



Laurent Foata, Chairman  
Board of Directors  
Lastminute.com N.V.  
Basisweg 10, 1043 AP  
Amsterdam  
The Netherlands

October 26, 2022

Dear Mr Foata,

Entities I manage are beneficially interested in 0.5% of the outstanding shares of lastminute.com N.V (hereafter 'LM' or 'the Company'). I am writing today to express my profound dissatisfaction at the chaotic state of affairs at the Company. Despite the operating business finally rounding into form, our share price remains mired at multi-year lows, and trading at but a fraction of the valuation accorded to comparable peers. Indeed, Mr Foata, you have remained Chairman of LM since 2010, and, since mid-2014, for its entire run as a listed company – ***a period during which our Company has generated a total shareholder return of negative 57 percent, underperforming the benchmark SMI by 83 percentage points.***

Current trading prices reflect a complete loss of confidence in Company management, and reflect the abject failure of LM as a listed business. This outcome is a direct function of management's closeted dealings and feckless handling of the ongoing COVID benefits investigation that has ensnared both the former CEO and COO – and now threatens to engulf our current interim leader, Laura Amoretti, as well.

But with the investigation likely concluding in the near-term, now is the time to look to the future and consider the best path forward for the Company and its long-suffering shareholders. After much consideration, it is my contention that LM will never achieve a fair market valuation – given its myriad legacy issues; more recent outrageous governance abuses; and of course the fraud investigation. **Now, then, is the time to consider any and all strategic alternatives**, such as a mutually beneficial stock-for-stock merger with another European OTA such as Edreams Odigeo; or selling out for cash to a larger global OTA like Booking Holdings, Expedia, or Trip.com. As I will discuss herein, either choice would crystallize deep upside for all shareholders, whilst providing a secure footing for the Company to pursue its medium-term growth objectives – unfettered by its current ineffectual leadership and unshackled from the expectations of the public markets. I would enjoin the Board, in the strongest possible terms, to consider these benefits with alacrity.

Before discussing the ongoing government investigation into COVID benefits, we must address the context of rampant minority shareholder abuse that has been tolerated by the current Board. LM has always had a disinterested approach to minority engagement, but recent actions by Andrea Bertoli, our ex-CEO, are simply beyond the pale. *Despite being remanded in custody under charges of fraud*, and even though the Company has suspended its buyback program during this period of investigation, it is apparent **Mr Bertoli has been acquiring LM shares for his own account, to the tune of almost GBP 500,000, through the LTIP vehicle Sealine Investments 2 LP.**<sup>1</sup> That is to say, despite being largely responsible for the share price having been obliterated and the current catastrophic state of the Company, Mr Bertoli is nevertheless seeking to profit personally from the crisis. And furthermore, by purchasing through the LTIP vehicle, **he is using our Company's own capital to do so**, since purchases through the LTIP vehicles are entitled to be funded up to 75% by LM itself!

In what distorted world of governance norms did this arrangement pass muster with the Board? Why was Mr Bertoli's access to the LTIP schemes, and their embedded Company-funded leverage, not revoked immediately upon his suspension from the Company? Why did our Board not publicly disclose said transactions – as well as separate insider transactions by the CTO, Corrado Casto – to all shareholders?<sup>2</sup> And why are insiders – even those accused of capital crimes – able to buy shares that presumably offer exceptional value whilst the company is purportedly unable to? Why won't the Company use its ample liquidity to the benefit of all shareholders, and launch an accretive tender offer for shares, instead of providing said liquidity to insiders to enrich themselves?

I do not expect to receive satisfactory answers to these questions, because frankly there are none. Simply put, there is something rotten within the governance culture at our Company. If the very fact these transactions were allowed to proceed does not already prove so, then the woeful management response to the investigation itself removes all remaining doubt. The initial statement announcing the investigation was barely five sentences and appeared to strongly support Messrs Cannavale and Bertoli.<sup>3</sup> But these affirmations were quickly walked back when it became clear to the Board (I suppose) that said individuals may well have broken the law.

Whilst Messrs Cannavale and Bertoli are most certainly entitled to due process under the law, the Board compounded this erroneous first judgement with a disastrous conference call (post an accelerated earnings release) that demonstrated, pointedly, the Board and our Chairman had not comprehended the scope of the accusations against the CEO/COO and what that meant for our Company. These mistakes were arguably then further amplified by appointing another internal executive (Laura Amoretti) to the interim CEO seat, with the promise of no involvement in the

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<sup>1</sup> As disclosed in public Companies House filings for the Sealine entity. Sealine Investments purchases shares in Freesailors Cooperatif, which in turn purchases shares in LM. See here: <https://find-and-update.company-information.service.gov.uk/company/SL034917/filing-history>

<sup>2</sup> Ibid. Corrado Casto purchased GBP320k worth of shares, also through LTIP, disclosed via Companies House on October 4, 2022, and likely purchased on September 30, 2022.

<sup>3</sup> See here: [https://res.cloudinary.com/lastminute-contenthub/image/upload/v1658269946/DAM/Artwork/lastminute.com/press\\_release/2022/EN/20220720\\_PR\\_lastminute.com-investigation\\_EN.pdf](https://res.cloudinary.com/lastminute-contenthub/image/upload/v1658269946/DAM/Artwork/lastminute.com/press_release/2022/EN/20220720_PR_lastminute.com-investigation_EN.pdf)

scandal – only for that pronouncement to be immediately thrown into doubt by a further accusation from the government.<sup>4</sup> Is it any wonder, then, the market has pushed LM’s stock down 40% since this first unfolded, such is the comedy of errors on display from our Board?

Recriminations aside, at this stage I believe all shareholders – insiders, employees, and minorities – need to look to the future and simply consider the best path forward. In this vein, and, having watched this Board in action for the better part of the last three years and in particular its conduct during 2022, I am afraid to say I now have *zero confidence* LM can achieve its lofty growth ambitions as an independent, listed company. Instead, **the Board should immediately hire bankers and pursue any and all strategic alternatives**, such as a merger or full sale of the Company, to realize value and deliver it, finally, to its owners.

I believe there are two likely strategic transactions to be contemplated, both appealing in their own right. Firstly, there is a potential stock-for-stock merger with another European OTA such as Edreams Odigeo; and secondly there is the outright trade sale of the business to a larger global OTA, perhaps Booking Holdings, Expedia, or Trip.com. Let’s discuss each option briefly in turn.

A theoretical merger with Edreams (‘EDR’), the market leader in European flights and the fastest growing OTA in Europe, would deliver obvious benefits to both sides. On top of the typical cost synergies available through merging two similarly sized travel businesses on the same continent, Edreams is dominant in flights but less so in packages and particularly bereft of dynamic packaging technology (LM’s core strength and fastest growth vertical). At the same, EDR has a dynamic and well-respected leader (Dana Dunne), who has successfully pivoted the business to a ‘travel-as-a-service’ subscription model (something LM is apparently also contemplating) but remains constrained by a debt-heavy balance sheet with looming chunky maturities.

LM, for its part, offers a substantial net-cash balance sheet that would immediately derisk any potential EDR refinancing and obviate the need for dilutive issuance; and it would deliver a growing and technology-enabled complementary OTA to the wider group, without any succession or management issues. Structuring the deal as a stock-for-stock merger would further allow LM shareholders the chance to enjoy the ongoing growth of the combined business, devoid of our Company’s legacy poor management and instead aligned to a better jockey in charge of a now-healthier horse. It is not difficult to see >3x upside to the standalone LM share-price, in this scenario, modeling only cost synergies and simply according LM a below-comp multiple in any mooted share exchange. This is a vastly superior outcome to maintenance of the *status quo* and should be seriously considered.

At the same time, global OTAs like Booking Holdings or Expedia, or others, would likely see huge value in LM’s dominant dynamic packaging position, and be willing to pay a premium to in-house that unique proposition. Booking, especially, has made the ‘Connected Trip’ – owning the customer through its entire travel journey – the core of its go-to-market strategy, and in this vein is already pursuing vertical integration by rolling up its suppliers. It demonstrated its intent in Europe with the purchase last year of Etraveli – a flights-heavy business of lesser quality than

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<sup>4</sup> See here: [https://res.cloudinary.com/lastminute-contenthub/image/upload/v1664398074/DAM/Artwork/lastminute.com/press\\_release/2022/EN/20220929\\_PR\\_lastminute.com-investigation%20update\\_EN.pdf](https://res.cloudinary.com/lastminute-contenthub/image/upload/v1664398074/DAM/Artwork/lastminute.com/press_release/2022/EN/20220929_PR_lastminute.com-investigation%20update_EN.pdf)

LM – for a heady price near 20x EV/EBITDA. As you well know, Booking has successfully white-labeled LM’s dynamic packaging technology in Europe for many years, and would no doubt be willing and able to pay a similar premium to further solidify its European travel position against encroachment by Expedia – suggesting over 3x upside to LM stock from here, without accounting for synergies. On the other hand, Expedia could have interest in LM as a blocking tactic to thwart Booking; and Trip.com, the Chinese OTA, is also expanding rapidly in Europe and could gain scale through purchasing LM *in toto*. Again, any of these possibilities would be vastly favorable to pursuing the current course as a separately listed firm, under current management, and must be explored fully.

Mr Chairman, I am not encouraging you to sell the business for a song, nor do I wish to understate the quality or durability of the operational turnaround that has been engendered since COVID. But the operating business cannot flourish so long as upper management remains *in absentia* and with governance norms being openly flouted. Frankly, the cacophony of blunders that have been the sum total of Board actions in recent years, and particularly this year, must be met with a willingness to consider all options for realizing value today. Ultimately it is the Board’s duty to further the best interest of shareholders, and at this stage, pursuing strategic alternatives to extract value in the near-term is, I believe, in the most obvious furtherance of this interest.

I remain at your disposal to discuss any and all of the enclosed, and can be reached at [jeremy@rapercapital.com](mailto:jeremy@rapercapital.com).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jeremy Raper', with a stylized, cursive script.

Jeremy Raper