	(14,583)
Consolidated EBITDA Adjusted*	36,100	13,600	(4,400)	(4,300)	32,600	13,081	13,147	(3,000)	(6,321)	16,908
Non-cash impact of stock options	-	-	-	-	-	-	-	-	-	(492)
Extraordinary bonuses	-	-	-	-	-	-	-	-	-	(100)
Costs related to acquisition and integration of subsidiaries	-	-	-	-	(1,300)	-	-	-	-	(1,040)
Antitrust provision	-	-	-	-	-	-	-	-	-	(2,400)
Litigation, restructuring and other costs/income incidental to operating activities	-	-	-	-	(3,545)	-	-	-	-	(4,300)
One off Convel	-	-	-	-	1,300	-	-	-	-	-
Depreciation, Amortization and impairment	-	-	-	-	(14,464)	-	-	-	-	(12,492)
Profit before interest and income tax	-	-	-	-	12,791	-	-	-	-	(3,996)

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

The operating segments generate revenues by selling services related to “flight” and “non-flight” products. Refer to Note 7 for further information about revenues, including geographical information. The table below analyzes the Group’s non-current assets, excluding financial instruments and deferred taxes, based on the geographic location and operating segments of the assets as of 31 December 2018 and 2017:

	2018	2017
Spain	80,304	80,405
France	39,302	38,087
Switzerland	49,683	66,202
Germany	15,859	1,340
Others	9,391	8,270
UK	17,880	8,939
Total	212,420	203,244

	2018	2017
OTA	174,984	166,291
META	36,787	36,586
OTHER	649	366
Total	212,420	203,244

NOTE 7 – REVENUES

The table below shows Revenues for 2018 and 2017:

in '000 EUR	2018	2017
Revenue from sales of travel services	239,460	216,329
Revenue from advertising services	21,735	18,567
Revenue from premium number	-	1,020
Revenue from ancillaries	27,786	20,764
Other revenues	1,530	2,150
Total	290,511	258,830

In 2018 total revenues increased by EUR 31,681 thousand, or 12.2%, to EUR 290,511 thousand from EUR 258,830 thousand in 2017.

This increase is primarily due to:

- i) good performance of OTA segment thanks to a strong organic growth driven from Dynamic Packages and Tour Operator products
- ii) Successful integration of Comvel GmbH with a contribution of EUR 22,523 thousand;
- iii) high performance of ancillaries product for EUR 7,022 thousand which has compensated a drop in unitary margin of the flight product.

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

in '000 EUR	OTA		META		OTHER	
	2018	2017	2018	2017	2018	2017
Primary geographical markets						
Italy	41,090	43,482	2,480	3,676	245	192
Spain	26,715	27,851	2,390	2,803	92	64
UK	61,066	59,737	2,168	2,091	31	-
France	52,280	45,992	15,578	17,337	-	-
Germany	34,633	13,183	1,264	1,885	-	-
Netherlands	-	80	297	350	31	32
Others	20,117	19,360	27,366	17,800	2,669	2,915
Total	235,900	209,685	51,543	45,942	3,068	3,203
Major products/service lines						
Flight	100,907	107,957	-	-	-	-
Dynamic Packages	53,950	38,414	-	-	-	-
Hotel	13,087	14,235	-	-	-	-
Tour operator	33,722	17,755	-	-	3,068	3,203
Cruises	5,344	5,322	-	-	-	-
Other OTA services	3,792	3,495	-	-	-	-
Metasearch	-	-	51,543	45,942	-	-
Media	22,404	21,386	-	-	-	-
Other revenue	2,695	1,121	-	-	-	-
Total	235,900	209,685	51,543	45,942	3,068	3,203

All the services are transferred at a point of time.

Flight revenue

In 2018, the Group's flight revenues decreased by EUR 7,050 thousand, or 6.5%, to EUR 100,907 thousand from EUR 107,957 thousand in 2017. This decrease is due to a lower unitary margin and a shift of volume to dynamic packages.

Dynamic packages revenue

In 2018, the Group's dynamic packages revenues boosted by EUR 15,536 thousand, or 40.4%, to EUR 53,950 thousand from EUR 38,414 thousand in 2017. This increase is due to higher volume and profitability in all the core Countries.

Hotel revenue

In 2018, the Group's hotel revenues decreased by EUR 1,149 thousand, or 8.1%, to EUR 13,087 thousand from EUR 14,235 thousand in 2017. The contraction was limited to the UK market.

Tour operator ("TO") revenue

In 2018, the Group's TO revenues increased by EUR 15,832 thousand, or 75.5%, to EUR 36,790 thousand from EUR 20,958 thousand in 2017. Big part of the increase is explained by the acquisition of Comvel GmbH which sells primarily TO in the German market.

Metasearch revenue

In 2018, the Group's metasearch revenues increased by EUR 5,601 thousand, or 12.2%, to EUR 51,543 thousand from EUR 45,942 thousand in 2017. The metasearch business has been growing for years and the Group expects it to be growing also in the coming years.

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 (IP address) and of the banks issuing customer's credit cards do not identify users' locations with certainty. Therefore a split of revenues based on customers' location is not available. However, Group management believes that the majority of customers booking through the Italian, UK, Spanish and French websites are located, respectively, in Italy, UK, Spain and France.

In 2018 the overall revenues have increased significantly in all the countries. Germany has seen the biggest increase (EUR 20,829 thousand) thanks to the acquisition of Comvel which has contributed especially in sales of Tour Operators Products.

Mediterranean Countries like Italy and Spain have seen again an increase in revenue for Flight Products after a couple of years of contraction.

2018 growth has shown a positive trend also outside Europe thanks to a stronger awareness of the Group's brands outside the core markets.

Major Customers

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

NOTE 8 - MARKETING COSTS

The table below shows Marketing costs for the Group for 2018 and 2017:

in '000 EUR	2018	2017
Online costs	103,770	96,781
Offline costs	12,631	16,344
Total	116,401	113,125

Marketing costs increased by EUR 3,276 thousand (2.9%) from EUR 113,125 thousand in 2017 to EUR 116,401 thousand in 2018. Marketing costs as percentage of revenues decreased in 2018 compared to 2017 (40.1% vs 43.7%). This decrease in the contribution on revenue is mainly due to lower investment offline. The Group decided to invest more in online marketing which is better measurable in terms of return on the investment.

NOTE 9 - PERSONNEL COSTS

The table below shows Personnel costs for the Group for 2018 and 2017:

in '000 EUR	2018	2017
Wages and salaries	49,832	44,691
Social security charges	10,751	10,497
Expenses relating to defined benefit plans	1,873	1,602
Other personnel costs	5,272	4,723
Share-based payments	-	420
Total	67,730	61,933

Personnel costs increased by EUR 5,797 thousand (9.4%) from EUR 61,933 thousand in 2017 to EUR 67,730 thousand in 2018. Costs increased mainly because of the acquisition of Comvel GmbH. Personnel costs as percentage of revenues in 2018 have slightly decreased compared with 2017 (23.3% vs 23.9%). The Group has benefited from restructuring in the previous years.

Costs for wages and salaries of EUR 7,313 thousand (2017: EUR 9,542 thousand) have been capitalized as development costs (refer to Note 19 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 15.

Other personnel costs increased by EUR 549 thousand (11.6%) from EUR 4,723 thousand in 2017 to EUR 5,272 thousand in 2018. The increase is mainly related to the higher termination benefits relating to restructuring in Germany.

There were no share-based payments related to the existing stock options for year 2018.

The average number of staff employed by the Group in 2018 amounted to 1,288 headcounts (2017: 1,252).

The average number of staff employed is typically higher than the number as of the year end because of the interns hired during the summer time especially within operation and marketing functions.

The table below shows the Group's headcount split at the end of 2018 and 2017:

Units	2018	2017
Sales	403	408
IT	364	359
Operations	141	182
Marketing	145	149
Administration	179	150
Management	4	5
Total	1,236	1,253

NOTE 10 - OTHER OPERATING COSTS

The table below shows other operating costs for the Group for 2018 and 2017:

in '000 EUR	2018	2017
Credit card processing fee	16,695	17,274
Fees for advisory, legal and other services	10,507	7,998
Call Center operation costs	15,906	14,367
Expense for operating leases	4,501	4,504
IT fix costs	3,172	1,436
Office fix costs	3,189	2,976
Overhead	4,751	6,460
Services costs	17,871	15,919
Other operation costs	2,533	4,342
Total	79,125	75,276

Total other operating costs increased by EUR 3,849 thousand (+5.1%) from EUR 75,276 thousand in 2017 to EUR 79,125 thousand in 2018. See below the explanations split by categories:

"Credit card processing fee" decreased by 579 thousand (-3.4%) from EUR 17,274 thousand in 2017 to EUR 16,695 thousand in 2018 due to saving on acquiring cost.

"Fees for advisory, legal and other services" increased by EUR 2,509 thousand (+31.4%) from EUR 7,998 thousand in 2017 to EUR 10,507 thousand in 2018. This increase relates to the Comvel GmbH expenses addition from 2018 for an amount of EUR 1,178 thousand and to a general increase in external Consultancy for EUR 1,468 thousand.

"Call Center operation costs" increased by EUR 1,539 thousand (+10.7%) from EUR 14,367 thousand in 2017 to EUR 15,906 thousand in 2018 due to the Comvel GmbH call center expenses added in 2018.

"IT fix costs" increased by EUR 1,736 thousand (+120.9%) from EUR 1,436 thousand in 2017 to EUR 3,172 thousand in 2018. The increase is related to the upgrade of the main Datacenter.

"Overhead costs" decreased by EUR 1,709 thousand (-26.5%) from EUR 6,460 thousand in 2017 to EUR 4,751 thousand in 2018 thanks to the saving on Group level. These costs are mainly referred to insurance costs, travel expenses and other tax not related to income.

"Services costs" increased by EUR 1,952 thousand (+12.3%) from EUR 15,919 thousand in 2017 to EUR 17,871 thousand in 2018 and are mainly referred to license costs.

"Other operation costs" decreased by EUR 1,809 thousand (-41.7%) from EUR 4,342 in 2017 to EUR 2,533 thousand in 2018. The balance as of 31 December 2017 included an accrual for a fine levied by the Italian Antitrust

for EUR 2,400 thousand. The “other operation costs” include costs mainly referred to non income related taxes and other residual categories of costs. Other operation costs as percentage of revenues decreased in 2018 compared to 2017 (27.2% vs 29.1%).

NOTE 11 - 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 2018 and 2017:

in '000 EUR	2018	2017
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 2018 the Group has not disposed of any assets.

During 2017 the Group has disposed of 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 stakes in Urbannext SA from 80% to 25%. The gain resulting from its stakes' decreased was EUR 1,266 thousand. For further information reference should be made to Note 5.
- 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 5.

NOTE 12 - FINANCE RESULT

The table below shows the Net Finance Result for the Group in 2018 and 2017:

in '000 EUR	2018	2017
Interest income	0	13
Net FX exchange income	361	-
Others	33	763
Total Finance Income	396	776
Interest expenses	(455)	(99)
Net FX exchange costs	-	(1,231)
Others	(451)	(1,032)
Total Finance Costs	(906)	(2,362)
Total Net Finance Result	(510)	(1,586)

The net financial result improved by EUR 1,076 thousand (+67.8%) from EUR -1,586 thousand in 2017 to EUR -510 thousand in 2018. During the course of 2018 the Group benefited from a more favourable exchange rate trend (FX income of EUR 361 thousand in 2018 compared to FX cost of EUR 1,231 thousand in 2017).

The amount recorded as other finance costs for EUR 451 thousand is mainly related to the cost of deferred payment on Comvel (EUR 220 thousand).

NOTE 13 - INCOME TAXES

Components of income tax expenses

The table below shows the composition of Income tax expenses / (income) for 2018 and 2017:

in '000 EUR	2018	2017
Current income taxes	4,342	2,591
Deferred taxes	(476)	1,560
Total	3,866	4,151

Income taxes recognized in other comprehensive income

The table below shows the composition of income taxes recognized in other comprehensive income for 2018 and 2017:

in '000 EUR	2018	2017
Income taxes on remeasurements of the Employee Benefits liability	(114)	(25)
Total income taxes recognized in the period in other comprehensive income	(114)	(25)

Reconciliation of effective income tax expenses

The table below shows the Group tax rate reconciliation for 2018 and 2017:

in '000 EUR	2018 (%)	2018	2017 (%)	2017
Profit (loss) before taxes from continuing operations		12,238		(3,650)
<i>The Group's expected weighted average rate is 32.9% (2017: 21.5%)</i>				
Income tax based on the Group's expected weighted average tax rate	32.9%	4,029	21.5%	(735)
Difference in overseas tax rates	2.4%	296	19.2%	705
Current-year tax losses for which no deferred tax assets are recognized	12.0%	1,468	95.7%	3,493
Effect of change in tax rate on deferred taxes	0.0%	0	4.7%	171
Non deductible expenses	1.7%	207	12.4%	453
Tax-exempt income	-0.3%	(32)	-4.1%	(151)
Utilisation of previously unrecognised tax losses	-16.0%	(1,959)	0.0%	-
Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	-1.2%	(143)	7.3%	264
Income Tax expense (benefit) of the Group	31.6%	3,866	113.7%	4,151

In 2018 the Group's consolidated income tax expense amounted to EUR 3,866 thousand, compared to EUR 4,151 thousand in 2017 with a decrease of 285 EUR thousand, mainly due to the decrease in the amount of current-year tax losses for which no deferred tax assets are recognized, to the effect of recognition of tax effect of previously unrecognised tax losses, to the difference between the Group tax rate and the nominal tax rates at local statutory level and the derecognition of previously recognized deductible temporary differences. As a result the Group's effective tax rate decreased from 113.7% in 2017 to 31.6% in 2018.

In respect of unrecognized deferred tax assets, as of 31 December 2018, tax losses carried forward of around EUR 26.6 million exist (2017: EUR 26.3 million). These losses can be offset against operating future profits. EUR 15 million has no expiring date while the remaining part will expire within 9 years. Every year specific limit may apply to their utilisation based on the applicable local legislation. Management has established that it is uncertain whether future taxable operating profits would be available against which these losses can be used, and therefore no deferred tax asset has been recognized.

Deferred tax assets and liabilities are attributable to the following:

in '000 EUR	31 Dec 2018		31 Dec 2017	
	Asset	Liabilities	Asset	Liabilities
Trade Receivables	254	-	259	-
Property, plant and equipment	47	(50)	40	-
Intangible assets	-	(26,334)	-	(26,503)
Employee benefits liability	973	-	884	-
Provision	-	-	13	-
Losses carry-forward	6,598	-	5,199	-
Other	67	-	24	-
Deferred Tax assets (liabilities)	7,940	(26,384)	6,419	(26,503)

In 2018 compared to 2017, deferred tax assets increased by EUR 1,521 thousand due to the main following effects:

- an amount of EUR 3 million has accounted following the acquisition of Comvel. See note 5 for further details.
- The Group has utilised deferred tax asset against current fiscal positive result for EUR 1.5 million.

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

Deferred tax liabilities decreased during 2018 by EUR 119 thousand due to temporary differences on amortisation of intangible assets.

The movement in the net deferred tax asset / liability during 2018 and 2017 was as follows:

in '000 EUR	1 Jan 2018	Correction of previous years	Recognized in Profit or Loss	Recognized in OCI	Recognized directly in Equity	Business combination	Currency Translation Differences	31 Dec 2018
Net deferred tax assets/(liabilities)	(20,053)	-	476	(114)	28	1,174	76	(18,444)
Total	(20,053)	-	476	(114)	28	1,174	76	(18,444)

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)	(20,053)
Total	(18,434)	-	(1,560)	(25)	-	7	(73)	(20,053)

Current tax assets & liabilities

As of 31 December 2018, the total net position relating to "Current tax assets & liabilities" amounts to a negative EUR 2,227 thousand (2017: EUR 235 thousand). Tax liabilities may arise also in the Countries where the Group recognised deferred taxed on losses carried forward because of specific thresholds that limit the utilisation of those losses.

NOTE 14 - EARNINGS PER SHARE

Basic earnings per share

The table below shows basic earnings per share for 2018 and 2017:

	2018	2017
Profit for the period attributable to the shareholders of lastminute.com NV (in EURO/000)	10,206	(6,450)
Weighted-average number of shares outstanding during the period (in thousand of units)	12,380	13,413
Basic earnings per share (in EUR)	0.82	(0.48)

Weighted-average number of ordinary shares (basic)

Number of shares (in thousand of units)	2018	2017
Issued ordinary shares at 1 January	14,623	14,623
Effect of share options exercise		(3)
Share buy back	(745)	(1,207)
Cancellation of own shares	(687)	
PSTO project (net of cancellation)	(811)	
Weighted-average number of shares (Basic) at 31 December	12,380	13,413

Diluted earnings per share

The table below shows diluted earnings per share for 2018 and 2017:

	2018	2017
Profit for the period attributable to the shareholders of lastminute.com NV (in EURO/000)	10,206	(6,450)
Weighted-average number of shares outstanding during the period (in thousand of units)	12,380	13,413
Diluted earnings per share (in EUR)	0.82	(0.48)

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

Number of shares (in thousand of units)	2018	2017
Weighted-average number of shares (Basic)	12,380	13,413
Effect of share options in issue	-	-
Weighted-average number of shares (Diluted) at 31 December	12,380	13,413

In 2018 no effect of share options in issue has been recognised as at the end of year no outstanding options exist.

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 15 - EMPLOYEE BENEFITS

The table below shows Employee benefits liabilities as at 31 December 2018 and 2017 for the Group:

in '000 EUR	31 Dec 2018	31 Dec 2017
Net defined benefit liabilities	4,231	3,890
Cash-settled share-based payment liabilities	1,575	1,767
Total employee benefit liabilities	5,806	5,678

The decrease of Cash-settled share-based payment liabilities is mainly related to the exit of some participants from the Cash settled share-based payments. For further information see Note 16.
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 2018 the minimum interest was 1.0% (1.0% in 2017).

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 2018	31 Dec 2017
Funding of the defined benefit plan		
Present value of unfunded obligations	565	600
Present value of funded obligations	8,353	7,119
Total present value of obligations	8,918	7,719
Fair Value of plan assets	4,686	3,829
Pension liability recognized in the balance sheet	4,232	3,890

in '000 EUR	2018	2017
Reconciliation of the defined benefit obligation		
Defined Benefit Obligation at 1.1.	7,719	6,348
Current service cost (employer)	2,147	1,355
Past service cost	-	58
Interest cost	57	48
Contributions by plan participants	835	771
Administration cost	3	3
Benefits paid	(1,597)	(873)
Effect of business combination	-	171
Actuarial (gain) / loss on DBO	(530)	(12)
Exchange rate effect	283	(150)
Defined Benefit Obligation at 31.12.	8,917	7,719

Reconciliation of the fair value of plan assets	2018	2017
Fair Value of plan assets at 1.1.	3,829	3,122
Interest income	29	24
Contributions by the employer	889	817
Contributions by plan participants	835	771
Benefits paid	(1,074)	(706)
Effect of business combination and disposal	-	99
Return on plan assets excl. interest income	13	10
Exchange rate effect	165	(308)
Fair Value of plan assets at 31.12.	4,686	3,829

Reconciliation of the recognized net pension liability

in '000 EUR	2018	2017
Net liability at the beginning of the period	3,891	3,226
Expense recognized in profit or loss	2,296	1,598
Expense recognized in other comprehensive income	(543)	(22)
Contributions by the employer	(889)	(817)
Effect of business combination	-	73
Benefits paid by unfunded defined benefit plans	(523)	(167)
Net liability at the end of the period	4,232	3,891

in '000 EUR	2018	2017
Pension expense recognized in profit or loss		
Current service cost (employer)	2,147	1,355
Net interest cost	28	24
Administration cost	3	3
Past service costs	-	58
Exchange rate effect	118	158
Expense recognized in profit or loss	2,296	1,598

in '000 EUR	2018	2017
Amount recognized in other comprehensive income		
Return on plan assets excluding interest income	(13)	(10)
Reinsurance gain/(loss)		
Actuarial gain/(loss) arising from demographic assumptions	(233)	-
Actuarial gain/(loss) arising from financial assumptions	(250)	10
Actuarial gain/(loss) arising from experience adjustment	(47)	(22)
Total amount recognized in other comprehensive income	(543)	(22)

Actuarial assumptions for the defined benefit obligations

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

Swiss plan

Actuarial Assumptions	31 Dec 2018	31 Dec 2017
- Discount rate	0.90%	0.70%
- Future salary increases	1.00%	1.00%
- Mortality table	BVG 2015GT	BVG 2015GT

As of 31 December 2018, the weighted-average duration of the defined benefit obligation was 20.7 years (2017: 21.3 years).

French plan

Actuarial Assumptions	31 Dec 2018	31 Dec 2017
- Discount rate	1.60%	1.20%
- Future salary increases	3.00%	3.00%
- Future pension indexations	0.00%	0.00%
- Mortality table	THG05/TGF05	THG05/TGF05

As of 31 December 2018, the weighted-average duration of the defined benefit obligation was 18.7 years (2017: 19.4 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:

in '000 EUR	2018		2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25%)	(406)	447	(358)	394
Future salary growth (0.25%)	134	(125)	114	(107)
Future mortality (1 year)	98	(97)	88	(88)

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 2018 of EUR 4,686 thousand (2017: EUR 3,829 thousand) consists of a receivable from the insurance company, see above.

Expected contributions in 2019

The Group expects to pay contributions to the defined benefit plans in the amount of EUR 1,001 thousand in 2019.

NOTE 16– 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 2018 no employee exercised stock option, while in 2017 12 thousand vested options have been exercised with an exercise price of EUR 10 on average. During 2018 no personnel costs have been recognised in Group's profit and loss. 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. During 2018 the Group did not repurchase any vested options (136 thousand vested options repurchased in 2017).

As of 31 December 2018 there are no more outstanding options related to any plans.

The weighted-average contractual life of the options outstanding at 31 December 2017 was 1 year.

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

in thousands of options	2018 (in thousands of options)	Weighted average exercise price 2018 (EUR)	2017 (in thousands of options)	Weighted average exercise price 2017 (EUR)
Reconciliation of outstanding share options				
Oustanding at 1 January	41	18.00	198	11.64
Forfeited during the year	(41)	(18.00)	(9)	(10.00)
Exercised during the year	-	-	(12)	(10.00)
Repurchased during the year	-	-	(136)	(10.00)
Oustanding at 31 December	-	-	41	18.00
Exercisable at 31 December	-	-	41	18.00

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 2018, the liability recorded in relation to the cash settled obligation in relation to the plan amounted to EUR 1,575 thousand (2016: EUR 1,767 thousand). As at 31 December 2018, the receivables recorder in relation to the financing part granted to limited partners amounted to EUR 902 thousand (2017: EUR 1,027 thousand). The liability value was assessed taking into consideration the fair value of the underlying shares considering the vesting period of 4 years and other conditions, as well as the required interest payable on the company's portion of the contribution. The Company prepared a discounted cash flow model for the valuation of the scheme. Being the shares purchased under the terms of the plan exclusively lastminute.com shares, the overall value of the Group divided by the number of such shares can clearly represent the present value of the investment plan.

The amount has been remeasured and the amount of EUR 192 thousand has been recognised as finance income.

Treasury shares held by the Group to hedge its potential obligation arising from the cash-settled share-based payment arrangement amount to around 625 thousand shares for a total investment of around EUR 8.5 million (see Note 26 for additional details).

NOTE 17 – LEASING

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

in '000 EUR	31 Dec 2018	31 Dec 2017
Less than one year	5.071	3.949
Between one and five years	7.440	12.130
More than five years	333	1.760
Total	12.845	17.839

The decrease of EUR 5.0 million is mainly due to the renegotiation of the office lease contract in UK (EUR -4.6 million).

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 Swiss offices with long term agreements.

Most of the leases of office spaces contain a renewal option.

NOTE 18 – PROPERTY PLANT AND EQUIPMENT

The tables below show Property, Plant & Equipment movements during 2018 and 2017:

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

in '000 EUR	Furniture	IT Equipment	Other	Total
Historical Cost				
Balance at 1 January 2017	675	6,122	1,611	8,711
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	5	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

Investments in 2018 and 2017

In 2018 and 2017 the Group made additions to Property Plant and Equipment of EUR 959 thousand and EUR 1,313 thousand respectively. The additions in 2018 were mainly related to IT equipment for EUR 475 thousand and leasehold improvement for EUR 376 thousand due to the renovation of lastminute.com Swiss offices.

Capital Commitments

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

NOTE 19 – INTANGIBLE ASSETS

The tables below shows Intangibles and Goodwill movements during 2018 and 2017:

in '000 EUR	Capitalized development cost	Other intangible assets	Trademarks	Total intangible assets	Goodwill	Total
Historical Cost						
Balance at 1 January 2018	63,598	1,014	121,455	186,067	56,052	242,119
Additions - internally developed	7,313	-	-	7,313	-	7,313
Additions - external supplier	4,681	-	-	4,681	-	4,681
Acquisitions (disposals) from business combinations	2,019	11	6,089	8,119	2,600	10,719
Impairment	(238)	-	-	(238)	-	(238)
Currency translation differences	(11)	(15)	(3)	(29)	18	(47)
Balance at 31 December 2018	77,362	1,010	127,541	205,913	58,634	264,547
Accumulated amortization and impairment						
Balance at 1 January 2018	42,020	97	1	42,118	-	42,118
Amortization for the period	12,439	82	-	12,541	-	12,541
Currency translation differences	(40)	(7)	-	(47)	-	(47)
Balance at 31 December 2018	54,439	172	1	54,612	-	54,612
Carrying amounts						
At 1 January 2017	21,578	917	121,454	143,949	56,052	200,001
At 31 December 2018	22,923	838	127,540	151,301	58,634	209,935

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
Additions - internally developed	9,542	-	2	9,544	-	9,544
Additions - 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)
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
Acquisitions from business combinations	-	-	-	-	-	-
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

Investments in 2018 and 2017

During 2018, additions related to capitalized development cost for a total amount of EUR 11,944 thousand (2017: EUR 11,741 thousand) and intangibles from the acquisition of Comvel GMBH for a total amount of EUR 10,720 thousand. See Note 5 for further information.

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 2018 and 2017 lastminute.com Group has capitalized development costs in the carrying amount of EUR 11,944 thousand and EUR 11,741 thousand, respectively. As of 31 December 2018, capitalized development costs not yet available for use were EUR 2,043 thousand (2017: EUR 2,134 thousand). In 2018 the Group made an impairment of EUR 238 thousand on a IT system development that was dismissed during the year.

Trademarks

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

in '000 EUR	CGU	31 Dec 2018	31 Dec 2017
lastminute.com	OTA	44,704	44,704
Rumbo	OTA	58,900	58,900
Pigi Shipping	OTA	2,232	2,232
Wayn	OTA	230	233
Weg.de (Comvel)	OTA	6,089	-
Jetcost	Metasearch	15,385	15,385
Total		127,540	121,454

Capital Commitments

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

NOTE 20 – GOODWILL

For the purpose of impairment testing, goodwill is allocated to the cash generating unit OTA and to the cash generating unit Metasearch. The aggregate amount of goodwill allocated to each cash generating unit is as follows at each reporting date:

in '000 EUR	CGU	31 Dec 2018	31 Dec 2017
	OTA	38,438	35,876
	Metasearch	20,176	20,176
Total		58,634	56,052

The balance as of 31 December 2018 amounts to EUR 58,634 thousand (EUR 56,052 thousand in 2017).

The Group performed an impairment analysis for the two CGUs that contain material indefinite life intangible assets and goodwill as of 31 December 2018 and 2017. It was determined that no impairment is to be recognised in the consolidated financial statements as of 31 December 2018 and 2017.

During 2018 the Group purchased the Comvel business. After the completion of the Purchase Price Allocation, the Group recorded a remaining goodwill of EUR 2,600 thousand. See Note 4 for further information.

OTA

Goodwill amounts to EUR 38,458 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 2018	31 Dec 2017
Weighted average cost of capital (WACC)	9.5%	10.0%
Perpetuity growth rate	1.7%	1.8%
Revenues growth rate (average of next five years)	7.2%	5.4%
EBITDA growth rate (average of next five years)	19.7%	20.3%

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 2018 and 2017 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 2018				
		0.7%	1.2%	1.7%	2.2%	2.7%
WACC	8.5%	236.0	243.2	250.4	257.6	264.8
	9.0%	215.0	221.6	228.2	234.7	241.3
	9.5%	196.7	202.7	208.8	214.8	220.8
	10.0%	180.6	186.2	191.7	197.2	202.8
	10.5%	166.4	171.5	176.6	181.7	186.8
Eur/mil		LONG-TERM GROWTH RATE 2017				
		0.8%	1.3%	1.8%	2.3%	2.8%
WACC	9.0%	70.0	75.5	80.9	86.4	91.9
	9.5%	62.4	67.4	72.4	77.4	82.4
	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

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 2018	31 Dec 2017
Weighted average cost of capital (WACC)	13.5%	13.0%
Perpetuity growth rate	1.8%	1.8%
Revenues growth rate (average of next five years)	13.5%	16.5%
EBITDA growth rate (average of next five years)	19.2%	6.3%

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 2018 and 2017 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 2018				
		0.8%	1.3%	1.8%	2.3%	2.8%
WACC	12.5%	111.2	111.3	111.4	111.6	111.7
	13.0%	104.6	104.7	104.8	104.9	105.0
	13.5%	98.5	98.6	98.8	98.9	99.0
	14.0%	93.0	93.1	93.2	93.3	93.4
	14.5%	87.9	88.0	88.1	88.2	88.2

Eur/mil		LONG-TERM GROWTH RATE 2017				
		0.8%	1.3%	1.8%	2.3%	2.8%
WACC	12.0%	57.3	57.6	57.9	58.2	58.5
	12.5%	52.8	53.0	53.3	53.6	53.9
	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

NOTE 21 - FINANCIAL ASSETS

The table below shows Financial assets for the Group as of 31 December 2018 and 2017:

in '000 EUR	31 Dec 18	31 Dec 17
Long-term Deposits	1,602	1,187
Other investment - non current	63	69
Total non-current financial assets	1,667	1,256
Short-term Deposits	1,349	1,808
Receivables from shareholder	-	81
Other investments	-	33
Total current financial assets	1,349	1,922

Non Current financial assets

Long-term deposits of EUR 1,667 thousand (2017: EUR 1,256 thousand), mainly related to deposits for renting of the UK, Swiss, French and Spanish offices for the amount of EUR 1,475 thousand.

Current financial assets

Short-term deposits of EUR 1,349 thousand (2017: EUR 1,808 thousand) is mainly related to real estate and utilities agreements.

Receivables from shareholders have been collected totally during 2018.

"Other investments" sold during 2018 mainly included investments funds with a primary French bank for the amount of EUR 21 thousand.

NOTE 22 - INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

"Investment in equity accounted investees" amounted as of 31 December 2018 and 2017 respectively to EUR 916 thousand and EUR 825 thousand. The increase is mainly due to the constitution of Instago SAGL which has been accounted for using the equity method starting from July 2018. For further information see Note 5.

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	2018	2017
	Hotelvo SA	Hotelvo SA
Percentage ownership interest	49%	49%
Non-current assets	70	83
Current assets	1,999	1,814
Non-current liabilities	-	-
Current liabilities	(1,815)	(1,567)
Net assets (100%)	255	330
Revenues	646	398
Costs	(682)	(584)
Amortisation and depreciation	(40)	(39)
Finance income / (costs)	1	(1)
Income taxes	0	(1)
Profit or Loss	(75)	(227)
Effects of OCI adjustment	-	-
Total comprehensive income	(75)	(227)

in '000 EUR	2018	2017
	URBANnext SA	URBANnext SA
Percentage ownership interest	25%	25%
Non-current assets	415	331
Current assets	617	155
Non-current liabilities		
Current liabilities	(980)	(428)
Net assets (100%)	52	89
Revenues	763	153
Costs	(672)	(445)
Amortisation and depreciation	(130)	(48)
Finance income / (costs)	2	331
Income taxes	-	6
Profit or Loss	(36)	27
Effects of OCI adjustment	-	-
Total comprehensive income	(36)	27

in '000 EUR	2018	2017
	InstaGo SAGL	InstaGo SAGL
Percentage ownership interest	15%	
Non-current assets	5	
Current assets	138	
Non-current liabilities		
Current liabilities	(10)	
Net assets (100%)	134	-
Revenues	-	
Costs	(18)	
Amortisation and depreciation	-	
Finance income / (costs)	-	
Income taxes	-	
Profit or Loss	(18)	
Effects of OCI adjustment	-	
Total comprehensive income	(18)	

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 43 thousand (2017: EUR -133 thousand).

NOTE 23 – TRADE AND OTHER RECEIVABLES

The table below shows Trade and other receivables as at 31 December 2018 and 2017 for the Group:

in '000 EUR	31 Dec 2018	31 Dec 2017
Trade receivables	74,111	65,573
Contract assets	3,861	2,357
Receivables from shareholders	1	1
Other receivables	3,225	7,072
Accrued income and deferred expenses	3,943	2,989
Total Current	85,141	77,992
Trade and other receivable	377	-
Total Non Current	377	-

The two most significant debtors of the Group included in the total trade receivables at 31 December 2018 had an open balance amounting respectively to EUR 7,068 thousand (8.3%) (2017: EUR 8,043 thousand (11.8%)) and EUR 2,431 thousand (2.8%) (2017: EUR 1,958 thousand (2.9%)).

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

in '000 EUR	31 Dec 2018	31 Dec 2017
Not past due	77,548	67,022
Past due 0-30 days	3,432	4,200
Past due 31-90 days	2,240	2,478
Past due 91-180 days	1,612	799
Past due 181-360 days	526	2,956
Past due 361 and over	160	537
Total	85,518	77,992

The receivables in the range "Past due 181-360 days" decreased by EUR 2,430 thousand (-82.2%) from EUR 2,956 thousand in 2017 to EUR 526 thousand in 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	2018	2017
Balance at 1 January	2,090	2,235
Additions during the year	869	858
Used during the year	(1,289)	(232)
Currency Translation Differences	0	(32)
Effect of business combination	1,206	4
Recognized directly in Equity	262	0
Released during the year	(431)	731
Balance at 31 December	2,707	2,094

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

NOTE 24 - CONTRACT ASSETS AND CONTRACT LIABILITIES

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

in '000 EUR	31 Dec 2018	31 Dec 2017	01 Jan 2017
Contract assets	3,861	2,357	2,122
Contract liabilities	7,259	3,817	1,276

Contract assets related to over-commissions and other incentives on flights. Contract assets have increased in 2018 due to the Group's increase in flights volume despite a decrease in profitability of the segment.

Contract liabilities related to advance payments from customers and have increased in 2018 due to the Group's increase in Dynamic Packages. For further details refer to Note 7.

NOTE 25 - CASH AND CASH EQUIVALENTS

The table below shows Cash and cash equivalents as of 31 December 2018 and 2017:

in '000 EUR	31 Dec 2018	31 Dec 2017
Cash on hand	223	306
Bank accounts	62,482	42,473
Credit Card accounts	10,166	9,355
Total	72,871	52,134

Bank accounts

The increase of bank accounts of EUR 20,009 thousand is mainly due to the EBITDA contribution. The proceeds coming from loans have been offset by the share buy back for PSTO project. For further information see the Consolidated Cash flow and in the Note 26.

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

Credit card accounts

Credit card accounts of EUR 10,166 thousand (2017: EUR 9,355 thousand) contain all credit card accounts with debit balances that are used for payments in the daily business.

NOTE 26 – SHAREHOLDERS' EQUITY

The table below shows Equity as of 31 December 2018 and 2017:

Share capital

in '000 EUR	31 Dec 2018	31 Dec 2017
SHARE CAPITAL AND RESERVES		
Share capital	117	146
Capital reserves	101,819	127,751
Translation reserve	1,211	1,419
Treasury cash reserve	(8,507)	(16,738)
Retained earnings	14,713	19,191
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM NV	109,353	131,769
Non-controlling interest	1,941	1,737
TOTAL EQUITY	111,294	133,506

As of 31 December 2018 the number of ordinary shares is 11,664,219 (2017: 14,622,631) for a nominal value per share of EUR 0.01 (2017: EUR 0.01).

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

Cancellation of own share - January 2018

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

PSTO

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

The Settlement of the offer took place on 23 May 2018. The effect on Group's equity has been presented in the Consolidated statement of changes in equity.

Cancellation of share - October 2018

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

The effect on Group's equity has been presented in the Consolidated statement of changes in equity.

The difference on Non controlling interests, from EUR 1,737 thousand in 2017 to EUR 1,941 thousand in 2018 is mainly related these effects:

- the loss of the period pertaining to Non controlling interests for EUR 1,834 thousand;
- the capital contribution by Non controlling interests for EUR 950 thousand;
- the cover of prior years losses entirely by the Group lm.com with a positive effect on NCI of EUR 1,088 thousand.

For further details please see the Note 5 Change in the scope of consolidation.

The table below shows the number of shares and total issued capital as of 31 December 2018 and 2017:

Issued Capital	31 Dec 2018	31 Dec 2017
Number of ordinary shares	11,664,219	14,622,631
Nominal value per share (EUR)	0.01	0.01
Total amount (EUR)	116,642	146,226

Capital reserves

As of 31 December 2018 capital reserves, including share premium reserves, amount to EUR 101,819 thousand (2017: EUR 127,751 thousand).

The decrease of year for EUR 25,932 thousand is the consequence of the cancellation of own shares made by the Group during 2018. See previous paragraph for more information.

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 2018, the Group held 626 thousand shares for the total value of EUR 8,507 thousand (1,282 thousand shares as of 31 December 2017 for a total value of EUR 16,738): during 2018 the Group bought 2,302 treasury shares for a total of thousand for the total value of EUR 31,521 thousand and cancelled 2,958 thousand shares for a total value of EUR 39,752.

Retained Earnings

Retained earnings as of 31 December 2018 amounted to EUR 14,713 thousand (2017: EUR 19,191 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.

Following the application of the new standard IFRS 9, the Group accounted for EUR 234 thousand as an adjustment of the opening balances as of 1 January 2018, See Note 3 for more information.

Dividends

No dividends were paid by the group during 2018.

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 27 - PROVISIONS

The table below shows the movements in Provisions for 2018 and for 2017:

Provision 2018

	in '000 EUR	01 Jan 2018	Reversals	Use	Additions	Reclassification	31 Dec 2018
Provision for fraudulent credit card transactions		526	(526)	0	93	0	93
Provision Flex		50	-	-	179	-	229
Redundancy provision		-	-	-	-	-	0
Other provisions		2,754	-	(254)	-	(2,400)	100
Provision for tax risks		-	-	-	367	-	367
Total		3,330	(526)	(254)	639	(2,400)	789
Non-current		-	0	-	-	-	-
Current		3,330	(526)	(254)	639	(2,400)	789
		3,330	(526)	(254)	639	(2,400)	789

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 Flex		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 for fraudulent credit card transactions

Provision for fraudulent credit card transactions, for an amount of EUR 93 thousand (2017: EUR 526 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 Flex

This represents the best estimate of future payments under the Flex program. This includes the costs with respect to unused vouchers resulting from flight cancellations before the balance sheet date.

Provision for tax risks

Provision for tax risks, for an amount of EUR 367 thousand (2017: nil), refer to minor risks from tax audits for which the Group expects to have a cash out in the coming years in the Netherlands, Italy and Spain.

Other

As of 31 December 2018, other current provisions amounted to EUR 100 thousand and they are mainly referred to minor litigation in Italy and Spain.

During 2018 an amount of EUR 2,400 thousand has been reclassified to Other payables and it was referred to a fine levied by the Italian Antitrust authority. Even if the Group appealed to the Court's decision, it has been decided to pay in monthly installments in order to reduce the risk to increase the sanctions and interests during the ongoing process.

During 2018 a provision for a potential fine following a labour inspection in Spain for EUR 248 thousand has been paid.

NOTE 28 – 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 2018 and 2017:

in '000 EUR	31 Dec 2018	31 Dec 2017
Current financial assets	1,349	1,922
Cash and cash equivalents	72,871	52,134
Short term financial liabilities	(29,532)	(10,015)
Net Financial Position within 12 months	44,688	44,041
Non current financial assets	1,667	1,256
Long term financial liabilities	(14,529)	-
Net Financial Position over 12 months	(12,862)	1,256
Total Net Financial Position	31,826	45,297

The Net Financial Position for the Group was EUR 31,826 thousand in 2018, compared to EUR 45,295 thousand in 2017.

The changes in the composition of the net financial position as of 31 December 2018 compared to December 2017 can be mainly explained by a higher cash and cash equivalents by EUR 20,737 thousand and an increase in Financial Liabilities by EUR 34,046 thousand.

Financial liabilities are related to the opening of loans granted by top rated European banks with no impact of the net financial position. All financial covenants have been respected during 2018.

For further information see the Consolidated Cash Flow Statement.

NOTE 29 - TRADE AND OTHER PAYABLES

The table below shows "Trade and other payables" as of 31 December 2018 and 2017:

in '000 EUR	31 Dec 2018	31 Dec 2017
Trade payables	(117,046)	(111,505)
Contract liabilities	(7,259)	(3,817)
Credit card payables	(49,867)	(35,919)
Other payables	(12,006)	(7,706)
Accrued expenses and deferred income	(5,314)	(5,592)
Total Current	(191,492)	(164,539)
Other payables	(642)	-
Total Non Current	(642)	-

The two most significant creditors of the Group included in the total trade payables at 31 December 2018 had an open balance amounting respectively to EUR 10,085 thousand, referred to the Group's major supplier (8.1%) (2017: EUR 6,488 thousand (5.6%)), and EUR 5,994 thousand (4.8%) (2017: EUR 5,217 (4.5%)).

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

in '000 EUR	31 Dec 2018	31 Dec 2017
Not past due	(166.482)	(150.952)
Past due 0-30 days	(19.269)	(9.638)
Past due 31-90 days	(2.923)	(905)
Past due 91-180 days	(847)	(1.340)
Past due 181-360 days	(651)	(940)
Past due 361 and over	(1.320)	(765)
Total	(191.492)	(161.539)

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 2018 increased by EUR 13,948 compared to the previous year. At 31 December 2018, the Group had agreed credit card plafonds for a total amount of EUR 84,124 thousand (2017: EUR 88,799 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 2018 increased by EUR 4,300 thousand compared to 2017.

NOTE 30 – CONTINGENT LIABILITIES

Proceedings against Ryanair Ltd

Ryanair Ltd claimed in 2008 against a company previously belonging to the Group for alleged breach of access to Ryanair's website. Ryanair Ltd went to court in Ireland, asking for an injunction preventing the former Group company from accessing its website and additionally suing for damages. In 2009, Bravofly SA 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. Ryanair appeals decision before the third level "Corte di Cassazione". Decision is still pending.

Voyages Sur Mesure (VSM) 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 VSM. 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.

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

During the first hearing of this procedural proceeding on 6 December 2018 Ryanair Ltd the judge did not grant the provisional execution and our Lawyer raised a technical issue and counterparty's lawyer asked for a period to prepare an answer. The judge fixed the hearing for the 16 May 2019.

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

Proceeding against Hotel delle Terme

Hotel delle Terme asked for an Order of Payment for Eur 244 thousand. Destination 2 Italy claimed to have paid Hotel delle Terme in cash, but there is no a receipt for such payment. In addition, Destination 2 Italy deposited a sum of Eur 30 thousand. The judgment started the first hearing on 21th February 2019 asking for the deposit of documents and remembrances. Next hearing will take place on 23 May 2019. Based on legal advice, the likelihood of success for Hotel delle Terme is possible.

Proceeding against Società Internazionale Nuovi Alberghi (SINA)

Destination 2 Italy rent the business branch of business Gartour from Holding Tourism Systems (HTS). SINA asked Destination 2 Italy with an order of payment regarding HTS previous liabilities for Eur 90 thousand. The Judge rejected the counterparty request of provisionally enforceable. The next hearing will be on 26/02/2020. Based on legal advice, the likelihood of success for SINA is possible.

NOTE 31 - RELATED PARTIES

The Group is controlled by Freesailors Cooperative (incorporated in the Netherlands), which is controlled by Mr. Fabio Cannavale. Freesailors Cooperative controls the Shareholders' Agreement owning 50.2% (2017: 41.4%) of the shares of the Company. The remaining 49.8% (2017: 58.6%) 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 2018 and 2017:

in '000 EUR	31 Dec 2018	31 Dec 2017
Financial receivables	-	81
Total	-	81

As at 31 December 2017 the Group had a receivable from a minority shareholders in one of the Swiss entity recorded under "current financial assets" which has been cashed during 2018.

Key management personnel compensation

The key management personnel compensation for 2018 and 2017 is presented in the table below:

in '000 EUR	2018	2017
Short-term employee benefits	1,567	1,901
Share-based payments	-	21
Post employment benefits	74	167
Termination benefits	-	-
Total	1,641	2,089

Transactions with associates

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

in '000 EUR	31 Dec 2018		31 Dec 2017	
	Assets	Liabilities	Assets	Liabilities
Hotelyo SA	388	973	663	833
URBANnext SA	56	-	60	-
Instago SAGL	-	-	-	-
Total	444	973	723	833

in '000 EUR	31 Dec 2018		31 Dec 2017	
	Costs	Revenues	Costs	Revenues
Hotelyo SA	13	30	18	65
URBANnext SA	-	59	-	86
Instago SAGL	-	-	-	-
Total	13	89	18	151

Other transactions

In 2018 the Group recognised a cost with regard an employee of a related party for EUR 72 thousand (2017: EUR 112 thousand). The open payable as at 31 December 2018 is nil (2017: EUR 30 thousand). No other transactions occurred in 2017.

On 11 February 2019 the Board of Directors approved the acquisition of an Italian company operating in the Media business. One of the main shareholder is an Executive Director of the Group. The consideration will be EUR 1.7 million and it has been valued by an external independent consultant to ensure the transaction is measured at arm's length value. The operation will likely take place in April.

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

NOTE 32 – BANK GUARANTEES

As of 31 December 2018, financial institutions had issued bank guarantees to third parties on behalf of the Group for a total amount equal to EUR 58.1 million (2017: EUR 54.0 million), of which EUR 3.5 million related to a bank guarantee to a Spanish GDS airline and EUR 42.5 million relate to a bank guarantee for the IATA, ABTA and ATOL.

NOTE 33 - GROUP COMPANIES

The table below shows the Group's structure as of 31 December 2018 and 2017:

Name	Place of business	Consolidated for 2015	Ownership interest	
			2018	2017
lastminute.com N.V.	Amsterdam, Netherlands	-	Parent Company	Parent Company
Bravonext SA	Chiasso, Switzerland	Fully	100.0%	100.0%
Viaggiare S.r.l.	Milan, Italy	Fully	100.0%	100.0%
Saintour Services	Edinburgh, UK	Fully	0.0%	99.0%
LMnext US INC	Wilmington, USA	Fully	100.0%	100.0%
LMnext DE GmbH	Munich, Germany	Fully	100.0%	100.0%
LMnext Services Ltd	London, UK	Fully	100.0%	100.0%
LMnext UK Ltd	London, UK	Fully	100.0%	100.0%
Bravoventure India Private Ltd	Bangalore, India	Fully	100.0%	100.0%
Sealine Investments LP	Edinburgh, UK	Fully	100.0%	100.0%
Blue Sas - JetCost	Clichy, France	Fully	98.4%	98.4%
Bravojet SA in liquidazione	Chiasso, Switzerland	Fully	100.0%	100.0%
Bravomedia S.r.l.*	Milan, Italy	Fully	0.0%	100.0%
Pigi Shipping & Consulting S.r.l.	Milan, Italy	Fully	100.0%	100.0%
Bravoventure Spain SLU	Madrid, Spain	Fully	100.0%	100.0%
Hotelvo SA	Chiasso, Switzerland	Equity	49.0%	49.0%
Rumbo SA	Madrid, Spain	Fully	100.0%	100.0%
Webnext Limited	Valletta, Malta	Fully	100.0%	100.0%
LMnext CH SA	Chiasso, Switzerland	Fully	100.0%	100.0%
URBANnext SA	Chiasso, Switzerland	Equity	25.0%	25.0%
Cruiseland S.r.l.	Milan, Italy	Fully	100.0%	100.0%
LMnext FR SASU	Clichy, France	Fully	100.0%	100.0%
Bravometa CH SA	Chiasso, Switzerland	Fully	98.4%	98.4%
Bravoventure Poland Spolka	Warsaw, Poland	Fully	100.0%	100.0%
Destination Italia SpA	Milan, Italy	Fully	59.5%	57.0%
Destination 2 Italia Srl	Milan, Italy	Fully	59.5%	57.0%
LMnext UK Ltd (incorporated in England and Wales) Branch	London, UK	Fully	100.0%	100.0%
Comvel GmbH	Munich, Germany	Fully	100.0%	0.0%
Bravolivia SL	Madrid, Spain	Fully	100.0%	0.0%
InstaGo SAGL	Chiasso, Switzerland	Equity	15.0%	0.0%

*Bravomedia S.r.l. has been merged by incorporation into Viaggiare S.r.l. with effective date 01/07/2018.

NOTE 34 – SUBSEQUENT EVENTS

In addition the acquisition reported in Note 31, no subsequent events occurred since balance sheet date, which would change the financial position of the Group or which would require adjustment of disclosure in the annual accounts presented.

lastminute.com N.V.
Amsterdam, the Netherlands
Company financial statements
(Registered number 34267347)

Annual report 2018

lastminute.com NV

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lastminute.com N.V.
Company balance sheet as at 31 December 2018
(in '000 EUR)

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

	<u>Notes</u>	<u>31-Dec-18</u>	<u>31-Dec-17</u>
Fixed assets	4		
Intangible fixed assets	4a	20,176	20,176
Financial fixed assets	4b	-	
Participations	4b - I	54,149	69,812
Loans	4b - II	-	11,902
Total Fixed Assets		74,325	101,890
Receivables	5		
Receivable from affiliated companies	5a	39,026	34,389
Other receivables	5b	62	160
Cash and cash equivalents	5 c	123	418
Total Current Assets		39,211	34,967
Total Assets		113,536	136,857
Current liabilities	6		
Creditors		8	100
Payable to affiliated companies	6a	1,122	2,117
Other payables	6b	1,098	532
Accrued expenses and deferred income	6c	1,048	807
Total current liabilities		3,276	3,556
Working Capital (current assets less current liabilities)		35,935	31,411
Total Assets less Current Liabilities		110,260	133,301
Provisions			
Losses on Participations	4b - I	907	1,532
Capital and Reserves	7		
Share capital		117	146
Capital reserves		96,838	123,929
Legal Reserve - Participations		4,981	3,822
Translation reserve		1,211	1,419
Treasury cash reserve		(8,507)	(16,738)
Retained earnings		4,507	25,641
Result for the year		10,206	(6,450)
Total Equity		109,353	131,769
Total liabilities and equity		113,536	136,857

lastminute.com N.V.

Company profit and loss account for the year ended 31 December 2018

(in '000 EUR)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
Revenues	11	771	1,185
Other expenses			
General and administrative expenses	12	(3,130)	(3,662)
Total operating expenses		<u>(3,130)</u>	<u>(3,662)</u>
Operating result		(2,359)	(2,477)
Interest income on loans	13a	593	690
Exchange differences		(1)	(61)
Other finance costs	13b	(43)	(706)
Bank and other interest	13c	(12)	(23)
		<u>537</u>	<u>(100)</u>
Result before taxation		(1,822)	(2,577)
Previous year tax		(3)	
Corporate income tax	14	-	-
Results of subsidiaries	4b - I	12,031	(3,873)
Net result for the year		<u>10,206</u>	<u>(6,450)</u>

Notes to the company financial statements for the year ended 31 December 2018

1. General

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

Basis of preparation

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. The Company makes use of the option provided in section 2:362(8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated financial statements, which have been prepared in accordance with IFRS as adopted in the European Union. Refer to Note 2 of the Group Consolidated Financial Statements. The 2017 participations, total equity and net result for the year in the Company financial statements have been adjusted for comparative purposes.

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.

3. Accounting policies

IFRS 9 and IFRS 15 are in force from the 1 January 2018 but have no material impact on the accounts of Lastminute.com N.V. For further details please refer also to Note 3 of the Consolidated Financial Statements. The other accounting principles remained unchanged compared to the previous year.

lastminute.com N.V.

Notes to the company Financial Statements as at 31 December 2018

(in '000 EUR)

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:

	<u>2018</u>	<u>2017</u>
Cost		
Balance as at 1 January	20,176	20,176
Additions	-	-
Balance as at December 31	<u>20,176</u>	<u>20,176</u>

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.

lastminute.com N.V.

Notes to the company Financial Statements as at 31 December 2018

(in '000 EUR)

(b) Financial fixed assets

<u>Name</u>	<u>Domicile</u>	<u>Ownership</u>	<u>Book Value</u>
Bravonext S.A.	Chiasso, Switzerland	100.00%	24,699
Blue SAS	Paris, France	98.35%	21,295
Bravoventure India Private Ltd.	Bangalore, India	99.00%	540
Sealine Investments LP	Edinburgh, U.K.	0.10%	-
Bravometa CH S.A.	Chiasso, Switzerland	98.35%	7,615
Destination Italia SpA	Milan, Italy	59.50%	-
			<u>54,149</u>

During the year the Company sold its investments in certain participations to the group company Bravonext S.A. For further details please refer to the following movement table.

Notes to the company Financial Statements as at 31 December 2018
(in '000 EUR)

I. Participations, continued

The movements in the participations are as follows:

Participations	Vagaro S.R.L.	Bravoneta S.A.	Salinour Services L.P.	Ilke Sas	LMNext UK Ltd	LMNext Services (UK) Ltd	LMNext US Inc	Bravoneta India Private Ltd	LMNext GmbH	Scaline Investments LP	Bravoneta CH S.A.	Bravoneta Poland Spolka	LM FR Sas	Destination Italia SpA	Total
Balance Gross as at 31 December 2017	987	24,978	6	18,950	10,185	2,014	34	357	-	-	-	-	-	6,776	69,812
From: provision participations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
From: provision receivable	-	-	-	-	-	-	-	-	(1,518)	(807)	-	-	-	-	(807)
Balance Net as at 31 December 2017	987	24,978	6	18,950	10,185	2,014	34	357	(1,518)	(807)	-	-	-	6,776	67,473
Change during the financial year:															
- Intercompany transfer	(987)	(9,392)	(6)	-	(10,185)	(2,014)	(34)	-	1,518	-	-	14	-	(6,776)	(27,862)
- Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,550
- Direct equity movement participation	-	(14)	-	27	-	-	-	(18)	-	-	(7)	-	-	-	(1,088)
- Results on participations	-	9,127	-	2,318	-	-	-	201	-	(343)	3,567	-	-	(2,839)	12,031
Balance Net as at 31 December 2018	-	24,699	-	21,295	-	-	-	540	-	(1,150)	7,615	-	-	(907)	52,092
Balance Gross as at 31 December 2018	-	24,699	-	21,295	-	-	-	540	-	-	7,615	-	-	-	54,149
To provision participations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(907)
To provision receivables	-	-	-	-	-	-	-	-	-	(1,150)	-	-	-	-	(1,150)
Balance Net as at 31 December 2018	-	24,699	-	21,295	-	-	-	540	-	(1,150)	7,615	-	-	(907)	52,092

Notes to the company Financial Statements as at 31 December 2018

(in '000 EUR)

II. Loans

As at December 31, 2018 the loan with Bravonext S.A is entirely due within December 31, 2019 and for this reason is classified within the current receivable from affiliated companies- Please see movement schedule below and further details included in note 5a)

As at December 31, 2018, this item can be detailed as follows:

	<u>2018</u>	<u>2017</u>
Balance as at January 1	11,902	41,902
New loans	-	-
Repayments	-	-
Set-offs/compensation	-	(4,878)
Allocated to current assets	(11,902)	(25,122)
Balance as at December 31	<u>-</u>	<u>11,902</u>

Notes to the company Financial Statements as at 31 December 2018

(in '000 EUR)

5. RECEIVABLES**(a) Receivable from affiliated companies**

This amount can be specified as follows:

	2018	2017
Bravonext S.A - loan and interests	31,711	26,424
Bravonext S.A - Cash pooling and interests	-	550
Bravonext S.A. - trade receivables	22	749
Sealine Investments LP	6,729	6,647
Satintour Services LP	-	1
Blue SAS	564	-
Rumbo SA	-	5
LMNext Fr SASU	-	13
	<u>39,026</u>	<u>34,389</u>

The receivables from affiliated companies contain the following:

Receivables from affiliated companies	40,176	35,196
Less: Provisions	(1,150)	(807)
	<u>39,026</u>	<u>34,389</u>

lastminute.com N.V.

Notes to the company Financial Statements as at 31 December 2018

(in '000 EUR)

As at December 31, 2018, the loan with Bravonext S.A. can be detailed as follows:

<u>Borrower</u>	<u>Maturity</u>	<u>Rate</u>	<u>Principal</u>
Bravonext S.A.	31-12-2019	1%	31,402
Balance as at December 31, 2018			<u>31,711</u>

	<u>2018</u>
Balance as at January 1	26,424
Allocated from non-current assets	11,902
Increase	29,379
Interests accrued in the year	309
Set-offs/compensation	(36,303)
Balance as at December 31	<u>31,711</u>

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

lastminute.com N.V.

Notes to the company Financial Statements as at 31 December 2018

(in '000 EUR)

(b) Other receivables

This amount can be specified as follows:

	<u>2018</u>	<u>2017</u>
Prepayments	53	129
Other receivables	-	10
Trade receivable/Invoices to be issued	9	15
VAT	-	6
	<u>62</u>	<u>160</u>

The other receivables are due within one year.

(c) Cash and cash equivalents

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

Notes to the company Financial Statements as at 31 December 2018

(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:

	<u>2018</u>	<u>2017</u>
Bravonext SA	10	628
LM Next UK	-	127
Webnext Ltd	33	33
LMNext France	-	127
Rumbo	-	117
Viaggiare srl	-	7
Sealine Investments LP	1,079	1,079
	<u>1,122</u>	<u>2,117</u>

The payables are non-interest bearing.

(b) Other payables

This amount can be specified as follows:

	<u>2018</u>	<u>2017</u>
Directors remuneration	1,014	-
Wage taxes, social security premiums and	33	39
VAT liability	51	-
other employee related costs	-	493
	<u>1,098</u>	<u>532</u>

There was no exercise of stock options at year end. The Directors remuneration liability refers to the remuneration of the executive directors for the year 2018 to be paid in 2019.

lastminute.com N.V.

Notes to the company Financial Statements as at 31 December 2018

(in '000 EUR)

(c) Accrued expenses and deferred income

This amount can be specified as follows:

	<u>2018</u>	<u>2017</u>
Audit fees	47	80
Consultancy fees	154	155
M&A costs	582	483
Deferred income	28	89
VAT liability	237	-
	<u>1,048</u>	<u>807</u>

Notes to the company Financial Statements as at 31 December 2018

(in '000 EUR)

7. CAPITAL AND RESERVES

As of 31 December 2018 the number of ordinary shares is 11,664,219 (2017: 14,622,631) for a nominal value per share of EUR 0.01 (2017: EUR 0.01). The authorised share capital is divided into 181.1 million (2017: 181.1 million) ordinary shares with a par value of EUR 0.01 each (2017: EUR 0.01 each).

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 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 2017	146	121,239	6,512	1,054	-	12,364	21,661	144,905
Profit/loss appropriation	-	-	-	-	-	6,657	(6,657)	-
Purchase own shares	-	-	-	-	(5,627)	-	-	(5,627)
Share-based payments	-	-	-	-	163	(38)	-	125
Revaluations under IFRS	-	-	-	365	901	(2,639)	-	(1,373)
Transfers to Legal Reserves	-	2,690	(2,690)	-	-	-	-	-
Other	-	-	-	-	189	-	-	189
Result for the year	-	-	-	-	-	-	(6,450)	(6,450)
Balance as at 1 January 2018	146	123,929	3,822	1,419	-	16,738	25,641	131,769
Profit/loss appropriation	-	-	-	-	-	(6,450)	6,450	-
Purchase own shares	-	-	-	-	(1,262)	-	-	(1,262)
PSTO	-	-	-	-	(30,259)	-	-	(30,259)
Cancellation of own Shares	(29)	(25,932)	-	-	39,752	(13,791)	-	-
CTA/Adjustment on initial application of IFRS 9	-	-	-	(208)	-	(234)	-	(442)
Transaction with non-controlling interest	-	-	-	-	-	(1,088)	-	(1,088)
Transfers to Legal Reserves	-	(1,159)	1,159	-	-	-	-	-
Actuarial result DB pension plan	-	-	-	-	-	429	-	429
Result for the year	-	-	-	-	-	-	10,206	10,206
Balance as at 31 December 2018	117	96,838	4,981	1,211	(8,507)	4,507	10,206	109,353

Cancellation of own shares - January 2018

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

PSTO

Following the approval of the Swiss Takeover Board, in April 2018 the Group launched a Partial Self-Tender Offer ("PSTO"). According to the prospectus of the offer the Partial Self-Tender Offer shall extend to 2,193,395 shares of lastminute.com NV ("the Company"), representing 15.83% of the share capital of the Company, at an offer price of CHF 16 net in cash per Offer Share. As more than 2,193,395 lastminute shares have been validly tendered, lastminute.com NV reduced the number of shares accepted pro rata to 2,193,395 lastminute shares.

The Settlement of the offer took place on 23 May 2018.

The effect on the Company's equity has been presented in the movement table above.

Notes to the company Financial Statements as at 31 December 2018

(in '000 EUR)

Cancellation of shares - October 2018

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

The effect on the Company's equity has been presented in the movement table above.

Capital reserves

As of 31 December 2018 capital reserves, including share premium reserves, amount to EUR 101,819 thousand (2017: EUR 127,751 thousand). An amount equal to 4,981 is reclassified within the Legal reserve (see below).

The decrease of year for Eur 25,932 thousand is the consequence of the cancellation of own shares made by the Company during 2018.

Legal reserve participation

The legal reserve participations consists of amounts required by law in Spain, Switzerland and Italy of EUR 4,981 thousand (2017: EUR 3,822 thousand). The reserve is not distributable.

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 which is not distributable.

Treasury share reserve

The reserve for the Company's treasury share comprises the cost of the shares held by the lastminute.com Group. At 31 December 2018, the Company held 625 thousand shares for the total value of EUR 8,507 thousand (1,282 thousand shares as of 31 December 2017 for a total value of EUR 16,738): during 2018 the Company bought 2,303 treasury shares for a total value of EUR 31,521 thousand and cancelled 2,958 thousand shares for a total value of EUR 39,752.

Notes to the company Financial Statements as at 31 December 2018

(in '000 EUR)

8. APPROPRIATION OF RESULTS OF FINANCIAL YEAR 2017

The Annual Report 2017 was adopted in the General Meeting of Shareholders held on May 3, 2018. The General Meeting of Shareholders has determined the appropriation of the result for 2017 in accordance with the proposal made in the 2017 Annual Report.

9. SHARE OPTIONS

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

10. PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2018

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

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

Notes to the company Financial Statements as at 31 December 2018

(in '000 EUR)

11. REVENUES

	<u>2018</u>	<u>2017</u>
ICO recharges consultancy costs	565	-
ICO recharges marketing and personnel costs	128	787
ICO recharges other costs	78	-
Advertising revenues	-	383
Other revenues	-	15
	<u>771</u>	<u>1,185</u>

12. GENERAL AND ADMINISTRATIVE EXPENSES

This amount can be specified as follows:

	<u>2018</u>	<u>2017</u>
Marketing	51	1,039
Consultancy fees	1,082	1,531
Administrative fees Private Equity Services (Amsterdam) BV	-	14
Intertrust (Netherlands) B.V.	63	63
Accountancy and Audit fees	80	80
Legal fees	2	8
Office expenses and other expenses	162	162
Directors fees	1,270	190
Wages and salaries	47	45
Social security charges	25	15
Travel and other employee expenses	18	23
Share-based payments	-	492
VAT provision	237	-
Non deductible VAT and other tax expenses	93	-
	<u>3,130</u>	<u>3,662</u>

Directors fees mainly refer to the remuneration related to the executive directors of the Company. Tax expenses are mainly related to the non-deductible VAT following the application of the pro-rata method in 2018.

lastminute.com N.V.

Notes to the company Financial Statements as at 31 December 2018

(in '000 EUR)

Audit fees

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

Year 2018	PwC Accountants NV	Other PwC Network	Total 2018
Audit of financial statements	80	539	619
Audit related	-	24	24
	<u>80</u>	<u>563</u>	<u>643</u>
Year 2017	PwC Accountants NV	Other PwC Network	Total 2017
Audit of financial statements	80	469	549
Audit related	-	6	6
	<u>80</u>	<u>475</u>	<u>555</u>

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 2018 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 (2017:1) employee.

Notes to the company Financial Statements as at 31 December 2018

(in '000 EUR)

13. FINANCIAL INCOME / EXPENSE**(a) Interest income on loans**

This amount can be specified as follows:

	<u>2018</u>	<u>2017</u>
Interest income on loans to affiliated companies	593	690
	<u>593</u>	<u>690</u>

(b) Other finance costs

This amount can be specified as follows:

	<u>2018</u>	<u>2017</u>
PSTO settlement fee	(44)	(706)
	<u>(44)</u>	<u>(706)</u>

(c) Bank and other interest

This amount can be specified as follows:

	<u>2018</u>	<u>2017</u>
Interest on cash pooling	(11)	(22)
Bank interest	(1)	(1)
	<u>(12)</u>	<u>(23)</u>

Notes to the company Financial Statements as at 31 December 2018

(in '000 EUR)

FISCAL POSITION**14. Corporate income tax**

The Company generated taxable loss during the year under review. Therefore, no tax charge for the year is recorded. At year-end the losses carry forward amount to EUR 10,791 thousand (2017: EUR 7,167 thousand) which can be offset against future profits (EUR 10.3 million expires after five years). This amount includes the taxable losses of the year under review. Deferred tax is not included in this calculation because the Company does not expect to generate taxable income in the Netherlands in the coming years.

15. OFF-BALANCE SHEET ASSETS AND LIABILITIES

As of 31 December 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 2018 such guarantees were drawn for an amount equal to EUR 58,118 thousands (2017: EUR 54,048 thousands).

16. DIRECTORS

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

In €/000						
Name	Fixed Remuneration	Bonus	Options	Other	Total 2018	2017
Ottonel Popesco	45	-	-	-	45	80
Fabio Cannavale	100	500	-	12	612	558
Marco Corradino	20	500	-	-	520	20
Roberto Italia	40	-	-	-	40	40
Anna Gatti	20	-	-	-	20	20
Laurent Foata	25	-	-	-	25	-
Marcello Distaso	20	-	-	-	20	-
Anna Zanardi	-	-	-	-	-	20
Julia Bron	-	-	-	-	-	25
Total remuneration to BoD	270	1,000	-	12	1,282	763

As shown in the table above, no options have been awarded during 2018.

lastminute.com N.V.

Notes to the company Financial Statements as at 31 December 2018
(in '000 EUR)

17. SUBSEQUENT EVENTS

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

Amsterdam, 18 March 2019

The Board of Directors,

Executive Board Members



Mr. F. Cannavale

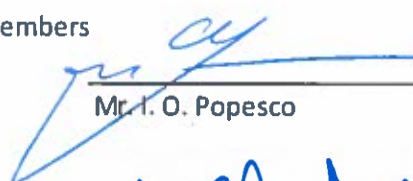


Mr. M. Corradino

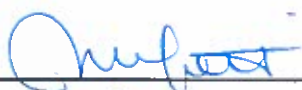


Mr. R. Italia

Non- executive Board members



Mr. I. O. Popesco



Ms. A. Gatti



Mr. M. Distaso



Mr. L. Foata

OTHER INFORMATION

APPROPRIATION OF RESULT ACCORDING TO THE ARTICLES OF ASSOCIATION

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

BRANCH ESTABLISHMENTS

The company had a branch in Switzerland operating under the name Bravofly BV Branch SA. The branch has been closed on 21 of December 2018.

Independent auditor's report



Independent auditor's report

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

Report on the financial statements 2018

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 2018 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 2018 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 2018 of lastminute.com N.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of lastminute.com N.V. together with its subsidiaries ('the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2018;
- the following statements for 2018: the consolidated statement of profit and loss and other comprehensive income and the consolidated statement of changes in equity and the consolidated cash flow statement; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2018;
- the company profit and loss account for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

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

The basis for our opinion

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

FKUPY3H3PTD6-2050021612-29

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

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

Independence

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

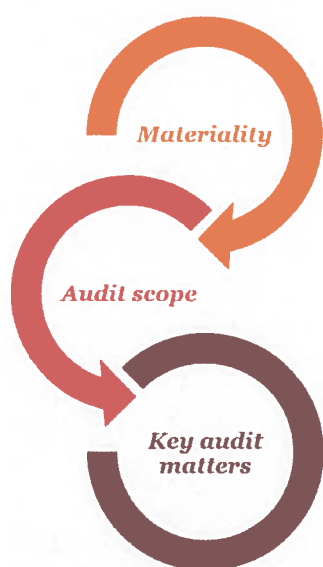
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgments, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

In note 2 of the financial statements the Company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the impairment test of goodwill and trademarks, we considered this matter as key audit matter as set out in the section 'Key audit matters' of this report. Furthermore, we identified the occurrence, accuracy and cut-off of revenue from sales of travel services as a key audit matter because of the large number of transactions and counterparties and dependency on the IT-systems.

Other areas of focus, that were not considered as key audit matters were the capitalisation of internal development costs for websites and the valuation thereof, the implementation of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers', accounting for the acquisition of Comvel GmbH and the valuation of deferred income taxes. As in all of our audits, we also addressed the risk of management override of internal controls, including whether there was evidence of bias by the board of directors that may represent a risk of material misstatement due to fraud.

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

The outline of our audit approach was as follows:



Materiality

- Overall materiality: €2.5 million

Audit scope

- We conducted audit work on seven components. We paid particular attention to the head office in Switzerland as that is where the central IT department resides, amongst others.
- A site visit was conducted by the group audit team to Comvel GmbH, Germany.
- Audit coverage: 91% of consolidated revenue, 99% of consolidated total assets and 86% 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 judgment, 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	€2.5 million (2017: €2.0 million).
Basis for determining materiality	We used our professional judgment to determine overall materiality. As a basis for our judgment we used 0.85% 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 judgment, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between €0.5 million and €1.9 million.

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

We agreed with the board of directors that we would report to them misstatements identified during our audit above €125,000 (2017: €100,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.



The scope of our group audit

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

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

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

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

<i>Revenue</i>	91%
<i>Total assets</i>	99%
<i>Profit before tax</i>	86%

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

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

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

We issued instructions to the component auditors in our audit scope. These instructions included amongst others our risk analysis, materiality and scope of the work. We explained to the component audit teams the structure of the Group, the main developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of the in-scope component audit teams during the year including upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, the reports of the component auditors, the findings of their procedures and other matters, which could be of relevance for the consolidated financial statements. The group audit team visits the component teams and local management on a rotational basis. In the current year, the group audit team visited the German component given the fact that this component was acquired in 2018 and it is the first year this component is in group audit scope and reviewed selected working papers.

The group audit team performed the audit work on the group consolidation, financial statement disclosures and a number of complex items at the head office. These include, but are not limited to the implementation of IFRS 9 and IFRS 15, the impairment test of the indefinite life intangible assets, segmentation, accounting for the acquisition of Comval GmbH, capitalisation of internal developments costs and the valuation thereof, tax accounting and the central audit procedures performed on the relevant IT systems.

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

Key audit matters

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

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

The key audit matters 'Valuation of goodwill and trademarks' and 'Occurrence, accuracy and cut off of revenue from sales of travel services' are similar in nature to the key audit matters we reported in previous year due to the nature of the company's business and its environment.

<i>Key audit matter</i>	<i>Our audit work and observations</i>
Valuation of goodwill and trademarks (Notes 2, 19 and 20) As at 31 December 2018, the Company's goodwill and trademarks with indefinite useful lives are valued at €58.6 million and €127.5 million respectively. The key assumptions and sensitivities are disclosed in notes, 2, 19 and 20 to the consolidated financial statements. We considered the valuation of goodwill and trademarks to be a key audit matter. The annual impairment test for goodwill and trademarks with indefinite useful life is significant to our audit because the book values are significant, the impairment test involves significant management judgment and is based on assumptions that are affected by expected future market and economic conditions. These include revenue growth, margin developments, the discount rates and perpetuity growth rates as well as the Group's continuous development.	We evaluated the management's policies and procedures to determine future cash flow forecasts, the process by which they were drawn up and we assessed design effectiveness of controls over the impairment process. Additionally we evaluated the accuracy of previous years' assessment to consider whether the assessment included assumptions that, with hindsight, had been optimistic. We evaluated and challenged management's key cash flow assumptions such as long-term growth rates for revenue and EBITDA, discount rate and the perpetuity growth rate for both CGUs OTA and Metasearch. Our audit procedures included: - Assessing the appropriateness of management's identification of the Company's CGUs based on management's reporting and organizational structure. - Evaluating the management expert for his competence and capabilities and objectivity through assessment of his reputation, professional qualification and independence from lastminute.com.

Key audit matter

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

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

Our audit work and observations

- A recalculation of the impairment calculation to determine 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 management's assumptions of long-term growth rates and discount rates, by comparing them with economic and industry forecasts, by assessing the cost of capital for the company and comparable organizations.
- We compared management's expectations of revenue growth and EBITDA, included in the FY19 budget and the five-year plan included in the impairment model, against the latest board approved plans and management approved forecasts. We reviewed the forecasts for the CGUs by stress testing key assumptions, assessing the impact on the sensitivity analysis, and understanding the degree to which assumptions would need to move before an impairment would be triggered compared to a reasonable change in assumptions.
- We assessed the reasonableness of the assumptions by comparing the sum of the future cash flow forecast of all CGUs to the market capitalisation.
- Assessing the adequacy of the Company's disclosures regarding assumptions and sensitivities.

Our procedures did not identify material exceptions and we considered management's key assumptions to be within a reasonable range of our own expectations within the context of our audit.

Occurrence, accuracy and cut off of revenue from sales of travel services (note 2 and note 7)

As of 31 December 2018 the Group recognized €239 million of revenue from sales of travel services, which is 82 % of total revenue.

The revenue from sales of travel services that the Group receives mainly comprises of commissions applied to clients based on contractual agreements from service providers and rebates on realised target volumes from service providers also based on contractual agreements.

The volume of the transactions and counterparties that characterizes the online travel business is significant and there is a high dependency on the IT systems.

For the purpose of our audit and with assistance of our IT specialists, we performed centralized audit procedures on general IT controls with respect to the major operating systems, accounting systems and critical interfaces, which are relevant for appropriate revenue recognition and validity and accuracy of transactions captured. The audit procedures included testing of user access, data and change management.

We evaluated the design, implementation and tested operating effectiveness of internal controls over revenue that are relevant to our audit. Our audit focussed on the application controls relating to interfaces between operating systems, accounting systems and cash in- and outflows. The testing of the operating effectiveness included the testing of system configuration for pricing, margin calculation and data completion.

Key audit matter

As a result, an incorrect calculation of the rebates to suppliers or incorrect commission percentage could result in a significant misstatement of revenue.

The revenue from sales of travel services is recognized in the same period as the booking date of the customer and revenue recognition for cancellations is different depending on the type of travel services.

Based on the above, we consider the occurrence, accuracy and cut-off of revenue from sales of travel services a key audit matter.

Our audit work and observations

Additionally we tested the reconciliation of revenue between operating system and the accounting system.

We tested on a sample basis the accuracy and completeness of recording of revenue based on the underlying sale and purchase documentation, the calculation of commissions applied to clients based on contractual agreements, and the calculation and recognition of rebates from service providers based on contracts. For testing the occurrence of revenue transactions, we traced the revenue transactions to bank- and credit card payments on a sample basis.

We tested on a sample basis the cut-off of revenue by selecting invoices before and after year-end and verified that the revenue was recorded in the same period as the booking date.

Our procedures did not result in material findings with respect to the occurrence accuracy and cut-off of revenue.

Report on the other information included in the annual report

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of lastminute.com N.V. for the first time on 12 July 2017 by the board of directors following the passing of a resolution by the shareholders at the annual meeting held on 28 April 2017. Our appointment has been renewed by the shareholders on 3 May 2018, representing a total period of uninterrupted engagement appointment of two years.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

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

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

Our responsibilities for the audit of the financial statements

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

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

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

Amsterdam, 18 March 2019
PricewaterhouseCoopers Accountants N.V.


A.G.J. Gerritsen RA

Appendix to our auditor's report on the financial statements 2018 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 judgment and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.

Our audit consisted, among other things of the following:

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

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

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



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

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