

July 29, 2014

ANNUAL REPORT OF GEO TRAVEL FINANCE S.C.A.

PURSUANT TO SECTION 4.21(a)(6) OF THAT CERTAIN INDENTURE DATED APRIL 21, 2011 AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME (THE “2019 NOTES INDENTURE”) AMONG GEO TRAVEL FINANCE S.C.A., DEUTSCHE TRUSTEE COMPANY LIMITED, AS TRUSTEE (THE “2019 TRUSTEE”) AND THE OTHER PARTIES LISTED THEREIN, GOVERNING GEO TRAVEL FINANCE S.C.A.’S 10.375% SENIOR NOTES DUE 2019 AND SECTION 4.21(a)(2) OF THAT CERTAIN INDENTURE DATED JANUARY 31, 2013 AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME (THE “2018 NOTES INDENTURE”) AMONG GEO DEBT FINANCE S.C.A., GEO TRAVEL FINANCE S.C.A., DEUTSCHE TRUSTEE COMPANY LIMITED, AS TRUSTEE (THE “2019 TRUSTEE”) AND THE OTHER PARTIES LISTED THEREIN, GOVERNING THE ISSUER’S 7.50% SENIOR NOTES DUE 2018 (THE “REPORT”)

On our behalf, each of the 2018 Trustee and the 2019 Trustee is providing you with a copy of the Report in satisfaction of our obligation under Section 4.21(a)(6) of the 2019 Notes Indenture and Section 4.21(a)(2) of the 2018 Notes Indenture and to provide to holders of the Notes (as defined in the 2019 Notes Indenture and the 2018 Notes Indenture, collectively the “Indentures”) certain information regarding Geo Travel Finance S.C.A. and its subsidiaries, including but not limited to the audited consolidated financial statements of Geo Travel Finance S.C.A.

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USE OF CERTAIN DEFINITIONS

In this Report, unless the context otherwise requires:

- “2018 Notes” refers to the €325 million aggregate principal amount of Geo Debt Finance S.C.A.’s 7.500% Senior Notes due 2018 issued by Geo Debt Finance S.C.A. on January 31, 2013 under the 2018 Notes Indenture;
- “2018 Notes Indenture” refers to the indenture governing the 2018 Notes dated January 31, 2013, as amended and supplemented from time to time, by and among Geo Debt Finance S.C.A., as issuer, Deutsche Trustee Company Limited, as Trustee and the other parties named therein;
- “2018 Notes Issuer” refers to Geo Debt Finance S.C.A., a partnership limited by shares (*société en commandite par actions*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 172.797;
- “2019 Notes” refers to the €175 million aggregate principal amount of Geo Travel Finance S.C.A.’s 10.375% Senior Notes due 2019 issued by Geo Travel Finance S.C.A. on April 21, 2011 under the 2019 Notes Indenture;
- “2019 Notes Indenture” refers to the indenture governing the 2019 Notes dated April 21, 2011, as amended and supplemented from time to time, by and among Geo Debt Finance S.C.A., as issuer, Deutsche Trustee Company Limited, as Trustee and the other parties named therein;
- “2019 Notes Issuer” refers to Geo Travel Finance S.C.A., a partnership limited by shares (*société en commandite par actions*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 159.022;
- “Affiliate” refers to any person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, “control”, as used with respect to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by agreement or otherwise;
- “Amadeus” refers to Amadeus IT Group, S.A.;
- “ARC” refers to the Airlines Reporting Corporation, Arlington, Virginia;
- “Ardian” refers to Ardian France S.A. (formerly known as AXA Investment Managers Private Equity Europe);
- “Ardian Funds” refers to funds advised or managed by Ardian;
- “Ardian Vehicles” refers to AXA LBO Fund IV FCPR, AXA LBO Fund IV Supplementary FCPR and AXA Co-Investment Fund III L.P.;
- “Articles of Incorporation” refers to the articles of incorporation of eDreams ODIGEO, as amended from time to time;
- “Axeurope” refers to Axeurope S.A., a public limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 21, boulevard Grande Duchesse Charlotte, L-1331 Luxembourg, Grand Duchy of Luxembourg, and registered with the

Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 159.139;

- “Board of Directors” refers to the board of directors (*conseil d’administration*) of eDreams ODIGEO, as referred to in “Management—Management of the eDreams ODIGEO Group—Board of Directors”;
- “BSP” refers to a billing and settlement plan;
- “CAGR” refers to compound annual growth rate;
- “charter flights” refers to flights on chartered aircraft offered on an *ad-hoc* basis;
- “CGU” refers to cash generating units;
- “CNMV” refers to the *Comisión Nacional del Mercado de Valores*, the Spanish securities regulator;
- “Collateral” refers to the rights, property and assets securing the Notes and the Guarantees and any rights, property or assets over which a Lien (as defined in the Indentures) has been granted to secure the Obligations (as defined in the Indentures) of the Issuers and the Guarantors under the Notes, the Guarantees and the Indentures;
- “Combination” refers to the combination of the eDreams Group with the GoVoyages Group and the Opodo Group to form eDreams ODIGEO, which was achieved through a contribution to eDreams ODIGEO of the eDreams Group by the Permira Funds and the GoVoyages Group by the Ardian Funds in exchange for shares of eDreams ODIGEO and the acquisition by a subsidiary of eDreams ODIGEO of 100% of the share capital of Opodo from Amadeus IT Group, S.A. (“Amadeus”) effective June 30, 2011 (the “Opodo Acquisition”);
- “Consolidated Financial Statements” refers to the audited consolidated financial statements for Geo Travel Finance S.C.A. and its subsidiaries as of and for the years ended March 31, 2014 and March 31, 2013, including the notes thereto;
- “Convertible Subordinated Shareholder Bonds” refers to the convertible bonds issued by Geo Travel Finance S.C.A. on June 30, 2011 to Axeurope and Luxgoal in connection with the Opodo Acquisition and the simultaneous formation of the eDreams ODIGEO Group;
- “Direct Connect” and “Direct Connects” refer to the proprietary technology we use to distribute certain network and low-cost carrier flight products (and, where the context requires, such flight products) by either connecting customers directly to an airline’s proprietary inventory platform that we can access under a formal agreement or by facilitating customers to book via an airline’s public access website, in each case, without the intermediation of a GDS;
- “Director” refers to a member of the Board of Directors;
- “DTA” refers to deferred tax asset;
- “Dynamic Packages” refers to dynamically priced packages consisting of a flight product and a hotel booking that travelers customize based on their individual specifications by combining select products from different travel suppliers through us;
- “eDreams” and “eDreams Group” refer to eDreams Inc., a corporation incorporated under the laws of the State of Delaware on January 28, 1999, and its subsidiaries, and, where the context requires, the brands associated with such entities;
- “eDreams ODIGEO” refers to eDreams ODIGEO, a public limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, Bouvelard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under

number B 159.036 (formerly a private limited liability company (*société à responsabilité limitée*) known as “LuxGEO Parent S.à r.l.”), and, where the context requires, the brands associated with such entity;

- “eDreams ODIGEO Group” refers to eDreams ODIGEO and its subsidiaries, including the 2018 Notes Issuer and the 2019 Notes Issuer;
- “EIU” refers to The Economist Intelligence Unit and, where the context requires, reports and other publications by such entity;
- “EUR”, “euro” and “€” refer to the single currency introduced at the start of the third stage of the European Economic Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time;
- “Eurostat” refers to the statistics database hosted on the internet site of the European Commission;
- “Eurozone” refers to the region composed of members states of the European Union that at the relevant time have adopted the euro;
- “Existing Term Loan Facilities” refers to the term loans and the revolving facilities made available under the Senior Credit Facilities Agreement;
- “Five Arrows Vehicles” refers to FA GOAL Co-Invest I, FCPR Five Arrows Principal Investments, FCPR Five Arrows Principal Investments B and FCPR Five Arrows Co-Investments, which are investment vehicles affiliated with Rothschild and have historically invested in the Company together with Ardian;
- “flight business” refers to our operations relating to the sale of flight products;
- “flight products” refers to flight bookings (network carrier, low-cost carrier and charter flights) and related travel insurance;
- “Funding Loan” refers to the loan of €325 million between the 2018 Notes Issuer, as lender, and LuxGEO, as borrower dated January 31, 2013, as amended at any time and from time to time in a manner not prohibited by the Indenture;
- “GBP”, “sterling”, “pounds sterling”, or “£” refer to the lawful currency of the United Kingdom;
- “GDP” refers to gross domestic product;
- “GDS” refers to a global distribution system, also referred to as a computer reservation service, which provides a centralized, comprehensive repository of travel products, including availability and pricing of seats on airline flights and hotel accommodations;
- “Go Volo” refers to one of the brands associated with the GoVoyages Group;
- “GoVoyages” and “GoVoyages Group” refer to, before the Combination, Lyparis and its subsidiaries and, following the Combination, GoVoyages S.A.S. and GoVoyages Trade S.A.S., and, where the context requires, the brands associated with such entities;
- “Guarantees” refers to the respective senior subordinated guarantees of the respective Guarantors guaranteeing the respective Notes;
- “Guarantors” refers to the Guarantors, as such term is defined in the 2019 Notes Indenture and the 2018 Notes Indenture, respectively;
- “IATA” refers to the International Air Transport Association and, where the context requires, reports, statistics and other publications by such entity;
- “ICAO” refers to the International Civil Aviation Organization and, where the context requires, reports, statistics and other publications by such entity;

- “IDC” refers to the International Data Corporation and, where the context requires, reports and other publications by such entity;
- “IFRS” refers to the International Financial Reporting Standards as adopted by the European Union;
- “IHS” refers to IHS Inc. and, where the context requires, reports and other publications by such entity;
- “Indentures” collectively refers to the 2019 Notes Indenture and the 2018 Notes Indenture;
- “Intercreditor Agreement” refers to the Intercreditor Agreement entered into on February 18, 2011, as amended and restated from time to time, including as amended by the amendment and restatement agreements dated April 15, 2011 and January 31, 2013, among, *inter alia*, Geo Travel Finance S.C.A., the Trustee, certain lenders and Société Générale as security agent;
- “Issuers” means the 2018 Notes Issuer and the 2019 Notes Issuer collectively;
- “Liligo” refers to OdigeO Paris Meta S.A.S., a public limited liability company (*société par actions simplifiée*) organized under the laws of France, having its registered office at 9, rue Rougemont, 75009 Paris, France, registered with the French Register of Commerce and Companies (*Registre du commerce et des sociétés*) under number 483 314 134 (formerly a public limited liability company (*société anonyme*) known as “Findworks Technologies S.A.”), and, where the context requires, the brands associated with such entity;
- “Liligo Acquisition” refers to the acquisition by us of all shares in Findworks Technologies S.A. which was consummated on October 2, 2013;
- “low-cost carrier” refers to an airline with a lower operating cost structure than competitors that generally offers lower ticket fares and limited services, often charging for extra services like food, priority boarding, seat allocation and baggage;
- “Luxembourg” refers to the Grand Duchy of Luxembourg;
- “Luxembourg GAAP” refers to the accounting principles generally accepted in Luxembourg;
- “LuxGEO” refers to LuxGEO S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg and indirect wholly owned subsidiary of eDreams ODIGEO, having its registered office at 1, Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 152.198;
- “Luxgoal” refers to Luxgoal S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 282, route de Longwy, L-1940 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 152.268;
- “Luxgoal 2” refers to Luxgoal 2 S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 282, route de Longwy, L-1940 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 164.796;
- “Luxgoal 3” refers to Luxgoal 3 S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 282, route de Longwy, L-1940 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 184.368;

- “Lyeurope” refers to Lyeurope S.A.S., a *société par actions simplifiée* organized under the laws of France, having its registered office at 14 rue de Clery, 75002 Paris, France, registered with the French Register of Commerce and Companies (*Registre du commerce et des sociétés*) under number 522 727 700 RCS Paris, which was created for purposes of the acquisition of the GoVoyages group by Ardian France S.A. in July 2010 and which is the holding company of Lyparis;
- “Lyparis” refers to Lyparis S.A.S., a *société par actions simplifiée unipersonnelle* organized under the laws of France, having its registered office at 14 rue de Clery, 75002 Paris, France, and registered with the French Register of Commerce and Companies (*Registre du commerce et des sociétés*) under number 491 249 520 RCS Paris, a direct 100% owned subsidiary of Lyeurope;
- “Lyparis Structural Back to Back Loan” refers to a loan between 2019 Notes Issuer as lender and Lyparis as borrower, entered into on June 30, 2011 and as amended on October 27, 2011, with a principal amount outstanding of €175 million and which terms comply with the provisions of the Intercreditor Agreement regarding structural back to back loans;
- “multi-GDS flight products” refers to products whereby the components (*e.g.*, the outbound flight and the inbound flight) are sourced via different GDSs;
- “net fare flight products” refers to flight products the fares of which are negotiated with airlines;
- “network carrier” refers to an airline which typically has an international route network and actively markets connecting flights via airline hub airports and provides the transfer services for passengers and their baggage;
- “New GP” refers to the Sole Manager of the 2018 Notes Issuer or any successor general partner of the 2018 Notes Issuer;
- “NOLs” refers to net operating losses;
- “non-flight business” refers to our operations relating to the sale of non-flight products, as well as other non-travel activities such as advertising on our websites, incentives we receive from payment processors, charges on toll calls and Liligo’s metasearch activity;
- “non-flight products” principally refers to hotel bookings, Dynamic Packages, car rentals and vacation packages, as well as related travel insurance;
- “Nordics” refers to Denmark, Finland, Norway and Sweden;
- “Notes” collectively refers to the 2019 Notes and the 2018 Notes;
- “Opodo” and “Opodo Group” refer to Opodo Limited and its subsidiaries, and, where the context requires, the brands associated with such entities;
- “Opodo Acquisition” refers to the acquisition of Opodo Limited by LuxGEO S.à r.l. from Amadeus IT Group, S.A. that was consummated on June 30, 2011;
- “Opodo Tours” refers to Opodo Tours GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany, having its registered office at Mönckebergstraße 27, 20095 Hamburg, Germany, registered with the Commercial Register of the District Court of Hamburg (*Handelsregister des Amtsgerichtes Hamburg*) under number HRB 115167, all shares in which have been sold by Opodo to Seven Ventures GmbH, Unterföhring, Germany, and Mr. Frank Riecke, Hamburg, Germany, pursuant to a share purchase agreement dated July 3, 2012, effective August 14, 2012, and subsequently renamed TROPO GmbH;
- “Orders” refers to delivered transactions, *i.e.*, Bookings (see “Presentation of Financial and Other Data—Non-GAAP Measures”), as well as transactions that are ultimately not processed, for example, due to credit card issues;

- “OTA” refers to online travel agencies;
- “Other Ardian Co-investors” refers to CM CIC Investissement SAS, CIC Mezzanine 2 FCPR, Massena Special Recovery FCPR and Dentressangle Initiatives SAS, which have historically invested in the Company together with Ardian;
- “overcommissions” refers to commissions paid by certain travel suppliers based on the year-end achievement of pre-defined targets;
- “Permira Funds” refers to one or more funds advised by Permira Asesores, S.L. or affiliated entities;
- “PhoCusWright” refers to PhoCusWright, P.O. Box 760, Sherman, Connecticut 06784, United States and 116 West 32nd Street, 14th Floor, New York, New York 10001, United States and, where the context requires, reports and other publications by such entity;
- “PhoCusWright Commissioned Report” refers to PhoCusWright’s Online Travel Agency Flight Retailing report dated February 2014 commissioned by and prepared for eDreams ODIGEO, as referred to in “Industry Overview and Market Data—OTAs and the Online Flight Sector—Overview and Key Trends”;
- “Principal Shareholder Group” refers to Luxgoal 3 together with its affiliates and/or the Ardian Funds together with their affiliates;
- “Principal Shareholders” refers to Luxgoal 3, the Ardian Funds, Willinvest & GMPI, the Five Arrows Vehicles, Luxgoal 2 and the Other Ardian Co-investors;
- “ReallyLateBooking” refers to IPIR Software Development S.L., a limited liability company (*Sociedad Limitada*) organized under the laws of Spain, having its registered office at Santa Catalina street 11 3 B, Majadahonda, 28220, Madrid, Spain, and registered with the Madrid Commercial Register (*Registro Mercantil de Madrid*) under number B 862 333 68;
- “regular flights” refers to flight products on a network or low-cost carrier;
- “Revolving Credit Facility” refers to the revolving facilities and letters of credit and guarantee facilities made available under the Revolving Credit Facility Agreement;
- “Revolving Credit Facility Agreement” refers to a revolving credit facility agreement dated January 31, 2013 between, among others, the 2019 Notes Issuer, as the parent and obligor, certain of the 2019 Notes Issuer’s subsidiaries, as borrowers and guarantors, Credit Suisse International, Goldman Sachs International, Lloyds TSB Bank plc, Société Générale and UBS Limited as mandated lead arrangers, and Société Générale as agent and security agent, as amended and restated from time to time;
- “SEC” refers to the U.S. Securities and Exchange Commission;
- “sector” refers to a part of the travel market;
- “segment” refers to our financial reporting segments of Core and Expansion (for a discussion, see “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Overview”);
- “Senior Credit Facilities Agreement” refers to the senior credit facilities agreement entered into between LuxGEO Parent S.à r.l., the Senior Facilities Agent, the Security Agent, the Senior Lenders thereunder and others dated February 18, 2011, as amended and restated from time to time, which was terminated as of January 31, 2013;
- “Senior Management” refers to the individuals referred to collectively in “Management—Management of the eDreams ODIGEO Group—Senior Management”;

- “Senior Management Leadership Team” refers to Javier Pérez-Tenessa de Block, our Chairman and Chief Executive Officer, Dana Dunne, our Chief Operating Officer, David Elízaga, our Chief Financial Officer, Mauricio Prieto, our Chief Marketing Officer, and Philippe Vimard, our Chief Technology Officer;
- “service fees” refers to the total difference between the price at which we source a product and sell that product to a customer, which difference includes, among other components, any mark-up to the price at which we source a product and fees that we charge customers in connection with a booking;
- “service fees per flight Booking” refers to service fees earned in respect of flight products divided by the number of flight Bookings;
- “Shareholders” refers to the shareholders of eDreams ODIGEO;
- “Shareholders’ Agreement” refers to the shareholders’ agreement entered into on April 3, 2014 by and among Luxgoal 3, the Ardian Funds and Javier Pérez-Tenessa de Block in respect of eDreams ODIGEO;
- “Shareholder Merger” refers to the merger of Axeurope, Luxgoal, G-Co Investment I S.C.A., G-Co Investment II S.C.A., G-Co Investment III S.C.A., G-Co Investment IV S.C.A., G-Co Investment GP S.à r.l. and Go Partenaires 3 into eDreams ODIGEO, which became effective on April 3, 2014;
- “Shareholder Reorganization” refers to the reorganization of our shareholder structure which became effective in connection with eDreams ODIGEO’s initial public offering;
- “Shares” refers to the ordinary shares in, and issued by, eDreams ODIGEO under the laws of the Grand Duchy of Luxembourg with a nominal value of €0.10 each;
- “Sole Manager of the 2018 Notes Issuer” refers to Geo Debt GP S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 172.788;
- “Sole Manager of the 2019 Notes Issuer” refers to LuxGEO GP S.à r.l., a private limited liability company (*société à responsabilité limitée*) governed by the laws of the Grand Duchy of Luxembourg, having its registered office at 1, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 158.996;
- “Spanish GAAP” refers to the accounting principles generally accepted in Spain;
- “Spanish Stock Exchanges” refers to the Madrid, Barcelona, Bilbao and Valencia stock exchanges;
- “Travellink” refers to Travellink AB, a limited liability company in the form of a Swedish *Aktiebolag* organized under the laws of Sweden having its registered office at Box 1108, 17222 Sundbyberg, Sweden, and registered under number 556596-2650, and, where the context requires, the brands associated with such entity;
- “Trustee” refers to Deutsche Trustee Company Limited, as trustee under the Indentures;
- “U.K.” refers to the United Kingdom of Great Britain and Northern Ireland;
- “U.S.” and “U.S.A.” refer to the United States of America;
- “U.S. Travel” or “U.S. Travel Association” refers to the U.S. Travel Association and, where the context requires, reports, forecasts and other publications by such entity;
- “USD”, “U.S. dollar” and “\$” refer to the lawful currency of the United States of America;

- “VAT” refers to value added tax;
- “we”, “us” and “our” refer to the 2019 Notes Issuer and its subsidiaries, including the 2018 Notes Issuer;
- “Willinvest & GMPI” refers to Willinvest and Gestion Mobilière, Patrimoniale et Immobilière (G.M.P.I.), which are companies controlled indirectly by Groupe Arnault SAS and have historically invested in the Company together with Ardian;
- “WMR” refers to the WM Company and, where the context requires, reports and other publications by such entity;
- “WTTC” refers to the World Travel and Tourism Council and, where the context requires, reports and other publications by such entity; and
- “XML” refers to extensible mark-up language (“XML”).

PRESENTATION OF FINANCIAL AND OTHER DATA

The 2019 Notes Issuer reports consolidated financial information in accordance with IFRS, applying harmonized accounting principles and policies across all of its constituent businesses.

The consolidation perimeter of the 2019 Notes Issuer comprises the 2019 Notes Issuer, Geo Travel Finance S.C.A., and all its direct and indirect subsidiaries, including among others LuxGEO, the 2018 Notes Issuer, Opodo and all significant entities historically included in the GoVoyages Group, the eDreams Group and the Opodo Group. All entities are fully consolidated with a percentage of interest of 100% for the year ended March 31, 2014, except for ReallyLateBooking, 25% of whose share capital is owned by Opodo Limited and recorded in the Consolidated Financial Statements as “Asset available for sale”.

This Report includes the audited consolidated financial statements for the 2019 Notes Issuer and its subsidiaries as of and for the years ended March 31, 2014 and March 31, 2013, including the notes thereto.

Non-GAAP Measures

The financial information included in this Report includes certain non-GAAP measures which are not accounting measures as defined by IFRS. These measures have been included for the reasons described below. However, these measures should not be used instead of, or considered as alternatives to, the audited consolidated financial statements for the 2019 Notes Issuer based on IFRS. Further, these measures may not be comparable to similarly titled measures disclosed by other companies. Certain of these measures are also presented on a “per Booking” basis, which are also non-GAAP measures.

As used in this Report, the following terms have the following meanings:

“Bookings” means the number of transactions under the agency model and the principal model as well as transactions made via our white label distribution and sourcing partners. One booking can encompass one or more products and one or more passengers. For a description of the agency and principal models, see “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

“Capital Expenditure” represents the cash outflows incurred during the period to acquire non-current assets such as property, plant and equipment, certain intangible assets and capitalization of certain development IT costs, but, where relevant, excluding effects of the consideration paid in connection with the Opodo Acquisition, the effects of the disposal of Opodo Tours and the effects of the consideration paid in connection with the Liligo Acquisition, each with respect to the 2019 Notes Issuer’s consolidated financial data.

“EBITDA” means profit/(loss) before financial and similar income and expenses, income tax and depreciation and amortization and profit/loss on disposals of non-current assets. See also “—Adjusted EBITDA” below.

“Fixed Costs” includes IT expenses net of capitalization write-off, personnel expenses which are not Variable Costs, external fees, building rentals and other expenses of fixed nature. Our management believes the presentation of Fixed Costs may be useful to readers to help understand our cost structure and the magnitude of certain costs we have the ability to reduce in response to changes affecting the number of transactions processed.

“Gross Bookings” means the total amount paid by our customers for travel products and services booked through us (including the part that is passed on to, or transacted by, the travel supplier), including taxes, service fees and other charges and excluding VAT. Gross Bookings include the gross value of transactions booked under both agency and principal models as well as transactions made via our white label distribution and sourcing partners or any transaction where we act as “pure” intermediary whereby we serve as a click-through and pass the reservations made by the customer to the relevant travel supplier.

“Adjusted EBITDA” means profit/(loss) attributable to the parent company before financial and similar income and expenses, income tax, depreciation and amortization and profit/loss on disposals of non-current assets, certain share-based compensation, expenses related to the Combination and other income and expense items which

are considered by management to not be reflective of our ongoing operations. Neither EBITDA nor Adjusted EBITDA is a measure of performance or liquidity under IFRS and should not be considered by investors in isolation from, or as a substitute for, a measure of profit, or as an indicator of our operating performance or cash flows from operating activities as determined in accordance with IFRS. For a reconciliation of EBITDA and Adjusted EBITDA to operating profit, see “Selected Financial Information and Other Data—Reconciliation of EBITDA and Adjusted EBITDA to Operating profit”.

“Adjusted EBITDA Margin” is Adjusted EBITDA divided by Revenue Margin. Our management uses Adjusted EBITDA Margin to measure Adjusted EBITDA generated in proportion to Revenue Margin generated. Adjusted EBITDA Margin provides a comparable Adjusted EBITDA measure for products, whether sold under the agency or principal model. For a description of the agency and principal models, see “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

“Revenue Margin” means our IFRS revenue less supplies. Our management uses Revenue Margin to provide a measure of our revenue after reflecting the deduction of amounts we pay to our suppliers in connection with the revenue recognition criteria used for products sold under the principal model (gross value basis). Accordingly, Revenue Margin provides a comparable revenue measure for products, whether sold under the agency or principal model. For a description of the agency and principal models, see “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

“Variable Costs” includes all expenses which depend on the number of transactions processed. These include acquisition costs, merchant costs and other costs of a variable nature, as well as personnel costs related to call centers as well as corporate sales personnel. Our management believes the presentation of Variable Costs may be useful to readers to help understand our cost structure and the magnitude of certain costs we have the ability to reduce certain costs in response to changes affecting the number of transactions processed.

Bookings, Capital Expenditure, EBITDA, Fixed Costs, Adjusted EBITDA, Adjusted EBITDA Margin, Revenue Margin, Variable Costs and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing Bookings, Capital Expenditure, EBITDA, Fixed Costs, Adjusted EBITDA, Adjusted EBITDA Margin, Revenue Margin, Variable Costs or any similar measures or data as reported by us to similar measures or data as reported by other companies. EBITDA and Adjusted EBITDA are not measures of performance under IFRS and you should not consider EBITDA or Adjusted EBITDA as an alternative to (a) operating profit or profit for the period (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under generally accepted accounting principles. EBITDA and Adjusted EBITDA, as well as the other non-GAAP financial measures used in this Report, each have limitations as an analytical tool, and you should not consider them in isolation, or as a substitute for, or superior to, an analysis of our results as reported under IFRS. We have presented these supplemental non-GAAP measures because we believe that they are useful indicators of our financial performance. We encourage you to evaluate the adjustments made to arrive at EBITDA and Adjusted EBITDA, and the limitations for purposes of analysis in excluding them.

The limitations that EBITDA and Adjusted EBITDA have as an analytical tool include:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments, on our debts;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and EBITDA and Adjusted EBITDA do not reflect any cash requirements that would be required for such replacements;

- some of the exceptional items that we eliminate in calculating Adjusted EBITDA reflect cash payments that were made, or will in the future be made; and
- the fact that other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do, which limits its usefulness as a comparative measure.

Similarly, net debt (which we define as our total financial liabilities plus capitalized interests and overdraft less financing costs and amortizations and cash and cash equivalents) is a measure presented to enhance the investor's understanding of indebtedness and our ability to fund our ongoing operations. However, it is a non-GAAP measure not determined based on IFRS, or any other internationally accepted accounting principles, and you should not consider it as an alternative to the historical consolidated financial position of the 2019 Notes Issuer and its subsidiaries included elsewhere in this Report. Net debt, as defined by us, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our debt and liquidity non-GAAP measures are calculated.

Certain amounts and percentages included in this Report have been rounded. Accordingly, in certain instances, the sum of the numbers in a column of a table may not exactly equal the total figure for that column.

The financial information included in this Report is not intended to comply with the applicable accounting requirements of the Securities Act and the related rules and regulations of the SEC.

FORWARD-LOOKING STATEMENTS

This Report includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, the discussion of the changing dynamics of the marketplace and the 2019 Notes Issuer's outlook for growth in the travel industry both within and outside of France, Germany, Spain, Italy, the United Kingdom and the Nordics. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "aims", "anticipates", "believes", "continues", "could", "estimates", "expects", "forecasts", "guidance", "intends", "may", "plans", "should" or "will" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition and performance, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this Report. In addition, even if our financial condition, results of operations and cash flows, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Report, those results or developments may not be indicative of our results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to:

- our substantial leverage and ability to meet significant debt service obligations, including significant repayment requirements in the coming years, which are prior to the maturity date of the Notes;
- restrictions in our debt instruments that could impair our activities;
- our exposure to interest rate risk, hedging risk and currency fluctuations;
- the impact on our revenue, profits and cash flow resulting from general economic conditions, consumer confidence, spending patterns and disruptions (including those related to natural disasters and health pandemics) affecting the travel industry specifically;
- the impact on our revenue, profits and cash flow resulting from our inability to successfully compete against current and future competitors (including increasing competition from metasearch and online portal companies);
- the impact of seasonal fluctuations;
- the laws, rules and regulations to which we are subject and the potential for changes to those laws, rules and regulations;
- the impact on our revenue, profits and cash flow resulting from adverse changes affecting our relationships with travel product suppliers and suppliers' intermediaries which could reduce our access to travel products content and/or increase our costs;
- our ability to attract and retain highly skilled personnel and other qualified executives and employees;
- restrictions in the use of our brands;
- changes, restrictions or disruptions affecting our technology platforms or the technology of our third-party service providers;
- our exposure to risks associated with online commerce security and particularly payment fraud;

- risks associated with our structure and ownership; and
- other factors discussed or referred to in this Report.

The foregoing factors should not be construed as exhaustive. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. We urge you to read this Report, including the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations”, “Industry Overview and Market Data” and “Business”, for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Report which may be made to reflect events or circumstances after the date of this Report, including, without limitation, changes in our business or acquisition strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events except as required by law or by the rules and regulations of any stock exchange on which the Notes are listed.

SELECTED FINANCIAL INFORMATION AND OTHER DATA

The selected financial information as of and for the years ended March 31, 2014 and March 31, 2013 presented below has been derived from our Consolidated Financial Statements and should be read in conjunction with, and is qualified by reference to, “Presentation of Financial and Other Data”, “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations”, and our Consolidated Financial Statements, including the notes thereto, included in this Report.

The Consolidated Financial Statements have been prepared in accordance with IFRS and audited by Deloitte Audit S.à r.l., our independent auditors.

The income statement line items included in this section are presented in a manner consistent with the presentation of the income statement line items introduced under “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Principal Consolidated Income Statement Line Items” and the discussion of the results of operations provided under “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Comparison of Results of Operations”.

Consolidated Income Statement Data

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(audited) (in thousand €)	
Operating income		
Revenue	478,934	479,549
Operating expenses		
Supplies	(50,377)	(106,563)
Personnel expenses.....	(73,060)	(61,171)
Depreciation and amortization and impairment and profit/(loss) on disposals of non-current assets (net)	(38,869)	(33,621)
Other operating income/(expenses)	(259,187)	(214,693)
Operating profit/(loss)	57,441	63,501
Financial and similar income and expenses		
Financial result	(63,717)	(83,097)
Income/(loss) of associates accounted for using equity method.....	—	(45)
Profit/(loss) before taxes	(6,278)	(19,641)
Income tax	(1,981)	(3,615)
Profit/(loss) for the year from continuing operations	(8,259)	(23,256)
Profit for the year from discontinued operations net of taxes (net)	—	—
Consolidated profit/(loss) for the year	(8,259)	(23,256)
Non-controlling interest—Result.....	—	68
Profit and loss attributable to the parent company	(8,259)	(23,188)

Consolidated Statement of Financial Position Data

	As of March 31, 2014	As of March 31, 2013
	(audited) (in thousand €)	
Assets:		
Intangible assets.....	1,181,729	1,186,377
Tangible assets.....	5,629	5,087
Non-current financial assets	5,889	8,633
Deferred tax assets.....	9,404	10,750
Other non-current assets	3,414	8,547
Non-current assets	1,206,065	1,219,394
Trade and other receivables	86,103	114,095
Current tax assets.....	5,769	8,066
Financial assets	72	71
Cash and cash equivalents	145,425	159,012
Current assets	237,369	281,244
Total Assets	1,443,434	1,500,638
Equity and liabilities:		
Capital and reserves.....	366,579	367,578
Adjustments for changes in fair value	2,279	8,790
Non-controlling interest.....	—	—
Shareholder's equity (parent company)	368,858	376,368
Deferred revenue	35,583	39,646
Non-current provisions	4,741	14,456
Non-current financial liabilities.....	601,540	584,921
Deferred tax liabilities	56,950	66,963
Other non-current liabilities.....	—	—
Non-current liabilities	698,814	705,986
Current provisions	17,985	1,874
Current financial liabilities	15,279	13,259
Trade and other payables.....	335,320	393,689
Current tax liabilities	7,179	9,463
Current liabilities	375,762	418,284
Total Equity and Liabilities	1,443,434	1,500,638

Consolidated Cash Flow Statement Data

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(audited) (in thousand €)	
Consolidated profit/(loss) for the year	(8,259)	(23,188)
Depreciation and amortization and impairment.....	38,869	33,622
Other provisions	11,598	3,553
Income tax	1,981	3,615
Finance income/(loss).....	63,717	83,097
Income/(loss) of associates accounted for using equity method.....	–	45
Expenses related to share-based payments	7,478	3,449
Other non-cash items	–	–
Change in working capital	(37,030)	10,331
Income tax paid	(11,218)	(6,963)
Net cash from operating activities	67,137	107,561
Acquisitions of intangible and tangible assets.....	(21,369)	(15,498)
Proceeds on disposal of tangible and intangible assets.....	1	–
Acquisitions of financial assets	(82)	(1,613)
Payments/proceeds from disposals of financial assets.....	854	61
Acquisitions of subsidiaries net of cash acquired	(13,389)	–
Disposal of subsidiaries net of cash disposed	–	(1,096)
Cash effect of change in consolidation method	–	(89)
Net cash flow from/(used) in investing activities	(33,985)	(18,235)
Proceeds of issues of shares.....	–	1,400
Borrowings drawdown	–	325,000
Reimbursement of borrowings	(253)	(325,151)
Payment for derivatives	–	(7,176)
Interests paid.....	(44,273)	(33,723)
Interests received	299	476
Fees paid on debt	(914)	(11,339)
Net cash flow from/(used) in financing activities	(45,141)	(50,513)
Net increase/(decrease) in cash and cash equivalent	(11,989)	38,813
Cash and cash equivalents at beginning of period	158,966	119,079
Effect of foreign exchange rate changes	(1,661)	1,074
Cash and cash equivalents at end of period	145,316	158,966
Cash at the closing		
Cash	145,425	159,012
Bank facilities and overdrafts	(109)	(46)
Cash and cash equivalents at end of period	145,316	158,966

Other Unaudited Financial and Operating Data

The following financial information includes measures which are not accounting measures as defined by IFRS. These measures should not be used instead of, or considered as alternatives to, the audited consolidated financial statements for the 2019 Notes Issuer based on IFRS. These measures may not be comparable to similarly titled measures disclosed by other companies.

The other unaudited financial and operating data as of and for the years ended March 31, 2014 and March 31, 2013 presented below have been derived from our Consolidated Financial Statements.

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(unaudited, unless otherwise stated) (in thousand €, unless otherwise stated)	
Bookings ⁽¹⁾ (in thousand)		
<i>Flight</i>	8,859	7,949
<i>Non-flight</i>	938	779
Total Bookings	9,797	8,728
Bookings ⁽¹⁾⁽²⁾ (in thousand)		
<i>Core</i>	5,877	5,542
<i>Expansion</i>	3,920	3,186
Total Bookings	9,797	8,728
Gross Bookings ⁽³⁾	4,385	4,281
Revenue Margin ⁽⁴⁾ (audited).....		
<i>Flight</i>	347,782	305,211
<i>Non-flight</i>	80,775	67,775
Total Revenue Margin.....	428,557	372,986
Revenue Margin ⁽²⁾⁽⁴⁾ (audited).....		
<i>Core</i>	267,041	244,697
<i>Expansion</i>	161,516	128,289
Total Revenue Margin.....	428,557	372,986
Revenue Margin ⁽⁴⁾ (audited).....		
<i>from customers</i>	302,838	265,443
<i>from suppliers</i>	108,380	99,245
<i>from advertising and meta click-outs</i>	17,339	8,298
Total Revenue Margin.....	428,557	372,986
Variable Costs ⁽⁵⁾	252,545	210,197
Fixed Costs ⁽⁶⁾	58,235	54,216
Adjusted EBITDA ⁽⁷⁾	117,775	108,572
Adjusted EBITDA Margin ⁽⁸⁾ (% of Revenue Margin)	27.5%	29.1%
EBITDA ⁽⁸⁾	96,309	97,122

- (1) Bookings, which is a non-GAAP measure, means the number of transactions under the agency model and the principal model as well as transactions made via our white label distribution and sourcing partners. One booking can encompass one or more products and one or more passengers. For a description of the agency and principal models, see “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.
- (2) Bookings and Revenue Margin attributable to Go Volo have been allocated between the Core and Expansion segments according to the country of booking.
- (3) Gross Bookings, which is a non-GAAP measure, means the total amount paid by our customers for travel products and services booked through us (including the part that is passed on to, or transacted by, the travel supplier), including taxes, service fees and other charges and excluding VAT. Gross Bookings include the gross value of transactions booked under both agency and principal models as well as transactions made via our white label distribution and sourcing partners or any transaction where we act as “pure” intermediary whereby we serve as a click-through and pass the reservations made by the customer to the relevant travel supplier.
- (4) Revenue Margin, which is a non-GAAP measure, means our IFRS revenue less supplies. Our management uses Revenue Margin to provide a measure of our revenue after reflecting the deduction of amounts we pay to our suppliers in connection with the revenue recognition criteria used for products sold under the principal model (gross value basis). Accordingly, Revenue Margin provides a comparable revenue

measure for products, whether sold under the agency or principal model. For a description of the agency and principal models, see “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

- (5) Variable Costs, which is a non-GAAP measure, includes all expenses which depend on the number of transactions processed. These include acquisition costs, merchant costs as well as personnel costs related to call centers as well as corporate sales personnel.
- (6) Fixed Costs, which is a non-GAAP measure, includes IT expenses net of capitalization write-off, personnel expenses which are not Variable Costs, external fees, building rentals and other expenses of fixed nature.
- (7) We define EBITDA, which is a non-GAAP measure, as profit/(loss) before financial and similar income and expenses, income tax and depreciation and amortization and profit/loss on disposals of non-current assets. We define Adjusted EBITDA, which is a non-GAAP measure, as profit/(loss) attributable to the parent company before financial and similar income and expenses, income tax, depreciation and amortization and profit/loss on disposals of non-current assets, certain share-based compensation, expenses related to the Combination and other income and expense items which are considered by management to not be reflective of our ongoing operations. Neither EBITDA nor Adjusted EBITDA is a measure of performance or liquidity under IFRS and should not be considered by investors in isolation from, or as a substitute for, a measure of profit, or as an indicator of our operating performance or cash flows from operating activities as determined in accordance with IFRS. We do not consider these non-GAAP financial measures to be a substitute for, or superior to, the information provided by IFRS financial measures. We have presented this supplemental non-GAAP measure because we believe that it is a useful indicator of our ability to incur and service our indebtedness and can assist analysts, investors and other parties to evaluate our business. EBITDA, Adjusted EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing EBITDA or Adjusted EBITDA as reported by us to similar measures of other companies. We encourage you to evaluate the adjustments made to arrive at EBITDA and Adjusted EBITDA, and the limitations for purposes of analysis in excluding them. For a reconciliation of EBITDA and Adjusted EBITDA to operating profit, see “—Reconciliation of EBITDA and Adjusted EBITDA to Operating profit”.
- (8) Adjusted EBITDA Margin, which is a non-GAAP measure, is Adjusted EBITDA divided by Revenue Margin. Our management uses Adjusted EBITDA Margin to measure Adjusted EBITDA generated in proportion to Revenue Margin generated. Adjusted EBITDA Margin provides a comparable Adjusted EBITDA measure for products, whether sold under the agency or principal model. For a description of the agency and principal models, see “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

Reconciliation of EBITDA and Adjusted EBITDA to Operating profit

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(unaudited, unless otherwise stated) (in thousand €)	
Operating profit (audited).....	57,441	63,501
Depreciation and amortization, impairment and profit/(loss) on disposals of non-current assets (net) (audited).....	(38,869)	(33,621)
EBITDA	96,309	97,122
<i>Add</i> Non-recurring personnel expenses.....	14,300	8,153
<i>Add</i> Other non-recurring income/(expenses).....	7,166	3,229
<i>Add</i> Non-controlling interest—Result.....	-	68
Adjusted EBITDA⁽¹⁾	117,775	108,572

(1) For the year ended March 31, 2014 and March 31, 2013, respectively, the difference between EBITDA and Adjusted EBITDA is explained by:

-
- €12.0 million (2013: €6.4 million) of non-cash expenses in relation to the long-term incentive plan dedicated to the eDreams ODIGEO Group employees;
- €4.4 million of provision related to Travelport;
- €0.8 million of expenses related to eDreams ODIGEO's initial public offering; and
- €1.9 million (2013: €1.8 million) of personnel costs notably related to employee termination agreements;
- €2.4 million (2013: €3.2 million) of other non-recurring income and expenses.

Leverage Ratio

	As of and for the year ended March 31, 2014	As of and for the year ended March 31, 2013
	(unaudited) (in thousand €, unless otherwise stated)	
Net debt (as per statement of financial position) ⁽¹⁾	351,127	332,589
Adjusted EBITDA ⁽²⁾	117,775	108,572
Leverage ratio ⁽³⁾ (as a multiple of Adjusted EBITDA)	3.0x	3.1x

- (1) Net debt is a non-GAAP measure and excludes Subordinated Convertible Shareholders' bonds. For a discussion of net debt, see "Management's Discussion and Analysis of Our Financial Condition and Results Of Operations—Liquidity and Capital Resources".
- (2) We define Adjusted EBITDA, which is a non-GAAP measure, as profit/(loss) attributable to the parent company before financial and similar income and expenses, income tax, depreciation and amortization and profit/loss on disposals of non-current assets, certain share-based compensation, expenses related to the Combination and other income and expense items which are considered by management to not be reflective of our ongoing operations. Neither EBITDA nor Adjusted EBITDA is a measure of performance or liquidity under IFRS and should not be considered by investors in isolation from, or as a substitute for, a measure of profit, or as an indicator of our operating performance or cash flows from operating activities as determined in accordance with IFRS. We do not consider these non-GAAP financial measures to be a substitute for, or superior to, the information provided by IFRS financial measures. We have presented this supplemental non-GAAP measure because we believe that it is a useful indicator of our ability to incur and service our indebtedness and can assist analysts, investors and other parties to evaluate our business. EBITDA, Adjusted EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing EBITDA or Adjusted EBITDA as reported by us to similar measures of other companies. We encourage you to evaluate the adjustments made to arrive at EBITDA and Adjusted EBITDA, and the limitations for purposes of analysis in excluding them. For a reconciliation of EBITDA and Adjusted EBITDA to operating profit, see "—Reconciliation of EBITDA and Adjusted EBITDA to Operating profit".
- (3) Leverage ratio, which is a non-GAAP measure, means net debt (as per statement of financial position) divided by Adjusted EBITDA.

RISK FACTORS

Set out below are certain risk factors that could materially and adversely affect our business, financial condition, liquidity, results of operations or prospects. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties of which we are not aware or that we believe are immaterial may also adversely affect our business, financial condition, liquidity, results of operations or prospects. If any of these events occur, our business, financial condition, liquidity, results of operations or prospects could be materially and adversely affected.

This Report also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Report.

Risks Related to the Travel Industry

Demand for our products is dependent on the travel industry, which may be materially affected by general economic conditions and other factors outside our control. Declines or disruptions in the travel industry could adversely affect our business, financial condition and results of operations.

Our revenue is directly related to the overall level of travel activity, which is, in turn, largely dependent on discretionary spending levels. Discretionary spending generally declines during recessions and other periods in which disposable income is adversely affected. As a substantial portion of travel expenditure, for both leisure (our principal market) and corporate travelers, is discretionary, such expenditure tends to decline or grow more slowly during economic downturns. The economic downturn that began in 2008 increased unemployment and reduced the financial capacity of both leisure and corporate travelers on a global basis, as well as in the markets in which we operate. The global recession and the disruption of the financial markets relating in part to concerns over the financial condition of certain Eurozone countries and their financial institutions, and the resulting uncertainty over global macroeconomic conditions, particularly in certain of the core markets in which we operate, has affected and, if it were to continue, could again affect demand for our products. Although we expect the European travel and tourism market to grow over the long term, recent years showed a slowed growth in overall leisure and travel spending in Europe as well as decreased demand in certain southern European markets. Further economic and financial weakness and uncertainty may result in lower spending on our products by both leisure and corporate travelers, in Europe or elsewhere, which may have a material adverse impact on our business, financial condition and results of operations.

Our business could be adversely affected by the occurrence of events affecting travel safety, such as natural disasters and political and social instability, which are outside our control.

The travel industry is sensitive to safety concerns. Our business could be adversely affected by the occurrence of travel-related accidents, such as airplane crashes (whether caused by human or technical defaults or otherwise), incidents of actual or threatened terrorism, political instability or conflict or other events whereby travelers become concerned about safety issues, including as a result of unusual weather patterns or natural disasters (such as hurricanes, tsunamis, earthquakes or volcanic ash clouds), potential outbreaks of epidemics or pandemics (such as influenza, H1N1 virus, Avian Flu or Severe Acute Respiratory Syndrome outbreaks) or other human or natural disasters (such as those that may result in exposure to radiation). For example, Hurricane Sandy disrupted travel in the northeastern United States in late 2012, the major earthquake, tsunami and nuclear disaster that struck Japan in early 2011 had a material adverse effect on the travel industry throughout Asia, and the volcanic ash cloud over parts of Europe in 2010 had a very significant adverse impact on the European travel industry. In addition, political and social instability in Africa and the Middle East, such as in Tunisia, Libya, Egypt and Syria since late 2010, and in Senegal since 2012, and fears that such instability could deepen or spread, could have a material adverse effect on our business, financial performance and results of operations. Such concerns, or concerns arising from similar events in the future, are outside our control and could result in a significant decrease in demand for our travel products. Any such decrease in demand, depending on its scope and duration, together with any other issues affecting travel safety, could materially and adversely affect our business and financial performance over the short and long term. The occurrence of such events could result in a decrease in our customers' appetite to travel and adversely affect our business, financial condition and results of operations.

Moreover, due to the seasonal nature of our business, the occurrence of any of the events described above during our peak summer or holiday travel seasons, or when customers are considering booking their summer vacations, could exacerbate or disproportionately magnify the adverse effects of any such event and, as a result, could materially and adversely affect our business or financial performance.

Our business, financial condition and results of operations could be adversely affected if one or more of our major suppliers, such as airlines, suffers a deterioration in its financial condition or restructures its operations.

As we are an intermediary in the travel industry, a substantial portion of our revenue is affected by the fares and tariffs charged by our suppliers, including airlines, GDSs, hotels and rental car suppliers, and the volume of products offered by our suppliers. As a result, if one or more of our major suppliers, including airlines, hotel and rental car suppliers, including in particular our two principal white label sourcing partners on which we are reliant for hotel bookings and car rentals, suffer a deterioration in its financial condition or restructures its operations, it could adversely affect our business, financial condition and results of operations. Accordingly, our business may be negatively affected by adverse changes in the markets in which our suppliers operate.

In particular, as a substantial portion of our revenue depends on our sales of flight products, we could be adversely affected by changes in the airline industry, including consolidation or bankruptcies and liquidations, and in many cases, we will have no control over such changes. Events or weaknesses specific to the flight travel industry that could negatively affect our business include air fare fluctuations, airport, airspace and landing fee increases, seat capacity constraints, removal of destinations or flight routes, travel-related strikes or labor unrest, imposition of taxes or surcharges by regulatory authorities and fuel price volatility. While decreases in prices for flights and other travel products generally increase demand, such price decreases generally also have a negative effect on the commissions we earn, particularly in our non-flight business, which is more dependent on commissions than our flight business. The overall effect of a price increase or decrease is therefore uncertain.

In the past several years, several major airlines have filed for bankruptcy, recently exited bankruptcy, or discussed publicly the risk of bankruptcy. In addition, some of these airlines have merged, or discussed merging, with other airlines. If one of our major airline suppliers merges or consolidates with, or is acquired by, another company that either does not participate in the GDS systems we use, or that participates in such systems but at substantially lower levels, the surviving company may elect not to make supply available to us or may elect to do so at lower levels than the previous supplier. Similarly, in the event that one of our major airline suppliers voluntarily or involuntarily declares bankruptcy and is subsequently unable to successfully emerge from bankruptcy, and we are unable to replace such supplier, our business would be adversely affected. For example, the consolidation in the Italian airline sector that has occurred over the past several years, as well as recent bankruptcies of numerous small airlines in other countries, such as the carrier Spanair in Spain, the state-owned airline Malev in Hungary, Cimber Sterling in Denmark and Wind Jet in Italy, have resulted in capacity reductions and a decrease in the number of airline tickets and routes available for booking on our websites. Further consolidation of one or more of the major airlines, such as the announced merger of American Airlines and US Airways, could result in further capacity reductions, a reduction in the number of airline tickets available for booking on our website and increased air fares, which may have a negative impact on demand for travel products.

For a discussion of potential risks related to changes in GDS trends and credit strength, see “—Risks Related to Our Business—A substantial portion of our revenue is derived from commissions, incentive payments and fees negotiated with our travel suppliers and supplier intermediaries; any reductions or eliminations of such commissions and payments could adversely affect our business, financial condition and results of operations”.

Our businesses are highly regulated and a failure to comply with current laws, rules and regulations or changes to such laws, rules and regulations and other legal uncertainties, may adversely affect our business, financial condition and results of operations.

We operate in a highly regulated industry. Our business and financial performance could be adversely affected by unfavorable changes in, or interpretations of, existing laws, rules and regulations, or the promulgation of new laws, rules and regulations applicable to us and our businesses. In particular, any future changes to IATA regulations or further tightening of the European legislation relating to packaged travel could adversely affect our business. For example, the amendment of the European Package Travel Directive 90/314/EEC on packaged travel, packaged holidays and packaged tours proposed by the European Commission in July 2013, if adopted, would

extend the scope of the directive to more dynamic forms of packaged travel, which could increase the costs of conducting our business and subject us to additional liabilities.

There is, and will likely continue to be, an increasing number of laws, regulations and court decisions pertaining to the Internet and online commerce, which may relate to liability for information retrieved from or transmitted over the Internet, display of certain taxes, discounts and fees, online editorial and user-generated content, user privacy, behavioral targeting and online advertising, taxation, liability for third-party activities and the quality of products and services. For example, in certain jurisdictions where we operate, local regulations impose restrictions on or prohibit the credit/debit card operations that we can perform in order to protect the privacy and security of personal information that is collected, processed and transmitted in or from the governing jurisdiction. The growth and development of online commerce has also recently prompted calls for more stringent consumer protection laws and more aggressive enforcement efforts by regulatory authorities, including on price transparency, that may impose additional burdens on online businesses generally, such as increased costs associated with stronger data protection systems, fines and a loss of competitive advantage as a result of any disclosure related to operations. Such trends are likely to continue in the future. See also “—Risks Related to Our Business—Our processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental and/or industry regulation, conflicting law requirements and differing views of personal privacy rights, and we are exposed to risks associated with online commerce security”. We are also currently, and expect in the future will be, subject to legal proceedings brought by antitrust or competition authorities and other consumer protection organizations, the outcome of which could have a material adverse effect on our business, financial condition and results of operations. See “Business—Litigation”.

Our failure to comply with these laws and regulations may subject us to fines, penalties and potential criminal sanctions, as well as publicity which may be harmful to our reputation. Furthermore, if such laws and regulations are not enforced equally against our competitors in a particular market, our compliance with such laws and regulations may put us at a competitive disadvantage vis-à-vis competitors who do not comply with such requirements.

Because of our international operations, the various regulatory regimes to which we are subject may conflict so that compliance with the regulatory requirements in one jurisdiction may create regulatory issues in another, thereby making compliance more difficult, increasing the costs of conducting our business. In addition, our business strategy involves expansion into new geographies, which could have legal, regulatory, including license, or tax requirements with which we are currently not familiar. Compliance with such requirements will place demands on our time and resources, and we may nonetheless experience unforeseen and potentially adverse legal, regulatory or tax consequences.

Our business requires us to obtain certain licenses or accreditations, and our IATA accreditation is critical to our business.

In some jurisdictions in which we operate, we are required to hold various travel agency and other licenses and accreditations, and pay certain license fees.

Regulatory authorities have relatively broad discretion to grant, renew and revoke licenses and approvals and to implement regulations. Accordingly, regulatory authorities could prevent or temporarily suspend us from carrying on some or all of our activities or otherwise penalize us if our practices were found not to comply with the then-current regulatory or licensing requirements or any interpretation of such requirements by the regulatory authority. For instance, in order to carry out flight booking operations, we are required to obtain IATA accreditation to sell flight tickets of airlines which are IATA members. Our failure to comply with any of these requirements or interpretations thereof could have a material adverse effect on our operations.

On an annual basis and upon the occurrence of certain events, IATA reviews our financial statements and operations to determine whether we are in compliance with IATA rules, in particular with respect to our IATA financial undertakings (including undertakings pertaining to capital resources, working capital and liquidity) and the level of sales for which we act as full agent of record. If we do not comply with such rules and financial undertakings, IATA may require us to provide guarantees and/or post performance bonds in order to minimize credit risk on behalf of airlines. For example, IATA currently requires Group companies operating in certain jurisdictions to issue guarantees and/or post bonds. Any changes to such guarantee and/or bond requirements could impose a

significant burden on us and in certain circumstances, we may be unable to comply with such obligations and therefore lose our IATA accreditation. Financial undertakings applied by IATA vary from one jurisdiction to another and in certain jurisdictions the lack of transparency as to applicable financial undertakings may result in additional financial guarantees being required. In addition to guarantee requirements, IATA may impose penalties for non-compliance or, under certain circumstances, take suspension action, or remove us or any or all of our locations from the IATA agency list. Any such action by IATA could have a material adverse effect on our operations. In particular, if IATA were to remove us from the IATA agency list, such removal would prevent us from conducting a large portion of our current operations and could have a material adverse effect on our results of operations.

Our business experiences seasonal fluctuations and comparisons of sequential quarters' results may not be meaningful.

Our revenues and operating results have varied, and we expect will continue to vary, from quarter to quarter. This is in large part attributable to the fact that our business experiences seasonal fluctuations, which are a function of seasonal trends for travel products, in particular leisure travel. Because we generate the largest portion of our net revenue from flight bookings, and this revenue is generally recognized at the time of booking, these trends cause our revenue to be highest in the periods during which travelers book their vacations. Therefore, our revenues tend to be lower in the quarter ending December 31 than in other quarters and typically highest in the quarter ending March 31, corresponding to bookings for the busy spring and summer travel seasons. As a result, sequential quarter-on-quarter comparisons of our revenue, cash flows and operating results may not be meaningful. In addition, depending on the year, the Easter holiday season may fall in our first fiscal quarter or in our fourth fiscal quarter of any given financial year ending March 31. The timing of Easter and other holidays can therefore affect the comparability of our quarterly and yearly results.

Our business is influenced by the level of Internet penetration and a slowing in the growth of Internet penetration, or a fall, could adversely affect our growth prospects and our business, financial condition and results of operations.

We generate our revenue through the online sale of products and online advertising. As a result, our business is affected by the level of Internet penetration in the countries in which we operate (i.e., the percentage of a country's population that are Internet users), and in particular by the online travel penetration in such countries (i.e., the proportion of travel bookings made through the Internet).

In addition, we continue to seek to expand our international presence and a successful entrance into new geographies will depend on the level of Internet penetration in such geographies. A slower adaptation of the Internet as an advertising, broadcast and commerce medium in the countries we enter compared to the countries in which we currently operate, could adversely affect our growth prospects and results of operations.

Linked to the level of Internet penetration is the level of online travel penetration, defined by PhoCusWright as the percentage of total gross bookings made online. According to PhoCusWright, the online travel penetration in Europe increased from 34% in 2010 to 40% in 2012 and is expected to increase to 45% in 2014, and the online travel penetration in the United States increased from 39% in 2010 to 41% in 2012 and is expected to increase to 43% in 2014. However, there can be no guarantee that online travel penetration will continue to grow or remain at current levels, and as the substantial majority of our operations are in Europe, a slowing of the growth in online travel penetration in Europe, or a fall, could have an adverse effect on our growth prospects and our business, financial condition and results of operations.

Risks Related to Our Business

We operate in an increasingly competitive environment, and we are subject to risks relating to competition that may adversely affect our performance.

Our businesses, which consist primarily of our travel websites, operate in the highly competitive travel industry. Factors affecting the competitive success of our businesses include the prices we offer consumers, the availability of travel supply, brand recognition, our ability to attract new customers at reasonable acquisition costs, customer service, ease of use, fees charged to travelers, accessibility and reliability.

We compete with a variety of companies, including established and emerging online and traditional sellers of travel-related services. Currently, these direct competitors include, among others:

- other online travel agents;
- travel suppliers, such as airlines, hotel companies and rental car companies, many of which have their own branded websites, in addition to their physical boutiques;
- metasearch companies, online portals and search engines; and
- traditional travel agencies and tour operators.

The expansion of social media websites may also affect the competitive dynamics in our markets in the future.

Online travel agencies: We face competition from other OTAs, such as Expedia/Hotels.com, CTrip, Orbitz/ebookers.com, Travelocity/lastminute.com, Priceline / Booking.com, Unister, Travix, Wotif, Bravofly and MakeMyTrip, which in some cases may offer more attractive products for both travelers and suppliers, offer products on more favorable terms, including lower prices (including as a result of accepting lower operating margins), increased or exclusive product availability, all-in offers combining airline, hotel and/or car rental products, absence of fees or unique access to proprietary loyalty programs, such as points and miles, or more favorable connectivity and inventory. These more favorable terms could make the offerings of other OTAs more attractive to consumers than ours, in particular if we are not able to match their all-in prices. In new markets into which we are expanding, there may be incumbent OTAs that are already established in the relevant market.

Travel suppliers: Many airline operators, tour operators, hotel and rental car suppliers, including suppliers with which we conduct business, have been steadily focusing on increasing online demand on their own websites in lieu of third-party distributors such as our various websites. For example, various low-cost carriers, which have gained segment share at the expense of network carriers (see “Industry Overview and Market Data”), seek to distribute their online supply exclusively through their own websites and it is possible that network carriers will engage in similar exclusivity initiatives through their own websites. In addition, some travel suppliers deliberately do not make available a part of their products via GDSs, which generally makes distribution of such products by us more challenging and expensive. Other travel suppliers seek to limit our access to their products in order to create, distribute and promote on specific distribution channels custom-made offers based on their own products. In the context of a relationship agreement with a travel supplier, sometimes we agree to such restrictions, and where there is no relationship agreement, there can be no guarantee our Direct Connect technology will enable us to access such products. See also “—We do not have relationship agreements with certain suppliers, including ones whose products we sell, and certain of such suppliers have sought to block our sale of their products using legal and technical means” and “Business—Litigation”.

In addition, suppliers who sell on their own websites may offer products and services on more favorable terms, including lower prices, increased or exclusive product availability, all-in offers combining airline, hotel and/or car rental products, absence of fees or unique access to proprietary loyalty programs, such as points and miles, which could make their offerings more attractive to consumers than ours. For example, should airline operators decrease the service fees charged to travelers for the services and products offered on their own branded websites, this would increase downward pricing pressure for the products we offer and potentially redirect customers from our websites to such airlines’ branded websites.

Metasearch companies, online portals and search engines: The activities of online travel metasearch sites, such as Kayak/Swoodo, Skyscanner, Jetcost, Trivago, Momondo and Qunar, which utilize their search technology to aggregate travel search results across supplier, online travel and other websites as well as similar services offered by large online portal and search companies, such as Google and Yahoo! affect the markets in which we operate.

Metasearch companies and search engines generally do not directly compete with us because typically no bookings are made through their websites. However, metasearch companies and search engines may merge or otherwise cooperate on preferential terms with OTAs, such as the Kayak/Priceline combination, resulting in a diversion of bookings to such other OTAs or merged entities on a preferred booking path basis. We believe that the

trend of metasearch companies and OTAs converging has begun and may continue in the future as metasearch companies seek to facilitate product bookings more directly to increase revenues. In October 2013, we acquired Liligo, a metasearch company with websites present in 11 countries, with a view to integrating Liligo's technology into our existing business and increasing our advertising and meta click-out revenue. However, the acquisition may not deliver the expected results. Several of our metasearch competitors have larger resources than we have and different technology from ours and, accordingly, we may not be able to effectively compete to earn metasearch revenue. See also "—We may not be successful in executing initiatives to adopt new business models and practices or in otherwise implementing our growth strategies, including implementing any strategic transactions such as mergers, acquisitions and joint ventures, and integrating any acquired businesses". In addition, some of our existing metasearch partners may view our Liligo Acquisition as a strategic concern or threat, which could induce them to be less inclined to continue our relationship with them.

In addition, metasearch companies and search engines act as competition enhancers, thereby increasing downward pricing pressure on the products that we offer, and may redirect our potential customers to our direct competitors' websites. We increasingly receive a large number of requests from such companies, which places a significant strain on our information technology systems. In addition, in certain cases, these search engines charge us each time a user accesses our website through their own, even if such users do not purchase any products from us. If a substantial number of users visit our websites without making purchases, our expenses could increase considerably compared to our Revenue Margin. Furthermore, metasearch companies apply certain technical criteria that could result in such companies not displaying eDreams ODIGEO travel products in their search results, which would also be the case if their payment structure made it unattractive for us to subscribe to their service. In most cases, we do not have long-term contracts with metasearch companies and we may not be able to renew our contracts when they expire on favorable terms or at all, which could adversely impact our ability to access the users of such metasearch companies. In addition, with some metasearch companies, we do not have any contract at all, and our collaboration is on a purely *ad hoc* basis. There can be no assurance that our relations with such metasearch companies will continue in the future.

Furthermore, large established internet search engines with substantial resources, expertise and brand recognition in developing online commerce and facilitating internet traffic are creating, and we believe intend to continue to create, inroads into the online travel channel, as evidenced by recent technological innovations and proposed and actual acquisitions by companies such as Google or Microsoft. For example, in 2011, following its July 2010 acquisition of ITA Software, a U.S.-based flight information software company, Google launched "Google Flights" in the United States, an enhanced metasearch flight tool offering access to a large inventory of travel products, including from GDS operators, but excluding OTA search results, directly on its search engine. Google Flights was partially launched in Europe in 2013 and, despite Google's agreement in February 2014 to comply with certain requirements against the background of antitrust proceedings against Google pending before the European Commission, there can be no assurance that this service or similar services will not be rolled out in Europe or in other markets in which we operate. These activities could result in more competition from supplier websites and higher customer acquisition costs for third-party sites such as ours, which could have a material adverse effect on our business, financial condition and results of operations.

Social media websites and mobile platform travel applications: In recent years, social media websites, such as Facebook.com ("Facebook"), and mobile platforms, including smartphones and tablet devices, such as the iPhone and iPad, have emerged and are growing rapidly. The emergence of mobile platforms has led to increasing use by consumers of standalone mobile applications or "apps" to research and book travel. In addition, Facebook has launched enhanced search functionality for data included within its website, which may in the future develop into alternative research resources for travelers. See also "—If we are not able to keep up with rapid technological changes or fail to address the challenges presented by recent trends in consumer adoption and use of mobile devices, our business could be adversely affected".

In addition, social media websites may also introduce new dynamics into the competitive landscape. For example, with the emergence of social media, lack of customer satisfaction may more easily be shared with users of social media websites and may ultimately be spread among a very large number of actual and potential readers, without our having any means of controlling the dissemination of, or responding to, such unfavorable customer reviews. Negative publicity may significantly harm our reputation in the markets in which we operate.

Some of our current and potential competitors, including large traditional travel service providers, have longer operating histories, larger customer bases, greater brand recognition, greater access to travel inventories and/or significantly greater financial, marketing, personnel, technical and other resources than we do. See also “—If we are not able to keep up with rapid technological changes or fail to address the challenges presented by recent trends in consumer adoption and use of mobile devices, our business could be adversely affected”.

If we do not continue to innovate and provide tools that are useful to travelers, we may not remain competitive, and our revenues and operating results could suffer.

Our success depends on our continued innovation and our ability to provide features that make our websites and mobile apps user-friendly for travelers. Our competitors are constantly developing innovations in online travel-related products and features.

Our technology needs to keep up with changes in our suppliers’ inventory. For example, increasingly, travel products are sold on an unbundled basis (where an airline charges for the component parts of a flight (seat type/seat selection, tax, luggage and so forth) separately. This industry trend affects our Direct Connect products in particular and requires our technology to keep pace with these new pricing features.

Moreover, the increased use of mobile devices could enable device companies that have substantial market shares in the mobile devices industry and that control the operating systems of these devices, such as Apple and Google’s Android, to compete directly with us. Apple and Google have more experience producing and developing mobile apps and have access to greater resources than we have. To the extent Apple or Google use their mobile operating systems or app distribution channels to favor their own travel service offerings, our business could be adversely affected. To be competitive in the mobile business requires us to develop specific software and applications under a variety of new platforms and operating systems, which are generally expected by our customers to offer the same features and to be as easily and intuitively operated as desktop interfaces. If we are not competitive on this front, we may lose market share as customers increasingly make their bookings on online devices. This poses significant challenges and requires us to make significant efforts to achieve these goals. For example, we are in the process of developing an app for Android-based mobile devices, which we currently do not have.

As a result of the above, we must continue to invest significant resources in research and development in order to continually improve the speed, accuracy and comprehensiveness of our products. If we are unable to continue offering innovative products, we may be unable to attract additional users or retain our current users, which could adversely affect our business, results of operations and financial condition.

We rely on information technology to operate our business and maintain our competitiveness, and any failure to adapt to technological developments or industry trends could harm our business.

We depend on the use of sophisticated information technologies and systems, including customized in-house technology and systems used to attract customers to our websites, for website front-ends and mobile apps, product building and pricing, reservations, customer service, internal and external communications, procurement, payments, fraud detection, administration and reporting. As our operations grow in size, scope and complexity and we continue to integrate our businesses, we must continuously improve and upgrade our systems and infrastructure to offer an increasing number of travelers enhanced products, features and functionalities, while maintaining the reliability and integrity of our systems and infrastructure.

Expanding our systems and infrastructure to meet any projected future increases in business volume may require us to commit substantial financial, operational and technical resources before those increases materialize, with no assurance that they actually will. Delays or difficulties in implementing new or enhanced systems may keep us from achieving the desired results in a timely manner, to the extent anticipated, or at all, and we may also be unable to devote adequate financial resources to develop or acquire new technologies and systems in the future.

If we are not able to keep up with rapid technological changes or fail to address the challenges presented by recent trends in consumer adoption and use of mobile devices, our business could be adversely affected.

The markets in which we compete are characterized by rapidly changing technology, evolving industry standards, consolidation, frequent new service announcements, introductions and enhancements and changing

consumer demands. We may not be able to keep up with these rapid changes and our future success also depends on our ability to adapt our products and infrastructure to meet rapidly evolving consumer trends and demands while continuing to improve the performance, features and reliability of our service in response to competitive service and product offerings.

In addition, these market characteristics are heightened by the progress of technology adoption in various markets, including the continuing adoption of the Internet and online commerce in certain geographies and the emergence and growth of the use of smartphones and tablets for mobile e-commerce transactions, including through the increasing use of mobile apps. For example, we believe travel transactions will continue to grow rapidly on mobile platforms and may gain acceptance on social and flash-sale platforms. As a result, our future success will depend on our ability to adapt to rapidly changing technologies, to adapt our products to evolving industry standards and to continually improve the performance, features and reliability of our service in response to competitive service offerings and the evolving demands of the marketplace. We incur, and expect to continue to incur, substantial expenditures to modify or adapt our services or infrastructure to those new technologies.

In particular, as a result of the widespread adoption of mobile devices coupled with the improved web browsing functionality and development of apps available on these devices, we have experienced a significant shift of business to mobile platforms and our advertising partners are also seeing a rapid shift of traffic to mobile platforms. Our major competitors and certain new market entrants are increasingly offering mobile apps for travel-related products and other functionality. In response to these market trends, in 2010, we launched our first applications for iPhone devices. We estimate that approximately 12% of our flight Orders were made through mobile devices in March 2014 compared with approximately 7% in March 2013. We believe that mobile bookings present an opportunity for growth and that it will be increasingly important for us to effectively offer our products through mobile apps and mobile optimized websites on smartphones and other mobile devices.

The trends in consumer adoption and use of mobile devices also create new challenges for our business. For example, revenue earned on a mobile transaction may be different to that earned in a typical desktop transaction due to different consumer purchasing patterns. Furthermore, given the device sizes and technical limitations of mobile devices, mobile consumers may not be willing to download multiple apps from multiple travel service providers and instead prefer to use one or a limited number of apps for their mobile travel activity. As a result, the consumer experience with mobile apps as well as brand recognition and loyalty are likely to become increasingly important.

As a result, we intend to continue to spend significant resources maintaining, developing and enhancing our websites, including our mobile optimized websites, and our mobile apps and other technology. If we are unable to continue to rapidly innovate and create new, user-friendly and differentiated mobile offerings and efficiently and effectively advertise and distribute on these platforms, or if our mobile apps are not downloaded and used by travel consumers, we could lose market share to existing competitors or new entrants and our future growth and results of operations could be adversely affected.

Some of our current and potential competitors, including large traditional travel service providers, have longer operating histories, larger customer bases, greater brand recognition, greater access to travel inventories and/or significantly greater financial, marketing, personnel, technical and other resources than we do and may be better placed to exploit rapid technological changes or to address the challenges presented by recent trends in consumer adoption and use of mobile devices. Our current and potential competitors may develop technology similar to or better than ours which could result in us losing our competitive advantage over time and negatively affect our overall competitive position. Increased competition may result in reduced operating margins, as well as loss of market share, brand recognition and competitiveness, which could have a material adverse effect on our business, financial condition and results of operations.

A substantial portion of our revenue is generated by our flight activities. Changes in customer patterns with respect to these products may adversely affect us.

A substantial portion of our revenue depends on our sales of flight products and, to a lesser degree, hotel nights and Dynamic Packages (which are dynamically priced packages consisting of a flight product and a hotel booking that travelers customize based on their individual specifications by combining select products from different travel suppliers through us). Our flight business contributed 81.2% and 81.8% of our Revenue Margin in

the years ended March 31, 2014 and March 31, 2013, respectively. Although we also sell products such as train tickets, vacation packages, cruises, self-catering accommodation and bus tickets through certain of our websites, these sales only account for a limited portion of our revenue. Changes in consumer patterns leading to an increased preference for substitute products, such as train and bus tickets or non-regulated lodging alternatives such as vacation rentals, could adversely affect us. In particular, high-speed train networks are rapidly expanding in Europe and have taken segment share from short-haul flights, principally within domestic markets. If these trends were to continue and we fail to scale our sales of such substitute products to reach sales volumes similar to our flight and hotel sales volumes, this could have a material adverse effect on our business, financial condition and results of operations.

A significant proportion of our business is in France and, to a lesser extent, Spain and Italy and elsewhere in Europe. Difficult macroeconomic circumstances in Europe, in particular France, Italy or Spain, could cause a decline in the demand for travel products and adversely affect our results of operations.

Our operations are principally in Europe, and France is our most important market. In the year ended March 31, 2014 and the year ended March 31, 2013, France accounted for 37.6% and 36.2% of our Bookings, respectively and 41.7% and 44.4% of our Revenue Margin, respectively. Accordingly, changes in the demand for travel products in France, including as a result of the factors discussed above and elsewhere in these risk factors, may have a significant impact on our overall results. In addition, Italy and Spain are important markets for us and the European economic downturn continues to impact both economies. In 2013, GDP decreased by 1.9% in Italy (2012: decrease of 2.4%) and is estimated by IHS to decrease by 1.3% in Spain (2012: decrease of 1.6%), in each case compared with the prior year, according to information published by Eurostat (except the IHS estimate). The decrease in GDP and the corresponding contraction in consumers' discretionary spending on travel in these countries negatively affected our results of operations in those markets in 2012 and 2013. Our results of operations may be adversely affected if the difficult macroeconomic circumstances in these countries or other countries in which we operate cause a sustained or significant fall in the demand for travel products.

Our business depends on the quantity of travel products made available to us by, and our relationships with, our suppliers and supplier intermediaries, particularly GDSs, and a decrease in the products we can sell or an adverse change in these relationships or our inability to enter into new relationships could negatively affect our access to travel offerings and have a material adverse effect on our business, financial condition and results of operations.

Our ability to conduct our business generally depends on the quantity of flight seats made available for purchase by travel suppliers, such as airlines, and supplier intermediaries, and the price at which they offer such seats. Both parameters are materially affected by factors outside our control, such as prices for jet fuel, government regulation, taxes or timetable constraints, any of which could lead to reductions in seat supply. Reductions in overall seat supply could adversely affect the quantity of products we are able to sell and, consequently, our business, financial condition and results of operations.

An important component of our business success depends on our ability to obtain, maintain and expand relationships with travel suppliers and supplier intermediaries, which can be difficult. Maintaining and expanding such relationships is important for our revenue generation, because a substantial portion of our Revenue Margin (25.3% in the year ended March 31, 2014 and 26.6% in the year ended March 31, 2013) is derived from commissions, incentive payments and fees negotiated with our travel suppliers, our GDS partners and hotel aggregators with which we have entered into formal relationships. See also “—A substantial portion of our revenue is derived from commissions, incentive payments and fees negotiated with our travel suppliers and supplier intermediaries; any reductions or eliminations of such commissions and payments could adversely affect our business, financial condition and results of operations”.

Where we have formal relationships with travel product suppliers, the conditions under which we sell their products through our websites may require ongoing negotiations to maintain these contracts, which may be time-consuming, prove unsuccessful and lead to disputes. See “Business—Litigation”. There can be no assurance that litigations will not prevent some or all of our websites from being able to sell certain travel products in the future. In certain circumstances, and depending on the terms of any applicable court case or settlement, although we may be able to access a suppliers' public website directly, there can be no guarantee that such direct connection will be legally or technically feasible. Any such access will be subject to the risks described in “—We do not have

relationship agreements with certain suppliers, including ones whose products we sell, and certain of such suppliers have sought to block our sale of their products using legal and technical means”.

In addition, certain of our formal agreements with airlines limit our ability to access their products in certain markets or combinations of certain products in certain markets in which they operate their business. For example, GoVoyages is currently excluded from accessing certain Delta Airlines products.

Although we source our inventory from a variety of suppliers, it is critical for us to maintain our existing relationships with our GDS partners in order to be able to access a larger inventory of travel products. We also depend on existing arrangements between suppliers and supplier intermediaries, such as full content agreements entered into between certain airlines and GDS providers. From time to time, we seek to renegotiate or change the terms of such existing arrangements in a manner that is beneficial to us, but we may not be successful in obtaining such beneficial terms and may be required to recognize costs or expenses or pay a penalty in connection with the termination of existing arrangements. In addition, any amendment or termination of our relationships with GDS partners or of full content agreements between suppliers and supplier intermediaries could significantly limit our ability to offer certain flight products to our customers and have a material adverse effect on our business, financial condition and results of operations. In addition, in certain cases, we rely on a limited number of suppliers for our supply of certain travel products. A significant reduction on the part of any of our major suppliers of their participation in our system for a sustained period of time or their complete withdrawal could have a material adverse effect on our business, financial condition and results of operations.

We also rely on our two principal white label sourcing partners for hotel bookings and car rentals to make their services available to our customers through our website. We source substantially all of our inventory of hotel rooms or other accommodations and car rentals from these white label sourcing partners. In general, our arrangements with our white label sourcing partners do not require them to make available on our website any specific quantity of hotel room reservations or car rentals, or to make hotel room or accommodation reservations or car rentals available in any geographic area or at any particular price. Any amendment or termination of our relationships with any of our white label sourcing partners, as well as inability or unwillingness on the part of any of our white label sourcing partners to perform its obligations, could significantly limit our ability to offer certain hotel rooms or other accommodations and car rentals through our website, divert our customers’ demand for our white label sourcing partners’ products to competitors’ websites and have a material adverse effect on an important revenue stream for us.

We do not have relationship agreements with certain suppliers, including ones whose products we sell, and certain of such suppliers have sought to block our sale of their products using legal and technical means or otherwise influence or restrict how we distribute their products.

We have formal agreements with the three principal GDS providers (note that our agreement with Sabre expired on December 31, 2013 and we are in the process of negotiating an extension of the agreement in accordance with its terms) pursuant to which we request information and facilitate bookings by our customers of products distributed by such GDS providers. In addition, we have formal relationship agreements with many of our airline suppliers pursuant to which we sell their products by connecting our customers directly to their proprietary inventory systems using our Direct Connect technology. However, we do not have formal agreements with certain of our suppliers, including certain low-cost airlines, although we are currently able to use our Direct Connect technology to access such suppliers’ products by connecting our customers directly to their public websites.

In the past, some of these travel suppliers with whom we do not have a formal agreement have attempted to prevent or restrict us from accessing their inventory through both technological and legal means. In particular, certain airlines are striving for exclusivity of their online supply and have taken steps to prevent us from selling their products, including legal action against OTAs, including us, to prevent the offering of their products on third-party websites. See also “Business—Litigation”. Such suppliers have also employed technical means to seek to prevent OTAs from selling their products through, among other means, changing the configurations of their websites or their booking processes. For example, Ryanair had until recently installed a technology which prompted customers to manually type a series of letters in order to make a booking, thereby restricting OTAs from accessing its website via automated algorithms. Although Ryanair recently removed this technology, there is no guarantee that Ryanair or any other airlines will not put in place a similar technology in the future, thereby restricting our access to its products. So far, we have been able to limit the effect of such legal or technical measures, but we cannot guarantee that we will

be able to continue to do so in the future, failure of which could have a material adverse impact on our business, financial condition and results of operations.

The development and maintenance of Direct Connect software is technologically challenging. If the desire of certain suppliers to distribute their products exclusively leads to more airlines developing systems and processes that prevent third-party booking systems, including ours, from offering real-time availability, this could lead to loss of connectivity and a consequential loss of bookings by our business.

In addition, IT connections to travel suppliers with whom we do not have a relationship agreement in general are often less stable and more prone to failure than connections to suppliers with whom we have a relationship agreement or to GDSs. In the past, our booking platforms have been unable to connect directly to the public websites of certain suppliers due to technical issues related to connectivity, as a result of which we were unable to sell that supplier's travel products for a period of several days. Although we have been able to re-establish connections in the past, there can be no assurance that we will be able to do so in the future or that any loss of connectivity will not be for an extended period.

Any failure in such connection or changes in the legal or technical conditions that allow us to access such supplier's inventory could harm our reputation with customers and could have a material adverse effect on our business. In addition, if litigation or technological advancement impedes our ability to offer our customers the broadest selection of travel options possible, we could lose our competitive advantage in providing the best all-in fares and a broad range of travel products and our business would be adversely affected.

Our ability to earn service fees in the future may be limited.

Although we have been able to increase service fees for our products, our ability to charge our customers service fees in the future may be limited due to competition, consumer resistance to paying such service fees, changes in consumer protection legislation and/or a potential structural market change similar to the one that the U.S. market has undergone, among other factors. In the U.S. market, where the concentration of travel suppliers is higher than in Europe and overall market complexity is lower than in Europe, OTA service fees were removed to create a "level playing field" with respect to prices offered on supplier sites, which traditionally did not levy any service fees for an online booking. This change adversely affected the overall margins that U.S. OTAs were able to earn. We believe the inherent complexities of the European markets (multiple language, tax and regulations as well as the less concentrated airline landscape) provides more scope for us to earn service fees if we are able to continue to offer attractive all-in prices to our customers, which is and will continue to be critical to our ability to earn service fees. Reductions in our ability to earn service fees would have an adverse effect on our business, financial condition and results of operations.

A substantial portion of our revenue is derived from commissions, incentive payments and fees negotiated with our travel suppliers and supplier intermediaries; any reductions or eliminations of such commissions and payments could adversely affect our business, financial condition and results of operations.

We derive a substantial portion of our Revenue Margin from our relationships with suppliers (25.3% and 26.6% for the years ended March 31, 2014 and March 31, 2013, respectively), in particular, from commissions and incentive payments negotiated with travel suppliers for bookings made through our websites. We also rely on fees paid to us by GDS partners, in particular Amadeus, and hotel aggregators, which fees are determined based on various volume measures such as flight segments (which corresponds to the number of seats sold on each individual flight, whether or not part of a multi-flight journey), Bookings or gross bookings. The substantial majority of the revenue we generate from GDSs is from Amadeus.

Many of the formal agreements we have entered into with travel suppliers and supplier intermediaries are short-term contracts, providing our counterparties with a right to terminate at short notice or without notice. While in certain cases we have entered into long-term agreements (in particular in 2011, a 10-year non-exclusive agreement with GDS service provider Amadeus, which was amended in 2013 and 2014 and extended for two additional years until 2022), no assurances can be given that certain GDS partners or travel suppliers will not reduce or eliminate compensation or incentives paid to us, attempt to charge travel agencies for content, credit or debit card fees or other services, or otherwise attempt to change the financial terms of our agreements, any of which could reduce our revenue and margins, thereby adversely affecting our business, financial condition and results of operations.

Under certain of our agreements with travel suppliers or supplier intermediaries, no sales incentive will be due to us unless we meet certain minimum sales thresholds or, if we fail to meet such thresholds, we will be liable for a penalty due to the relevant supplier or supplier intermediary. For example, under our agreement with Amadeus, a reduced incentive will be due to us by Amadeus if we fail to meet an annual volume target through the Amadeus GDS and, in that event, we may also be liable for a penalty corresponding to a percentage of the unearned portion of the signing bonus received from Amadeus upon completion of the Opodo Acquisition (based on the shortfall of volumes of products sold when compared to the annual target), plus interest. See “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations—Changes in revenue sources and product mix—Supplier revenue”. Any repayment in part or in full of signing bonus may have a material adverse effect on our business, financial condition and results of operations.

To the extent any of our travel suppliers reduces or eliminates the commissions or incentive payments it pays to us, our revenue may be reduced unless we are able to adequately mitigate such reduction by increasing the service fees we charge to our customers in a sustainable manner. However, any increase in service fees may also result in a loss of potential customers. Furthermore, our arrangement with travel suppliers may limit the amount of service fees that we are able to charge our customers.

In addition, there has been a customer trend towards Direct Connect flight products and away from flight products sourced from GDSs, which has had an adverse effect on our average Revenue Margin per Booking because in the case of certain Direct Connects we do not receive commission from travel suppliers or incentives from GDSs, which are another important revenue stream for us. Although we have been successful in responding to lower incentives payments (particularly from airlines) by growing our other sources of revenue, there can be no assurance we will be able to continue to maintain or increase our revenue from customers while remaining competitive.

Competition for advertising and metasearch revenue is intense and may adversely affect our ability to operate profitably.

Our websites compete for advertising revenue with large Internet portal sites, such as TripAdvisor and social media websites and mobile platforms that offer listing or other advertising opportunities for travel-related companies. Several of these market participants have significantly greater financial, technical, marketing and other resources and large client bases. In addition, we compete with other OTAs (such as Expedia or Priceline), newspapers, magazines and other traditional media companies that provide offline and online advertising opportunities. We expect to face additional competition as other established and emerging market participants enter the online advertising market. Competition could result in reduced margins on our advertising revenue. If we are not able to compete effectively with current or future competitors as a result of these and other factors, our business could be materially adversely affected.

We compete for metasearch revenue with large metasearch websites, such as Kayak/Swoodoo, Skyscanner, Jetcost, Trivago, Momondo and Qunar, as well as Google. We expect to face additional competition if other established and emerging market participants enter the metasearch market. Competition could adversely affect the Revenue Margin associated with this service. If we are unable to compete effectively with current or future competitors as a result of these and other factors, our business could be materially adversely affected.

Failure to effectively complete the integration of middle- and back-office functions that support our eDreams Group, Opodo Group and GoVoyages Group operations could have a material adverse effect on our financial condition and results of operations.

Since the Opodo Acquisition, we have been actively focused on integrating the eDreams, Opodo and GoVoyages businesses. While the migration of the multiple former separate operational platforms into one unified platform (the “One Platform”) for the core elements of the flight booking engine was successfully accomplished (with the exception of Travellink) during the summer of 2013, the implementation of common middle- and back-office functions such as accounting, IT and operational systems, management information and financial control systems, marketing and customer service is still ongoing. In addition, the integration of the Dynamic Package booking engine, the vacation package product and the front-end interfaces are currently in progress. Although we have made significant progress in these areas, we expect that the integration will continue to require significant time, expenses and other resources and to pose significant management, administrative and financial challenges, including regarding cost-effectiveness and additional capital expenditure requirements. Finalizing the integration process may

therefore cause operating difficulties and expenditures that are not currently foreseen. Failure to effectively and efficiently complete the integration could have a material adverse effect on our financial condition and results of operations.

We currently operate several middle- and back-office systems, which are connected to each other as well as to other internal and external systems, through which large sums of money and other data are transferred on a daily basis. Any interruption, programming or other error with respect to such systems could negatively affect our ability to collect our receivables when they become due, pay our payables when they become due and/or accurately capture information important to our management of our business.

We may not be successful in executing initiatives to adopt new business models and practices or in otherwise implementing our growth strategies, including implementing any strategic transactions such as mergers, acquisitions and joint ventures, and integrating any acquired businesses.

We continue to seek to adapt our business to remain competitive, including investing in expanding into new geographies, new businesses such as metasearch, developing distribution channels such as mobile and offering additional products and options to our customers. These endeavors may involve significant risks and uncertainties, including distraction of management from current operations, expenses associated with the initiatives and inadequate return on investments. These initiatives may require significant investments, including changes to our processes, which could increase our costs. These new initiatives may not be successful.

In addition, we have acquired, or invested in, a number of businesses in the past. For example, in October 2013 we acquired Liligo, a metasearch company, with a view to integrating Liligo's technology into our existing business and increasing our advertising and meta click-out revenue. We expect to continue to evaluate potential strategic or other acquisitions and transactions as part of our growth strategy. There can be no assurance that we will succeed in implementing this strategy as it is subject to many factors which are beyond our control, including our ability to identify, attract and successfully execute suitable acquisition opportunities and partnerships. Any transactions that we enter into could be adverse to our financial condition and results of operations. In particular, acquisitions may affect our EBITDA margins depending on the acquisition cost and EBITDA contribution of the acquired assets or entity.

The process of integrating an acquired company, business or technology may create unforeseen operating difficulties and expenditures. The areas where we face risks include, among others:

- use of cash resources and incurrence of debt and contingent liabilities in funding acquisitions may limit other potential uses of our cash, including debt service;
- amortization expenses related to acquired intangible assets and other adverse accounting consequences, including changes in fair value of contingent consideration;
- impairment of goodwill or other intangible assets such as trademarks or other intellectual property arising from our acquisitions;
- expected and unexpected costs incurred in pursuing acquisitions, including identifying and performing due diligence on potential acquisition targets that may or may not be successful;
- difficulties and expenses in assimilating the operations, products, technology, privacy protection systems, information systems or personnel of the acquired company;
- challenges relating to the structure of an investment, such as governance, accountability and decision-making conflicts that may arise in the context of a joint venture or majority ownership investment;
- impairment of relationships with employees, suppliers, customers and affiliates of our business and the acquired business;
- the assumption of known and unknown debt and liabilities of the acquired company;

- costs associated with litigation or other claims arising in connection with the acquired company;
- failure to generate adequate returns on our acquisitions and investments, or returns in excess of alternative uses of capital;
- failure to successfully implement, or generate benefits from, our venture farm strategy to partner and invest in small innovative companies with large growth potential; and
- entrance into markets in which we have no direct prior experience. See “—Our international operations involve additional risks and our exposure to these risks will increase as we further expand our international operations”.

We rely on the value of our brands, and any failure to maintain or enhance customer awareness of our brands could have a material adverse effect on our business, financial condition and results of operations. In addition, the costs of maintaining and enhancing our brand awareness are increasing and the strength of our brands is directly related to our cost of customer acquisition.

Our brands, image and reputation constitute a significant part of our value proposition. Our success over the years has largely depended on our ability to develop our brands and image as leading online travel company across Europe. As we seek to continue to expand our operations into new geographies as part of our growth strategy, increasing the awareness, perceived quality and perceived different attributes of our brands and image outside European borders will be of significant importance to attract and expand the number of travelers that purchase our products.

Travelers expect that we will provide them with a large selection of quality travel products at low prices, and this reputation has strengthened our image and brands, fueling our expansion. Any event, such as the poor quality of products provided by our travel suppliers (over which we have no direct control) and offered through our websites, that may not meet our customers’ expectations, or the failure to reimburse for products not effectively provided, could lead to customer complaints, damage our image, reputation or brands and have a material adverse effect on our business, financial condition and results of operations. Our reputation could also be damaged if customer complaints or negative reviews of us or our activities were to be exchanged on public social networks’ websites.

In addition, our main brands are key assets of our business and the strength of our brands is directly related to our cost of customer acquisition. We believe that maintaining and expanding such brands are important aspects of our efforts to attract and expand our user and advertiser base. Our expenditures to maintain our brands’ value have been steadily increasing due to a variety of factors. These include increased spending from our competitors, the increasing costs of supporting multiple brands, expansion into new geographies and products where our brands are less well known, inflation in media pricing including search engine keywords and the relative traffic share growth of search engines and metasearch engines. We have spent considerable financial and human resources to date on the establishment and maintenance of our brands, and we will continue to invest in, and devote resources to, advertising and marketing, as well as other brand-building efforts to preserve and enhance consumer awareness of our brands.

Some of our competitors use marketing channels we are not familiar with to maintain customer awareness of their brands. For example, we have historically not used, and have little experience or track record in using, television as a means of promoting and marketing our products. Substantially all of our advertising is online. Failure to use appropriate promotion and marketing channels could adversely affect our business, financial condition and results of operations.

There is no assurance that we will be able to successfully maintain or enhance consumer awareness of our brands. Even if we are successful in our branding efforts, such efforts may not be cost-effective. If we are unable to maintain or enhance consumer awareness of our brands and generate demand in a cost-effective manner, it would negatively impact our ability to compete in the travel industry and would have a material adverse effect on our business. As new media, such as social media, and devices, such as smartphones and tablet devices, continue to develop, we will need to expend additional funds to promote our brand awareness on such media and devices. If we are unable to adapt to such new media forms and devices, we may lose online travel segment share, which would

have a material adverse effect on our business. See also “—We may not be able to protect our intellectual property effectively from copying and use by others, including current or potential competitors”.

Our business could be negatively affected by changes in search engine algorithms and search engine relationships.

We utilize to a significant and increasing extent Internet search engines, principally through the purchase of travel-related keywords, in particular on Google, and inclusion in metasearch results, to generate traffic to our websites. The purchase of travel-related keywords consists of anticipating what words and terms consumers will use to search for travel on Internet search engines and then bidding on those words and terms in the applicable search engine’s auction system. We bid against other advertisers for preferred placement on the applicable Internet search engine’s results page. Search engines, including Google, frequently update and change the logic that determines the placement and display of results of a consumer’s search, such that the purchased or algorithmic placement of links to our websites can be negatively affected.

We also generate a significant proportion of our Bookings on our websites from “free traffic” resulting from customers clicking a non-paid results link in a Google or other search engine. Our positioning on such search engine’s search results depends on algorithms designed by the various search engine providers such as Google and based on various criteria including, in particular, the historical level of traffic on our websites. As a result, if search engine providers such as Google change their search algorithms in a manner that is competitively disadvantageous to us, whether to support their own travel-related services or otherwise, our ability to generate traffic to our websites would be harmed, which in turn could adversely affect our business, market share and financial performance. In addition, if we fail to maintain our current strong levels of traffic and our search rankings fall as a consequence thereof, our free traffic would fall and our margins, business and financial performance could be adversely affected.

Furthermore, a significant amount of traffic is directed to our websites through our participation in pay-per-click and display advertising on Internet media properties and search engines whose pricing and operating dynamics can experience rapid change, both technically and competitively. If one or more of such arrangements are terminated or if competitive dynamics further impact market pricing in a negative manner, we may experience a decline in traffic on our websites which in turn could adversely affect our margins, business, financial condition and results of operations.

Moreover, changes in our relationships with certain search engines, metasearch or affiliate partners that feature links to our sites could limit our access to customers at a reasonable cost, which in turn could adversely affect our margins, business, financial condition and results of operations.

We are exposed to risks associated with payment fraud.

We have historically suffered, and expect to continue to suffer, from Internet-related fraud which has impacted our results. For example, we experience periodic instances of significant attempted fraud, particularly in our expansion markets. Although we have made significant investments with respect to fraud prevention and detection (including for contracting external supplementary fraud detection services and the rollout of a unified fraud detection system within the framework of the integration of the One Platform) and we have generally been able to keep credit or debit card fraud levels at reasonable levels so far, we cannot guarantee that we will be able to do so in the future. We are liable for accepting fraudulent credit or debit cards or checks and are subject to other payment disputes with our customers for such sales. In instances in which we are unable to combat the use of fraudulent credit or debit cards or checks, we are liable vis-à-vis suppliers for the entire airfare (even when we do not bear inventory risk) and our revenue from such sales could also be subject to automatic chargebacks related to fraudulent transactions from credit or debit card processing companies or demands from the relevant banks. Our ability to detect and combat increasingly sophisticated fraudulent schemes may be negatively impacted by the adoption of new payment methods, the emergence of new technology platforms such as smartphones and tablet devices and our expansion into emerging markets. Our fraud protection measures also result in our refusal of bookings to some legitimate customers, which results in lost revenue and dissatisfied users, and also involve significant direct compliance costs. If we are unable to effectively combat the use of fraudulent credit cards on our websites, our results of operations and financial condition could be adversely affected.

Our international operations involve additional risks and our exposure to these risks will increase as we further expand our international operations.

Our principal operations, as measured by Revenue Margin contribution, are in France, Germany, Spain, Italy, the United Kingdom and the Nordics. However, we are seeking to expand our geographic footprint rapidly, and as of March 31, 2014 we operated in 42 countries. We face complex, dynamic and varied risk landscapes in the countries in which we operate. To achieve widespread acceptance as we enter countries and markets that are new to us, we must continue to tailor our products and business model to the unique circumstances of such countries and markets, including travel supplier relationships, traveler preferences and adding new languages to our website interfaces. In each new market that we enter we will need to address the particular economic, currency, political and regulatory risks associated with such new markets, which may include, among other things, finding new acquisition partners, hiring and training new call center staff with local language skills and an understanding of the local market, adapting to new payment methods frequently used in the market to be entered, implementing new fraud systems and processing additional currencies.

Learning the customs and cultures of various countries, particularly with respect to travel patterns and practices, and subsequently integrating our operations across different cultures and languages, can be difficult, costly and divert management and personnel resources. In particular, establishing effective payment systems in the countries and markets we enter can be time-consuming and challenging. To compete in certain international markets we have in the past, and may in the future, adopt locally preferred payment methods, which may increase our cost and risk of fraud. Our failure to adapt our practices, internal systems and processes and models effectively to traveler and supplier preferences of each country into which we expand could slow our international growth.

In addition, when we enter new markets and/or seek to become a new distribution partner for airlines with which we have no existing relationships, we are typically required to undergo a lengthy application process while we seek to obtain respective IATA and/or ARC accreditation. In the majority of cases, there is no guarantee that we will ultimately become a distribution partner and be granted access to all brand/market combinations of the respective airline.

We expect to continue to face ongoing and additional risks in international operations from jurisdiction to jurisdiction. These risks may include:

- local economic or political instability;
- threatened or actual acts of terrorism;
- regulatory requirements, including data privacy requirements, consumer protection and retail regulations, labor laws and anti-competition regulations, and our general ability to comply with local laws and regulations and compliance costs associated therewith;
- diminished ability to legally enforce our contractual rights;
- longer payment cycles;
- increased risk and limits on our ability to enforce intellectual property rights;
- increased risk of Internet and particularly credit or debit card fraud;
- possible preferences by local populations for local providers;
- currency exchange restrictions and exchange rate fluctuations;
- financial risk arising from transactions in multiple currencies, including our failure to adequately manage those risks;
- restrictions on our ability to repatriate cash and earnings as well as restrictions on our ability to invest in our operations in certain countries;

- slower adoption of the Internet as an advertising, broadcast and commerce medium in those markets as compared to the jurisdictions in which we currently operate;
- increasing labor costs due to high wage inflation in foreign locations, differences in general employment conditions and the degree of employee unionization and activism; and
- difficulties in managing staffing and operations due to distance, time zones, language and cultural differences.

If we are not able to effectively mitigate or eliminate these risks, our results of operations could be materially and adversely affected.

In certain of our business lines, such as in our charter flight business, we bear inventory risk and/or bear the risk of default by our supplier, which could adversely affect our business.

We generally do not assume inventory risk in our different business lines. However, for a limited range of products (principally charter flights), we purchase inventory in order to benefit from special negotiated rates and we assume inventory risk on such products. If we are unable to sell these products at an appropriate price, or at all, our revenue and business may be adversely affected. In cases where we bear inventory risk, we are particularly exposed to competition as, for example, the introduction by a competitor of new or additional capacity on a particular route or for a particular product has required us in the past, and may require us in the future, to significantly decrease our prices and thereby suffer a loss on the sales of those products. Furthermore, in our charter flights business we also bear the counterparty credit risk of default by our charter suppliers, particularly Air Méditerranée, which is one of our main suppliers. If any of our charter suppliers were to voluntarily or involuntarily undergo a bankruptcy proceeding and is subsequently unable to successfully emerge from bankruptcy, or were to otherwise cease operations, temporarily or permanently, or face any other business disruption, and we are unable to replace such supplier, our business would be adversely affected. In addition, we could incur additional costs and constrained liquidity if we are required to provide relief to tour operators and/or affected travelers by refunding the price or fees associated with charter flight products and other related travel products and services.

We rely on third parties for certain services and systems, and any disruption or adverse change in their businesses could have a material adverse effect on our business.

We rely on third-party service providers for certain customer care, fulfillment, processing, systems development, technology and other services and we may in the future migrate additional services to outsourcing providers. If these third parties experience difficulty meeting our requirements or standards, this could damage our reputation or make it difficult for us to operate certain aspects of our business. In addition, if such third-party service providers were to cease operations, temporarily or permanently, or face financial distress or other business disruption, we could suffer increased costs and delays in our ability to provide similar services until an equivalent service provider is found or we develop replacement technology or operations. If we fail to replace any such defaulting service provider, this could result in our inability to access a particular source of revenue and, as a result, our revenue could also be adversely impacted. If we are unsuccessful in choosing partners who meet our quality standards or we ineffectively manage these partners, this could have an adverse impact on our business and financial performance. In addition, any transition of services currently provided by us to an outsourcing provider could result in labor-related costs or disruptions.

In addition to relying on the electronic central reservation systems and GDSs of the airline, hotel and car rental industries as discussed elsewhere in this section, we currently rely on certain third-party computer systems, service providers and software companies in order to:

- process credit or debit card payments, including fraud prevention and detection systems;
- provide computer infrastructure critical to our business, including hosting, internet bandwidth and firewall protection;
- provide reporting data, including data analysis and benchmarking;

- facilitate customer acquisition, including agreements with metasearch engines; and
- perform call center and online customer support services.

Our success is dependent on our ability to maintain relationships with our technology partners. In the event our arrangements with any of such third parties are impaired or terminated, we may not be able to find an alternative source of systems support on a timely basis or on commercially reasonable terms, which could result in significant additional cost or disruptions to our businesses. In addition, some of our agreements with third-party service providers can be terminated by those parties on short notice and, in many cases, provide no recourse for service interruptions. Such an event could have a material adverse effect on our business, financial condition and results of operations.

We outsource certain of our call center operations for customer service to third-party providers. These third-party providers operate call centers located in New Delhi, India and Casablanca, Morocco. If our outsourcing service providers experience difficulty in meeting, or fail to meet, our requirements for quality and customer services standards or the requirements or standards of governmental authorities, our reputation could suffer and our business and prospects could be adversely affected. Our operations and business could also be adversely affected if our outsourcing service providers experience any system or other operational interruptions. For example, in 2013, one of our external call center operators experienced an employee strike, which caused stoppages to GoVoyages' and Opodo's customer services and required us to make alternative call center arrangements. See "Business—Litigation—Commercial and intellectual property disputes—Call Expert litigation". In addition, termination of any contract with our outsourcing service providers could cause a decline in the quality of our services and disrupt and adversely affect our business, results of operations and financial condition if we are unable to find alternative outsourcing service providers on commercially reasonable terms or if the replacement outsourcing service providers do not meet our quality requirements.

System interruption and lack of redundancy may cause us to lose customers or business opportunities.

We rely on our own and our suppliers' computer systems to attract customers to our websites and apps and to facilitate and process transactions. Our and our suppliers' inability to maintain and improve our respective information technology systems and infrastructure may result in system interruptions. Like many online businesses, we and our suppliers have experienced and may in the future experience system interruptions. Any interruptions, outages or delays in systems we utilize or deterioration in their performance could impair our ability to process user traffic and transactions and decrease the quality of products that we can offer to travelers. The costs of enhancing infrastructure to attain improved stability and redundancy may be time-consuming and expensive and may require resources and expertise that are difficult to obtain.

We currently operate two data processing and hosting facilities, which are located in Barcelona, Spain and Paris, France. While some of the functions performed by these facilities are duplicative and some of the databases of these facilities are synchronized in predetermined intervals with databases of the respective other facility for backup purposes, the two facilities are currently not designed to be entirely redundant. In particular, one database may not be able to fully perform the full range of operations of the respective other database, *i.e.*, our ability to carry out all of our operations requires full functionality of both facilities. Accordingly, in case of failure of one of the data processing and hosting facilities, we may lose customer data as well as the ability to record and process Bookings, which could have a material adverse effect on our business, financial condition and results of operations.

Fire, flood, power loss, telecommunications failure, physical break-ins, earthquakes, acts of war or terrorism, acts of God, computer viruses, electronic intrusion attempts from both external and internal sources and similar events or disruptions may impact, damage or interrupt computer or communications systems or business processes or data at any time. For example, in the past, we have experienced security intrusions and attacks on our systems for fraud or service interruption (called "denial of service" attacks) that have made portions of our websites slow or unavailable for periods of several hours. Although we have taken measures to protect certain portions of our facilities, assets and data, if we were to experience frequent or persistent system failures or security breaches, such events could significantly curtail our ability to conduct our businesses and generate revenue, and our reputation and brands could be harmed.

Security intrusions and attacks are likely to become more difficult to manage as we expand the number of jurisdictions in which we operate and as the tools and techniques used in such attacks becomes more advanced. In addition, companies that we may acquire in the future, may employ security and networking standards at levels we find unsatisfactory. The process of enhancing infrastructure to improve security and network standards may be time consuming and expensive and may require resources and expertise that are difficult to obtain. Acquisitions could also increase the number of potential vulnerabilities and could cause delays in detection of an attack, or the timelines of recovery from an attack.

While we have backup systems and contingency plans for critical aspects of our operations or business processes, our disaster recovery or business continuity planning may not be sufficient. In addition, we may have inadequate insurance coverage or insurance limits to compensate for losses from a major interruption, and remediation may be costly and have a material adverse effect on our financial condition and results of operations.

We rely on the performance of highly skilled personnel and our ability to attract and retain executives and other qualified employees is crucial to our results of operations and future growth. In addition, any significant disruption in our workforce or the workforce of our suppliers or third-party service providers could adversely affect us.

We depend substantially on the continued services and performance of our key executives, senior management and skilled personnel, particularly our information technology and systems, marketing, pricing, retail, finance and supplier relations professionals and country directors. Any of these individuals may choose to terminate their employment with us at any time and we cannot ensure that we will be able to retain the services of any member of our senior management or key employees, the loss of whom could seriously harm our business.

Competition for well-qualified employees in certain aspects of our business, including top management, software engineers, developers, marketing and supplier relationship managers and other business, finance and technology professionals, also remains intense. The specialized skills we require are difficult and time-consuming to acquire and, as a result, such skills are in short supply. We expect that this shortage will continue. A lengthy period of time is also required to hire and train replacement personnel and it takes time for newly recruited specialists to learn our systems and business and become productive.

Our employees are subject to personal income tax. There has been a trend in the past of increased taxation for some of our employees. Should personal income tax rates continue increasing, we may not be able to retain our employees services without increasing our labor cost which may adversely impact our results of operations.

An inability to hire, train and retain a sufficient number of qualified employees could materially hinder our business by, for example, delaying our ability to bring new products and services to market or impairing the success of our operations. Even if we are able to maintain our employee base, the resources needed to attract and retain such employees, as well as to update their skills as the technological demands of our industry change, may adversely affect our profits, growth and operating margins.

We are, and may be in the future, involved in various legal proceedings, the outcomes of which could adversely affect our business, financial condition and results of operations.

We are, and may be in the future, involved in various legal proceedings relating to allegations of our failure to comply with consumer protection, antitrust or competition regulations that involve claims or sanctions for substantial amounts of money or for other relief or that might necessitate changes to our business or operations. For example, in France we are currently involved in commercial litigation with Air France arising from their claim that in the past, eDreams engaged in unfair competition by failing to comply with certain French and EU regulations concerning price transparency. See also “Business—Litigation—Commercial and intellectual property disputes—Air France litigation”.

Such legal proceedings include disputes with certain authorities relating to regulatory matters. The defense of any of these actions is, and may continue to be, both time-consuming and expensive. We cannot assure you that we will prevail in these legal proceedings or in any future legal proceedings and if such disputes were to result in an unfavorable outcome, it could result in reputational damage and have a material adverse effect on our business, financial condition and results of operations.

For a discussion of certain key legal proceedings relating to us, see “Business—Litigation”.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of the financial condition and results of operations of the 2019 Notes Issuer and its subsidiaries on a consolidated basis in conjunction with the sections entitled "Selected Financial Information and Other Data", "Presentation of Financial and Other Data—Non-GAAP Measures" as well as the financial statements and the related notes included elsewhere in this Report. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of this Report. Actual results could differ materially from those contained in any forward-looking statements. See the "Forward-Looking Statements" section of this Report.

The following discussion and analysis of the financial condition and results of operations is based on the Consolidated Financial Statements which were prepared in accordance with IFRS.

The financial information included in this Report includes certain measures which are not accounting measures as defined by IFRS. These measures have been included for the reasons described below. However, these measures should not be used instead of, or considered as alternatives to, the audited consolidated financial statements for the 2019 Notes Issuer based on IFRS. Further, these measures may not be comparable to similarly titled measures disclosed by other companies. See "Presentation of Financial and Other Data—Non-GAAP Measures".

Overview

We are a leading online travel company with a presence in 42 countries. We make flight and non-flight products directly available to travelers principally through our online booking channels (desktop websites, mobile websites and mobile apps) and via our call centers, as well as indirectly through white label distribution partners and other travel agencies. With more than 15 million customers served in the year ended March 31, 2014, we are a worldwide leader in delivering flight products, which is our principal business. We also provide our customers with non-flight products, such as hotel bookings, Dynamic Packages (which are dynamically priced packages consisting of a flight product and a hotel booking that travelers customize based on their individual specifications by combining select products from different travel suppliers through us), car rentals and vacation packages.

Substantially all of our operations are in the leisure travel business. We derive the substantial majority of our revenue and profit from the sale of flight products in Europe. Our principal operations, as measured by Revenue Margin contribution, are in France, Germany, Spain, Italy, the United Kingdom and the Nordics. Outside of Europe, we are present in a number of large countries, including, in order of Revenue Margin contribution, Australia, the United States, Argentina, Brazil, Turkey and Mexico.

We organize our operations into two principal financial reporting segments: Core (our mature markets) and Expansion (the markets in which we are less well established), which reflects the manner in which our management evaluates the performance of our various businesses and, on the basis of such information, makes financial and strategic decisions regarding our operations. Our Core segment consists of our operations in France, Spain and Italy. Our Expansion segment consists of our operations in Germany, Austria, the United Kingdom and the other countries in which we operate, including, among others, the Nordics and countries outside Europe. In each of our Core and Expansion segments, we offer flight and non-flight products to travelers.

In the year ended March 31, 2014, our businesses generated 9.8 million Bookings, and generated Revenue Margin of €428.6 million and Adjusted EBITDA of €117.8 million, compared to 8.7 million Bookings, €373.0 million of Revenue Margin and €108.6 million of Adjusted EBITDA in the year ended March 31, 2013.

We generate our Revenue Margin principally from sales of flight products in our Core segment. The following table sets forth the proportion of Revenue Margin generated by our Core and Expansion segments and by our sales of flight and non-flight products as a percentage of our total Revenue Margin⁽¹⁾:

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(unaudited unless otherwise stated) (in % of total Revenue Margin)	
Revenue Margin ⁽¹⁾⁽²⁾		
<i>Core</i>	62.3%	65.6%
<i>Expansion</i>	37.7%	34.4%
Total Revenue Margin	100.0%	100.0%
Revenue Margin ⁽¹⁾		
<i>Flight</i>	81.2%	81.8%
<i>Non-flight</i>	18.8%	18.2%
Total Revenue Margin	100.0%	100.0%

(1) Revenue Margin, which is a non-GAAP measure, means our IFRS revenue less supplies. Our management uses Revenue Margin to provide a measure of our revenue after reflecting the deduction of amounts we pay to our suppliers in connection with the revenue recognition criteria used for products sold under the principal model (gross value basis). Accordingly, Revenue Margin provides a comparable revenue measure for products, whether sold under the agency or principal model. For a description of the agency and principal models, see “—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

(2) Bookings and Revenue Margin attributable to Go Volo have been allocated between the Core and Expansion segments according to the country of booking.

We generate our revenue from the sale of (i) flight products, including flights on network carriers, low-cost carriers and, to some extent, charter airlines, each of which we source through GDSs or our Direct Connect technology, as well as insurance for flight products and (ii) non-flight products, including hotel bookings, Dynamic Packages, which are dynamically priced packages consisting of a flight product and a hotel booking that travelers customize based on their individual specifications by combining select products from different travel suppliers through us (including revenue from the flight component thereof), car rentals, vacation packages and insurance for non-flight products, as well as non-travel products, such as advertising, metasearch activities and phone revenue, consisting mainly of charges on toll calls to our call centers.

The substantial majority of our revenue is generated from our customers. Customer revenue is earned through service fees (which is the total difference between the price at which we source a product and sell that product to a customer, which difference includes, among other components, any mark-up to the price at which we source a product and fees that we charge customers in connection with a booking), insurance revenue and other fees. We also generate revenue from our various suppliers linked to the volume of sales facilitated by us, such as commission and overcommissions (which are commissions based on the year-end achievement of pre-defined targets), payments from travel suppliers, incentives from our GDS service providers based on the volume of Bookings completed by us through GDS systems, commissions we receive from partners under white label sourcing agreements, incentives we receive from payment processors and charges on toll calls.

Our revenue also comprises revenue from certain other ancillary sources, such as advertising on our websites and revenue from our metasearch activities. Our metasearch activities generate revenue through cost-per-search arrangements, where we earn a fee for each user searching on one of our metasearch websites and “clicking out” to a third party’s website by following a link displayed in one of our metasearch websites, and cost-per-action arrangements, where we earn a fee for each user “clicking out” to a third party’s website by following a link displayed in one of our metasearch websites who subsequently makes a booking on such third party’s website.

The proportion of Revenue Margin generated from our customers has increased over the periods presented compared to the other sources from which we generate revenue. The following table sets forth the proportion of Revenue Margin generated from customers, suppliers and advertising and meta click-outs as a percentage of our total Revenue Margin:

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(unaudited)	
	(in % of total Revenue Margin)	
Revenue Margin ⁽¹⁾		
<i>from customers</i>	70.7%	71.2%
<i>from suppliers</i>	25.3%	26.6%
<i>from advertising and meta click-outs</i>	4.0%	2.2%
Total Revenue Margin	100.0%	100.0%

(1) Revenue Margin, which is a non-GAAP measure, means our IFRS revenue less supplies. Our management uses Revenue Margin to provide a measure of our revenue after reflecting the deduction of amounts we pay to our suppliers in connection with the revenue recognition criteria used for products sold under the principal model (gross value basis). Accordingly, Revenue Margin provides a comparable revenue measure for products, whether sold under the agency or principal model. For a description of the agency and principal models, see “—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

Substantially all of our revenue is earned by us acting as an agent although we also earn revenue acting as principal for certain products. For a description of the agency and principal models, see “—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

Presentation of Financial Information

The 2019 Notes Issuer reports consolidated financial information in accordance with IFRS, applying harmonized accounting principles and policies across all of its constituent businesses.

The consolidation perimeter of the 2019 Notes Issuer comprises the 2019 Notes Issuer and all its direct and indirect subsidiaries, including among others LuxGEO, the 2018 Notes Issuer, Opodo and all significant entities historically included in the GoVoyages Group, the eDreams Group and the Opodo Group. All entities are fully consolidated with a percentage of interest of 100% for the year ended March 31, 2014, except for ReallyLateBooking, 25% of whose share capital is owned by Opodo Limited and recorded in the Consolidated Financial Statements as “Asset available for sale”.

Key Factors Affecting Our Results of Operations

Our results of operations, financial position and liquidity have been, and may continue to be, affected by the following factors and developments:

Trends and changes in the travel industry and global economy

Our financial results have been, and are expected to continue to be, affected by factors, trends and changes in the global economy in general and the travel industry in particular. These factors, trends and changes include:

- *Global economic conditions and other factors outside of our control.* The economic cycle affects demand for travel products and consequently our business. Such cycles in general, and demand for travel in particular, are generally influenced by macroeconomic conditions; global political events, such as terrorist acts or episodes of labor or social unrest, war or other hostilities, or failing governments; market-specific events, such as shifts in customer confidence; and customer spending and other events that are beyond our control, such as pandemic and health-related risks. Demand for travel products is particularly influenced by general economic conditions, as spending on travel is largely discretionary and tends to decline, or grow more slowly, during economic downturns. The economic and financial crisis has had, and, if it were to continue, could again have, a significant impact on customer demand in general, and on demand for travel products in particular. However,

during the economic downturn, an increasing number of cost-conscious customers turned to online travel agencies in the search for cheaper flights and travel deals, which further increased the extent of online travel penetration and partly offset the adverse impact of deteriorating consumer confidence on overall travel expenditures. Demand for our products is also exposed to climate change, accidents, natural disasters, such as the eruption in 2010 of Iceland's Eyjafjallajökull volcano, leading to the closure of airspace in various European countries and numerous flight cancellations, outbreaks of diseases and epidemics. Given the worldwide reach of our travel offerings, similar events in the past have affected, and could in the future directly affect, our customers' propensity to travel and lead to a reduction in travel expenditures. See also "Risk Factors—Risks Related to the Travel Industry—Demand for our products is dependent on the travel industry, which may be materially affected by general economic conditions and other factors outside our control. Declines or disruptions in the travel industry could adversely affect our business, financial condition and results of operations".

- *Internet penetration in our different markets.* The level of our activity and the growth of our businesses are also highly dependent on the level of online travel penetration (*i.e.*, the proportion of travel bookings made through the Internet) and the distribution of travel products generally. Increased usage and familiarity with the Internet have driven rapid growth in online travel penetration of travel expenditures over the past few years. According to PhoCusWright, the online travel penetration in Europe increased from 34% in 2010 to 41% in 2012. We believe that online travel penetration is lower in most of our expansion markets than in Europe and that this represents a significant opportunity for OTAs in those countries.
- *Competition from new and existing market participants.* The steady increase of penetration rates of online travel over the past few years has attracted an increasing number of competitors to the online travel industry and the level of competition is expected to remain high or intensify further in the foreseeable future. We face strong competition mainly from both established and emerging online and traditional sellers of travel-related services and products (including traditional travel agencies, tour operators, travel suppliers and other OTAs). Many travel suppliers, in particular airlines, have been focusing on increasing online demand for their own websites in lieu of third-party distributors such as our various websites. Suppliers who sell through their own websites may offer products and services on more favorable terms, including lower prices, increased or exclusive product availability, no fees or unique access to proprietary loyalty programs, such as points and miles. In addition, large online portal and search companies, as well as online travel metasearch sites, which utilize their search technology to aggregate travel search results, may redirect possible customers to our direct competitors' websites. On the other hand, we expect that our strong brand awareness, marketing track record and advanced proprietary technologies give us a competitive advantage, as new entrants would require significant time and investment to reach a comparable level of brand awareness and to develop comparable IT systems. Furthermore, the recent acquisition of our metasearch business, Liligo, allows us to generate revenue based on click-outs to third-party vendors, which provides us with additional opportunities to earn revenue.
- *Trend towards travel bookings on mobile devices.* Over the past few years, mobile devices (including smartphones and tablets) have become an increasingly important channel for customers to make travel bookings and we expect this trend to continue. We believe that customers increasingly plan and book their journeys when they happen to have free time slots, irrespective of their immediate whereabouts, and mobile devices afford customers the convenience to make travel arrangements while on the go. We and our competitors are actively engaged in the design, rollout and improvement of applications for mobile devices. In 2010, we launched our first applications for iPhone devices. Since then, we have continuously developed new applications (for both the Android and iPhone/iPad) and launched updated and optimized versions of our existing applications. We have experienced significant increases in the orders made via mobile devices (including via our applications and mobile web browsers). We estimate that approximately 12% of our flight Orders were made through mobile devices in March 2014 compared with approximately 7% in March 2013. We do not believe the proportion of non-delivered transactions is materially different between mobile and non-mobile customers. We believe our service fees per flight Booking made on a mobile device is similar to that for bookings made on a desktop or laptop computer across our brands and geographies based on service fees per flight Booking information for eDreams (for which we have data for the relevant historical period).

- *Fragmentation of the European travel industry.* The European market for the supply of travel products is highly fragmented due to the presence of multiple countries with different languages, currencies, tax and regulatory environments, leading to localized competition for most types of product or service offerings, structural over-capacity and higher fares. This fragmentation represents an appealing growth opportunity for OTAs with the ability to access and aggregate the existing extensive range of travel content from different sources on a timely basis, compare it and make it easily understandable and usable for online customers. In addition, the fragmentation of the European travel industry along national and language borders, and among low-cost and flag-carrier airlines, uniquely positions OTAs to arbitrage geographical differences and offer the best travel deals, establishing a broad-based brand awareness in Europe, improving transaction volumes and increasing scale.
- *Access to supply of travel products.* As we make our travel products available from a variety of large and small commercial airlines, lodging companies, car rental companies, other destination service providers and insurance providers, an important component of the success of our business depends on our ability to maintain our existing relationships, as well as build new relationships, with travel suppliers and GDS partners. Our ability to maintain our supplier relationships, or continue to access a supplier with which we do not have a relationship through our systems utilizing its public website, is important to our ability to source and supply products we sell. In 2011, we signed a 10-year non-exclusive global distribution system contract with Amadeus, a leading transaction processor for the European travel and tourism industry, which gives us access to products available on airlines' branded websites and to other repositories of travel content, including the highest value segments. In 2014, the contract was extended for two additional years until 2022. In addition, we have established and seek to maintain long-term relationships with key network carriers. We believe that our ability to continue to offer comprehensive travel content to our customers through our supplier relationships will be a key factor to further enhance our position as a leading pan-European online travel company.
- *Regulation in our different markets.* We must comply with laws and regulations relating to the travel industry and the provision of travel products, including those relating to IATA accreditation, sales of packages, data protection and e-commerce, and this compliance imposes a financial burden on us. As we continue to expand the reach of our brands into the European and other international markets, we are increasingly subject to laws and regulations applicable to travel agents in those markets, including, in some countries, laws regulating the provision of travel packages and industry specific value-added tax regimes, and this is likely to increase our compliance costs. For example, the European Economic Community Council Directive on Package Travel, Package Holidays and Package Tours imposes various obligations upon marketers of travel packages, such as disclosure obligations to consumers and liability to consumers for improper performance of the package, including supplier failure. Pursuant to European and other regulations, we are required to disclose service fees. The growth and development of online commerce may prompt calls for more stringent consumer protection laws, which may impose additional financial burdens on online businesses in general and our business areas and operations in particular.

The integration of our constituent businesses

The Combination has had a significant effect on our business in terms of realizing certain revenue and cost benefits and the integration of our businesses and related costs.

Our scale provides us with a stronger negotiating position with suppliers, as evidenced by the ten-year non-exclusive GDS contract that we entered into in 2011 with Amadeus, which was amended in 2013 and 2014. We also entered into a group-wide contract under which we sell travel-related insurance, which is on more favorable terms than each of the predecessor businesses enjoyed on a stand-alone basis. We have also been able to leverage the technology of our constituent businesses by, for example, expanding eDreams' Direct Connect technology to our GoVoyages and Opodo websites.

The Combination and the integration of our businesses have required significant management time and significant expenditure relating to, for example, implementing group financial reporting and management systems, strengthening our management team and developing common technology. In the summer of 2013, the individual platforms of GoVoyages, Opodo and eDreams were successfully migrated onto the One Platform, which enables

each of our brands to offer a full range of inventory, including Direct Connect, multi-GDS access and net fares. The integration process is still ongoing in respect of our middle and back-office functions, such as accounting, IT and operational systems, management information and financial control systems, market and customer service, and although we have made significant progress in these areas, we expect the integration will continue to require significant time, expenditure and resources.

Geographic concentration and expansion of operations

We believe that our strategic geographic expansion into new countries, together with the organic growth of our business in countries in which we have already established a presence, has contributed to our growth to date and will be an important factor in the development of our business.

In particular, the fragmentation of the travel markets in which we operate allows us to adopt different growth and marketing strategies that are tailored specifically for each country in which we operate. For example, in countries where we hold significant market positions, such as France, we have focused our resources on retaining our market share and up-selling more products.

The following table sets forth the proportion of our Bookings and Revenue Margin attributable to our operations in the countries of our Core segment (France, Spain and Italy) as well as attributable to our operations in France, each as a percentage of our Bookings and Revenue Margin:

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(unaudited, unless otherwise stated) (in % of total)	
Core segment (total)		
Bookings ⁽¹⁾⁽²⁾	60.0%	63.5%
Revenue Margin ⁽²⁾⁽³⁾	62.3%	65.6%
France		
Bookings ⁽¹⁾⁽²⁾	36.2%	37.7%
Revenue Margin ⁽²⁾⁽³⁾	41.7%	44.4%

- (1) Bookings, which is a non-GAAP measure, means the number of transactions under the agency model and the principal model as well as transactions made via our white label distribution and sourcing partners. One booking can encompass one or more products and one or more passengers.
- (2) Bookings and Revenue Margin attributable to Go Volo have been allocated between the Core and Expansion segments and France and all other countries, respectively, according to the country of booking.
- (3) Revenue Margin, which is a non-GAAP measure, means our IFRS revenue less supplies. Our management uses Revenue Margin to provide a measure of our revenue after reflecting the deduction of amounts we pay to our suppliers in connection with the revenue recognition criteria used for products sold under the principal model (gross value basis). Accordingly, Revenue Margin provides a comparable revenue measure for products, whether sold under the agency or principal model. For a description of the agency and principal models, see “—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

Accordingly, our operating results in France continue to have a significant impact on our overall results, despite the fact that the relative weight of France in our Bookings has decreased as a consequence of our expansion strategy relating to the scale and the geographic scope of our operations.

In the year ended March 31, 2013, we continued to expand the scale and geographic scope of our operations and entered 10 new countries, including South Africa, Indonesia, New Zealand, Singapore and Thailand. In the year ended March 31, 2014, we entered 3 new countries: Greece, Romania and Hungary. Although the scalability of our online platform allows more rapid expansion into new geographic markets, our marketing and administrative expenses increased as we hired additional personnel and incurred additional IT infrastructure costs in connection with the geographic expansion.

Changes in revenue sources and product mix

Changes in the air travel industry have affected, and will continue to affect, the revenue earned by online travel companies, including us.

Supplier revenue

We receive incentives from our GDS service providers based on the volume of Bookings completed by us through GDS systems, and such incentives are payable based on a formula that requires a minimum level of sales. Revenue under our contract with Amadeus represents a significant portion of our income and a large proportion of our GDS income. The agreement with Amadeus also contemplated a signing bonus in the amount of €51.1 million, payable by Amadeus to LuxGEO, which represents an advance payment of anticipated incentives relating to sales of travel products through Amadeus' GDS platform. The unearned portion of the signing bonus is subject to repayment to Amadeus if we do not meet certain volume thresholds. We recognize the signing bonus as revenue in our financial statements over the 10-year term of the contract, while the unearned portion is reflected as a liability on our statement of financial position.

We also receive incentives and commissions directly from certain airline companies, based on the total volumes of bookings we sell. Given the relatively weaker position of airlines outside of their local markets, many of our airline suppliers pay incentive fees to travel companies such as ourselves, in order to improve their sales and build their brand awareness outside their core markets. However, volatility in global economic conditions and jet fuel prices over the past few years have caused our airline partners to accelerate their efforts to cut costs throughout their operations, including managing and reducing their distribution costs. Measures taken by airlines to reduce distribution costs in recent years have included reductions of commissions paid to travel companies.

Airlines could further reduce their distribution costs by reducing fees paid to GDSs, which in turn could reduce incentives paid directly to OTAs, including us. In addition, when we use Direct Connect technology to access airline inventory, we do not generate any GDS incentive fees and in many cases, we do not earn any airline commission on Direct Connect bookings. As we expect our share of Direct Connect bookings to continue to increase, we expect the revenue we are able to earn from suppliers to continue to generally decrease over time on a per booking basis.

Customer revenue

Customer revenue is earned through service fees (which is the total difference between the price at which we source a product and sell that product to a customer, which difference includes, among other components, any mark-up to the price at which we source a product and fees that we charge customers in connection with a booking), insurance revenue and other fees.

Flight product mix

Changes in our flight product mix have affected, and are expected to continue to affect, our operating results. In particular, during 2011 we started selling Direct Connect flight products through the GoVoyages and Opodo websites to complement our existing sales of Direct Connect flight products through the eDreams website. The proportion of Direct Connect flights in our product mix compared to flights sourced via GDSs and charter flights has increased, in particular in France, and is expected to continue to increase in the future. The completion of the migration of the previous individual platforms of GoVoyages, Opodo and eDreams into the One Platform in the summer of 2013, which enables each of our brands to offer a full range of flights, including Direct Connect, multi-GDS and net fare flight products, has further accelerated this trend. We do not receive commissions from airlines or, in most cases, incentive fees from GDSs for sales of Direct Connect flight products. Accordingly, increases in Bookings due to increased Direct Connect flight product sales do not result in a proportional increase in Revenue Margin. Therefore, the average Gross Bookings per Booking is lower for Direct Connect flight products (three months ended March 31, 2014: €249) than for flight products sourced via GDSs (three months ended March 31, 2014: €554). However, the increasing volume of sales of Direct Connect flights has a positive impact on the overall

increase in our revenue due to the service fees that we charge our customers. We define Revenue Margin per Booking as Revenue Margin per product divided by the number of Bookings for that product.

Flight vs. non-flight revenue

While we continue to be flight-focused, we aim to capitalize on our leadership position in the flight sector of the travel market by entering into strategic partnerships with industry leaders in the non-flight sector. These strategic partnerships enable us to provide our customers with non-flight products. We also seek to increase our sales of non-flight products by improving our technology, upgrading our user interface by allowing the customization and combination of dynamically priced travel products from different suppliers, increasing marketing spend and exploring additional cross-selling opportunities.

The following table sets forth the proportion of non-flight products in our product mix as a percentage of our Bookings and Revenue Margin.

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(unaudited)	
	(in % of total)	
Bookings ⁽¹⁾	10%	9%
Revenue Margin ⁽²⁾	19%	18%

(1) Bookings, which is a non-GAAP measure, means the number of transactions under the agency model and the principal model as well as transactions made via our white label distribution and sourcing partners. One booking can encompass one or more products and one or more passengers.

(2) Revenue Margin, which is a non-GAAP measure, means our IFRS revenue less supplies. Our management uses Revenue Margin to provide a measure of our revenue after reflecting the deduction of amounts we pay to our suppliers in connection with the revenue recognition criteria used for products sold under the principal model (gross value basis).

In 2013, we increased our advertising revenue principally as a result of our increased focus on advertising sales. In addition, with the recent acquisition of Liligo we expect to generate click-out revenue and to further increase our advertising revenue.

Seasonality

We experience seasonal fluctuations in the demand for travel products offered by us. Because we generate the largest portion of our Revenue Margin from flight bookings, and this revenue is generally recognized at the time of booking, these trends cause our revenue to be highest in the periods during which travelers book their vacations. Therefore, our revenues tend to be lower in the quarter ending December 31 than in other quarters and typically highest in the quarter ending March 31, corresponding to bookings for the busy spring and summer travel seasons. Cash generated and profitability have historically been lower between September and December as the post-summer period has historically been our lowest booking period. Consequently, comparisons of sequential quarters may not be meaningful.

Brand awareness and marketing expenses

We believe that brand awareness is a crucial factor for customer acquisition and retention among online travel companies. We have historically committed significant resources to supporting brand awareness. As a result, we believe that our brands rank consistently among the most searched and highest rated online flight travel brands in Europe and worldwide (based on search engine recognition metrics). Our advertising efforts are focused primarily on online marketing. We believe that continued investment in our brands is critical to retaining and expanding our traveler, supplier and advertiser bases and such investments have included costs relating to tactical marketing measures taken to increase our growth.

Goodwill, other intangible assets and impairments

The goodwill and other intangible assets recognized on our statement of financial position represented 72.9% and 25.0%, respectively, of our total non-current assets as at March 31, 2014 (71.8% and 25.4%, respectively, as at March 31, 2013). These assets consist primarily of goodwill and identified other intangible assets associated with the Combination. Within other intangible assets, our principal assets are our brands (84.7% of total other intangible assets as at March 31, 2014) and software (13.3% of total other intangible assets as at March 31, 2014). See “Note 14—Goodwill” and “Note 15—Other Intangible Assets” to our Consolidated Financial Statements for further information regarding our goodwill and other intangible assets. Any further acquisitions may result in our recognition of additional goodwill or other intangible assets.

Under IFRS, we are required to amortize certain intangibles over the useful life of the asset and subject our goodwill and certain of our intangible assets to impairment testing rather than amortization. Accordingly, on at least an annual basis, we assess whether there have been impairments in the carrying value of our goodwill and certain of our intangible assets. If the carrying value of the asset is determined to be impaired, then it is written down to fair value by an impairment loss in the income statement. See “—Critical Accounting Policies—Impairment testing of the recoverable amounts of a CGU or group of CGUs”.

We have recognized impairments in the past, including as a result of changes in our business performance and strategy, and some of these impairments have been significant. See also “Risk Factors—Our statement of financial position includes very significant amounts of goodwill and other intangible assets. The impairment of a significant portion of these assets would negatively affect our reported results of operations and the equity reflected on our statement of financial position, and may affect our ability to pay dividends”.

The recognition of impairments affects our income statement. Accordingly, if we recognize impairments in the future, our reported results will be adversely affected, even though such impairments are non-cash items.

Acquisitions and Divestments

Effects of the Opodo Acquisition

The Opodo Acquisition, which gave rise to a change of control of Opodo for IFRS accounting purposes, was accounted for using the purchase method of accounting. Under the revised IFRS 3 *Business Combinations*, the cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Opodo Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer’s share of the identifiable net assets acquired are recorded as goodwill.

In accordance with IFRS, we had 12 months from the date of the Opodo Acquisition (*i.e.*, until June 30, 2012) to finalize the allocation of the purchase price. In the year ended March 31, 2013, the final purchase price allocation for the Opodo Acquisition taken into consideration for the purpose of the preparation of the Consolidated Financial Statements for that period can be summarized as follows:

- fair value of identifiable assets acquired and liabilities assumed at the acquisition date including:
 - trademarks (infinite-lived intangible assets): €108.0 million
 - developed technology (finite-lived intangible assets): €20.0 million
 - deferred tax liabilities arising from acquired intangibles: €(33.3) million
 - goodwill as of March 31, 2013 : €359.5 million

Effects of the Liligo Acquisition

On October 2, 2013, we completed the acquisition of Liligo with an enterprise value of €13.5 million (equity value of €17.3 million) and have consolidated its results of operations from this date. For further details, please refer to “Note 28—Business Combination” of our Consolidated Financial Statements.

The Transaction is accounted for in compliance with IFRS 3 “Business combinations”, with a temporary purchase price allocation that takes into consideration the fact that adjustments to purchase accounting could be performed during the “measurement period” that cannot exceed one year from the acquisition date.

The temporary purchase price allocation of Liligo taken into consideration in the Consolidated Financial Statements can be summarized as follows:

• Brand (indefinite-lived intangible assets)	€4 million
• Developed technology (finite-lived intangible assets)	€2 million
• Customer relationship (finite-lived intangible assets)	€0.2 million
• Deferred tax liabilities arising of acquired intangibles	€(2.1) million

The goodwill arising from the acquisition is €8.6 million.

Principal Consolidated Income Statement Line Items

The following section presents our main income statement line items derived from our Consolidated Financial Statements.

Revenue

We generate our revenue from the sale of (i) flight products, including flights on network carriers, low-cost carriers and, to some extent, charter airlines, each of which we source through GDSs or our Direct Connect technology, as well as insurance for flight products and (ii) non-flight products, including hotel bookings, Dynamic Packages, which are dynamically priced packages consisting of a flight product and a hotel booking that travelers customize based on their individual specifications by combining select products from different travel suppliers through us (including revenue from the flight component thereof), car rentals, vacation packages and insurance for non-flight products, as well as non-travel products, such as advertising, metasearch activities and phone revenue, consisting mainly of charges on toll calls to our call centers.

The substantial majority of our revenue is generated from our customers. Customer revenue is earned through service fees (which is the total difference between the price at which we source a product and sell that product to a customer, which difference includes, among other components, any mark-up to the price at which we source a product and fees that we charge customers in connection with a booking), insurance revenue and other fees. We also generate revenue from our various suppliers linked to the volume of sales facilitated by us, such as commission and overcommissions (which are commissions based on the year-end achievement of predefined targets), payments from travel suppliers, incentives from our GDS service providers based on the volume of Bookings completed by us through GDS systems, commissions we receive from partners under white label sourcing agreements, incentives we receive from payment processors and charges on toll calls.

Our revenue also comprises revenue from certain other ancillary sources, such as advertising on our websites and revenue from our metasearch activities. Our metasearch activities generate revenue through cost-per-search arrangements, where we earn a fee for each user searching on one of our websites and “clicking out” to a third party’s website by following a link displayed in one of our websites, and cost-per-action arrangements, where we earn a fee for each user “clicking out” to a third party’s website by following a link displayed in one of our websites who subsequently makes a booking on such third party’s website.

We recognize revenue when (i) we have evidence of a contractual agreement in respect of products and services to be provided, (ii) such products are delivered or such services have been rendered and (iii) the revenue is

determinable and collectability is reasonably assured. We have evidence of a contractual agreement when we enter into a legally enforceable agreement with the customer with terms and conditions that describe the product to be delivered or the service to be rendered and the related payment terms. We consider revenue to be determinable when the product or service has been delivered or rendered in accordance with the applicable agreement. Revenue recognition depends on product type, as described in “—Critical Accounting Policies—Revenue recognition”.

Agency and principal models

We make our flight and non-flight products available primarily through two business models: the agency model and the principal model:

- Under the agency model, we act as agent and not as primary obligor of the arrangement, neither bearing any inventory nor any other financial risk. The agency model applies to the substantial majority of our products and, therefore, of our Bookings. As agent, we enable travelers to book flight and non-flight products we source from travel suppliers and in respect of such bookings, we are either (a) the full agent of record, in which case we charge and receive payment for the full amount of the booking from the customer and pay the net price of the travel product to our travel suppliers at a later date, or (b) the agent of record only in respect of the service fees we charge to the customer, in which case the remaining part of the booking value is transacted and charged to the customer directly by our travel suppliers. Whether we act as full agent of record or agent of record only in respect of the service fees we charge to the customer, we record our revenue on a “net” basis, representing the service fees (which is the total difference between the price at which we source a product and sell that product to a customer, which difference includes, among other components, any mark-up to the price at which we source a product and fees that we charge customers in connection with a booking) we earn. We also act as a “pure” intermediary whereby we serve as a click-through and pass reservations made by the customer on to the relevant travel supplier (in particular with respect to standalone hotel and rental car products offered by our white label sourcing partners as well as with respect to vacation packages offered in Germany), or perform certain limited intermediary functions with respect to such reservations. On such “pure” intermediary transactions, we are not the agent of record in respect of any amounts paid by the customer and our revenue consists solely of commissions and incentives from travel suppliers and/or GDS service providers. Depending on the specific agency role that we perform, we provide varying degrees of support, if any, to the customer once the booking has been secured.
- Under the principal model, we act as principal in respect of a transaction by purchasing inventory for resale or otherwise acting as the primary obligor of the arrangement and incur inventory and other financial risk in connection with our products. In each case, revenue represents the total amount paid by our customers for such products and services and we recognize such revenue on a “gross” basis. The cost of procuring the relevant products sold to our customers for which we act as principal is accounted for as “supplies”. We act as principal in respect of certain charter flights, conferences and events and, to a lesser extent, vacation packages.

For more information, see “—Critical Accounting Policies—Revenue recognition”.

Supplies

Supplies relates to the cost of procuring products sold to our customers under the principal model. For some of these products, we purchase inventory in order to enjoy special negotiated rates or we bear certain financial risk on the bookings (such as cancellation). The cost of procuring such products sold to our customers is reflected on our income statement as “supplies”. To date, the products for which we bear inventory risk or other financial risks are certain charter flights, conferences and events and, to a lesser extent, vacation packages.

Personnel expenses

Personnel expenses primarily consist of wages and salaries, employee welfare expenses, contributions to mandatory retirement funds as well as other expenses related to the payment of retirement benefits, and other employee benefits. In addition, personnel expenses include personnel costs relating to IT development projects to the extent they are not capitalized.

Other operating expenses

Other operating expenses primarily consist of marketing expenses, credit card processing costs, chargebacks on fraudulent transactions, IT costs relating to the development and maintenance of our technology, GDS search costs and fees paid to our outsourcing service providers, such as outsourced call centers or IT services. Our marketing expenses comprise customer acquisition costs (such as paid search costs, metasearch costs and other promotional campaigns) and commissions due to agents and white label distribution partners. A large portion of our other operating expenses are variable costs, either because they are directly related to the number of transactions processed through us or because they result from discretionary decisions from our management.

Depreciation and amortization and profit/loss on disposals of non-current assets

Depreciation and amortization and profit/loss on disposals of non-current assets consists primarily of depreciation expense recorded on property and equipment, such as computers and office furniture, fixtures and equipment, leasehold improvements and IT hardware and capitalized IT costs and includes any impairment we recognize. Amortization consists primarily of amortization recorded on intangible assets, such as software, licenses and trademarks and domains. Impairment consists primarily of impairment recorded on intangible assets, such as brands and customer relationships. See “—Key Factors Affecting Our Results of Operations—Goodwill, other intangible assets and impairments”.

Financial result

Financial result is the income from financing activities less interest expense on our debt, other financing costs and bank charges.

Comparison of Results of Operations of the years ended March 31, 2014 and March 31, 2013

Key Operating Metrics

The following table sets forth certain of our key operating metrics for the years ended March 31, 2014 and March 31, 2013:

	For the year ended March 31, 2014	For the year ended March 31, 2013	Change
	(unaudited)		(%)
	(in thousand €, unless otherwise stated)		
Bookings ⁽¹⁾⁽²⁾ (in thousand)			
Core	5,877	5,542	6.0%
Expansion	3,920	3,186	23.0%
Total Bookings	<u>9,797</u>	<u>8,728</u>	12.2%
Revenue Margin ⁽²⁾⁽³⁾			
Core	267,041	244,697	9.1%
Expansion	161,516	128,289	25.9%
Total Revenue Margin	<u>428,557</u>	<u>372,986</u>	14.9%
Adjusted EBITDA ⁽⁴⁾	117,775	108,572	8.5%
EBITDA ⁽⁴⁾	96,309	97,122	(0.8)%
Adjusted EBITDA Margin ⁽⁵⁾ (% of Revenue Margin).....	27.5%	29.1%	(5.5)%

(1) Bookings, which is a non-GAAP measure, means the number of transactions under the agency model and the principal model as well as transactions made via our white label distribution and sourcing partners. One booking can encompass one or more products and one or more passengers. For a description of the agency and principal models, see “—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

(2) Bookings and Revenue Margin attributable to Go Volo have been allocated between the Core and Expansion segments according to the country of booking.

(3) Revenue Margin, which is a non-GAAP measure, means our IFRS revenue less supplies. Our management uses Revenue Margin to provide a measure of our revenue after reflecting the deduction of amounts we pay to our suppliers in connection with the revenue recognition criteria used for products sold under the principal model (gross value basis). Accordingly, Revenue Margin provides a comparable revenue

measure for products, whether sold under the agency or principal model. For a description of the agency and principal models, see “—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

- (4) We define EBITDA, which is a non-GAAP measure, as profit/(loss) before financial and similar income and expenses, income tax and depreciation and amortization and profit/loss on disposals of non-current assets. We define Adjusted EBITDA, which is a non-GAAP measure, as profit/(loss) attributable to the parent company before financial and similar income and expenses, income tax, depreciation and amortization and profit/loss on disposals of non-current assets, certain share-based compensation, expenses related to the Combination and other income and expense items which are considered by management to not be reflective of our ongoing operations. See “Presentation of Financial and Other Data—Non-GAAP Measures”.
- (5) Adjusted EBITDA Margin, which is a non-GAAP measure, is Adjusted EBITDA divided by Revenue Margin. See “Presentation of Financial and Other Data—Non-GAAP Measures”.

Bookings

Bookings increased by 1.1 million, or 12.2%, to 9.8 million in the year ended March 31, 2014, from 8.7 million in the year ended March 31, 2013, principally due to the significant increase in Bookings following the implementation of the One Platform, which increased our access to inventory.

Bookings of both flight and non-flight products increased in the period under review. Bookings of flight products increased by 0.9 million, or 11.4%, to 8.9 million in the year ended March 31, 2014, from 7.9 million in the year ended March 31, 2013, principally due the implementation of the One Platform as described above as well as our improved marketing strategy to sustain volume growth. Bookings of non-flight products increased by 0.2 million, or 20.4%, to 0.9 million in the year ended March 31, 2014, from 0.8 million in the year ended March 31, 2013, principally due the implementation of our new arrangement with our principal white label sourcing partners which increased our access to inventory of non-flight products such as hotels and rental cars. Overall, the proportions of flight and non-flight product Bookings remained stable between the year ended March 31, 2014 and the year ended March 31, 2013, at approximately 90% for flight Bookings and 10% for non-flight Bookings in each of the periods.

Core segment. In the Core segment, Bookings increased by 0.3 million, or 6.0%, to 5.9 million in the year ended March 31, 2014 from 5.5 million in the year ended March 31, 2013, principally due to the positive impact on Bookings of the implementation of the One Platform, which had a particularly pronounced effect in our French market, as well as the general recovery of the Spanish market.

Expansion segment. In the Expansion segment, Bookings increased by 0.7 million, or 23.0%, to 3.9 million in the year ended March 31, 2014 from 3.2 million in the year ended March 31, 2013, principally due to the good trading performance in the United Kingdom notably due to the implementation of the One Platform as well as the increase in Bookings in countries outside of our main European countries (for example, Australia, Portugal and the United States).

Revenue Margin

Revenue Margin mainly consists of service fees (which is the total difference between the price at which we source a product and sell that product to a customer, which difference includes, among other components, any mark-up to the price at which we source a product and fees that we charge customers in connection with a booking) and revenue from insurance sales, as well as incentive payments and commissions received from suppliers and from our GDS service providers, principally under the Amadeus contract. In addition, Revenue Margin in the year ended March 31, 2014 also included €17.3 million of advertising and meta click-out revenue (year ended March 31, 2013: €8.3 million), notably due to the metasearch and click-out revenue generated in the six months following the Liligo Acquisition, combined with the increase in advertising sales over the last fiscal year.

Revenue Margin increased by €55.6 million, or 14.9%, to € 428.6 million in the year ended March 31, 2014, from €373.0 million in the year ended March 31, 2013, principally due to the significant increase in Bookings of 12.2%, as described above under “—Booking”, and the increase in Revenue Margin per Booking over the period.

Core segment. In the Core segment, Revenue Margin increased by €22.3 million, or 9.1%, to €267.0 million in the year ended March 31, 2014, from €244.7 million in the year ended March 31, 2013, principally

due to the increase in Bookings by 6.0%, combined with an increase in Revenue Margin per Booking over the period.

Expansion segment. In the Expansion segment, Revenue Margin increased by €33.2 million, or 25.9%, to €161.5 million in the year ended March 31, 2014 from €128.3 million in the year ended March 31, 2013, principally due to the increase in Bookings by 23.0%, combined with an increase in Revenue Margin per Booking over the period.

Revenue Margin by product type. The following table sets forth the Revenue Margin generated by our flight and non-flight businesses for the years ended March 31, 2014 and March 31, 2013.

	For the year ended March 31, 2014		For the year ended March 31, 2013		Change
	(unaudited)		(unaudited)		(%)
	(in thousand € or % of total)		(in thousand € or % of total)		
Revenue Margin ⁽¹⁾					
Flight	347,782	81.2%	305,211	81.8%	13.9%
Non-flight.....	80,775	18.8%	67,775	18.2%	19.2%
Total Revenue Margin.....	<u>428,557</u>	<u>100.0%</u>	<u>372,986</u>	<u>100.0%</u>	14.9%

(1) Revenue Margin, which is a non-GAAP measure, means our IFRS revenue less supplies. Our management uses Revenue Margin to provide a measure of our revenue after reflecting the deduction of amounts we pay to our suppliers in connection with the revenue recognition criteria used for products sold under the principal model (gross value basis). Accordingly, Revenue Margin provides a comparable revenue measure for products, whether sold under the agency or principal model. For a description of the agency and principal models, see “—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

Revenue Margin generated by our flight business increased by €42.6 million, or 13.9%, to €347.8 million in the year ended March 31, 2014, from €305.2 million in the year ended March 31, 2013, principally due to the positive impact of the One Platform implementation on our Bookings of flight products (which increased by 11.4%), and an ability to increase flight volumes in our expansion geographies, as well as a 2.2% increase in Revenue Margin per Booking principally as a result of higher services fees earned.

Revenue Margin generated by our non-flight business increased by €13.0 million, or 19.2%, to €80.8 million in the year ended March 31, 2014, from €67.8 million in the year ended March 31, 2013, principally due to a 20.4% increase in our Bookings principally due to the positive effect on our non-flight product Bookings of our new white label sourcing partnerships and an ability to increase non-flight volumes in our expansion geographies, partly offset by a 1.0% decrease in our Revenue Margin per Booking for non-flight products, principally as a result of change in product mix with a higher portion of lower margin hotels and cars as opposed to vacation packages and Dynamic Packages. This has been partly offset by increased Revenue Margin generated by Liligo, which does not generate Bookings, but whose Revenue Margin is included within Revenue Margin per non-flight Booking.

Revenue Margin by source. We earn our Revenue Margin from our customers, suppliers and advertising and meta click-outs. The following table sets forth our Revenue Margin by source for the years ended March 31, 2014 and March 31, 2013.

	For the year ended March 31, 2014		For the year ended March 31, 2013		Change
	(unaudited)		(unaudited)		(%)
	(in thousand € or % of total)		(in thousand € or % of total)		
Revenue Margin ⁽¹⁾					
from customers	302,838	70.7%	265,443	71.2%	14.1%
from suppliers	108,380	25.3%	99,245	26.6%	9.2%
from advertising and meta click-outs.....	<u>17,339</u>	<u>4.0%</u>	<u>8,298</u>	<u>2.2%</u>	109.0%
Total Revenue Margin.....	<u>428,557</u>	<u>100.0%</u>	<u>372,986</u>	<u>100.0%</u>	14.9%

- (1) Revenue Margin, which is a non-GAAP measure, means our IFRS revenue less supplies. Our management uses Revenue Margin to provide a measure of our revenue after reflecting the deduction of amounts we pay to our suppliers in connection with the revenue recognition criteria used for products sold under the principal model (gross value basis). Accordingly, Revenue Margin provides a comparable revenue measure for products, whether sold under the agency or principal model. For a description of the agency and principal models, see “—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

Revenue Margin from customers increased by €37.4 million, or 14.1%, to €302.8 million in the year ended March 31, 2014, from €265.4 million in the year ended March 31, 2013, principally due to the 12.2% increase in Bookings, as Revenue Margin per Booking from customers remained approximately stable. This reflects a product mix effect, as the increase in service fees, notably on flight bookings, was partly offset by lower customer revenue on non-flight bookings. The implementation of our new white label sourcing arrangements adversely affected our Revenue Margin per Booking from customers because under these arrangements we only earn revenue from suppliers and accordingly Revenue Margin per Booking from customers in respect of non-flight products decreased.

Revenue Margin from suppliers increased by €9.1 million, or 9.2%, to €108.4 million in the year ended March 31, 2014, from €99.2 million in the year ended March 31, 2013, principally due to the 12.2% increase in Bookings which was partly offset by a lower Revenue Margin per Booking from suppliers notably due to the higher proportion of Direct Connect products over the period compared to the same period last year.

Revenue Margin from advertising and meta click-outs increased by €9.0 million, or 109.0%, to €17.3 million in the year ended March 31, 2014, from €8.3 million in the year ended March 31, 2013, principally due to higher advertising revenue combined with the impact of the Liligo Acquisition.

Adjusted EBITDA

Adjusted EBITDA increased by €9.2 million, or 8.5%, to €117.8 million in the year ended March 31, 2014 from €108.6 million in the year ended March 31, 2013, principally due to the increase in Revenue Margin. This was partly offset by higher marketing expenditures and merchant costs principally driven by strategic marketing measures to increase our growth and further increased expenditures in respect of our operating infrastructure, in particular higher IT and personnel costs to support our growth strategy.

We analyze our costs in two categories, as set forth in the following table for the years ended March 31, 2014 and March 31, 2013:

	For the year ended March 31, 2014	For the year ended March 31, 2013	Change
	(unaudited)		(%)
	(in thousand €)		
Variable Costs ⁽¹⁾	252,545	210,197	20.1%
Fixed Costs ⁽²⁾	58,235	54,216	7.4%

- (1) Variable Costs, which is a non-GAAP measure, includes all expenses which depend on the number of transactions processed. These include acquisition costs, merchant costs as well as personnel costs related to call centers as well as corporate sales personnel.

- (2) Fixed Costs, which is a non-GAAP measure, includes IT expenses net of capitalization write-off, personnel expenses which are not Variable Costs, external fees, building rentals and other expenses of fixed nature.

Variable Costs. Variable Costs increased by €42.3 million, or 20.1%, to €252.5 million in the year ended March 31, 2014 from €210.2 million in the year ended March 31, 2013, principally as a result of the increase in Bookings combined with higher variable costs per Booking. Variable Costs per Booking increased by 7.0% from €24.1 in the year ended March 31, 2013 to €25.8 in the year ended March 31, 2014, principally as a result of higher marketing expenditures per Booking combined with a higher proportion of full agent of record Bookings which generated higher merchant costs.

Fixed Costs. Fixed Costs increased by €4.0 million, or 7.4%, to €58.2 million in the year ended March 31, 2014 from €54.2 million in the year ended March 31, 2013, principally due to higher personnel costs and IT costs to

support our growth strategy. Fixed Costs per Booking decreased by 4.3% from €6.2 in the year ended March 31, 2013 to €5.9 in the year ended March 31, 2014 principally due to scale effect.

EBITDA

EBITDA decreased by €0.8 million, or 0.8%, to €96.3 million in the year ended March 31, 2014, from €97.1 million in the year ended March 31, 2013, principally due to the factors discussed under “—Adjusted EBITDA” above and higher non-recurring costs, which increased by €10.0 million.

Results of Operations

The following table sets forth our results of operations in the years ended March 31, 2014 and March 31, 2013.

	For the year ended March 31, 2014	For the year ended March 31, 2013	Change
	(audited)		(%)
	(in thousand €)		
Revenue	478,934	479,549	(0.1)%
Supplies	(50,377)	(106,563)	(52.7)%
Revenue Margin⁽¹⁾	428,557	372,986	14.9%
Personnel expenses	(73,060)	(61,171)	19.4%
Other operating expenses (including non-recurring) ⁽²⁾	(259,187)	(214,693)	19.2%
Depreciation and amortization, impairment and profit/(loss) on disposals of non-current assets (net)	(38,869)	(33,621)	15.6%
Operating profit/(loss)	57,441	63,501	(9.5)%
Financial result ⁽³⁾	(63,717)	(83,097)	(23.3)%
Income/(loss) of associates accounted for using equity method	—	(45)	(100.0)%
Profit/(loss) before tax	(6,278)	(19,641)	(68.0)%
Income tax	(1,981)	(3,615)	(45.2)%
Non-controlling interest—Result	—	68	(100.0)%
Profit/(loss)	(8,259)	(23,188)	(64.4)%

(1) Revenue Margin, which is a non-GAAP measure, means our IFRS revenue less supplies. Our management uses Revenue Margin to provide a measure of our revenue after reflecting the deduction of amounts we pay to our suppliers in connection with the revenue recognition criteria used for products sold under the principal model (gross value basis). Accordingly, Revenue Margin provides a comparable revenue measure for products, whether sold under the agency or principal model. For a description of the agency and principal models, see “—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

(2) Other operating expenses include: (i) Recurring other operating expenses in the amount of €252.0 million and €211.5 million in the year ended March 31, 2014 and March 31, 2013, respectively; and (ii) Non-Recurring other operating expenses in the amount of €7.2 million and €3.2 million in the year ended March 31, 2014 and March 31, 2013, respectively. See “Note 11—Other operating income/(expenses)” to our Consolidated Financial Statements.

(3) Financial result includes: (i) financial cost of €60.1 million and €72.8 million in the year ended March 31, 2014 and March 31, 2013, respectively; (ii) financial income of €0.09 million and €0.05 million in the year ended March 31, 2014 and March 31, 2013, respectively; and (iii) other financial expenses of €3.7 million and €10.3 million in the year ended March 31, 2014 and March 31, 2013, respectively. See “Note 12—Financial and Similar Income and Expenses” to our Consolidated Financial Statements.

Revenue

Revenue includes the net value of products sold under the agency model as well as the gross value of products sold under the principal model, for example, charter flights.

Revenue decreased by €0.6 million, or 0.1%, to €478.9 million in the year ended March 31, 2014 from €479.5 million in the year ended March 31, 2013, principally due to the change in accounting of Dynamic Packages sold by Opodo, which became effective on June 1, 2013 as a result of changes to Opodo’s terms and conditions. Under the new accounting policy, Dynamic Packages sold by Opodo are no longer accounted on a gross basis, i.e.,

since June 1, 2013, Opodo acts as agent and no longer as principal. The impact of this change is that Opodo no longer recognizes revenue from the sale of Dynamic Packages (including revenue from the flight component thereof) on a gross basis (namely, the full sales value of the Dynamic Packages sold) but rather as an agent, which means that Opodo recognizes revenue on a net basis. Accordingly, while this has no impact on our Revenue Margin (which is equal to our revenues less our supplies), it has reduced both our revenues and our cost of supplies each by equal amounts. See “—Principal Consolidated Income Statement Line Items—Revenue”. Please also refer to “Note 6—Revenue” of our Consolidated Financial Statements. Excluding the impact of the changes on Dynamic Packages, Revenue increased by €39.4 million which is in line with the increase in volumes. Also see “—Key Operating Metrics—Revenue Margin” above.

Supplies

Supplies costs decreased by €56.2 million, or 52.7%, to €50.4 million in the year ended March 31, 2014 from €106.6 million in the year ended March 31, 2013, principally due to the change in accounting treatment of Dynamic Packages offered by Opodo effective as from June 1, 2013 described in “—Revenue” above.

Personnel expenses

Personnel expenses increased by €11.9 million, or 19.4%, to €73.1 million in the year ended March 31, 2014 from €61.2 million in the year ended March 31, 2013, principally due to an increase in our headcount, relating mainly to the strengthening of the IT teams, the creation of corporate sales team for the development of the corporate travel business, as well as higher non-recurring costs related to our existing long-term incentive plan.

Other operating expenses

Other operating expenses increased by €44.5 million, or 20.7%, to €259.2 million in the year ended March 31, 2014 from €214.7 million in the year ended March 31, 2013. Management splits other operating expenses into recurring other operating expenses and non-recurring other operating expenses. Other operating expenses that management considers not to be reflective of ongoing operation of our business are non-recurring other operating expenses. The remainder of other operating expenses are considered recurring other operating expenses.

Recurring other operating expenses principally consist of (i) variable costs, such as marketing expenses, call center costs, credit card expenses and chargeback costs, and (ii) fixed costs, such as, among others, IT-related expenditures, rent, external fees and media costs, partly offset by capitalization of IT project expenses. Recurring other operating expenses increased by €40.6 million, or 19.2%, to €252.0 million in the year ended March 31, 2014 from €211.5 million in the year ended March 31, 2013, principally due to the higher level of advertising and other operating expenses to support growth, as well as higher merchant costs in relation with the increase in level of Bookings as well as a higher proportion of full agent of record bookings.

Non-recurring other operating expenses increased by €3.9 million, or 121.9%, to €7.2 million in the year ended March 31, 2014 from €3.2 million in the year ended March 31, 2013, principally due to higher expenses related to our long-term incentive plan, the impact of a provision in connection with Travelport (see “Business—Litigation—Commercial and intellectual property disputes—Travelport litigation”) as well as the impact of expenses in connection with eDreams ODIGEO’s initial public offering. In the year ended March 31, 2014, non-recurring other operating expenses primarily consisted of €12.0 million of expenses related to the LTI, €4.4 million related to the provision in connection with Travelport and €0.8 million of expenses in connection with eDreams ODIGEO’s initial public offering. In the year ended March 31, 2013, non-recurring other operating expenses primarily consisted of €6.4 million of expenses related to our long-term incentive plan and €1.4 million of integration-related fees.

Depreciation and amortization, impairment and profit/loss on disposals of non-current assets (net)

Depreciation and amortization, impairment and profit/loss on disposals of non-current assets (net) increased by €5.2 million, or 15.6%, to € 38.9 million in the year ended March 31, 2014 from €33.6 million in the year ended March 31, 2013, principally as a result of both impairments and amortization of intangibles previously recognized in the course of Purchase Price Allocation (impairment of €11.7 million and amortization of €6.5 million for the year

ended March 31, 2014, compared to impairment of €8.7 million and amortisation of €4.0 million and for the year ended March 31, 2013).

Operating profit/(loss)

As a result of the foregoing factors, operating profit decreased by €6.1 million, or 9.5%, to €57.4 million in the year ended March 31, 2014 from €63.5 million in the year ended March 31, 2013.

Financial result

Financial result improved by €19.4 million, or 23.3%, to a loss of €63.7 million in the year ended March 31, 2014 from a loss of €83.1 million in the year ended March 31, 2013, principally due to the impact of the Refinancing in January 2013, as the year ended March 31, 2013 was negatively impacted by (i) €17.6 million of cancellation of capitalized interest, (ii) €6.7 million in connection with the cancellation of a hedging contract, which was partly offset by (iii) higher interests and amortization of financing costs on the 2018 Notes compared to the former Senior Credit Facility interest expense and generating €6.9 million of additional interests for the year ended March 31, 2014.

Profit/(loss) before tax

Profit before tax improved by €13.4 million, or 68.0%, to a loss of €6.3 million in the year ended March 31, 2014 from a loss of €19.6 million in the year ended March 31, 2013.

Income tax

Current income tax expense increased by €3.9 million, or 44.2%, to €12.7 million for the year ended March 31, 2014 compared to a current income tax expense of €8.8 million for the year ended March 31, 2013, primarily due to an increase of the profits of the Spanish tax group as well as a true-up of current tax expense at the level of the U.S. tax group.

Deferred income tax income increased by €5.5 million, or 106.6%, to €10.7 million for the year ended March 31, 2014 compared to a deferred income tax income of €5.2 million for the year ended March 31, 2013. This difference is the result of increasing and decreasing items and primarily concerns the utilization of capitalized tax losses carried forward by Opodo, the recognition of a deferred tax asset for tax losses carried forward by the French tax group, the reversal of the effect of the non-deductibility of part of the interest expense in Spain, the impact of the change of the tax rate relating to Opodo's intangible assets which were recognized as a result of the purchase price allocation as well as the reversal of the deferred tax liability relating to the impairment of the Go Voyages brand.

Profit/(loss)

As a result of the foregoing factors, our business generated a loss of €8.3 million in the year ended March 31, 2014, compared to a loss of €23.2 million in the year ended March 31, 2013.

Liquidity and Capital Resources

Overview

To date, our liquidity needs have been met principally from cash flow from operations, including the cash generated by the effect of negative working capital, supplemented by borrowings under our revolving credit facility under the Revolving Credit Facility Agreement as required and other bank borrowings. For the Opodo Acquisition and costs associated with the Combination, a combination of equity and debt financing was used, including the proceeds from the offering of the 2019 Notes and Convertible Subordinated Shareholder Bonds.

Our business model benefits from a structurally negative working capital because under both the principal and the full agent of record model we generally receive cash from travelers at the time of booking and we pay travel suppliers generally within a few weeks after completing the transaction. Therefore, under each model (and with the exception of commissions received from our white label sourcing partners and fees paid by travel suppliers in

connection with our metasearch activities), we generally receive cash from the travelers prior to paying suppliers, and this favorable operating cycle represents a working capital source of cash. However, the increased proportion of sales of Direct Connect reduces the extent of our negative working capital as customers of Direct Connect products typically pay the Direct Connect provider directly at the time of booking.

We have experienced a strong operating free cash flow conversion (defined as (Adjusted EBITDA-Capital Expenditures)/Adjusted EBITDA) of 81.9% in the year ended March 31, 2014 (for this ratio, Capital Expenditures excludes any financial investment and acquisitions of subsidiaries (€0.8 million and €13.5 million, respectively, in the year ended March 31, 2014)). This solid result was achieved in spite of the significant investments made during the same period, including the completion of the integration of our core booking engines and systems for flights, hotels, rental cars and advertising sales; the ongoing integration of our front, middle- and back-offices; and the ongoing introduction of Dynamic Packages, all of which weighed on operating cash flow generation.

Within our working capital, trade and other receivables primarily comprise commissions, incentives or other payments due to us by travel suppliers and by trade and corporate customers and security deposits. Trade and other payables primarily comprise payables to our travel suppliers, metasearch companies that facilitate the distribution of our products and operators of websites on which we advertise, as well as employee-related and tax liabilities. The level of trade payables mainly relates to the payment terms of our travel suppliers, which are generally due several weeks after completing the transaction with our customer.

Our cash requirements have mainly been for funding operating expenses as well as capital expenditures such as IT infrastructure (in particular during the implementation of the One Platform), the growth of our business, the acquisition of Liligo and the service of the debt incurred in connection with the Opodo Acquisition and, in the year ended March 31, 2013, the making of amortization payments thereon (€10.3 million in the year ended March 31, 2013). Following completion of the refinancing in January 2013, *i.e.*, as from and including the year ended March 31, 2014, no further amortization payments are required on the Opodo Acquisition.

Our business has significant seasonality of cash generation, with March usually being the month in which we generate the most cash and December usually being the time of the year in which our cash is lowest.

Our cash and cash equivalents were €145.4 million as at March 31, 2014 compared to €159.0 million as at March 31, 2013 and reflected the seasonality of our working capital. As at March 31, 2014, our net debt as per statement of financial position was €351.1 million.

The following sets forth an overview of our net debt (excluding the Convertible Subordinated Shareholder Bonds) as of the end of the quarters indicated below:

	As of March 31, 2014	As of December 31 , 2013	As of September 3 0, 2013	As of June 30, 2013	As of March 3 1, 2013	As of December 3 1, 2012	As of September 3 0, 2012	As of June 30, 2012
	(in € million)							
Term Loan Facilities ⁽¹⁾	—	—	—	—	—	(314.7)	(314.7)	(324.8)
2019 Notes	(175.0)	(175.0)	(175.0)	(175.0)	(175.0)	(175.0)	(175.0)	(175.0)
2018 Notes	(325.0)	(325.0)	(325.0)	(325.0)	(325.0)	—	—	—
Revolving credit facilities ⁽²⁾	—	—	—	—	—	—	—	—
Other debt and finance leases ⁽³⁾	(3.5)	(2.4)	(1.8)	(1.9)	(1.7)	(0.5)	(0.5)	(0.6)
Total financial liabilities	(503.5)	(502.4)	(501.8)	(501.9)	(501.7)	(490.1)	(490.2)	(500.4)
Capitalized interests	(11.6)	(13.2)	(11.6)	(13.2)	(11.6)	(3.0)	(7.6)	(3.0)
Financing costs and amortizations ⁽⁴⁾	18.7	19.5	20.4	21.1	21.8	28.2	29.7	31.8
Overdraft	(0.1)	(4.5)	(0.1)	(0.2)	(0.0)	(7.0)	(6.8)	(0.3)
Cash and cash equivalents	145.5	89.6	127.4	139.4	159.0	86.8	106.8	121.4
Net debt (as per statement of financial position)	(351.1)	(410.9)	(365.8)	(354.8)	(332.6)	(385.2)	(368.1)	(350.5)

(1) Refers to the term loan facilities under our Senior Credit Facilities Agreement, which was terminated in January 2013.

(2) Refers to revolving credit facilities under our Revolving Credit Facility Agreement for the 2013 periods indicated and to the revolving credit facilities under our Senior Credit Facilities Agreement for the 2012 and 2011 periods indicated. See “—Description of Debt Arrangements”.

(3) Includes tax refund liability.

- (4) Of the financing costs and amortizations, €2.9 million, €3.0 million, €3.1 million, €3.3 million and €3.4 million related to financing costs associated with undrawn revolving credit facilities under our Revolving Credit Facility Agreement as of March 31, 2014, December 31, 2013, September 30, 2013, June 30, 2013 and March 31, 2013, respectively.

Cash Flows

The following is a discussion of our consolidated cash flows comparing the years ended March 31, 2014 and March 31, 2013.

Comparison of the years ended March 31, 2014 and March 31, 2013

The following table sets forth our consolidated cash flows in the years ended March 31, 2014 and March 31, 2013.

	For the year ended March 31, 2014	For the year ended March 31, 2013	Change
	(unaudited) (in thousand €)		(%)
Consolidated profit/(loss) for the year	(8,259)	(23,188)	(64.4)%
Depreciation and amortization, impairment	38,869	33,622	15.6%
Other provisions	11,598	3,553	226.4
Income tax	1,981	3,615	(45.2)%
Gain or loss on disposal of assets	—	—	0.0%
Finance income/(loss)	63,718	83,097	(23.3)%
Income/(loss) of associates accounted for using equity method	—	45	(100.0)%
Expenses related to share-based payments	7,478	3,449	116.8%
Other non-cash items	—	—	n/a
Change in working capital	(37,030)	10,331	n/a
Income tax paid	(11,218)	(6,963)	61.1%
Net cash from/(used in) operating activities	67,137	107,561	(37.6)%
Net cash flow from/(used in) investing activities	(33,985)	(18,235)	86.3%
Net cash flow from/(used in) financing activities	(45,141)	(50,513)	(10.6)%
Net increase/(decrease) in cash and cash equivalent	(11,989)	38,813	n/a
Net cash and cash equivalents at beginning of period	158,966	119,079	33.5%
Effect of foreign exchange rate changes	(1,661)	1,074	n/a
Net cash and cash equivalents at end of period	145,316	158,966	(8.6)%

Operating activities

Cash from operating activities consists of the results from the income statement adjusted for non-cash items, which include all items listed in the table above except for change in working capital and income tax paid.

Net cash from operating activities decreased by €40.4 million, or 37.6%, to a net cash inflow of €67.1 million in the year ended March 31, 2014, compared to a net cash inflow of €107.6 million in the year ended March 31, 2013, principally due to:

- higher performance of the business in relation to the volumes growth described above;
- negative change in working capital in the year ended March 31, 2014 of €37.0 million compared to a positive inflow in the year ended March 31, 2013 of €10.3 million and reflecting various effects:
 - the negative effect on March 2014 working capital from postponements of March 2013 month-end payments as a consequence of the month-end day falling on a Sunday;

- business trends mainly related to the change in mix between GDS and Direct Connect;
- the outflow related to Liligo's contribution to working capital; and
- the decrease in non-current deferred income related to the Amadeus signing bonus; and
- a higher income tax payment of €11.2 million in the year ended March 31, 2014 as compared to €7.0 million in the year ended March 31, 2013, mainly related to business trends on the Spanish entities.

Investing activities

Net cash used in investing activities increased by €15.7 million, or 86.3%, to a net cash outflow of €34.0 million in the year ended March 31, 2014 compared to a net cash outflow of €18.2 million in the year ended March 31, 2013, principally due to the Liligo Acquisition.

Financing activities

Net cash used in financing activities decreased by €5.4 million, or 10.6%, to a net cash outflow of €45.1 million in the year ended March 31, 2014 compared to a net cash outflow of €50.5 million in the year ended March 31, 2013, principally due to the fact that (i) the year ended March 31, 2013 was negatively impacted by expenses related to the refinancing and notably financing fees (€11.3 million) as well as cancellation of hedging instruments (€7.2 million). This was partly offset by (ii) higher interest expenses on the 2018 Notes than on former senior debt (€6.9 million) combined with (iii) the phasing of interest payments between senior debt and the 2018 Notes (monthly payment versus bi-annual) with an impact of €4.1 million.

Long-Term Financing Arrangements

On April 21, 2011, the 2019 Notes Issuer issued €175 million aggregate principal amount of 10.375% Senior Notes due 2019 (the "2019 Notes").

On January 31, 2013, the 2018 Notes Issuer issued €325 million aggregate principal amount of 7.500% Senior Notes due 2018 (the "2018 Notes"). Proceeds of the offering of the 2018 Notes were used in January 2013 to prepay in full certain term loan facilities of other group companies and pay certain offering and refinancing expenses. At the same time as the issuance of the 2018 Notes, certain companies in the eDreams ODIGEO Group entered into a Revolving Credit Facility.

As of March 31, 2014, our total financial liabilities excluding the Convertible Subordinated Shareholder Bonds, capitalized interests, financing costs capitalized and overdrafts amounted to €500.1 million, compared to €500.3 million as of March 31, 2013.

As of March 31, 2014, the principal payments of our long-term financing arrangements were due as follows:

	Payment due							Total
	between January 1 and December 31,						beyond December 31, 2020	
	2015	2016	2017	2018	2019	2020		
	(in € thousand)							
Facilities								
2019 Notes.....	—	—	—	—	175,000	—	—	175,000
2018 Notes.....	—	—	—	325,000	—	—	—	325,000
Convertible Subordinated Shareholder Bonds ⁽¹⁾	—	—	—	—	—	—	153,935	153,935
Obligations under finance leases.....	128	—	—	—	—	—	—	128
Total.....	128	—	—	325,000	175,000	—	153,935	654,063

(1) Convertible Subordinated Shareholder Bonds includes the capitalized interests.

Under IFRS, our total financial liabilities as of March 31, 2014 amounted to €616.6 million. The difference to the principal payments of our long-term financing arrangements mainly comprises the accrued interests related to the 2018 Notes and 2019 Notes, the financing costs capitalized amounting to €15.9 million and the split between debt and equity of the Convertible Subordinated Shareholder Bonds amounting to €36.5 million. For a description of the material terms of our financing arrangements, including the Revolving Credit Facility Agreement, see “Description of Material Indebtedness”.

High-yield bonds

On April 21, 2011, the 2019 Notes Issuer issued €175 million aggregate principal amount of 10.375% Senior Notes due 2019 (the “2019 Notes”). On January 31, 2013, the 2018 Notes Issuer issued €325 million aggregate principal amount of 7.500% Senior Notes due 2018 (the “2018 Notes”). See “Description of Material Indebtedness”.

Drawings under revolving credit facilities

As of March 31, 2014, we had €130 million in committed facilities under our existing revolving credit facility under the Revolving Credit Facility Agreement, of which €25 million related to guarantees thereunder. As of March 31, 2014, the amount of committed but undrawn facilities under the Revolving Credit Facility Agreement available for operating activities as well as guarantees in the future was €97.9 million and €4.1 million was available for guarantees only. In the past, funds under our existing revolving credit facility were drawn for a minimum period of two weeks mainly to pay BSP suppliers during the month.

Convertible Subordinated Shareholder Bonds

In connection with the Opodo Acquisition, on June 30, 2011, the 2019 Notes Issuer issued an aggregate amount of €117,751,315 of Convertible Subordinated Shareholder Bonds due June 30, 2060. Interest on the Convertible Subordinated Shareholder Bonds accrues annually since June 30, 2011 but will not be paid until the maturity date. The estimated effective interest rate for the period since June 30, 2011 through 2020 is 9.875% per annum.

The Convertible Subordinated Shareholder Bonds were initially issued to Lyeurope and subsequently contributed by Luxgoal and Axeurope to GTF at the nominal value plus interest in exchange for an aggregate amount of €117,751,315 Convertible Subordinated Shareholder Bonds issued to Luxgoal and Axeurope.

As at March 31, 2014, the outstanding principal of the Convertible Subordinated Shareholder Bonds amounted to €117.8 million and the accrued interest amounted to €36.2 million, totaling €153.9 million. The Convertible Subordinated Shareholder Bonds have been accounted in connection with IFRS requirements and contain two components: one component is a financial liability, *i.e.*, our contractual obligation to pay cash, and the other component is an equity instrument, which has been valued at €36.5 million.

Following eDreams ODIGEO’s initial public offering, eDreams ODIGEO is the holder of 100% of the Convertible Subordinated Shareholder Bonds, which were issued by the 2019 Notes Issuer in connection with the Combination.

Hedging

In the past, we entered into interest rate swaps to manage our exposure to interest rates. Following completion of the refinancing in January 2013 and the repayment of the debt under the Senior Credit Facilities Agreement (which was variable rate), each of the 2018 Notes and the 2019 Notes bear interest at fixed rates. Consequently, all the hedging instruments were terminated in January 2013 at a total cost of €6.7 million, of which €5.3 million related directly to the cancellation of hedging instruments.

Financial and Other Long-Term Contractual Obligations

Our financial and other long-term contractual obligations under IFRS as of March 31, 2014 grouped according to the period in which payments are due are set forth in the table below.

Contractual Obligations	Less than 1 year	1-5 years	5 years and more	Total
		(unaudited) (in € thousands)		
Long-term and short-term debt obligations ⁽¹⁾	12,004	325,000	327,769	668,085
Capital (finance) lease obligations.....	120	8	—	128
Operating lease obligations.....	3,168	5,663	585	9,416
Other short- and long-term liabilities.....	3,154	—	—	3,419
Total	18,446	330,671	328,354	681,048

(1) Short and long-term debt, excluding financing costs capitalized and the split between debt and equity of the Convertible Subordinated Shareholder Bonds.

Capital Expenditures

In the year ended March 31, 2014, we had capital expenditures of €34.0 million (including (i) IT capitalization for €17.0 million, (ii) acquisition of hardware, software and other capital investment for €3.5 million and (iii) our acquisition of Liligo for €13.5 million, compared to €18.2 million in the year ended March 31, 2013 (including (i) IT capitalization for €13.6 million, (ii) acquisition of hardware, software and other capital investment for €3.4 million and (iii) the disposal of Opodo Tours for €1.2 million).

In connection with the implementation of certain aspects of our strategy (see “Business—Our Strategy”) and our ongoing business needs, we expect our capital expenditures to increase from the levels spent in the periods under review. However, we have completed the majority of our IT integration, especially in our core booking engine. Some elements of the middle and back office of the platform are still to be integrated and we are targeting completion of this in the year ending March 31, 2015. Accordingly, the two key recurring components of capital expenditure in the medium term are (i) IT capitalization and (ii) the acquisition of hardware. Based on our ongoing projects, we expect our base capital expenditure to be in the range of approximately €20 million to €25 million per annum over the next few years, excluding any potential acquisitions. The completion of the middle- and back-office integration is expected to require approximately an additional €6 million in the year ending March 31, 2015.

Off-Balance Sheet Arrangements

As of March 31, 2014, off-balance sheet arrangements consisted entirely of guarantees amounting to €58.9 million granted by the 2019 Notes Issuer and certain financial institutions to cover three main types of contingencies:

- guarantees issued in favor of IATA and local regulators to allow our companies to operate and sell flight tickets in certain jurisdictions. The total amount outstanding as of March 31, 2014 was €57.0 million and consisted of guarantees issued in favor of (i) IATA in the amount of €36.7 million, (ii) regulators in the Nordics in the amount of €7.2 million, (iii) regulators in France in the amount of €11.6 million and (iv) regulators in the United Kingdom, Italy, Ireland and the United States in the amount of €1.5 million;
- guarantees issued in favor of certain suppliers to allow our companies to offer their products; the total amount outstanding as of March 31, 2014 was €1.8 million; and
- other guarantees issued to cover other contingencies in the amount of €0.2 million.

Disclosures about Market Risks

The following is an overview of the principal market risks that we are subject to.

Credit risk

Our cash and cash equivalents are held with financial entities with strong credit ratings.

Certain transactions at the eDreams Group are channeled through Caixa Catalunya, which has a Moody's long term rating of Ba1. These transactions amount to an average of €1.8 million on a daily basis. We usually transfer these amounts on a daily basis to other financial institutions in order to mitigate this risk.

Our credit risk is mainly attributable to business-to-business customer advertising receivables and, to a lesser extent, customer receivables on corporate travel and business-to-business customers, and advertising receivables. These amounts are recognized in the consolidated statement of financial position net of provisions for doubtful receivables, which is estimated by our management on a case-by-case basis.

Interest rate risk

Most of our financial debt is exposed to fixed interest rates. Of our debt, only the Revolving Credit Facility bears interest at a variable rate, although to date we have only drawn loans under the Revolving Credit Facility for intra-month working capital purposes. Therefore, we have no material exposure to interest rate risk.

Liquidity risk

In order to meet our liquidity requirements, our principal sources of liquidity are: cash and cash equivalents from the statement of financial position, cash flow generated from operations and the revolving credit facilities under our Revolving Credit Facility Agreement to fund intra-month cash swings and supplier guarantees. Subsequent to the Refinancing, our sources of our liquidity are the same except that the revolving credit facility under our Senior Credit Facilities Agreement has been replaced by the Revolving Credit Facility Agreement.

Exchange rate risk

The exchange rate risk arising on our activities has basically two sources: the risk arising in respect of commercial transactions carried out in currencies other than the functional currency of each company of our group and the risk arising on the consolidation of subsidiaries that have a functional currency other than the euro.

In relation to commercial transactions, we are principally exposed to exchange rate risk as it operates with the pound sterling as well as the Swedish krona and other Nordic currencies (Norwegian Krone and Danish Krone). The exchange rate risk arises on future commercial transactions and on assets and liabilities denominated in a foreign currency.

However, the volume of our sales and purchases in foreign currency (other than the local currency of each of the subsidiaries) is of little relevance compared to our total operations.

Critical Accounting Policies

Our Consolidated Financial Statements and related notes contain information that is pertinent to the discussion and analysis of our results of operations and financial conditions set forth in this section. The preparation of our Consolidated Financial Statements and related notes in conformity with IFRS requires us to make judgments, estimates and assumptions that may affect the amounts reported. An accounting policy is considered to be critical if it meets the following two criteria:

- (i) the policy requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made; and

- (ii) different estimates that reasonably could have been used or changes in the estimates that are reasonably likely to occur from period to period would have a material impact on our Consolidated Financial Statements.

We believe that the accounting methods and policies listed below are the most likely to be affected by these estimates and assumptions. Although we believe these policies to be the most critical, other accounting policies also have a significant effect on our Consolidated Financial Statements and certain of these policies may also require the use of estimates and assumptions.

Revenue recognition

We recognize revenue when (i) we have evidence of a contractual agreement in respect of products and services to be provided, (ii) such products are delivered or such services have been rendered and (iii) the revenue is determinable and collectability is reasonably assured. We have evidence of a contractual agreement when we enter into a legally enforceable agreement with the customer with terms and conditions that describe the product to be delivered or the service to be rendered and the related payment terms. We consider revenue to be determinable when the product or service has been delivered or rendered in accordance with the said agreement.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for products or services provided in the ordinary course of business net of VAT and similar taxes. We provide customers the ability to book air travel, hotels, car rentals and other travel products and services through our various websites. These travel products and services are made available to our customers for booking on a stand-alone basis or as part of a vacation package.

When we act as principal and purchase inventory for resale or are the primary obligor in the arrangement, revenue is recognized on a “gross” basis. The revenue comprises the gross value of the transaction billed to the customer, net of VAT, with any related expenditure charged as cost of sales. Such revenue comprises sales in respect of charter flights, conferences and events and, to a lesser extent, vacation packages. At time of booking, revenue is recorded as deferred income. For travel products, revenue and supplies are recognized on the date of departure. As regards Dynamic Packages (including revenue from the flight component thereof) offered by Opodo, as from June 1, 2013, pursuant to the revised applicable terms and conditions for the sale of Dynamic Packages, the Opodo Group is now acting as agent and no longer as principal, and revenue is therefore no longer recognized on a “gross” basis.

In other transactions where we act as agent (i.e., bear no inventory risk and are not the primary obligor in the arrangement), revenue is recognized on a “net” basis, with revenue representing the margin earned. Such revenue comprises sales in respect of scheduled airlines, hotels, car rentals and most of our packaged travel products. For Direct Connects, we usually pass reservations booked by customers to the travel supplier and revenue represents the service fee charged to the customer. In such transactions, we have limited, if any, ability to determine or change the products or services provided and the customer is responsible for the selection of the service supplier. Booking is then secured when no further obligation is supported by us. For air transactions, this is at the time of ticketing. For hotel transactions, car transactions and packaged products, net revenue is recognized when the customer uses the reservation (i.e., on the date of hotel check-out, car pick-up or departure for packages). The timing of revenue recognition is different for air travel because the primary service to the customer is fulfilled at the time of booking.

Where we act as agent, additional income, such as over-commissions, may accrue based on the achievement of certain gross sales values over a specified period. We therefore accrue for such income where it is considered probable that the gross sales values will be met and the amount to be received is estimable. Where it is probable that the gross sales value will be met, revenue is recognized based on the percentage of gross sales value achieved by the reporting date.

The table below summarizes the revenue recognition basis for our principal income streams.

Income stream	Basis of revenue recognition
Charter flight transactions	Date of departure
Scheduled flight transactions	Date of booking
Airline incentives	Accrued based on gross sales
GDS incentives	Date of booking
Direct Connect	Date of booking
Hotel transactions	Date of departure (check-out)
Car transactions	Date of departure (pick-up)
Dynamic Packages (including the flight portion thereof)	Date of departure
Vacation packages	Date of departure
Advertising revenue	Date of display
Metasearch revenue	Date of click or date of purchase
Insurance	Date of booking

For flight products, revenue is generally recognized upon booking as we do not assume any further performance obligation to our customers after the product has been ticketed (even though we support fraud risks). In these instances, revenue is recognized on a net basis. Conversely, in cases where (i) we pre-purchase and assume inventory risk or (ii) we bear any financial risk with respect to the booking, for instance, in the event of cancellation, revenue is recognized at time of departure as we are considered to be the primary obligor to the traveler. In these cases, revenue is recognized on a gross basis, comprising the gross value of the transaction billed to the customer (net of VAT and cancellations), with any amounts paid to the supplier accounted for as “supplies”.

In the event of cancellation of a booking, flight revenue recognized in respect of commissions earned from travel suppliers is reversed and is netted off from our revenue earned during the fiscal period at the time of cancellation. For flight products or services carrying inventory or other financial risk, cancellations do not impact revenue recognition since revenue is recognized upon the departure date, when the product is delivered or the service is rendered.

For non-flight products, we consider that revenue is determinable upon the departure date for packages, check-out date for hotel rooms, pick-up date for car rentals, date of publication over the delivery period for advertising revenue and, depending on the particular agreement, date of click or date of purchase for our metasearch activities. In the event of cancellation, our revenue recognition is not impacted since revenue is recognized, in each case, when the product is delivered or the service is rendered.

In both flight and non-flight, revenue on products or services for which we do not assume inventory or other financial risk is accounted for on a “net” basis, representing the service fees (which is the total difference between the price at which we source a product and sell that product to a customer, which difference includes, among other components, any mark-up to the price at which we source a product and fees that we charge customers in connection with a booking) we earn. When we incur an inventory and other financial risk in either of our two lines of business (currently the case only for charter flights, conferences and events and, to a lesser extent, vacation packages) revenue is accounted for on a “gross” basis, representing the total amount paid by our customers for these products and services. The cost of procuring the relevant products and services sold to our customers is accounted for as “supplies”.

We generally do not take on credit risk with the customer; however, we are subject to charge-backs and fraud risk which we monitor closely.

We use GDS services to source and book products. Under GDS service agreements, we earn revenue in the form of an incentive payment for each segment that is processed through a GDS service provider. Revenue is recognized for these incentive payments at the time the travel reservation is processed through the GDS service provider, which is generally at the time of booking.

We recognize revenue for insurance sold to customers along with travel products at the time of booking, as the cover starts from that date.

We generate other revenues, which primarily comprise revenue from advertising and metasearch activities. Such revenue is derived primarily from the delivery of advertisements on the various websites we operate and is recognized at the time of display or over the advertising delivery period, depending on the terms of the advertising contract, as well as for searches, clicks and purchases generated by our metasearch activities.

Reporting revenue on a “gross” versus “net” basis is a matter of significant judgment that depends on a relevant set of facts and circumstances. This analysis is performed using various criteria such as, but not limited to, whether we are the primary obligor in the arrangement, have inventory risk, have latitude in establishing price, have discretion in supplier selection or have credit risk.

However, if our judgments regarding revenue are inaccurate, actual revenue could differ from the amount we recognize, directly impacting our reported revenue.

Measurement of property, plant and equipment and intangible assets other than goodwill

Total property, plant and equipment and total intangible assets (mainly trademarks, technologies and customer-related intangibles) will represent a significant portion of our total consolidated statement of financial position. Property, plant and equipment and intangible assets other than goodwill are recorded at their acquisition or production cost. When such assets are acquired in a business combination, purchase accounting requires judgment in determining the estimated fair value of the assets at the date of the acquisition. As direct observable fair values are not always readily available, indirect valuation methods are often used with their inherent limitations. Examples of indirect methods we commonly use for certain acquired intangibles include the relief of royalty method for trademarks or the excess earnings approach for customers’ relationships. A change in any of the assumptions used in any of the indirect valuation methods could change the amount to be allocated to the acquired intangibles.

Similarly, judgment is required in determining the useful lives of the assets both at and subsequent to the acquisition date. Such judgment considers obsolescence, physical damage, significant changes to the manner in which an asset is used, worse than expected economic performance, a drop in revenues and other external indicators.

Considering the type of assets and the nature of the activities, most of our assets do not generate independent cash flows from those attached to the Cash-Generating Unit (“CGU”). Hence, the assessment of the need for an impairment test is mostly determined at the CGU level (see hereunder) in accordance with IAS 36 *Impairment of Assets* (“IAS 36”).

With respect to an internally generated intangible asset arising from the development of our website operating platforms and related back-office systems, it will be recognized if, and only if, all of the following have been demonstrated:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Once capitalized, these development costs will be amortized over the estimated useful lives of the products concerned (generally between three and five years; ten years in the case of the One Platform).

We must therefore evaluate the commercial and technical feasibility of those development projects and estimate the useful lives of the products resulting from the projects. Should a product fail to substantiate those assumptions, we may be required to impair or write off some of the capitalized development costs in the future.

Purchase price allocation and allocation of goodwill

The amount of goodwill determined in a business combination is dependent on the allocation of the purchase price over the corresponding equity in the fair value of the underlying assets acquired and the liabilities assumed: a process that requires a significant level of estimation and judgment.

Under IFRS, goodwill is not amortized but will be reviewed for impairment at least annually at the level of the CGU or group of CGUs. Goodwill is to be allocated to each of the acquirer's CGUs or groups of CGUs that is expected to benefit from the synergies of the business combination. Such allocation represents the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

Therefore, changes in the way management monitors goodwill or in the segment reporting structure may require a reallocation and trigger the need for an impairment test.

Impairment testing of the recoverable amount of a CGU or group of CGUs

The determination of impairment under IAS 36 will require the use of estimates which include but are not limited to the cause, the timing and the amount of the impairment. As such, the determination of the recoverable amount represents an area where significant assumptions and judgment are required.

The recoverable amount is the higher of the fair value less costs to sell and the value in use:

- fair value less costs to sell is the best estimate of the amount obtainable from the sale of a CGU in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal. Because the fair value of our CGUs is rarely expected to be directly observable, it will be determined on the basis of available market information, such as revenue and EBITDA multiples for comparable companies or transactions, or discounted cash flows including market participant assumptions on weighted average costs of capital or long-term growth rates; and
- value in use is determined by our management based on the discounted cash flows derived from the applicable business plan.

When cash flow projections are used, they will be based on economic and regulatory assumptions and forecast trading conditions, including:

- the influence of competitors;
- the evolution and utilization of new technologies;
- the level of appeal of these new technologies and related products or services to the customers; and
- the long-term growth rate and discount rate.

The values assigned to each of those parameters reflect past experience and anticipated changes over the period of the business plans.

The methodology used and the related estimates have a material impact on the recoverable value and ultimately the amount of any asset impairment. If the assumptions do not materialize as expected, this may result in decreased revenue, EBITDA or cash flows and materially change the potential impairment.

Accounting for income taxes

The eDreams ODIGEO Group applies a consolidated taxation framework. As at March 31, 2014, the eDreams ODIGEO Group encompassed three distinct consolidated tax groups: Spain, France and the U.S. The Spanish consolidated tax group is headed by eDreams Inc. and includes Vacaciones eDreams, S.L.U. and eDreams International Network, S.L. The French consolidated tax group is headed by Lyeurope S.A.S. and includes Lyparis S.A.S., GoVoyages S.A.S., GoVoyages Trade S.A.S. and Opodo S.A.S. For U.S. income tax purposes, all subsidiaries (in)directly owned by eDreams Inc., except eDreams GmbH, are considered disregarded entities, which effectively results in the existence of a U.S. tax group. Within the consolidated taxation framework, the entities heading each tax group pay the income taxes for such group, and the remaining companies of each group settle their income taxes with their respective head of the tax group. The companies within the eDreams ODIGEO Group that are not a member of a consolidated tax group pay their income taxes on an individual basis directly to the tax authority of the country of their residence.

The total income tax expense is the sum of the current tax and deferred tax.

Current tax: The current tax payable is based on taxable profit for the year. Taxable profit may differ from the profit as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years (temporary differences) and items that are never taxable or deductible (permanent differences). The eDreams ODIGEO Group's liability for current tax is calculated using income tax rates that have been either fully or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which these deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Significant judgment on the part of management is required in determining current and deferred income taxes, as a result of the inherent necessity of interpreting tax laws or assessing the respective technical merits of the company and tax administration positions following a tax audit as well as assessing the availability of future taxable income that can be offset against tax loss carry forwards within the appropriate time frame, as estimated by management.

The realization of deferred tax assets is also reviewed by management using each entity's tax forecast based on budgets and strategic business plans.

Upon the acquisition of Opodo, we had trade losses carried forward which could be offset against future trade income without limitation. In addition, Opodo had capital allowances carried forward which could be utilized against future taxable profits without limitation. The Opodo Acquisition has not triggered the U.K. rules regarding the change in the nature or conduct of a business. Prior to the Opodo Acquisition, Opodo had recognized a deferred tax asset of €55.9 million (based on a total amount of trade losses and capital allowances carried forward amounting to €215.1 million). We analyzed the recoverability of the deferred tax asset according to IFRS at the Opodo level and concluded that a revaluation of the tax asset was not necessary given that there was no change in the probability of utilizing such tax losses. However, the recognized deferred tax asset was reduced as of March 31, 2013 as a result of changes in the U.K. tax rate and the overstatement of certain assets as at acquisition date. These amendments were considered part of the accounting of the business combination as indicated in paragraph 67 of IAS 12 Income Taxes ("IAS 12"). As at March 31, 2014, Opodo had deferred tax assets of €28.9 million relating to unused trade losses and capital allowances carried forward.

Accounting for provisions and liabilities

In the ordinary course of business, we are involved in a number of litigations and claims. The costs that may result from these litigations and claims are only accrued when it is probable that a liability will be incurred and the amount of that liability can be quantified or estimated within a reasonable range. The amount of the provisions recorded is based on a case-by-case assessment of the risk level, and events arising during the course of legal proceedings may require a reassessment of this risk.

We exercise significant judgment in measuring and recognizing provisions or determining exposure to contingent liabilities that are related to pending litigation or other outstanding claims. These judgments and estimates are subject to change as new information becomes available. Any change could lead to a different conclusion regarding the amount of the provision or liability recognized and could have a significant effect on our Consolidated Financial Statements.

INDUSTRY OVERVIEW AND MARKET DATA

Certain information set forth in this section has been derived from external sources, including, among others, reports and other publications issued by PhoCusWright (as such entity is defined in “Use of Certain Definitions” under the caption “PhoCusWright”). Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but some of this information may have been derived from estimates or subjective judgments or have been subject to limited audit and validation. While we believe this market data to be accurate and correct, we have not independently verified it. Market data presented in this section are based principally on PhoCusWright’s aggregations or calculations of gross bookings, revenues (on a net basis) and operating margins from publicly available sources, unless otherwise stated. Our estimates of our sector positions are based on gross bookings in 2012. We have accurately reproduced the sector share and industry data, and as far as we are aware and able to ascertain from various market research publications, publicly available information and industry publications, including various third-party sources, no facts have been omitted which to our knowledge would render the reproduced information inaccurate or misleading. However, you should note that the measures aggregated or calculated by PhoCusWright are non-GAAP measures and as a result, may not be directly comparable to similarly titled measures disclosed among companies operating in our industry, including us.

As presented herein, PhoCusWright data for the period 2007-2012 are actual and data for the period 2013-2015 are estimated.

The following is an overview of the online travel industry, including outlook and drivers of the industry. Within this industry, we look at the more specific market of online travel agencies (“OTAs”) in the online flight sector, including us, and discuss key trends within this market. We also discuss competition within the travel industry, as well as the principal countries in which we operate.

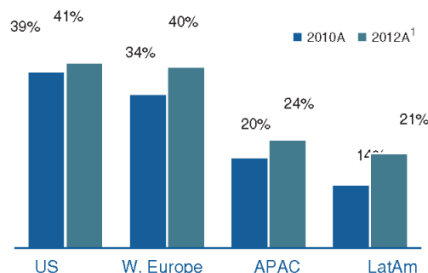
Online Travel Industry

Overview

The online travel industry, particularly the online leisure flight sector in which we principally operate, is a large and fast growing global market. The online travel industry includes leisure and corporate online bookings of flights, other transportation and hospitality products, as well as ancillary products such as travel insurance. With worldwide consumer spending of approximately \$349 billion in the year ended December 31, 2012 and estimated spending of \$402 billion in the year ended December 31, 2013, the online leisure travel sector is the largest eCommerce category in the world and at least twice the size of online apparel and at least three times the size of online software and apps, which are the next two largest eCommerce categories after online leisure travel. The corresponding worldwide consumer spending growth rate of 15.2% in the year ended December 31, 2013 compared to the prior year would also suggest the online leisure travel sector is fast growing. (Source: IDC, Worldwide New Media Market Model, 1H13.)

According to PhoCusWright, the proportion of online travel gross bookings as a percentage of total travel gross bookings (“online travel penetration”) in Europe, our principal geographic region, reached 40% in 2012 from 34% in 2010. Online travel penetration in other geographic regions in which we also operate has also been rising with respect to the travel industry generally, which encompasses more than 400,000 companies. The following graph sets out online travel penetration in each of the United States, Europe, APAC and LatAm in the years ended December 31, 2010 and 2012.

Online travel penetration



(1) 2012E for LatAm.

Source: Estimates and projections from PhoCusWright U.S. Online Travel Overview 12th Edition (2012); PhoCusWright European Online Travel Overview 9th Edition (2013); PhoCusWright Asia Pacific Online Travel Overview 6th Edition (2013); PhoCusWright Latin America Online Travel Overview (2011).

Outlook and Drivers of Online Travel

The following table sets out gross bookings (according to PhoCus Wright) in the online travel market (OTAs and supplier direct websites) for each of Western Europe, Asia-Pacific (“APAC”), the United States and Latin America (“LatAm”).

	Online travel market (Online travel gross bookings, US\$ bn)							10-13E CAGR	13-15E CAGR
	2010	2011	2012	2013E	2014E	2015E			
Western Europe	105.0	121.3	137.2	147.9	161.5	174.6			
% growth ⁽¹⁾⁽²⁾		15.5%	13.2%	7.7%	9.2%	8.1%	12.1%		8.7%
APAC	53.2	66.9	79.2	93.4	108.5	126.6			
% growth ⁽²⁾		25.8%	18.4%	17.9%	16.2%	16.7%	20.6%		16.4%
U.S.	100.0	114.0	126.0	136.0	145.0	n/a			
% growth ⁽²⁾		14.0%	10.5%	7.9%	6.6%	n/a	10.8%		n/a
LatAm	8.2	11.2	14.3	17.2	n/a	n/a			
% growth ⁽²⁾		36.6%	27.7%	20.3%	n/a	n/a	28.0%		n/a
Total	266.4	313.4	356.7	394.5	n/a	n/a			
% growth ⁽²⁾		17.6%	13.8%	10.6%	n/a	n/a	14.0%		n/a

(1) We used the following euro to U.S. dollar exchange rate to convert euro amounts PhoCusWright European Online Travel Overview 9th Edition (2013) to U.S. dollar amounts: €1 = US\$1.3780 (Source: WMR; December 31, 2013).

(2) Percentage growth compared to prior year.

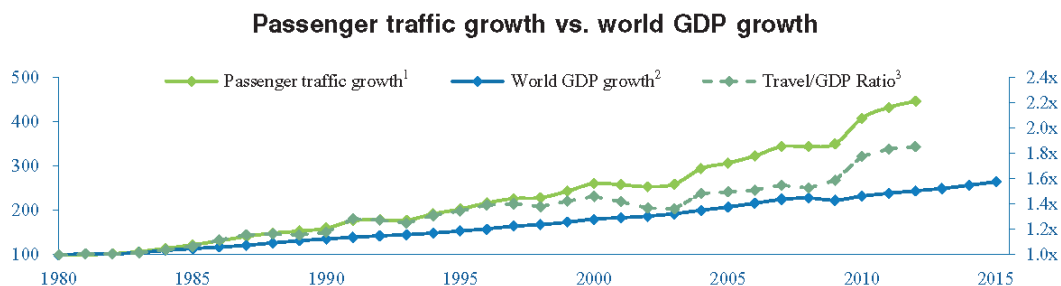
Source: PhoCusWright U.S. Online Travel Overview 12th Edition (2012); PhoCusWright Asia Pacific Online Travel Overview 6th Edition (2013); PhoCusWright European Online Travel Overview 9th Edition (2013); PhoCusWright Latin American Online Travel Overview (2011).

The following is a discussion of key drivers affecting the worldwide online travel industry. As discussed below, we believe that our markets present attractive growth prospects, driven by compounding factors: the broader travel market is expected to experience long-term growth above that of real GDP as it has done historically, the online sales channel is expected to grow faster due to increasing online travel penetration, and within online the OTA sector is expected to grow even faster given the attractive value proposition that OTA companies offer over suppliers’ own individual online channels.

Improved Macroeconomic Environment

The discretionary nature of certain travel spending, mainly driven by leisure customers but also in certain areas of the corporate sector, leads to a correlation between the macroeconomic environment and the strength of the traditional and online travel industries. Beginning in 2008 and continuing throughout 2009, the global economy experienced a prolonged recession that significantly impacted the travel industry, particularly the traditional travel sector as offline travel agents were less able to offer price-sensitive customers attractive prices for their travel products. According to PhoCusWright, in 2009 compared to 2008, travel market gross bookings decreased by 10.4% in Europe and by 15.3% in the United States. Since that time, the improved macroeconomic environment has driven passenger traffic upwards, particularly in Europe.

Notwithstanding the uncertainty and challenges of the global economic situation in the recent past, we believe that the long-term correlation and relationship observed historically between global GDP growth and the growth of the travel industry is likely to persist. As set out in the graph below, between 1980 and 2013, the flight sector, measured by air passenger traffic, has outgrown world GDP trends by a factor of 1.6x. As a result, we expect that the travel market will continue benefitting from the economic recovery. In its November 2013 publication on Eurozone Q3 GDP, IHS forecasts the Eurozone's real GDP to grow at a CAGR of 0.2% between 2012 and 2014. In comparison, PhoCusWright forecasts the European travel market to grow at a CAGR of 2.8% between 2012 and 2014.



(1) ICAO for passenger figures indexed to 1980.

(2) EIU GDP in constant US\$ (2005) indexed to 1980.

(3) Calculated as passenger traffic growth index divided by World GDP growth index.

Source: EIU, ICAO, PhoCusWright European Online Travel Overview 9th Edition (2013), Eurostat.

Shift from Offline to Online Travel Bookings

Historically, the distribution of travel products and services has been dominated by traditional “brick & mortar” travel agents. However, over a period of more than ten years the internet has disrupted the travel industry’s traditional sales channels. An increasing proportion of consumers are opting to book their travel arrangements online, benefiting from the convenience of 24/7 access, the option to research an exhaustive list of schedules and availability and the ability to compare fares in real time. As a result of this online travel penetration has increased in the United States, Europe, APAC and LatAm from 2010 to 2012 as exhibited in the table above.

Online travel penetration rates vary widely across geographies and countries. Access to the internet, broadband penetration, general e-commerce adoption, the breadth of travel products offered online and the availability of locally-relevant electronic payment methods are generally seen as the key drivers of online travel penetration in any given territory. Structural trends are also driving the growth in the penetration of online travel bookings. These include the aforementioned factors but also the shift in demographics towards generations of consumers who are less likely to consider offline booking channels, the emergence of mobile distribution channels, the increasing ability of online players to cater to complex and bespoke travel journeys and the increasing relevance of reviews and recommendation engines powered by online social networks.

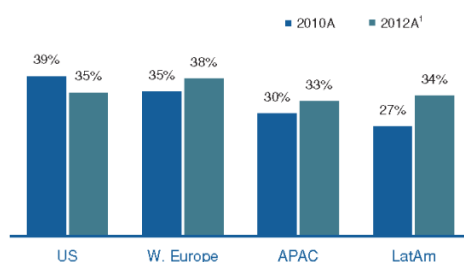
According to IDC, Worldwide New Media Market Model, 1H13 data, the worldwide percentage of population using the internet was 30% in 2011 and is expected to grow to 41% in 2015. The worldwide percentage of households with broadband access was 29% in 2011 and is expected to grow to 36% in 2015. Online penetration is significantly higher in Western Europe: the percentage of population using the internet was 77% in 2011 and is expected to grow to 83% in 2015 and the percentage of households with broadband access was 66% in 2011 and is expected to grow to 73% in 2015.

Increasing Market Share of OTAs in Online Travel

Two principal types of operators compete in the online travel industry: the supplier direct websites (e.g., airlines, hotels, etc.) and OTAs. OTAs have become popular with consumers due to their extensive range of products from multiple suppliers, sometimes exclusive inventory in the form of special fares, powerful aggregation capacity and user-friendly interfaces to compare travel deals in real time. In particular, some OTAs have the ability to segment itineraries with several “legs” using different airlines, which can produce costs savings that are valued by customers. From the suppliers’ standpoint, OTAs offer an efficient distribution channel, especially in fragmented and non-home markets where the suppliers’ brand awareness may be limited.

OTAs have progressively gained share over supplier direct websites (except in the United States) as shown in the following graph, which sets out OTA gross bookings as a percentage of total online travel gross bookings in the United States, Europe, APAC and LatAm:

OTA gross bookings as a % of total online gross bookings



(1) 2012E for US and LatAm.

Source: Estimates & projections from PhoCusWright U.S. Online Travel Overview 12th Edition (2012); PhoCusWright European Online Travel Overview 9th Edition (2013); PhoCusWright Asia Pacific Online Travel Overview 6th Edition (2013); PhoCusWright Latin America Online Travel Overview (2011)

According to PhoCusWright, gross bookings of OTAs worldwide have increased 14.1% from gross bookings of \$111.7 billion in the year ended December 31, 2011 to \$127.4 billion in the year ended December 31, 2012. In Western Europe, the OTA sector is expected to grow at a CAGR of 16.0% in the period from 2010 to 2013 in terms of gross bookings, reaching an estimated \$57.9 billion of gross bookings in 2013. Over the same period in Europe, gross bookings by supplier direct websites are expected to grow at a CAGR of 9.8%.

The following table sets out the evolution and expected evolution of OTA gross bookings for each of Western Europe, APAC, the United States and LatAm.

	Online travel market (OTA gross bookings, US\$ bn)						10-13E CAGR	13-15E CAGR
	2010	2011	2012	2013E	2014E	2015E		
Western Europe	37.1	45.4	52.7	57.9	65.1	71.9		
% growth ⁽¹⁾⁽²⁾		22.4%	16.1%	9.9%	12.4%	10.5%	16.0%	11.4%
APAC	16.1	21.5	25.9	30.6	35.6	41.2		
% growth ⁽²⁾		33.5%	20.5%	18.1%	16.3%	15.7%	23.9%	16.0%
US	39.5	41.4	43.9	46.4	49.1	n/a		
% growth ⁽²⁾		5.0%	6.0%	5.7%	5.8%	n/a	5.6%	n/a

LatAm.....	2.2	3.4	4.9	n/a	n/a	n/a		
% growth ⁽²⁾		54.5%	44.1%	n/a	n/a	n/a	n/a	n/a
Total.....	94.9	111.7	127.4	n/a	n/a	n/a		
% growth ⁽²⁾		17.8%	14.1%	n/a	n/a	n/a	n/a	n/a

(1) We used the following euro to U.S. dollar exchange rate to convert euro amounts PhoCusWright European Online Travel Overview 9th Edition (2013) to U.S. dollar amounts: €1 = US\$1.3780 (Source: WMR; December 31, 2013).

(2) Percentage growth compared to prior year.

Source: PhoCusWright U.S. Online Travel Overview 12th Edition (2012); PhoCusWright Asia Pacific Online Travel Overview 6th Edition (2013); PhoCusWright European Online Travel Overview 9th Edition (2013); PhoCusWright Latin American Online Travel Overview (2011).

eDreams ODIGEO is present and growing in 16 of top 18 online travel markets identified by PhoCusWright.



(1) Countries ordered by gross bookings in 2010 (from lowest to highest).

Source: PhoCusWright Global Online Trend Overview 2nd Edition (2011); PhoCusWright European Online Travel Overview 9th Edition (2013); PhoCusWright U.S. Online Travel Overview 12th Edition (2012).

OTAs and the Online Flight Sector

Overview and Key Trends

According to PhoCusWright's "Online Travel Agency Flight Retailing" report (February 2014) commissioned by and prepared for eDreams ODIGEO, which analyses the worldwide OTA flight sector based on a set of key OTAs selected by PhoCusWright (the "PhoCusWright Commissioned Report"), online flight represents the largest sector within OTAs by gross bookings although its significance varies by geographic region. Flight gross bookings in Europe represented a significantly higher percentage of total OTA gross bookings (74% in the year ended December 31, 2012) compared to other major regions such as the United States (57% in the year ended December 31, 2012) and APAC (65% in the year ended December 31, 2012).

The flight sector is complex. Over time airlines have developed very advanced yield management systems that result in the same flight products being sold at an array of different prices. In the past, GDSs, which were

systems built by airlines, were the only tool that customers and travel agents had to compare such vast array of prices for flight products and historically, travel agents were incentivized to sell flight products at high prices as their revenue was largely dependent on commissions paid by airlines in proportion to the price of the flight products they sold. Over time, the flight sector landscape has changed significantly due to a number of key developments and trends.

The following is a discussion of key trends affecting the flight sector in Europe, which is our key geographical region:

Recovering macroeconomic environment. Following the challenges of the economic crisis in 2009, flight travel volumes in Northern Europe have returned to growth as the region's economies have generally recovered. While flight travel volumes in Southern Europe lagged due to the more challenging domestic economic conditions and austerity measures that countries in this region experienced, the improved macroeconomic environment has driven, and is expected to continue driving, passenger traffic upwards. One trend that has continued from the economic crisis is that consumers continue to be price-sensitive and value OTA's ability to discover or structure the cheapest fares.

Online travel market share gains from offline travel. As discussed in “—Online Travel Industry—Outlook and Drivers of Online Travel” and “—Online Travel Industry—Outlook and Drivers of Online Travel—Shift from Offline to Online Travel Bookings”, online travel penetration has increased in the United States, Europe, APAC and LatAm from 2010 to 2012. We believe this trend continued in 2013 and that the share gain will continue given the factors discussed above.

Increasing market share of OTAs in online travel. As discussed in “—Online Travel Industry—Outlook and Drivers of Online Travel—Increasing Market Share of OTAs in Online Travel”, OTAs have progressively gained market share over supplier direct websites in terms of gross bookings in Europe, APAC and LatAm.

Broad selection of destinations and departure times. Short-haul travel within Europe has increased significantly over the last ten years as immigration rules have been relaxed. In the long term, long-haul travel is expected to be a key growth driver for the industry going forward as intercontinental travel becomes more affordable and appeals to an increasingly broad base of consumers. In addition, leisure customers are expected to continue traveling to a variety of destinations and so concentration on any particular destination is expected to be low. OTAs provide an exhaustive list of alternative travel arrangements, across suppliers and routes compared to supplier direct, which are often limited to a particular set of routes. Long-haul journeys, in particular those involving connecting flights, can be more complex to book and create an opportunity for intermediaries, such as OTAs to add value for customers.

Globalization. Suppliers, distributors and other competitors are increasingly focusing on how best to adapt and benefit from globalization, which is a trend that benefits travel companies with large scale and the know-how to operate internationally.

Increasing prominence of Direct Connect. Over the past several years, there has been an increasing trend of OTAs, through their use of the internet and technological innovation, accessing inventory not only from GDSs but also by connecting directly to supplier systems to minimize the “all-in” price for customers and create new itineraries and product combinations that were not available elsewhere. Such developments have not only benefitted customers who now have access to flight products at cheaper prices and to inventory that previously did not exist, but also partner airlines who have increased sales due to the increased distribution of their flight products through OTAs.

Low Cost Carriers (“LCCs”). Certain airlines have expanded the number of routes they offer throughout Europe. Their proposition to offer a “no frills” yet efficient service along popular short- to mid-haul routes at very competitive fares has won the endorsement of consumers and has in general impacted pricing by all airlines and made travel more affordable.

Emerging markets carriers. The Persian Gulf's strategic location between Europe and Asia, as well as the growth experienced by its local economies in recent years, has led to the development of new travel hubs and strong flagship airlines out of Dubai (Emirates), Abu Dhabi (Etihad) and Qatar (Qatar Airways). These carriers are

increasingly competing with European airlines for passengers flying on long-haul flights and seeking to increase their presence outside of their home markets.

Airline consolidation. The economic crisis accelerated a consolidation trend among air carriers in Europe. For example, Air France and KLM merged in 2004 and British Airways and Iberia combined in 2010. Moreover, a number of airlines have declared bankruptcy, including Spainair in Spain, Malev in Hungary, Cimber Sterling in Denmark and Wind Jet in Italy. Continued consolidation, together with the airlines' attempt at optimizing flight occupancy rates, could result in further capacity reduction. However, we do not expect the same level of consolidation in Europe compared to the United States in light of the heterogeneity and the complexity of the European flight market compared to that of the United States. Also, new airlines such as Volotea and Norwegian have recently been created or are reaching scalability, which helps counterbalance any of the potential aforementioned capacity reduction.

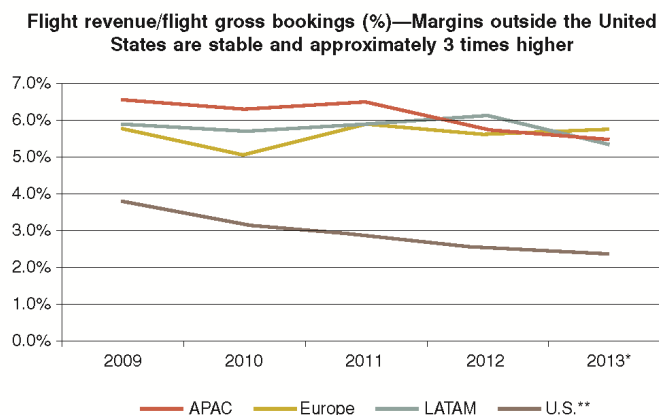
Fare Deconstruction. In the wake of market share gains by LCCs, traditional airlines are increasingly offering "à la carte" services on top of basic airfares in order to enhance the competitiveness of their offerings. Consumers can pay extra fees to be served meals, check in excess luggage, choose their seats or board the aircraft early, purchase exchangeable or reimbursable tickets, etc. The comparison engine of OTAs is particularly valuable in an environment where prices and services are increasingly complex, including in respect of the trend of airlines to unbundle their prices.

Reduction of Airline Commissions to Travel Agents. Airlines began reducing commissions paid to travel agents in 2003, which required travel agents to find new sources of revenues and reduced dependency on airline commissions, which currently represents a small fraction of OTA revenue in Europe.

OTA Flight Revenue and Margins

According to the PhoCusWright Commissioned Report, revenues (on a net basis) for OTAs relating to the sale of flight products has increased steadily since 2009. In the year ended December 31, 2009, worldwide OTA revenues (on a net basis) for flight products was \$1.2 billion. OTA revenues for flight products increased at a CAGR of 8% since that time to reach \$1.5 billion in the year ended December 31, 2012. On a regional basis, the United States is the largest geographical region in terms of OTA revenue for flight products at \$659 million for the year ended December 31, 2012. Europe is the second largest with OTA revenue for flight products of \$489 million the same year followed by APAC with \$319 million.

OTA margins on flight products (as measured by flight revenue divided by flight gross bookings) has remained reasonably stable worldwide in the last five years except in the United States. Margins on flight products vary considerably from region to region. For the year ended December 31, 2013, margin on flight products in Europe is estimated to be 5.7% compared to 2.3% in the United States. Margins in APAC and LatAm were also projected to be significantly higher than the United States at 5.5% and 5.4%, respectively. This reflects the less favorable competitive dynamics of the U.S. market, while OTAs in other geographical regions are able to monetize greater amounts from each flight booking.



* Totals include full year projections for private OTAs and actuals for the nine months ended September 30, 2013 for public OTAs.

** Excludes non-U.S. figures for U.S. OTAs.

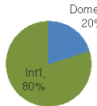
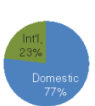
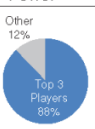
Source: PhoCusWright Commissioned Report based on a set of key OTAs selected by PhoCusWright.

Key Differences between the European and U.S. OTA Markets

The European travel market and the U.S. travel market (where we have a relatively small presence) are structurally different. The fragmentation of the European market, across countries, routes, languages, consumer preferences, currencies, payment methods, regulatory environments and tax regimes makes the aggregation of travel supply and demand all the more valuable. Fragmentation is the cornerstone of the strong competitive position achieved by OTAs in the European travel industry's value chain. In contrast, the U.S. travel market is characterized by a high degree of concentration. As a result, OTAs in the United States may be perceived as providing a commoditized service and thus adding less value than they do in Europe.

In addition, the number of travel suppliers is significantly larger in Europe than it is in the United States. For instance, according to IATA, most countries have their own airlines, including full-service airlines and LCCs, leading to approximately 120 airlines in Europe, versus approximately 60 in North America as of 2010. Google Trends data for the year ended December 31, 2012 suggests that the major "flag carrier" airlines, such as Air France, Alitalia, Iberia and British Airways, tend to enjoy strong brand recognition principally in their respective home markets. Outside their home markets, OTAs and in particular the eDreams ODIGEO brands tend to have higher brand recognition. Consequently, OTAs play an important role in the European travel landscape, helping consumers to find the optimal product or service at the best price and helping suppliers to fill capacity.

The following table highlights the key differences between the OTA markets in United States and Europe:

		Europe	US
Supply	Number of airlines ¹	c.120	c.60
	Market share of top 4 airlines ¹	40%	56%
	Airline brand recognition	Low	High
Customer habits	Proportion of domestic vs. International travel ¹		
	Fragmentation of flight routes ^{1,2}	6%	24%
	Multi-legend segments	Many	Fewer
Distribution	OTA market concentration ^{3,4}		
	Service fee by airlines/OTAs	✓ / ✓	✗ / ✗
Other	Number of countries	50	1
	Languages	23 ⁵	2 ⁶
	Currencies	13 ⁷	1
	Legal, Tax, Payment methods	Many	Fewer

(1) Based on industry research.

(2) Top 10 “from-to” city pairs, presented as a percentage of total passengers.

(3) Top 3 players in Europe refers to eDreams ODIGEO, Priceline and Expedia based on gross bookings.

(4) Top 3 players in the United States refers to Expedia, Orbitz and Travelocity based on gross bookings.

(5) European Union designated by agreement with member states.

(6) English and Spanish taken into account.

(7) Includes Norway, Switzerland and 11 countries belonging to the European Union but not to the Eurozone.

Source: PhoCusWright Global Online Trend Overview 2nd Edition (2011); PhoCusWright European Online Travel Overview 9th Edition (2013); PhoCusWright U.S. Online Travel Overview 12th Edition (2012).

Competition

The global OTA market includes a wide range of public and private companies, some of which have a clear regional focus while others operate across regions and worldwide. According to the PhoCusWright Commissioned Report, with gross bookings for flight products of \$4.8 billion and revenue for flight products of \$392 million, in each case, in the year ended March 31, 2013, we are the leading online distributor of flight products in Europe.

The European travel market is competitive. Market participants vying for the same consumer travel spending include other OTAs, traditional (offline) travel agencies and travel suppliers themselves, such as airlines, hotels and tour operators, which need to balance the yield enhancement that intermediaries can induce with the associated customer acquisition costs. Competitors in our market include:

OTAs. The OTA sector is itself highly fragmented with more than 600 OTAs worldwide and competition varying by country, segment and products. While there are a number of global OTAs with brand presence across multiple countries, each country has regional OTAs competing in their respective markets. Within the flight sector

specifically, our competitors are different in each country, reflecting the highly localized nature of the travel industry.

Traditional Travel Agencies (“TTAs”). We estimate that there are over 400,000 travel companies worldwide. In the principal European countries in which we operate, the majority of travel bookings are still made through TTAs. TTAs are typically small in size compared to OTAs and lack the scale, brand recognition and technological resources often associated with OTAs. TTAs typically have a small number of employees and rely significantly on manual processes that are not as efficient as the automation used by many OTAs. Since their inception, OTAs have gained market share from TTAs on a gross bookings basis as discussed above.

Airline and Hotel Direct Websites. Airlines and hotels are strong partners and suppliers of OTAs and have benefitted from mutual cooperation since OTAs began operating. However, airlines and hotels as suppliers also try to diversify their distribution channels and seek to acquire customers directly. As such, hotel and airline websites are competitors of OTAs with respect to customer acquisition. Airline and hotel direct websites, like OTAs, have shown strong growth in the past years, but recently, OTAs have been gaining share from supplier direct in all markets except the United States, as discussed above.

Pure Metasearch Companies. Metasearch companies, such as Kayak and Skyscanner are distributors of OTAs. They source customers and send them to OTAs and Suppliers sites to complete a booking. Although we do not directly compete with metasearch companies, we seek to diversify our distribution channels and as such could be seen to compete with metasearch companies with respect to customer acquisition. Metasearch companies have been present in the European online travel market since the inception of eDreams ODIGEO but have not grown as strongly as large OTAs. Two of our OTA competitors previously made acquisitions in the metasearch space, namely Priceline with Kayak and Expedia with Trivago, and we added metasearch capabilities to our operations with the acquisition of Liligo in October 2013.

Google. Google is an important source of customers for most online businesses. Google acquired ITA, a U.S.-based flight information software company, in 2010 and has used its technology to launch Google Flights, a metasearch service in the United States and Europe. OTAs and supplier direct websites have continued showing strong growth after the ITA acquisition and after the launch of Google Flights.

Our Geographical Markets

Our principal operations are in France, Germany, Italy, Spain, the United Kingdom and the Nordic region. The information below has been sourced from the PhoCusWright European Online Travel Overview 9th Edition (2013) and 8th Edition (2012) and is presented in euro unless otherwise stated.

France

According to PhoCusWright, the travel market in France is the third largest in Europe with gross bookings of €43.8 billion in 2012, which are expected to reach €46.8 billion in 2014 (2012-2014 CAGR of 3.4%). The flight sector accounted for €21.5 billion of gross bookings in 2012, the majority of which were generated by full-service airlines. Historically, there have been fewer LCCs in France because of the lack of viable domestic air routes driven in part by an efficient high-speed train network. LCC penetration is however expected to increase in the future.

According to PhoCusWright, online travel penetration in France has grown from 34% in 2010 to 42% in 2012 and is expected to reach 46% in 2014. The online travel industry grew from €13.3 billion in 2010 to €18.5 billion in 2012, and is expected to reach €21.7 billion in 2014 (2012-2014 CAGR of 8.3%). In 2012, supplier websites accounted for 57% of online travel gross bookings while OTAs accounted for 43%.

In the French leisure sector, our main competitors are TTAs (including travel agency networks such as AS Voyages, integrated networks such as Thomas Cook, and travel agencies created by supermarket distribution groups such as E.Leclerc Voyages), other OTAs such as Expedia and Orbitz/eBookers, and regional and local players.

We believe we are the largest OTA in the flight sector in France based on total flight gross bookings in 2012.

Germany

According to PhoCusWright, Germany is the largest travel market in Europe with approximately €56.8 billion of gross bookings in 2012, which are expected to reach €59.5 billion in 2014 (2012-2014 CAGR of 2.3%). The flight sector comprised €29.5 billion of gross bookings, of which €4.7 billion was from LCCs in 2012.

Online travel penetration has grown from 32% in 2010 to 36% in 2012 and is expected to reach 41% in 2014. The online travel industry grew from €15.4 billion in 2010 to €20.2 billion in 2012, and is expected to reach €24.3 billion in 2014 (2012-2014 CAGR of 9.7%). In 2012, supplier websites accounted for 58% of online travel gross bookings while OTAs accounted for 42%.

The German OTA sector is highly fragmented, with our main flight-focused OTA competitors consisting of Expedia and Unister. Our competitors also include TTAs.

We believe we are the second largest OTA in the flight sector in Germany based on total flight gross bookings in 2012.

Spain

According to PhoCusWright, Spain is the fourth largest travel market in Europe with gross bookings of €20.0 billion in 2012, which are expected to reach €21.4 billion in 2014 (2012-2014 CAGR of 3.4%). The flight sector accounted for €6.0 billion of gross bookings in 2012, the majority of which were derived from full-service airlines. Spain has been particularly affected by the economic downturn and the recovery of the Spanish travel industry is expected to be protracted.

Online travel penetration has grown from 25% in 2010 to 29% in 2012 and is expected to reach 31% in 2014. The online travel market grew from €5.0 billion in 2010 to €5.7 billion in 2012, and is expected to reach €6.7 billion in 2014 (2012-2014 CAGR of 8.4%). In 2012, supplier websites accounted for 47% of online travel sales while OTAs accounted for 53%.

Our principal competitors in Spain include Rumbo and offline travel agents such as El Corte Inglés and Halcón Viajes.

We believe we are the second largest OTA in Spain in the flight sector based on total flight gross bookings in 2012.

Italy

According to PhoCusWright, the Italian travel market is the fifth largest in Europe, with gross bookings of €20.5 billion in 2012, which are expected to remain flat in 2014. The flight sector comprised €5.0 billion of gross bookings, of which €0.6 billion from LCCs in 2012.

Online travel penetration has grown from 22% in 2010 to 27% in 2012 and is expected to reach 33% in 2014. The online travel industry grew from €4.0 billion in 2010 to €5.6 billion in 2012, and is expected to reach €6.9 billion in 2014 (2012-2014 CAGR of 11%). In 2012, supplier websites accounted for 46% of online travel gross bookings while OTAs accounted for 54%.

In Italy, our main competitors are TTAs (numbering over 10,000), as well as OTAs such as Expedia, Bravofly and Volagratis.it.

We believe we are the second largest OTA in the flight sector in Italy based on total flight gross bookings in 2012 and excluding non-flight focused OTAs.

United Kingdom

According to PhoCusWright, the U.K. travel market is the second largest travel market in Europe with gross bookings of €48.5 billion in 2012, which are expected to reach €53.0 billion in 2014 (2012-2014 CAGR of 4.6%). The flight sector comprised €24.6 billion of gross bookings, of which €5.6 billion was from LCCs in 2012.

Online travel penetration has grown from 49% in 2010 to 55% in 2012 and is expected to reach 57% in 2014. The online travel industry grew from €20.8 billion in 2010 to €26.4 billion in 2012, and is expected to reach €30.0 billion in 2014 (2012-2014 CAGR of 6.5%). In 2012, supplier websites accounted for 70% of online travel gross bookings while OTAs accounted for 30%.

In the United Kingdom, our main competitors are “high street” travel agents and OTAs such as Expedia and eBookers.

We believe we are the fourth largest OTA in the flight sector in the UK based on total flight gross bookings in 2012.

Nordics

According to PhoCusWright, the Scandinavian travel market including Denmark, Norway and Sweden reached gross bookings of €14.4 billion in 2012, which are expected to reach €15.9 billion in 2014 (2012-2014 CAGR of 5.1%). The flight sector comprised €6.5 billion of gross bookings, of which €1.6 billion was from LCCs in 2012.

Online travel penetration has grown from 48% in 2010 to 55% in 2012 and is expected to reach 60% in 2014. The online travel industry grew from € 6.2 billion in 2010 to €8.2 billion in 2012, and is expected to reach €9.6 billion in 2014 (2012-2014 CAGR of 8.2%). In 2011, supplier websites accounted for 68% of online travel gross bookings while OTAs accounted for 34%.

Our principal competitors in the Nordics are offline travel agents and OTAs such as Expedia, Orbitz and ETI.

We believe we are the second largest OTA in the flight sector in the Nordics based on total flight gross bookings in 2012.

BUSINESS

Overview

We are a leading online travel company with a presence in 42 countries. We make flight and non-flight products directly available to travelers principally through our online booking channels (desktop websites, mobile websites and mobile apps) and via our call centers, as well as indirectly through white label distribution partners and other travel agencies. With more than 15 million customers served in the year ended March 31, 2014, we are a worldwide leader in delivering flight products, which is our principal business. We also provide our customers with non-flight products, such as hotel bookings, Dynamic Packages (which are dynamically priced packages consisting of a flight product and a hotel booking that travelers customize based on their individual specifications by combining select products from different travel suppliers through us), car rentals and vacation packages.

Substantially all of our operations are in the leisure travel business. We derive the substantial majority of our revenue and profit from the sale of flight products in Europe. Our principal operations, as measured by Revenue Margin contribution, are in France, Germany, Spain, Italy, the United Kingdom and the Nordics. Outside of Europe, we are present in a number of large countries, including, in order of Revenue Margin contribution, Australia, the United States, Argentina, Brazil, Turkey and Mexico.

We also have operations in the corporate travel sector, mainly in the Nordics, and are seeking to expand this business in certain of our other geographies in Europe. In October 2013, we completed the acquisition of Liligo, a metasearch company with websites in 11 countries, with a view to integrating Liligo's technology into our existing business and increasing our advertising and meta click-out revenue.

We use innovative technology and our relationships with suppliers, product know-how and marketing expertise to attract and allow customers to research, plan and book a broad range of travel products. We make our offers accessible to a broad range of customers, including leisure and corporate travelers, offline travel agents and white label distribution partners.

We own and operate a strong portfolio of consumer brands composed of eDreams, Opodo, GoVoyages, Travellink, Go Volo and the recently acquired Liligo brand. Through our brands, we have historically focused on the flight sector of the travel market.

In the year ended March 31, 2014, our businesses generated 9.8 million Bookings, and generated Revenue Margin of €428.6 million and Adjusted EBITDA of €117.8 million, compared to 8.7 million Bookings, €373.0 million of Revenue Margin and €108.6 million of Adjusted EBITDA in the year ended March 31, 2013.

Our Strengths

We believe we are a global leader in the online leisure flight sector and a category leader in European eCommerce, and this scale is beneficial to our business

We are a global leader in the online distribution of airline passenger flights and we believe we are the world's largest online travel company in the flight sector measured by flight revenues. We have a global footprint with operations in 42 countries with a particularly strong footprint in Europe, and we are present in 16 of the largest 18 online travel markets in the world, as identified by PhoCusWright. We served more than 15 million customers in the year ended March 31, 2014.

Online leisure travel is one of the largest worldwide eCommerce categories, as measured by spending according to IDC, Worldwide New Media Market Model, 1H13. We believe our EBITDA is among the largest when compared to publicly-traded European eCommerce companies and that our EBITDA Margins are also strong compared to such companies.

We believe online travel product distribution will increasingly be dominated by "pure play" category leaders who focus their investment, know-how, resources and technology to build scale on a worldwide basis in a particular category (e.g., flight products instead of flight and hotel products) and that such category leaders will be

better positioned to extract superior margins than online travel companies that spread their resources across different product categories seeking to become leaders in multiple categories.

We believe that our scale and focus on flight products, together with our ability to direct business towards different trading partners, allow us to negotiate more favorable economic terms with, and grant us access to better inventory from, our travel suppliers (including airlines, GDSs, hotel and car rental aggregators, and travel insurance providers), non-travel suppliers (including payment processors and hardware and software providers) and other distribution channels (including metasearch companies and affiliate networks) than many of our competitors. In particular, we believe we are the largest customer of several of our key suppliers, further increasing our negotiating leverage and access. We also benefit from efficiencies of scale and resource utilization, as well as the expertise gained through our 14-year history, to further optimize our product offerings, technology platform, operational processes and cost structure. Scale also enables us to fund larger marketing and technology investments that are beneficial to us as we seek to consolidate our leading position in the flight sector. An important milestone in realizing economies of scale was the rollout of our “One Platform” in the summer of 2013, which allows us to distribute our full range of inventory through our principal brands and in most of our markets (for a discussion of our One Platform, see “—Scalable state-of-the-art booking platform based on proprietary technology”).

Our scale derives from, and reinforces, our strong brand recognition. On a combined basis, we believe our brands (eDreams, Opodo, GoVoyages, Travellink, Go Volo and Liligo) enjoy the strongest online brand recognition on Google worldwide for the flight sector, at approximately the same level as the Expedia group and significantly above the level of Priceline (combined with Booking.com and Kayak), Orbitz (combined with eBookers) and Travelocity (combined with lastminute.com). Our powerful brand recognition attracts a high volume of “free traffic” to our websites, which delivers stronger margins for us as the customer acquisition costs are lower. In addition, our multi-brand approach allows us to offer the same products through our different brands, which customers may not realize are affiliated, providing us with the ability to offer multiple offerings on different brands for searches conducted by customers on search engines or metasearch operators.

Scalable state-of-the-art booking platform based on proprietary technology

We believe that we have a state-of-the-art scalable technology platform with physical infrastructure and processes that enable us to sustain our plans for future growth, and are capable of being adapted and extended rapidly to address new business opportunities. In particular, our proprietary technology has supported, and we expect will continue to support, our international expansion strategy.

We have invested extensively in flight technology for 14 years and now have a highly advanced and complex platform that we have developed internally and is proprietary to us. Our sophisticated supply technology enables us to offer a wide variety of products and includes (i) Direct Connect technology to source prices and special offers directly from certain travel suppliers’ own reservation systems without the intermediation of GDS providers (including network carriers and low-cost airlines such as Ryanair), (ii) other product customization elements (such as dynamic GDS selection, net fare handling, multi-carrier and multi-stop itinerary building and charter flight booking systems) that our competitors are unable to offer comprehensively and (iii) unique dynamic pricing technology that incorporates computerized analytic processes to review an estimated average of approximately 7 billion pricing elements per hour to maximize our service fees at the time of booking. We have also built technology to help us interact with distributors such as search engines, affiliate partners and metasearch companies, that expands our reach and lowers our customer acquisition costs. New developments and additions to our technology platform are also critical to the efficiency of our business because practically all of our interactions with suppliers, customers and distributors are automated over the internet and our booking platform.

During the period immediately following the Combination through March 2013, we focused a significant portion of our resources in creating one single company from three companies, integrating people, processes and technology, and in particular developing a unified flight booking engine. We also unified our hotel and car platforms. During this period, we substantially completed the development of our common booking and inventory platform (the “One Platform”), drawing on the best aspects of the respective IT platforms operated by eDreams, GoVoyages and Opodo. For example, we incorporated and improved eDreams’ leading Direct Connect technology, GoVoyages’ multi-GDS capabilities and Opodo’s superior net fares technology, which the other brands did not have. The development of the One Platform is now substantially complete for our flight booking engine (with the exception of our Travellink brand) and confers two principal benefits:

- all of our customers in all of our markets and across our principal brands have access to the best products that eDreams ODIGEO can offer. We believe this combined product offering is superior to the offering of each individual brand prior to the development of the One Platform and resulted in an immediate improvement in performance and revenue growth; and
- we can now focus our development resources away from “infrastructure building” and back to innovation. Our speed of innovation has also increased due to more efficient technological improvements flowing from operating the highly configurable One Platform, as features we would like to launch (for example, adding a new supplier, a new payment method, a new pricing element or a new revenue source) do not need to be replicated across multiple platforms and can be implemented with lead times as short as one day. Due to the One Platform, creating the features for all our brands and most of our markets can be done in a centralized manner, allowing us to devote our resources to more innovation. We anticipate that the One Platform is currently able to accommodate a doubling of search volumes. We believe our enhanced speed of innovation and the scalability of our information technology solutions will be key to further extending our competitive advantage.

Our technology allows us to achieve the following:

- Offer products to our customers at low overall all-in prices, which we seek to achieve by optimizing the combination of our inventory, including Direct Connect, multi-GDS, net fare and charter flight products, through each of our brands in a flexible manner. We estimate that around two-thirds of our bookings sold are “custom made” (which we regard as inventory not directly available from our default GDS providers and where certain of our inventory and content are combined to create a proprietary offering for customers). This creates additional scope for us to charge higher service fees than for individual products because Gross Bookings on a per Booking basis are significantly lower for “custom made” products such as products sourced via Direct Connect compared to products that we source through our GDS inventory. We believe that most of our competitors do not have the breadth of products that we are able to offer as a result of our technology, which allows us to conduct up to 40 million supplier searches per day and includes proprietary applications that perform real-time “crawling” of a variety of databases.
- Offer customers a variety of means of accessing and booking our products (website, mobile website, mobile app and call center) through effective and easy-to-use user interfaces, in multiple languages, in multiple currencies and through multiple payment systems, and that comply with multiple legal, regulatory and tax systems.
- Extract more revenue from our customers through higher service fees payable by our customers. Our technology allows us to test the offers available on our websites on an ongoing basis, which tests involve a number of variables such as price, availability and inventory combinations from different suppliers. We estimate that our technology is able to carry out approximately 3,600 tests simultaneously on our websites to test a number of variables, including price. For a discussion on how technology allows us to optimize our service fees, see “—Strong profitability, sustainable margins and cash flow generation based on scale, revenue stream multiplication, breadth of product offering and broad geographic footprint”.
- We also use our technology to optimize for each transaction other revenue streams that are not service fee related in areas such as supplier sorting and selection, GDS selection, collections and payments, and inventory sourcing location, as well as to maximize cash generation. Our technology allows us to test the offers available on our websites on an ongoing basis; these tests involve a number of variables such as price, availability and inventory combinations from different suppliers. We believe we have advantages in this technology compared to many of our competitors.
- Improve our productivity and customer acquisition costs by managing our cost base in a flexible manner.
- The automated nature of substantially all of our Bookings is a key difference from traditional offline travel agents and leads to lower personnel costs on a relative basis.

- Our technology and the automated nature of our Bookings also allow us to have a variable and scalable cost base, which makes us relatively resilient to volume fluctuations.

By leveraging our robust IT backbone, rolling out our sophisticated technology applications across all of our businesses and geographies and continuing to innovate, we expect to remain well positioned to source the products that best suit customers' needs through a set of complex proprietary algorithms. We also expect to further enhance the flexibility of our product offerings while providing a superior buying experience, which we believe in turn increases brand loyalty and propensity to buy our products.

Well positioned within a large, fragmented market with attractive secular growth trends and additional expansion opportunities

We believe we operate in a market with strong fundamentals and attractive characteristics. Online leisure travel is the largest eCommerce category and was estimated to be more than twice the size of apparel and nine times the size of electronics in 2013, based on spending according to IDC, Worldwide New Media Market Model, 1H13. Furthermore, the online travel industry is expected to continue growing across geographies supported by:

- general improvements in macro-economic conditions across Europe and worldwide, and increases in air travel passenger numbers, which increased at an average rate of 1.6x global GDP (as measured by the World Bank in constant U.S. dollars) growth over the last ten years;
- increasing internet and broadband penetration and connectivity, as well as increasing mobile internet access, particularly in developing countries;
- migration of customers to online platforms that offer superior value and convenience of use (see “— Proven growth track record with continued strong momentum”). According to IDC, Worldwide New Media Market Model, 1H13, in absolute spending terms, online travel is expected to grow more than any other eCommerce category in the 2013 as compared to the 2012 calendar year; and
- stable or increasing use of intermediaries over supplier direct sales in online travel in all geographies, except in the United States, according to PhoCusWright.

The highly fragmented nature of the travel market and the inherent significant complexity of flight travel, particularly in markets outside the United States, create an attractive dynamic for online travel companies such as us. We estimate that worldwide there are approximately 1 trillion price changes of airline seats each day based on certain assumptions. Finding the best price from one point in the world to another is a very complex endeavor given the large combinations of parameters that can define a flight journey (price, carrier, carrier combinations, departure time, departure airport, number and/or location of stops, arrival airport and so forth). Other factors increasing market complexity and fragmentation include the large number of destination choices and route combinations, differing payment systems and currencies across countries, as well as different languages, legal and tax requirements and customer preferences, as well as the propensity for flight bookings to be international and multi-segment journeys.

In addition, our core European flight market is characterized by a large number of airlines, and a large share of international travel. Few airlines have sufficient network density and brand recognition across all European countries, and so are more in need of distribution partners outside their home markets.

By helping consumers navigate this complexity, online travel distributors add value for airlines (by providing greater access to consumers outside of their home markets), GDS and aggregators (by providing access to consumers), and to consumers (by enabling more convenient access to broader attractively priced inventory than would otherwise be available), and this allows us to earn, in most of our transactions, commissions or fees both from the supplier and consumer of the flight products we distribute. We believe that having developed technology and a business designed to manage the complexity and fragmentation of the European flight market provides us with a strong base for expansion to other markets.

We have significant advantages over our competition in offline and online travel distribution

Online travel penetration remains below 50% in the United States and Europe and is lower in Asia Pacific and Latin America (source: PhoCusWright data). The present levels of online travel penetration mean that, in the countries in which we operate, more than half of potential travelers use traditional high-street, or offline, travel agents when making their purchase decisions. We believe we have significant advantages over such offline travel agents in the leisure flight sector, including our scale, brand awareness and technological innovation. We estimate that there are approximately 10,000 offline travel agents in each of France, Spain and Italy and a large number of offline travel agents in the other countries in which we operate, and that most offline travel agents are small operations with substantially limited resources compared to us, for example, in terms of technology, brands, productivity (due to automation), team strength and international presence. We also believe that we have significant advantages over even large network offline travel agents due to our superior technology, productivity and international presence. As a result of our significant advantages, we have been taking market share in terms of revenues from offline travel agents rapidly since our inception and believe we will continue to do so in the future, especially as online travel penetration is expected to continue increasing in the future.

In online flight distribution, we are partners but also competitors of flight product suppliers and distributors, such as airlines, other online travel companies and metasearch companies, and we believe we are also well positioned in respect of such competition in online travel product distribution. With the exception of the United States, over the period from January 1, 2011 to December 31, 2012, online travel companies have been gaining market share from airline direct sites according to PhoCusWright, as we believe we have been doing (source: PhoCusWright data). We believe we have the tools to continue to successfully compete against airline direct sales because of our extensive inventory that allows us to offer customers customized itineraries for flights anywhere in the world on multiple airlines, routes and multi-leg journey options at competitive prices, because of our broad international presence, which airlines are unable to do as successfully through their direct sales model.

We have also shown superior growth and profitability compared to pure metasearch companies, such as Skyscanner and Kayak, which are well-established companies in the online travel markets. On average, our revenues and scale have grown at a faster rate than the revenues and scale of metasearch companies since their inception, and such metasearch companies are presently small in scale in terms of revenue and EBITDA compared to us and have had lower EBITDA margins. Although we compete in customer acquisition with metasearch companies, because they are distribution partners for us, we also benefit from their growth. We believe metasearch companies derive the overwhelming majority of their revenue from other online distributors such as us rather than from airlines, and we believe the risk of disintermediation in the metasearch channel is low. Therefore, as long as we are able to offer attractive all-in prices, we believe we are likely to continue to benefit from the growth of metasearch companies while maintaining our strength in attracting customers directly.

We are well positioned to benefit from key trends in the online travel markets in which we operate

We believe that our scale and strategic advantages position us well to benefit from certain key trends in the online travel markets in which we operate.

Metasearch. We believe that we are well positioned to remain competitive in light of competition from metasearch companies. With the acquisition of Liligo in October 2013, we have added metasearch capabilities to our existing OTA framework and platform. In addition, we believe that our technology goes deeper in the value chain and is more sophisticated than pure metasearch technology, which we believe makes us a partner of choice to supply technology and products to metasearch companies seeking strategic partnerships with OTAs to generate transaction-based revenue. Following our integration of Liligo, we are now capable of offering a pure metasearch or a pure OTA product or a mix of both across our brands.

Mobile. We believe that our user-friendly interfaces and mobile apps will permit us to benefit from the increasing penetration and connectivity of mobile devices. For example, we believe we are better suited to exploit the mobile channel than pure metasearch companies, which have experienced difficulties in monetizing mobile traffic as a result of needing to direct their users to other companies' websites to make bookings. For a more detailed discussion, see "—Our Strategy—Continue expanding our presence across different customer segments, booking channels and distribution channels".

Price unbundling. We believe that our markets, including the U.S. market, will become increasingly more attractive for companies such as us who thrive on complexity, massive data analysis, extensive system integration and proven innovation capacity, as airlines continue to move away from offering all-inclusive prices (including airfare, taxes, payment surcharges, seat selection, boarding card printing, luggage and so forth) towards unbundled pricing where each of these services is priced separately. Many airlines have already begun to do this. Price unbundling effectively creates new products and makes the selection and assessment of flight products more complex, making it challenging for operators of smaller scale to compete, increasing the value we can add for our customers and airline suppliers and our capacity to earn additional margins.

Proven growth track record

We have a strong track record of delivering organic growth throughout economic cycles underpinned by our strong technology and continuous focus on innovation and delivering value to our customers, as well as our ability to expand our market share. We have grown both revenues and EBITDA with no interruption since the year we were founded in spite of adverse macro-economic conditions at certain times during our history. Our growth has always been driven by technology-led innovation, and over time, our platform, team know-how and brands have become our principal assets.

Over the 2005-2010 period, eDreams delivered consistent top-line growth, with revenues growing at 37% CAGR and Adjusted EBITDA growing at a 44% CAGR. Through the Combination, together with continued organic growth, eDreams ODIGEO's Revenue Margin was 3.2x and Adjusted EBITDA was 3.95x, in each case, for the year ended March 31, 2012 compared to eDreams' Revenue Margin and Adjusted EBITDA for the year ended December 31, 2010. For the year ended March 31, 2014, eDreams ODIGEO's Revenue Margin and Adjusted EBITDA grew 14.9% and 8.5%, respectively, compared to the year ended March 31, 2013. Recently, the benefits of the integration of our businesses and development of our One Platform, together with our renewed focus on international expansion, have contributed to our accelerated organic growth.

Our overall market share has also been growing strongly. In terms of eDreams' market share, in 2009, eDreams' share of worldwide segments sold by travel agencies in GDS was 0.37%. In 2010, eDreams' market share grew 1.2x to 0.43%. With the Combination, together with continued organic growth, our market share reached 1.72% in 2012 (source: Travelport data).

With a growth rate of 11.4% over the year ended March 31, 2014, we have recently experienced a strong growth in flight bookings. Based on a comparison with most recently completed financial years, we believe we are outperforming our major peers in terms of flight bookings growth within the online sector of the flight travel market.

Overall, we have also grown our share of total seats offered by airlines in the market, irrespective of whether they are sold directly by the airlines or via distributors. Based on ICAO data, airline seat capacity in kilometers expanded by 4.8% in the twelve months ended December 31, 2013 while our flight Bookings growth grew by 12.6% during the same period.

Strong profitability, sustainable margins and cash flow generation based on scale, revenue stream multiplication, breadth of product offering and broad geographic footprint

We believe globalization is unstoppable in our industry and we expect to see global-focused category leaders take share from local and or generalist players. We operate with strong profitability relative to most online travel companies and also compared to European-headquartered eCommerce companies, as measured by Adjusted EBITDA Margin, due in part to our scale and our size, as well as our deliberate focus on the online leisure flight sector compared to companies who seek to be leaders in several travel sectors.

The following characteristics of our business also underpin our strong profitability and margins.

Revenue stream multiplication

We believe that our focus on revenue stream multiplication makes us competitive among online travel companies. We focus on service fees (which is the total difference between the price at which we source a product and sell that product to a customer, which difference includes, among other components, any mark-up to the price at

which we source a product and fees that we charge customers in connection with a booking) as an important source of revenue to maximize our margin expansion. In contrast to 2001 when the overwhelming majority of an online travel company's revenues derived from airline commissions and incentive fees, this revenue stream is now considerably less significant (for example, for the year ended March 31, 2014, airline commissions and overcommissions received on flight Bookings represented less than 8% of our Revenue Margin).

Over time, we have invested in technology to multiply our sources of revenue for each user and booking, which are various and include:

- customer revenues, including in the form of service fees on a range of flight products (including network, low-cost carriers and charter) and non-flight products (such as Dynamic Packages), as well as insurance related to these products;
- supplier revenues, including in the form of GDS incentive payments, commissions and overcommissions from airlines, white label sourcing partners, hotel operators, tour operators and other providers of travel products, as well as payment processors and insurance companies; and
- our advertising and metasearch revenues, which have increased by €9.0 million to €17.3 million for the year ended March 31, 2014, a growth rate of 109.0% compared to the year ended March 31, 2013 and representing 4.0% of our revenues for the year ended March 31, 2014, notably as a result of the Liligo acquisition in October 2013.

We are not dependent on supplier revenue, and 70.7% of our Revenue Margin in the year ended March 31, 2014 was generated from our customers. A typical flight transaction generates between six and eight revenue streams for us (for a discussion, see “—Business Model and Revenue Sources”). We believe this is an advantage because most of our competitors do not have the know-how or have not invested in the multiplication of revenue sources in recent years.

Increased margins generated by our superior technology

Following the Combination, eDreams ODIGEO, has been able to increase service fees on products continuously as a result of our technology, which allows us to dynamically set our service fees in a sophisticated and adaptable manner, with an estimated average of 7 billion pricing elements reviewed per hour. By offering customers lower prices compared to other available options, we are able to offer attractive all-in prices and to generate strong margins. We use the inventory from our multiple inventory sources (e.g., GDSs, Direct Connect, etc.), combined with our massive testing ability, to find low overall itinerary cost options, as well as the optimum service fees. This helps us maximize our Revenue growth and EBITDA Margin mix.

In addition, our technology and our online acquisition channels provide us with instantaneous detailed data on customer acquisition costs for each single booking, allowing us to maximize margins. For example, we manage 21 million keywords in our search engine partners to generate an average of 28 million daily impressions (which are the number of online advertisements generated on the websites of search engines). We have invested in search engine marketing since its inception and over time have developed strong know-how, a leading position and strong technology to help us optimize the cost of the search channel. Search engine algorithms typically value an online retailer's historical track record for a specific set of keywords, and companies with a strong track record such as us can generate higher traffic with lower costs compared to new entrants with no track record. Because of our strong historical track record in the vast majority of possible keywords in the online flight distribution sector, we believe that it is difficult for other competitors to generate similar margins from online search advertising and that this has driven some competitors who cannot achieve those returns, particularly new entrants, into investing heavily in offline advertising. We believe our ability to deliver good returns from online advertising is a strategic advantage and a direct consequence of our extensive investment in technology over many years, which we plan to continue maintaining.

We have similarly developed strong technology components geared at optimizing our margins for our products distributed through metasearch companies and other online distribution partners.

Overall, we have demonstrated in the past an ability to generate more Gross Bookings per unit of marketing spend than most of our competitors, and more Revenue per unit of marketing spend than pure metasearch companies.

Geographic footprint expansion

We are present in 42 countries and our broad geographical reach enhances our ability to diversify the risks of single-market shocks and reduce the overall level of competitive pressure. We operate in 16 of the world's 18 largest online travel countries, according to PhoCusWright, and are particularly strong in Europe. We have continued to enter new markets with 14 new markets entered since March 31, 2012 and, based on internal reports, we have been successful in achieving profitability (measured as Revenue Margin earned less variable costs) in most of our new markets within 12 months of entering such markets. France is our most important market in terms of Revenue Margin contribution, followed by Germany, Spain, Italy, the United Kingdom and the Nordics, and we believe we have the largest flight distribution platform in Europe (based on 2012 Gross Bookings). Outside of Europe, we are present in a number of large countries, including Australia, the United States, Argentina, Brazil, Turkey and Mexico.

Our Revenue Margin from our Expansion segment grew by 25.9% in the year ended March 31, 2014 and by 34.6% in the year ended March 31, 2013, in each case compared to the corresponding prior year, demonstrating our success in establishing market presence and gaining market share. Revenue Margin growth for the year ended March 31, 2013 was positively impacted by the full year consolidation of Opodo. In the year ended March 31, 2014 and March 31, 2013, our Expansion segment represented 37.7% and 34.4% of our Revenue Margin, respectively, and we believe international expansion is a key opportunity for continued growth.

Breadth of flight product offering

We believe we offer a broad array of flight travel products. We source and make available to leisure travelers tickets from full-service carriers, low-cost carriers and charter flights. We access inventory from carriers both via the principal GDS providers and via Direct Connect technology to an airline's booking systems or public website. In respect of full-service carriers, we access published fares and, in certain cases, private fares. We further benefit from time to time from an allocation of seats, which enables us to offer more competitive prices. In addition, we have developed unique proprietary technology which allows us to dynamically price air tickets, combine competitively priced products and combine fares, creating unique fare combinations and lowering ticket prices to customers in order to attract more travelers.

Breadth of distribution

We work with hundreds of business partners (including most large social media sites), dozens of metasearch companies, traditional travel agencies, tour operators, white label partners, corporate customers and several generalist search engines to ensure our products are as widely accessible as possible. We believe that our diversified relations with distributors contributes to optimizing our customer acquisition costs.

Superior cash generation

Our business is characterized by structurally negative working capital as customers typically pay us before we pay our suppliers, and our state-of-the-art technology platform has been developed mostly in-house and requires limited capital expenditure relative to our EBITDA, which contributes to robust free cash flow generation. Accordingly, we have been able to deliver on a net debt basis since the Opodo Acquisition from 4.7x net debt/Adjusted EBITDA (as of December 31, 2010 *pro forma* for the Opodo Acquisition and adjusted for the issuance of the 2019 Notes and application of the proceeds thereof) to 3.0x net debt/Adjusted EBITDA (as of March 31, 2014), despite challenging macroeconomic conditions in Europe. Our strong profitability and cash flow have allowed us to invest in growth initiatives, including in new technology.

Sustainable competitive advantages and strong barriers to entry

We operate in a highly complex and fragmented market that requires scalable, state-of-the-art technology to become or remain a competitive player. The size and scale of certain online travel companies such as us also provide

such players with significant competitive advantages. As a result of these factors, all set out in greater detail above, we believe that we operate in a market that has significant barriers to entry.

Innovative and proven management team

Our management team has a long history of operating in leading companies and the online travel industry, a track record of long-term profitable business growth through several business cycles and exogenous shocks to the travel industry and a shared vision for our combined group. Certain key members of our management team have more than 13 years of online flight distribution experience, which provides us with deep know-how and a strong basis to transform innovative ideas into technological products to be offered through our platform and a superior visibility of market trends resulting from our category leadership and global scale.

Our Chief Executive Officer, Javier Pérez-Tenessa de Block, a trained aerospace engineer, has instilled a strong analytical and quantitative approach, as well as a passion for innovation, in everything we do. Javier Pérez-Tenessa de Block is a veteran of the Internet, having worked at Netscape Communications (which invented the web browser) in Silicon Valley from 1996. He launched the first eDreams website in 2001 and has run the company from its founding. Our Chief Financial Officer, David Elízaga, brings complementary functional knowledge and capital markets experience with over €2 billion raised in several debt and equity market transactions including the initial public offering of Codere, S.A. Our Group Chief Operating Officer, Dana Dunne, has vast experience in managing large, complex multinational companies and teams, strong operational and analytical skills, and broad industry experience gained through positions at McKinsey, as president of AOL Europe and as chief commercial officer at EasyJet.

Our Strategy

Our principal objective is to grow our leading market position in the online flight distribution business on a worldwide basis.

We believe success in online flight distribution depends strongly on the ability to excel in five key areas: (i) superior breadth of seat inventory, (ii) lower overall available itinerary cost, (iii) higher margin generation, (iv) superior booking growth and (v) customer engagement with strong brands. Building on our strengths discussed above and by taking advantage of our team know-how, broad access to data and understanding of the global flight market, we plan to continue focusing on innovation with the goal of optimizing our business along these five areas. Our management intends to accomplish this by continuing to focus on the following strategies.

Continue investing in technological innovation as a driver of lower prices, strong margins, and higher growth and customer engagement

We believe that our proprietary technology is critical to our success, as described in “—Our Strengths— Scalable state-of-the-art booking platform based on proprietary technology”. Our principal technology objectives are (i) ensuring our continued ability to offer our customers the most competitive pricing possible across an extensive range of inventory, (ii) maximizing our operating results by increasing our margins and (iii) continuing to contribute to our effective marketing strategy. We believe these objectives are key to support our growth strategy, improve our margins and allow us to invest in innovation and better products compared to our competitors.

Innovation around superior inventory is critical to our strategy to offer the lowest possible overall itinerary cost and at the same time preserve our ability to generate higher margins

We distribute flight products to our customers to which we add service fees over the price at which we source the inventory from different airlines, as well as additional service or booking fees. We have invested heavily in our technology in the past and intend to continue doing so in the future to ensure that we can provide attractively priced offers to our customers for any flight product, for example, by connecting to several GDS providers, optimizing our “Direct Connect” technology, improving our handling of net fares, and integrating our systems to those of several payment processors.

The all-in price is the key decision factor for travelers when making a travel booking, particularly a flight, and through the continued enhancement of our sophisticated algorithm-driven platforms and data-mining software,

which are part of the One Platform, we intend to maintain our pricing advantage in offering low overall itinerary costs to customers so that we can benefit from higher margin generation.

By lowering overall itinerary costs, our technology is critical to generating higher margins because generating and offering the most attractive itinerary cost to our customers allows us to charge higher levels of service fees for the products we offer while remaining competitive compared to the alternative offers of our competitors. We have invested significant technological resources in the past to refine the service fees we can charge to customers in each transaction, by measuring and adjusting our offer to each customer's perceived price elasticity. We intend to continue investing in such margin maximization technology to maintain our innovative edge.

Increasing our engagement and relationship with our customers is also important

We believe that in addition to our competitive all-in prices, our effective and simple customer interaction with our sites, as well as our strong pre-booking and after-booking customer service are key to increasing our engagement with our customers, which in turn increases the attractiveness of our brands, reduces our customer acquisition costs and improves our overall profitability. We have invested significant technological resources in the past to improve the reliability and user-friendliness of our sites and we have built large multi-lingual call centers serving the markets in which we operate. We see call centers not only as a key tool to generate customer loyalty, but also as a revenue generation unit, and we have lowered our call center cost-per-action significantly. We expect to continue investing to improve customer interaction with our sites and the productivity of our call centers.

In addition, we plan to enhance our relationship with customers by continuing to focus on promoting our brands through online channels, where we currently invest most of our marketing budget, as these channels have delivered higher final margins for us in the past compared to traditional offline channels such as television advertising. We will continue investing in online acquisition channels, including search engine marketing technology, which we believe is an important strength as set out in “—Our Strengths—Strong profitability, sustainable margins and cash flow generation based on scale, revenue stream multiplication, breadth of product offering and broad geographic footprint—Increased margins generated by our superior technology”. We will also continue investing on our technology components geared at optimizing our margins for our products distributed through metasearch companies and other online distribution partners. Furthermore, we will enhance the recognition of our brands, websites and applications through increased efforts in offline advertising.

Expanding our geographic footprint to provide for long-term growth

We are focused on making our product offerings more broadly accessible. Although our principal revenues are currently generated in Europe, we have been broadening our operations outside of Europe in a number of large countries in which we have been growing rapidly, such as India, Australia, Brazil, Mexico, the United States and Canada as well as other countries in South America, Africa and Asia, where we are generally experiencing strong growth and market share gains. Since March 31, 2012, we have expanded our operations into 14 new jurisdictions, and we continue to look for new attractive market opportunities.

Our operations in our Expansion segment (which we define as our markets other than France, Spain and Italy) are already an important and growing part of our business. In the year ended March 31, 2014, our Expansion segment represented 37.7% of our Revenue Margin, and Revenue Margin from our Expansion segment grew by 25.9% compared to the year ended March 31, 2013. In the year ended March 31, 2013, our Expansion segment represented 34.4% of our Revenue Margin, and Revenue Margin from our Expansion segment grew by 34.6% compared to the year ended March 31, 2012 partly as a result of the full year consolidation of Opodo. We intend to continue focusing on developing our businesses in our Expansion markets and believe that this represents a promising opportunity for driving long-term growth. In particular, we believe that expanding and further customizing our products in less mature travel markets characterized by higher growth potential and lower online travel penetration provides upside opportunities.

Prior to entry, we carefully analyze new market opportunities by considering factors such as market size, penetration of online access, competitive landscape, economic growth potential, and the legal and regulatory framework, among others. When we enter a new market, we seek to be profitable (measured as Revenue Margin earned less variable costs) in that market within 12 months of operations.

Capturing growth opportunities in non-flight travel, including hotels, rental cars, Dynamic Packages, insurance, advertising sales, metasearch and, in the future, potentially in-destination services

As described in “—Our Strengths—We believe we are a global category leader in eCommerce and the leader in the online leisure flight sector”, our principal focus is on growing our flight leadership position. However, we intend to continue increasing the revenues we generate from non-flight products by partnering with non-flight category leaders to source non-flight products. We also believe that our strategy of leveraging our scale in the flight segment to cross-sell non-flight products will allow us to acquire non-flight travel customers at significantly reduced costs.

Dynamic Packages. Dynamic Packages (which are dynamically priced packages consisting of a flight product and a hotel booking that travelers customize based on their individual specifications by combining select products from different travel suppliers based on our inventory) are an important product in our growth strategy because we believe that our superior flight platform gives us a competitive advantage compared to other players with respect to such packaged products because flights are typically the first product customers consider in travel planning, enabling us to cross-sell hotels. As a result, we intend to continue developing this product in our primary business in which we will manage all aspects of the transaction with proprietary technology. The unification of Dynamic Packages into a single improved technology platform is a principal project over the next two years.

Hotels and car rentals—optimizing inventory sourcing. We recently signed nonexclusive “white label” agreements with leading providers of hotel and car rental booking platforms, which allows us to offer our customers hotel and car rental inventory offered by these sourcing partners directly through our own websites and with our branding. By sourcing from such white label partners, we have improved attachment rates of non-flight products such as hotels and car rentals and related insurance over the last two years.

Insurance. We sell travel insurance products through a partnership with a leading insurance provider on what we believe are attractive terms. We intend to continue cross-selling insurance to our customers.

Advertising and metasearch. We are focused on expanding our non-transactional revenue sources and have been successful at increasing our advertising revenues, which have grown by 109.0% year-on-year to €17.3 million for the year ended March 31, 2014, notably following the Liligo acquisition.

We believe that advertising and metasearch is an additional non-transactional revenue stream through which we can grow our business. Metasearch revenue is not directly booking-related (and is based on revenue per search and per click-out basis) and the monetization of non-booking traffic monetization complements the core revenue generation streams of our largest brands. To capitalize on this opportunity, in October 2013, we acquired Liligo, a metasearch company. Through this acquisition, we believe we can enhance growth by integrating Liligo’s technology and revenue generation model into our core offering, to increase our advertising and meta click-out revenue. Liligo currently operates in 11 countries and processes approximately 39 million metasearches per year and we plan to expand its operations to certain other jurisdictions where our other brands operate, drawing on our knowledge and experience in those jurisdictions.

We operate a venture farm to allow us to partner and invest in small innovative companies where we see large growth potential. We look for companies with unique technology that could help to improve margins, prices or cross-selling capacities based on our sale of flight products, which we believe can be leveraged across our customer base, with a view to producing synergies. For example, our venture farm identified and led to our recent acquisition of Liligo.

In-destination spending. We believe that in-destination products and services (such as restaurant reservations, local transportation and local retailing) sold online and the push of contextual offers to travelers during their trip may, in the future, be growth areas for us, although this would be a new area for OTAs, including us. Because the first booking that customers typically make when making a multi-product booking is a flight product and we are the category leader in the online flight sector, we have good early visibility on when and where a customer will be travelling, which is valuable proprietary information we can use to offer and cross-sell in-destination products and services. As a result, we believe we would be well positioned to take advantage of growth from the shift of in-destination spending towards online (and mobile) channels from the mostly offline channels

currently used by customers in the in-destination market. The total amount spent by customers in the in-destination market was estimated to be US\$2.1 trillion in 2010 (source: U.S. Travel, WTTC, and IATA data).

Continue expanding our presence across different customer segments, booking channels and distribution channels

We intend to invest in the expansion of our product offerings across different customer segments, booking and distribution channels.

Mobile. We continue to invest in our mobile platforms to be competitive in this important booking channel (implementing a common platform across our brands). We have dedicated teams to foster our presence in the mobile travel space, which has grown significantly in the last year. In App Annie's ranking of free travel apps (excluding non-flight focused or non-travel apps), our apps were ranked second in Spain and Italy and third in France in terms of frequency of downloads as of January 14, 2014. In March 2014, 12% of our flight Orders were made through mobile devices compared with 7% of our flight Orders in March 2013. We believe that mobile will be the channel that will ultimately allow online distributors to access the in-destination market in the future so it is an important area of focus for any potential expansion into this market.

We believe that our ability to generate both transactional and non-transactional revenue from customer visits to our websites gives us an advantage over pure metasearch companies, which have experienced, for example, difficulties in monetizing the mobile channel.

Online corporate travel. Through Travellink, we operate an online corporate travel business in the Nordic region. Utilizing Travellink's experience and infrastructure, we intend to expand into offering online corporate travel products in other parts of Europe under our eDreams and Opodo brands. Online corporate travel is an attractive market for us because it is characterized by repeat business and relatively low online penetration. According to PhoCusWright, the online corporate travel market is expected to grow in 2014 as measured by gross bookings, and such growth is expected to be associated with a shift from offline to online. We expect the development of our online corporate travel business to be a long-term process as customer acquisition is based on relationship building through personalized sales contact, rather than creating and promoting websites, as in our leisure business.

White label and XML distribution agreements. We also operate white label distributor services for approximately 185 other companies in the travel industry, including Aer Lingus and Wizz Tours, where we operate their respective flight and/or dynamic package booking engines. This demonstrates our preeminent technological leadership position in flights, as customers find it more attractive and efficient to outsource their booking engines to us. We intend to continue seeking to attract new customers to provide white label services in flight bookings.

In addition to our white label distribution partnership agreements, we have agreements in place with 11 XML partners to which we provide XML feeds and webservice links so that such partners can display the products that we distribute on their websites. Our XML partners include Ctrip, an online travel agent focused on China, with which we recently signed an agreement to use our flight booking platform to display certain flights on Ctrip's websites. In contrast to a white label distribution partner, XML partners do enter into an agreement with the end customer and collect the purchase price from the customer, which they pass on to us for the purpose of paying the supplier.

We will continue optimizing our online and offline channels, including search engines, metasearch, direct traffic and CRM, as well as white label distribution arrangements and business-to-business for offline players.

Benefit from attractive M&A opportunities

As a group, we believe we have demonstrated the ability to deliver on ambitious and large M&A transactions, such as the Combination and the Opodo Acquisition in 2011, and the ensuing integration process, which can be particularly challenging when acquiring technology companies. These major transactions multiplied our Revenue by 3x and our EBITDA by 3.5x (based on our results for the year ended March 31, 2012 compared with eDreams results for the year ended December 31, 2010).

Our position as the world's largest online distributor of flight products and one of Europe's largest eCommerce companies, as well as our proven ability to deliver on strategic transactions, put us in an advantageous position to investigate, test and, if appropriate, execute any attractive strategic opportunities. Furthermore, our strong cash flow generation and expected deleveraging in connection with the use of proceeds of this offering will give us increased flexibility, allowing us to act opportunistically in respect of any attractive targets.

Our History

Our history begins in 1999 with the founding of eDreams in Silicon Valley by Javier Pérez-Tenessa de Block and the launch of the first eDreams website in 2001. Following ten years of strong growth and international expansion, which included three financing rounds and two leveraged buyouts, two significant strategic transactions in 2011 resulted in the creation of eDreams ODIGEO. Through a contribution to eDreams ODIGEO of the eDreams Group by the Permira Funds and the GoVoyages Group by the Ardian Funds in exchange for shares of eDreams ODIGEO and the acquisition by a subsidiary of eDreams ODIGEO of 100% of the share capital of Opodo from Amadeus IT Group, S.A. ("Amadeus") effective June 30, 2011 (the "Opodo Acquisition"), the eDreams Group was combined with the GoVoyages Group and the Opodo Group to form the eDreams ODIGEO Group in its current form (the "Combination").

Our growth has always been driven by technology-led innovation, as our platform, team know-how and brands are our principal assets. From the Combination to March 2013, we were focused on creating a single company from the combination of the GoVoyages Group, the eDreams Group and the Opodo Group, which required us to integrate numerous teams, processes and technologies through various jurisdictions, in particular the integration of the flight booking engines of the eDreams Group, the GoVoyages Group and the Opodo Group into our One Platform, which draws on the best aspects of the respective IT platforms operated by the three groups. The integration required management, organizational and legal resources and over time has led to a well-integrated and efficient company.

Prior to the Combination, the GoVoyages Group, the eDreams Group and the Opodo Group operated as separate stand-alone online travel companies.

More than ten years after its founding in Silicon Valley in 1999, and following a period of strong growth and international expansion which included three financing rounds and two leveraged buyouts, eDreams was acquired by the Permira Funds in August 2010. At the time of the acquisition, eDreams was the leading online travel company in Spain and had a significant position in Italy based on gross bookings, according to PhoCusWright reports, as well as a presence in several other countries at the time of the Combination.

GoVoyages was created in 1997. In 2010, GoVoyages was acquired by the Ardian Funds. At the time of the Combination, GoVoyages was the leading online travel company in France based on gross bookings according to PhoCusWright reports.

Opodo was established in 2000 as a joint venture between nine airlines: Aer Lingus, Air France, Alitalia, Austrian Airlines, British Airways, Finnair, Iberia, KLM and Lufthansa. Amadeus became a shareholder of Opodo in 2004 and in 2010 Opodo became a wholly owned subsidiary of Amadeus. At the time of the Combination, the Opodo Group was operated principally in the United Kingdom, France, Germany and the Nordics (through its Travellink operations) and was one of the leading online travel companies based on gross bookings according to PhoCusWright reports.

In October 2013, we acquired Liligo, a metasearch company with websites present in 11 countries, with a view to integrating Liligo's technology into our existing business and increasing our advertising and meta click-out revenue.

Business Model and Revenue Sources

In our Core segment (comprising our operations in France, Spain and Italy) and Expansion segment (comprising our operations in Germany, the United Kingdom, the Nordics and the other countries in which we

operate), we offer travel and non-travel products, directly and principally through our online booking channels (desktop websites, mobile websites and mobile apps) or via our call centers, and indirectly through white label distribution partners and other distributors, both on a stand-alone and package basis, through two main lines of products: (i) flight and (ii) non-flight. Flight comprises revenue generated from the sale of air tickets and flight insurance. Non-flight comprises all other revenue, including revenue generated from the sale of hotel bookings, Dynamic Packages, car rentals and vacation packages, as well as revenue from the sale of the related insurance, and other non-travel-related revenue such as from advertising on our websites, incentives we receive from payment processors, charges on toll calls to our call centers and revenue generated from our metasearch activity.

The following table sets forth our Bookings and Revenue Margin for our Core and Expansion segments and our Adjusted EBITDA and EBITDA for the years ended March 31, 2014 and March 31, 2013. Such data has been derived from our Consolidated Financial Statements and/or internal Group accounts or information systems. See also “Selected Financial Information and Other Data—Other Unaudited Financial and Operating Data”.

	For the year ended March 31, 2014		For the year ended March 31, 2013		Change
	(unaudited, unless otherwise stated)		(unaudited, unless otherwise stated)		(%)
	(in thousand € or % of total, unless otherwise stated)				
Bookings ⁽¹⁾⁽²⁾ (in thousand or % of total)					
Core	5,877	60.0%	5,542	63.5%	6.0%
Expansion	3,920	40.0%	3,186	36.5%	23.0%
Total Bookings	9,797	100.0%	8,728	100.0%	12.2%
Revenue Margin ⁽²⁾⁽³⁾ (in thousand or % of total)					
Core	267,041	62.3%	244,697	65.6%	9.1%
Expansion	161,516	37.7%	128,289	34.4%	25.9%
Total Revenue Margin	428,557	100.0%	372,986	100.0%	14.9%
Adjusted EBITDA ⁽⁴⁾	117,775	—	108,572	—	8.5%
EBITDA ⁽⁴⁾	96,309	—	97,122	—	(0.8)%

- (1) Bookings, which is a non-GAAP measure, means the number of transactions under the agency model and the principal model as well as transactions made via our white label distribution and sourcing partners. One booking can encompass one or more products and one or more passengers. For a description of the agency and principal models, see “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.
- (2) Bookings and Revenue Margin attributable to Go Volo have been allocated between the Core and Expansion segments according to the country of booking.
- (3) Revenue Margin, which is a non-GAAP measure, means our IFRS revenue less supplies. Our management uses Revenue Margin to provide a measure of our revenue after reflecting the deduction of amounts we pay to our suppliers in connection with the revenue recognition criteria used for products sold under the principal model (gross value basis). Accordingly, Revenue Margin provides a comparable revenue measure for products, whether sold under the agency or principal model. For a description of the agency and principal models, see “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.
- (4) We define EBITDA, which is a non-GAAP measure, as profit/(loss) before financial and similar income and expenses, income tax and depreciation and amortization and profit/loss on disposals of non-current assets. We define Adjusted EBITDA, which is a non-GAAP measure, as profit/(loss) attributable to the parent company before financial and similar income and expenses, income tax, depreciation and amortization and profit/loss on disposals of non-current assets, certain share-based compensation, expenses related to the Combination and other income and expense items which are considered by management to not be reflective of our ongoing operations. See “Presentation of Financial and Other Data—Non-GAAP Measures”.

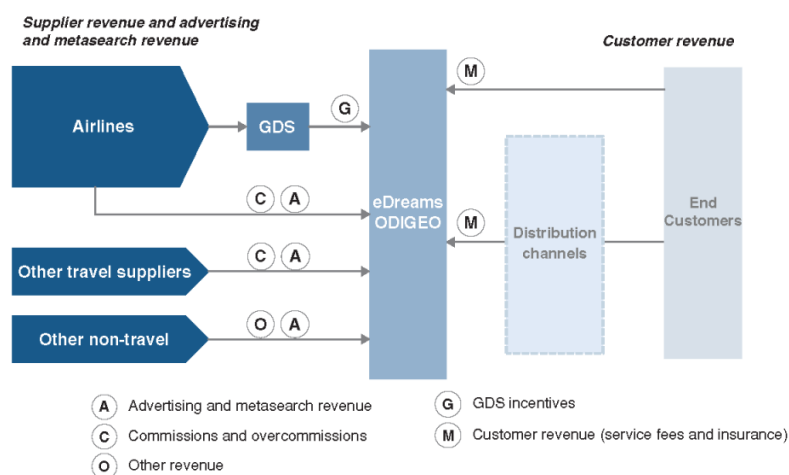
The following table sets forth our Bookings and Revenue Margin for our flight and non-flight business for the years ended March 31, 2014 and March 31, 2013. Such data has been derived from our Consolidated Financial Statements and/or internal Group accounts or information systems. See also “Selected Financial Information and Other Data—Other Unaudited Financial and Operating Data”.

	For the year ended March 31, 2014	For the year ended March 31, 2013	Change
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	(unaudited, unless otherwise stated) (in thousand € or % of total, unless otherwise stated)				(%)
Bookings ⁽¹⁾ (in thousand or % of total)					
Flight	8,859	90.4%	7,949	91.1%	11.4%
Non-flight ⁽²⁾	938	9.6%	779	8.9%	20.4%
Total Bookings	9,797	100.0%	8,728	100.0%	12.2%
Revenue Margin ⁽³⁾ (in thousand or % of total)					
Flight	347,782	81.2%	305,211	81.8%	13.9%
Non-flight ⁽²⁾	80,775	18.8%	67,775	18.2%	19.2%
Total Revenue Margin	428,557	100.0%	372,986	100.0%	14.9%

- (1) Bookings, which is a non-GAAP measure, means the number of transactions under the agency model and the principal model as well as transactions made via our white label distribution and sourcing partners. One booking can encompass one or more products and one or more passengers. For a description of the agency and principal models, see “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.
- (2) Non-flight revenue includes revenue from hotels, Dynamic Packages (which are dynamically priced packages consisting of a flight product and a hotel booking that travelers customize based on their individual specifications by combining select products from different travel suppliers through us) and from certain other ancillary sources, such as advertising on our websites, commissions we receive from sourcing partners under white label agreements, incentives we receive from payment processors, charges on toll calls and revenue from metasearch activity.
- (3) Revenue Margin, which is a non-GAAP measure, means our IFRS revenue less supplies. Our management uses Revenue Margin to provide a measure of our revenue after reflecting the deduction of amounts we pay to our suppliers in connection with the revenue recognition criteria used for products sold under the principal model (gross value basis). Accordingly, Revenue Margin provides a comparable revenue measure for products, whether sold under the agency or principal model. For a description of the agency and principal models, see “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Principal Consolidated Income Statement Line Items—Revenue—Agency and principal models”.

The following diagram illustrates our diversified revenue streams:



Our flight and non-flight businesses generate revenue from both our customers and suppliers. Our flight product suppliers include our GDS partners and airlines, and our non-flight product suppliers include our white label sourcing partners, as well as various content aggregators and platforms, such as hotel bed-banks and tour operators.

Our customer revenue consists of service fees (which is the total difference between the price at which we source a product and sell that product to a customer, which difference includes, among other components, any mark-up to the price at which we source a product and fees that we charge customers in connection with a booking) and insurance revenue. Revenue generated by our suppliers or by advertising and meta click-out includes (i) incentive fees paid by our GDS partners based on the volume of Bookings completed by us through GDS systems, (ii) commissions on a per gross booking basis and overcommissions paid directly by certain airlines and other travel

suppliers based on the total volumes of gross bookings we sell, (iii) fees generated by advertising a supplier's or an external party's products or services on our websites as well as revenue generated from our metasearch activity following the acquisition of Liligo in October 2013, and (iv) other non-travel-related revenue such as incentives from payment processors or revenues from toll calls to our call centers. For a discussion of trends relating to our supplier and customer revenue, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations—Changes in revenue sources and product mix".

Our Products

We offer a wide range of flight, as well as non-flight products, in each of our Core and Expansion segments.

Flight

We believe we are the largest online distributor of flights worldwide based on revenues. We facilitate bookings by our customers of network carrier and low-cost carrier flight tickets as well as, to a lesser extent, charter flight tickets that we source via GDSs or directly through our Direct Connect technology from an airline's proprietary booking platform or public access websites. As of March 31, 2014, we provided customers with the option to book tickets for flights on more than 430 airlines worldwide.

Through our websites and our mobile apps, customers can search for flights based on their desired parameters, review the pricing and availability of flights, evaluate and compare options and book and purchase flights. Desired parameters that customers can define include city of departure and destination, number of travelers, dates of travel, preferred time of travel, cabin class, preferred airlines and maximum number of stops. We also provide customers with the option to purchase travel insurance from certain insurance companies with whom we have arrangements in place. We generate revenues from the distribution of flight products through service fees charged on such products to the customer or commissions and incentives received from suppliers.

For the year ended March 31, 2014, our flight product sales generated 8.9 million Bookings (for the year ended March 31, 2013: 7.9 million) and €347.8 million of Revenue Margin (for the year ended March 31, 2013: €305.2 million), representing 81.2% of our Revenue Margin for that period (for the year ended March 31, 2013: 81.8%).

Network and low-cost carriers via GDSs and Direct Connect technology

The main activity of our flight business is to facilitate bookings by our customers of network carrier and low-cost carrier flight tickets as well as, to a lesser extent, charter flight tickets that we source via GDSs or directly through our Direct Connect technology (flights that we distribute by connecting customers directly to either an airline's proprietary inventory platform that we can access under a formal agreement or facilitating access of customers to book via an airline's public access website, in each case, without the intermediation of a GDS, using our "Direct Connect" technology) from an airline's proprietary booking platform or public access websites. Either via GDSs or our Direct Connect technology, we provide our customers with access to a wide selection of airline tickets for substantially all major airline companies, including Air France-KLM, Iberia, British Airways, Lufthansa, Ryanair, EasyJet, United Airlines, American Airlines and Emirates. Our flight products are sourced from airlines at either private fares, which are discounted fares negotiated with an airline, or the fares available to the public.

We have experienced a significant rise in the sales of Direct Connect flights in recent years. We believe we are one of the leading distributors of Direct Connect flights in terms of bookings.

Charter flights

In addition to facilitating bookings on network and low-cost carrier flights, we also facilitate bookings by our customers of charter flight products through different channels. Our charter flight business consists of the sale of flight products on a wholesale basis to tour operators, and on a retail basis to end consumers through our own websites or through travel agencies or a white label distribution partner. Our charter flight business is significantly smaller than our network and low-cost carrier flight business.

Non-flight

Our non-flight products consist principally of hotel rooms, Dynamic Packages, car rentals and vacation packages and, to a lesser extent, train tickets. For all these products, customer also have the option to purchase travel insurance related to their booking. We also generate revenue from non-travel-related activities and we generate revenue from advertising and from our metasearch activity, as well as other ancillary sources of revenue.

For the year ended March 31, 2014, our non-flight product sales generated 0.9 million Bookings (for the year ended March 31, 2013: 0.8 million) and €80.8 million of Revenue Margin (for the year ended March 31, 2013: €67.8 million), representing 18.8% of our Revenue Margin for that period (for the year ended March 31, 2013: 18.2%).

Hotels

We have a series of non-exclusive agreements with leading hotel sourcing companies, one of which is our principal hotel sourcing partner. This partnership allows us to offer our customers hotel inventory offered by this hotel sourcing partner directly through our own websites and with our branding. Inventory for hotel rooms sold on a stand-alone basis is sourced principally from our principal white label sourcing partner and offered through our eDreams, Opodo, GoVoyages and Travellink brands. In return, we receive commissions based on gross booking value from our principal white label sourcing partner.

Customers can search, compare and make reservations at a wide selection of hotels worldwide. Customers may search for hotels based on their destination and/or preferred dates for check-in and check-out, and may easily filter our search results by selecting star ratings, specific hotel chains and locations. Customers can also indicate amenity preferences such as business services, Internet access, fitness centers, swimming pools and travel assistance.

In addition to hotel rooms sourced from our principal white label sourcing partner, we obtain hotel rooms through hotel aggregators (or “bed-banks”), through international hotel chains, such as Accor, and by contracting directly with hotels.

Dynamic Packages

We offer travelers the opportunity to select a particular real-time flight and hotel combination and book these in a single transaction, although payment can happen at different times. This may result in lower prices and greater convenience than if each product was booked separately at the time of booking because our hotel rooms are sourced from exclusive inventory that is made available to us at discounted prices and special fares may apply when a hotel room is combined with a flight. In addition, we may have access to special fares on a flight only when such flight is sold in combination with a hotel or another travel product.

In addition, we offer Dynamic Packages through our white label distribution partnership agreements, including with AerLingus and WizzAir, through their respective websites.

Car Rentals

We offer our customers the ability to make car rental reservations through our websites. We have a series of non-exclusive white label agreements with a leading car rentals sourcing company, which is our principal car rental sourcing partner. This partnership allows us to offer our customers car rental inventory offered by this car rental sourcing partner directly through our own websites and with our specific design and branding. We are currently offering this car rental inventory through our eDreams, Opodo, GoVoyages and Travellink brands. In return, we earn commissions based on gross booking value from our principal white label sourcing partner.

In addition to car rental inventory sourced from our principal white label sourcing partner, we obtain our car rental supply from several international car rental companies, as well as with aggregators that sell inventory for various car rental companies.

Vacation Packages

We offer vacation packages designed by third-party tour operators under contractual arrangements with various travel suppliers, our GDS providers or white label sourcing partners where we principally act as a reseller/distributor. In addition, to a lesser extent, we also design and offer our own pre-packaged vacations.

Advertising and Metasearch revenue

We generate revenue from third parties in connection with the advertising of their products and services on our websites as well as revenue deriving from our metasearch activity. Such revenue may be earned based on sold impressions (which are the number of online advertisements generated on our websites), clicks to external sites, searches on our sites, bookings on external sites and fixed monthly or yearly rates for placement. In October 2013, we completed the acquisition of Liligo, a metasearch company with offices in France and Hungary, with a view to integrating Liligo's technology into our existing business and increasing our advertising and meta click-out revenue. The Liligo Acquisition was identified internally and analyzed by our venture farm (see "—Our Strengths").

We intend to continue to display the other eDreams ODIGEO brands in the results of a Liligo search without any bias or preference over third-party brands, which are currently our customers under the metasearch model.

Other non-flight products and ancillary non-flight revenue sources

In certain of our geographical markets, our customers may also book train, cruise and bus tickets, as well as self-catering accommodation.

We also generate revenue from certain ancillary sources, such as incentives we receive from payment processors and toll calls to our call centers.

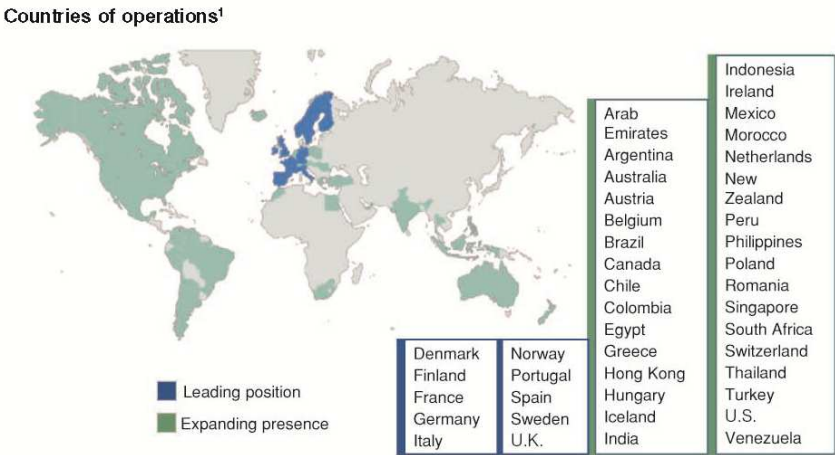
Insurance for flight and non-flight products

Ancillary to both our flight and non-flight products, we provide our customers with the option to purchase travel insurance from certain insurance companies with whom we have arrangements. We source most of the travel insurance we offer under an agreement with a global insurance provider that we signed in August 2012 to supply travel insurance policies and a broad range of related insurance products. We facilitate access to travel insurance through our websites and other booking channels.

Our Geographical Markets

We are currently present in 42 countries and served more than 15 million passengers in the year ended March 31, 2014. Our principal operations in Europe, as measured by Revenue Margin contribution, are located in France, Germany, Spain, Italy, the United Kingdom and the Nordics. Outside of Europe, we are present in a number of large countries, including, in order of Revenue Margin contribution, Australia, the United States, Argentina, Brazil, Turkey and Mexico.

The following chart shows an overview of our countries of operations and provides a split between the countries where we believe we have a leading position based on gross bookings, according to PhoCusWright, and the countries where we are seeking to expand our presence.



We believe we have strong market positions in Europe, as shown by the following chart which sets out our estimated OTA rankings based on PhoCusWright market share analysis based on gross bookings.



¹ 2012 market share based on gross bookings from PhoCusWright European Online Travel Overview—Ninth Edition (December 2013) excluding non-air focused players.

We currently organize the various countries in which we operate into two principal financial reporting segments: Core and Expansion. Our Core segment comprises our operations in France, Spain and Italy. Our Expansion segment comprises our operations in Germany, the United Kingdom, the Nordics and the other countries in which we operate, most of which are outside of Europe.

For the year ended March 31, 2014, our Core and Expansion segments generated 60.0% and 40.0%, respectively, of our Bookings (year ended March 31, 2013: 63.5% and 36.5%, respectively), and 62.3% and 37.7%, respectively, of our Revenue Margin (year ended March 31, 2013: 65.6% and 34.4%, respectively).

Our operational headquarters are located in Barcelona, Paris and London and the majority of our workforce is based in France, Spain, Germany, Italy, the United Kingdom and the Nordics.

Booking Channels

Our customers can book our products through various channels. The vast majority of our bookings are processed online and can be completed either on a desktop or laptop computer through our websites, or on a mobile device such as a smartphone or tablet through our websites or our mobile apps. In addition, a limited proportion of our bookings are processed by our call center operations.

Desktop and laptop computer bookings

We operate 84 branded domains, including eDreams.es, eDreams.it and govoyages.fr). We acquired Liligo in October 2013, which operates 22 branded domains. Our websites have been designed to provide a user-friendly experience to our customers and are reviewed and upgraded on a regular basis. Although we are experiencing a significant shift of business to our mobile booking channel, access via our websites through desktop and laptop computers remains our most important booking channel.

Using our websites, customers can easily and quickly review the pricing and availability of substantially all our services and products, evaluate and compare options and book and purchase such services and products online within minutes and in a variety of languages, including English, French, Spanish, Italian, German, Portuguese, Finnish and Swedish.

Typically, a transaction on our websites involves the following steps:

Search. A customer conducts a search for a particular product, or combination of products, by defining desired parameters. For example, for flights, in addition to the city of departure and destination, number of travelers and dates of travel, our customers can also input additional parameters such as preferred time of travel, cabin class, preferred airlines and direct flights. Our websites' search capabilities employ scalable search and routing logic that we believe return comprehensive results without sacrificing search response times. Our web-based booking engines, which have been designed to link directly to our suppliers' systems or through GDSs, allow us to deliver real-time information.

Select. At this stage, our websites display to the customer various possible selections that are available in a user-friendly format listed in pricing order and that also prompt the customer with available special offers or provide additional information about the product. Our websites allow customers to sort or refine search results by further defining certain parameters such as price range, time range, preferred airlines, preferred hotel chains, star rating and hotel amenities.

Review. After a customer has selected a particular option, our websites provide the customer with an opportunity to review the details of the product being purchased and the terms and conditions of such purchase. At this stage, our websites connect to the GDS or the websites of our travel suppliers to confirm the availability and pricing of the product selected. Customers booking flight products or hotels will also be shown options to purchase travel insurance and other related ancillary services.

Payment. We offer our customers a variety of payment methods, including debit cards, credit cards or PayPal, in 30 currencies. Our payment gateways for sales on our websites are secured.

Mobile bookings

As a result of the widespread adoption of mobile devices, including smartphones and tablets, we have experienced significant growth in the mobile booking channel, with customers making bookings on such devices through our websites (whether our general websites or mobile-specific websites) and our mobile apps. Over the past

few years, mobile devices have become an increasingly important channel for customers to search for travel information and make travel bookings, and we expect this trend to continue. We believe customers increasingly plan and book their journeys when they happen to have free time slots, irrespective of their immediate whereabouts, and mobile devices afford customers that convenience to make travel arrangement while on the go. We and our competitors are actively engaged in the design, rollout and improvement of applications for mobile devices. To be competitive in the mobile business requires us to develop specific software and applications under a variety of new platforms and operating systems, which are generally expected by our customers to offer the same features and to be as easily and intuitively operated as desktop interfaces. This poses significant challenges and has required and will continue to require us to make significant financial and operational investments to achieve these goals.

In 2010, we launched our first applications for iPhone devices. Since then, we have continuously developed new applications (for both the Android and iPhone/iPad) and launched updated and optimized versions of our existing applications. We have experienced significant increases in the orders made via mobile devices (including via our applications and mobile websites) and in App Annie's ranking of free travel apps (excluding non-flight focused or non-travel apps), our apps were ranked second in Spain and Italy and third in France in terms of frequency of downloads as of January 14, 2014. We estimate that approximately 12% of our flight Orders were made through mobile devices in March 2014 compared with approximately 7% in March 2013. We do not believe the proportion of non-delivered transactions is materially different between mobile and non-mobile customers. We believe our service fees per flight Booking made on a mobile device is similar to that for bookings made on a desktop or laptop computer across our brands and geographies based on service fees per flight Booking information for eDreams (for which we have data for the relevant historical period). We believe that our broadly equivalent service fees across booking channels gives us a strategic advantage in terms of revenue generation over certain metasearch companies whose revenues from mobile users are lower than revenues from desktop or laptop users. We do not believe that the pure metasearch model is well suited to the mobile booking channel because this model requires a click-out to a different site, making the mobile app experience cumbersome compared to a full brand experience such as those provided by us.

Call centers

Although a vast majority of our bookings are completed automatically without any human intervention, our in-house or outsourced call centers handle our sales and post-sales customer service support. Ten call centers located in ten different countries are currently serving our customers in 42 countries. Our main in-house call centers are located in Barcelona, Paris, Leicester, Berlin, Stockholm and Helsinki. We also have external call centers in Casablanca (Morocco) and New Delhi (India). Most of our call centers operate seven days a week and cover various time zones. Customers can call these centers to consult with our sales representatives, receive comprehensive, real-time product information, and make travel bookings. Sales representatives in our call centers are able to assist our customers in 18 languages to cover our principal geographical needs, including English, French, Spanish, Italian, German, Portuguese and Swedish.

All of our call centers are equipped with systems which allow us to monitor the performance of our sales representatives and outsourced agents. We have software that allows us to log on to customer calls enabling us to perform random checks on our call centers on a real-time basis. Our system also allows us to monitor the number of waiting calls and limit customer aborted calls on our hotlines due to unacceptably long waiting times.

Marketing and Distribution Channels

We are focused on marketing and brand awareness because they are critical in maximizing customer acquisition and retention among online travel companies, like us. Together with product sourcing, customization and pricing, marketing and brand awareness are crucial in driving customers to us from our various distribution partners.

We benefit from a unique portfolio of brands with strong awareness. We have historically committed significant resources to supporting brand awareness. As a result, we believe that our brands rank consistently among the most searched and highest rated online flight travel brands in Europe and worldwide (based on search engine recognition metrics). We believe that continued investment in our brands is critical to retaining and expanding our traveler, supplier and advertiser bases and that our long-term success and profitability depend on our continued ability to maintain and increase the overall number of traveler transactions in a cost-effective manner.

Our marketing programs are intended to build and maintain the value and awareness of our various brands, drive traffic and conversion, and optimize ongoing traveler acquisition costs. Following the Combination, we decided to maintain our main brands eDreams, Opodo, GoVoyages, Travellink and Go Volo as independent brands for our customers. Following the acquisition of Liligo in October 2013, we added Liligo as a brand to our business and will maintain it as an independent brand as well.

Our marketing programs and brands seek to drive customers to one of the following distribution channels:

Direct Free Traffic. Our powerful brand recognition attracts a high volume of “direct free traffic” to our website, which we generate when customers type the company name or url directly into internet browsers. Direct free traffic delivers stronger margins for us as the customer acquisition costs are lower (for example, as we do not need to pay fees to any search engine or metasearch provider in respect of such visitors).

Search engines. We use to a significant and increasing extent Internet search engines, principally through the purchase of travel-related keywords, in particular on Google, and inclusion in metasearch results, to generate traffic to our websites. The purchase of travel-related keywords consists of anticipating what words and terms consumers will use to search for travel on Internet search engines and then bidding on those words and terms in the applicable search engine’s auction system. We bid against other advertisers for preferred placement on the applicable Internet search engine’s results page. Search engine marketing is one of the major cost items for online travel companies, including us, because Google and other search engines typically charge on a cost-per-search basis. However, because the cost is variable, we can monitor the return on investment on a daily basis. Part of our marketing expenses also relates to search engine optimization, which refers to the process of improving the visibility of a website in search engines through modifications of design or content on the actual website pages.

Given the growing prevalence of search engines in consumers’ e-commerce behavior, we believe that we are well positioned to continue to build our customer base and brand awareness through the search engine distribution channel. We have made and will continue to make investments in both search engine marketing as well as search engine optimization initiatives to further improve our brand awareness.

Metasearch. Metasearch companies, such as Kayak/Swoodo, Skyscanner, Jetcost, Trivago, Momondo and Qunar are search engines and comparison websites that aggregate travel search results across supplier and online travel agency websites to display offerings to customers from external sources and redirect clients to their chosen option. No bookings are made on the metasearch websites, as metasearch companies are focused exclusively on the search stage and not the booking process. Online travel companies, including us, and supplier direct websites pay metasearch commissions on a cost-per-search or cost-per-action basis. Historically, metasearch companies generally have been smaller companies, with less technological development in the last decade than online travel companies like us. For example, where we have built and delivered technology to access inventory from any source (GDSs, airlines and other online travel companies) to compare offers from different suppliers, create products that are not otherwise available in the market, add supplements, collect money and book tickets, metasearch companies typically have been technologically limited to the first step of the process.

We work with approximately 60 third-party metasearch companies to distribute our products to customers and we pay such companies commissions based on a cost-per-search or cost-per-action basis. We are not dependent on any third-party metasearch company for the distribution of our products as the revenue generated by our products through any one metasearch company is small.

In addition to the distribution of our products by third-party metasearch companies, we acquired Liligo, a metasearch company specializing in travel, in October 2013 to enter directly into the travel metasearch market, complement our online travel company capabilities and to broaden our revenue base. The Liligo Acquisition, which we bought from Voyages-SNCF, an entity affiliated with the national French railways, was a result of our venture farm activity.

Direct Marketing and Affiliates. We use direct and personalized traveler communications on our websites, as well as direct e-mail communication with our travelers. Our marketing programs and initiatives include promotional offers such as coupons, as well as seasonal or periodic offers from our travel suppliers based on our supplier relationships. We are currently focused on improving our ability to target customers with specific offers that correspond to their particular interests based on order history and other profile information.

We also make use of affiliate marketing and receive bookings from customers who have clicked through to our respective websites via links posted on affiliate partners' websites.

White Label Distribution Partners and XML Partners. We generate bookings and revenues from our white label distribution partnership agreements. Under these agreements, online intermediaries offer third-party products on their websites under fixed payments or revenue sharing arrangements. We have entered into approximately 185 white label distribution agreements, where a partner distributes our product on its website and the transaction is entered into between ourselves and the customer and a commission is paid by us to the partner for distributing our product. Our white label distribution partners include AerLingus and WizzAir. When a customer connects to their websites for a flight product, the customer has access to our inventory.

In addition to our white label distribution partnership agreements, we have agreements in place with 11 XML partners to which we provide XML feeds and webservice links so that such partners can display the products that we distribute on their websites. Our XML partners include Ctrip, an online travel agent focused on China, with which we recently signed an agreement to use our flight booking platform to display certain flights on Ctrip's websites. In contrast to a white label distribution partner, XML partners do enter into an agreement with the end customer and collect the purchase price from the customer, which they pass on to us for the purpose of paying the supplier.

Other Distributors. We also have long-standing relationships with other companies, including offline travel agents, that distribute our products to their customers. These distributors have access to our inventory and sell our products to their customers, and we pay them a commission.

Supplier Relationships

We seek to build and maintain diversified and long-term strategic relationships with travel suppliers, GDS partners and other travel product intermediaries. We have entered into long-term supply contracts with each major GDS (Amadeus, Travelport and Sabre) (note that our agreement with Sabre expired on December 31, 2013 and we are in the process of negotiating an extension of the agreement in accordance with its terms). In addition, we have entered into a large number of agreements with travel suppliers and supplier intermediaries that are short-term contracts and provide our counterparties with a right to terminate on short notice or without notice. Despite the increasing proportion of flight bookings sourced and fulfilled outside of these GDSs (such as Direct Connects), we access the majority of our flight offering through these contractual relationships. In addition to these contracts, we enter into short-term (less than one year) incentive contracts for our flight products with airlines based on different criteria such as volume targets, growth versus prior year and segment share achievements. We also enter into other short-term contracts with airlines, where we benefit, from time to time, from special negotiated rates. We currently have specially negotiated contracts with 102 airlines and our supply of flight products is not dependent on any particular carrier or route. For our non-flight products, we have contractual relationships with content aggregators and platforms, such as hotel bed banks and tour products distribution platforms and have entered into non-exclusive white label agreements with leading non-flight sourcing partners on which we are reliant for hotel room and car rental bookings.

Our relationship teams are focused on relationship management, supplier sponsored promotions and contract negotiation covering our retail, corporate and packaging businesses. An important component of the success of our business depends on our ability to maintain, expand and further diversify our relationships with such suppliers and partners. See also "Risk Factors—Risks Related to Our Business—Our business depends on our relationships with our suppliers and supplier intermediaries, and adverse changes in these relationships or our inability to enter into new relationships could negatively affect our access to travel offerings and have a material adverse effect on our business".

GDS and other products aggregators

Global Distribution Systems, or GDSs, also referred to as computer reservation services, provide a centralized, comprehensive repository of travel products, which includes availability and pricing of seats on various airlines, as well as information relating to hotel accommodations and car rental companies. GDS providers act as intermediaries between travel suppliers and travel agencies, allowing companies like us to book flights, rooms and other available travel products. Travel agencies can enter into exclusive or non-exclusive contracts with GDS

operators, who in turn pay incentives to the online travel companies on a per booking basis using a variety of payment methods. GDS contracts are typically long-term and are structured using volume bands with incentives/penalties paid if targets are exceeded/not met. We use Amadeus as our primary GDS provider, although we also sell travel products obtained via other GDS providers.

We entered into a 10-year non-exclusive GDS contract with Amadeus, which became effective on June 30, 2011, and secures a wide range of flight and non-flight product inventory in Europe. This contract has provided us with reliable access to travel products as Amadeus has signed full content agreements with the majority of the key airlines in terms of passenger numbers, meaning that most supply available on an airline's own website is available to us through Amadeus' GDS database. In 2014, the contract was extended for two additional years until 2022

Direct Connect

We have developed internally sophisticated supply technology that allows us to offer a wider range of network and low-cost carrier flight product inventory and where pursuant to certain Direct Connect formal agreements with an airline, at more attractive prices than what is available through GDSs, allowing us to charge higher service fees. Our supply technology includes "Direct Connect" technology, which allows us to distribute flights by connecting customers directly to either an airline's proprietary inventory platform that we can access under a formal agreement or facilitating access of customers to book via an airline's public access website, in each case, without the intermediation of a GDS. Such technology incorporates computerized analytic processes and reduces costs associated with such intermediation. This is accomplished by sharing XML and webservice links of the supplier application programming interfaces ("APIs"), or via accessing directly a supplier's public website.

Certain travel suppliers, including certain low-cost airlines, are striving for exclusivity of their online supply and have taken steps to prevent online travel companies, including us, from accessing their public website and facilitating bookings of their products on our website. See "Risk Factors—Risks Related to Our Business—We do not have relationship agreements with certain suppliers, including ones whose products we sell, and certain of such suppliers have sought to block our sale of their products using legal and technical means" and "Business—Litigation".

White label sourcing partners

For sales of hotel and cars products on a stand-alone basis, we distribute the products of our white label sourcing partners. White label sourcing partnerships allow us to target and service end customers directly through our websites, thereby offering third-party products by distributing the partner's product under our websites. In return, the white label sourcing partner pays us a commission for distributing its product.

The majority of both our hotel offerings on a stand-alone basis and of our car rental offerings are sourced from our respective principal white label sourcing partners. In addition, for some of our brands and in some of the countries in which we are present, we have white label sourcing agreements for specific products, such as vacation packages and cruises.

Information Technology

General

We have proprietary and sophisticated technologies which we believe have high levels of reliability, security and scalability, and which have been designed to handle high transaction volumes across all our respective websites. We also believe that these technologies will allow us to sustain high growth and to expand rapidly to address new business opportunities.

Increasingly centralized technology platform

We operate an increasingly centralized technology platform with highly efficient processes, focused around the integration of search engine interaction, inventory sourcing, product customization, dynamic pricing, inventory management, booking, accounting/reporting, collection and payment. These advanced technology platforms allow us to efficiently offer a wide variety of proprietary products, including through supplier connectivity (such as multi-

GDS access) and dedicated hosting solutions for other travel suppliers and white label distribution partners. In addition, these platforms allow us to complete a high percentage of transactions with a low level of human intervention and a high level of automation, thereby reducing the average cost per transaction. For certain travel product suppliers our booking system accesses their public websites directly through our Direct Connect technology.

Before the Combination, the technology systems of our various brands were fragmented. For example, eDreams had advanced Direct Connect technology, GoVoyages had multi-GDS capabilities and Opodo had advanced net fares technology, but none of the other brands within the eDreams ODIGEO Group had such capabilities. Since the Combination, we have been actively focused on integrating our businesses, including our ongoing initiative to develop and deploy one IT platform for all our brands and geographies (as opposed to multiple systems deployed prior to the Combination). We spent significant management time and incurred costs in connection with our integration relating to, for example, implementing group financial reporting and management systems, strengthening our management team and developing common technology. In the summer of 2013, the investment of such time and costs led to the successful migration of the previous individual platforms of GoVoyages, Opodo and eDreams the One Platform, which allows each of our brands to offer a full range of inventory, including Direct Connect, multi-GDS access and net fares. We continue to focus on the optimization and enhancement of our One Platform and other technology.

The completion of the rollout of the flight booking engine to eDreams, GoVoyages and Opodo has had two principal benefits. It provided a one-time lift and improvement in product quality, as each of our websites now has access to the entire eDreams ODIGEO inventory, offering customers a superior product choice. By making our platform more efficient so that an engineer no longer has to implement a change across four to seven platforms, the One Platform has also freed up our IT resources to focus on the development of new technological features and innovations.

The implementation of a common organizational and reporting structure is at an advanced stage but is ongoing. The integration process in respect of our middle- and back-office functions, such as accounting, IT and operational systems, management information and financial control systems, marketing and customer service, is also still ongoing, and although we have made significant progress in these areas, we currently expect the development of the integration process to be finalized by spring 2015, with the rollout of the integration to follow later in 2015. In addition, the integration of the Dynamic Package booking engine, the vacation package product and the front-end interfaces are currently in progress. For a discussion of the expenses and resources allocated in connection with the integration process, see “Management’s Discussion and Analysis of Our Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations—The integration of our constituent businesses”.

Security

We are committed to protecting the security of our customers’ information. Our information security team is responsible for implementing and maintaining controls to prevent unauthorized users to access our respective systems or to protect us from denial of services and other cyber attacks. These controls include the implementation of information security policies and procedures, security monitoring software, encryption policies, access policies, password policies, physical access limitations and detection and monitoring of fraud from internal staff. We also operate fraud detection systems which use transaction patterns and other data sources seeking to prevent fraudulent transactions in real time.

See “Risk Factors—Risks Related to Our Business—Our processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental and/or industry regulation, conflicting law requirements and differing views of personal privacy rights, and we are exposed to risks associated with online commerce security”.

Intellectual Property

Our intellectual property rights include trademarks and domain names associated with the names eDreams, Opodo, GoVoyages, Travellink, Go Volo and Liligo, as well as other rights arising from agreements relating to our website content and technology. We regard our intellectual property as a factor contributing to our success. We rely on trademark law, copyright law, trade secret protection, non-competition and confidentiality agreements with our employees and some of our partners to protect our intellectual property rights.

We require our employees to enter into agreements to keep confidential all information relating to our customers, methods, business and trade secrets during and after their employment with us. Our employees are required to acknowledge and recognize that all inventions, trade secrets, works of authorship, developments and other processes made by them during their employment are our property.

We have registered our different material domain names and have full legal rights over these domain names for the period for which such domain names are registered.

Employees

As of March 31, 2014, we had 1,406 employees, compared to 1,216 employees as of March 31, 2013. We also outsource some of our customer service and sales functions as well as certain IT development functions.

A considerable number of our employees have been with us since the year 2000 and have a detailed and thorough understanding of our businesses, with additional capacity recruited as we achieved our various growth milestones. With 80% of our employees aged 40 years or less, our team is young and dynamic. Substantially all of our employees have performance-based bonuses and targets. Many of our employees are engineers or mathematicians.

In addition, in certain cases, we contract with third parties for the provision of temporary employees from time to time for various functions.

Facilities

Our facilities consist mainly of our corporate offices located in Paris, Barcelona and London, which we lease. We also have offices in other countries, including Germany, Italy and Sweden.

Litigation

From time to time, we may be subject to various legal proceedings and claims that are incidental to our ordinary course of business. We are currently party to various legal proceedings, including consumer complaints, contract disputes, disputes regarding alleged infringement of antitrust, consumer protection or other regulations or of third-party intellectual property rights, and other claims. This section identifies all litigation matters which we believe are potentially material to our business, financial position or results of operations or which, in the event of an adverse outcome, could materially harm our reputation. For the potential consequences of an adverse outcome in relation to these proceedings and claims, see “Risk Factors—Risks Related to Our Business—We are, and may be in the future, involved in various legal proceedings and may experience unfavorable outcomes, which could adversely affect our business and financial condition”.

Consumer protection regulatory proceedings

Italian investigations

In May 2010, the Italian Antitrust Office fined eDreams S.r.l. and Opodo Italia S.r.l. following an investigation related to the display of information provided to consumers in the Italian travel market. The investigation focused on several online travel companies and covered issues such as display in the booking and payment processes, misleading promotions, pre check-out insurance selection and complaint management. In March 2011, the Italian Authority for Competition and Market (the “AGCM”) imposed sanctions of €135,000 and €25,000, respectively, on eDreams S.r.l. and Opodo Italia S.r.l., respectively. eDreams S.r.l. challenged the sanction; the proceedings are currently pending before the regional administrative court (*tribunale amministrativo regionale*). In 2012, the AGCM ruled that each of eDreams S.r.l. and Opodo Italia S.r.l. had failed to implement certain remedial measures and imposed additional fines of €30,000 and €20,000, respectively.

In August 2013, the AGCM started new investigations against eDreams S.r.l. and Opodo Italia S.r.l. for non-compliance with regulations related to the display of information provided to consumers in the Italian market. These proceedings are part of an ongoing dialogue between a number of online travel companies and the AGCM on the correct interpretation of Italian regulations on the display of information. The proceedings against eDreams S.r.l.

were closed in December 2013 with AGCM's imposing a €50,000 sanction. The proceedings against Opodo Italia S.r.l. were closed in January 2014 with AGCM's imposing a €150,000 sanction. The AGCM confirmed that the eDreams website is now compliant with regulatory requirements. The compliance of the Opodo website is still under discussions with the AGCM.

Vacaciones eDreams, S.L. was involved in further proceedings initiated by the AGCM in May 2013 relating to allegations of unfair commercial practices mainly against Webloyalty International S.à r.l and Webloyalty International S.r.l., two companies whose products and services are featured on our Italian websites. The AGCM found that the Webloyalty companies unfairly encouraged consumers to subscribe to their service "Acquisti e Risparmi", which is also featured on our websites, without previously providing consumers with information on its terms and conditions. As a consequence of the AGCM's proceedings, we changed the layout and information relating to "Acquisti e Risparmi" on our own websites, and following this change, we believe we are now compliant with the AGCM's requirements. In February 2014, the AGCM imposed a €220,000 administrative sanction on Vacaciones eDreams, S.L. for improperly featuring "Acquisti e Risparmi" in the past. The fine was paid and this case is closed.

In July 2013, the AGCM started investigations against Go Voyages SAS, alleging that it had put in place unfair commercial practices concerning the booking of air tickets through the web site www.govolo.it. The AGCM challenged two conducts: (i) the final price of the air ticket which, at the end of the booking process, resulted higher than the one initially chosen by the consumer; and (ii) with reference to the holiday package "flight/hotel", the lawfulness of the opt-out clause concerning the purchase of the insurance policy, which provided for a default pre-selection of the insurance had it not been specifically opted out by the customer. The price display will be modified in accordance with the modifications done on the French Go Voyages website. The pre-selection of the insurance has been deactivated in April 2014.

In a decision issued on June 2014, the AGCM imposed two different and separate administrative fines based on the two conducts (€100,000 for the price display practice and €30,000 for the pre-selection of the insurance). Go Voyages is considering the opportunity to lodge an appeal against this decision (appeal period will expire in October 2014). The outcome of these proceedings could result in further changes to our website design and practices.

French investigations

In April 2013, the French Departmental Directorate for Population Protection (*Direction départementale de la protection des populations*, the "DDPP") initiated an investigation against eDreams France for non-compliance with consumer protection rules on display of prices and credit card fees. The scope of these investigations has been extended to include Opodo and GoVoyages in July 2013. eDreams France, Opodo and GoVoyages are currently negotiating with the DDPP and aims to reach a settlement. The outcome of these proceedings, which are ongoing, could result in further changes to our website design and practices.

In July 2013, the DDPP extended its investigations related to surcharging practices to Opodo and GoVoyages. Opodo and GoVoyages are currently negotiating with the DDPP. The outcome of these proceedings, which are ongoing, could result in further changes to our website design and practices.

In addition to the investigation launched by the DDPP, French General Directorate for Competition Policy, Consumer Affairs and Fraud Control (*Service National des Enquêtes, Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes*, the "SNE") initiated proceedings against Go Voyages, Opodo France and eDreams relating to the price display rules in December 2013. eDreams France, Opodo and GoVoyages are currently negotiating with the SNE with the aim of reaching a settlement. The outcome of these proceedings, which are ongoing, could result in further changes to our websites design and practices or potentially, if no agreement is reached, in legal proceedings.

U.K. investigations

In August 2013, the Civil Aviation Authority contacted both eDreams and Opodo citing several points of concern. These concerns included the presentation of fares and ancillary fees, pre-ticked insurance and service packages and certain points in the general terms and conditions. Conversations with the Civil Aviation Authority

have been positive thus far and eDreams and Opodo agreed to discontinue pre-ticked selling of products, to make certain amendments to their terms and conditions and Opodo presented arguments to support the presentation of fares. The outcome of these conversations could result in further changes to our website design and practices or potentially, if no agreement is reached, in legal proceedings.

German litigation

The Unister Group is a German company that operates travel-related web portals. Opodo Limited (Germany) initiated several legal proceedings against Unister because of non-compliance of Unister's websites with the applicable laws. Most of Opodo Limited's requests for preliminary injunctions were granted by the courts. Unister did not accept the preliminary proceedings' outcome and appealed these rulings, requesting a full trial. These proceedings (and/or appeals with respect thereto) are currently still pending.

Conversely, at the instigation of certain Unister Group companies, Opodo Limited was served cease and desist letters and a number of preliminary injunctions relating to the selection of insurance and service packages, payment fees, voucher advertising and as well as payment methods in 2012 and 2013. A number of injunctions were granted in favor of Unister and subsequently confirmed by the competent courts of appeals. We believe that these injunctions will not materially affect Opodo Limited's business, as the practices in question had already been independently discontinued by us. However, depending on the outcome of certain proceedings that are still pending, we may decide to further change the design of our website and practices.

At present, we have a standstill agreement with Unister in place, which states that no new legal action shall be taken and the filing of administrative fines shall be ceased. Each party has the right to terminate the standstill agreement with two weeks' notice.

Commercial and intellectual property disputes

Ryanair litigation

Ryanair initiated legal proceedings for intellectual property infringement and unfair commercial practices against eDreams and Opodo in Spain and France in 2008, respectively, primarily in connection with the screen scraping method used by eDreams and Opodo to access Ryanair flight inventory and then offer customers Ryanair flight tickets on their respective websites. Screen scraping consists of using internal online travel technology to scan travel supplier websites in order to collect information about the travel products they offer. Neither eDreams nor Opodo has entered into agreements with Ryanair, whose policy is to sell their tickets only through its own website. See "Risk Factors—We operate in an increasingly competitive environment, and we are subject to risks relating to competition that may adversely affect our performance".

In Spain, Ryanair filed a civil action before the Barcelona Commercial Court in 2008 arguing that eDreams (i) was in breach of the terms and conditions of use of Ryanair's website, which stated that only the private use of the website was allowed and expressly prohibited the screen scraping method used by eDreams Spain, (ii) violated Ryanair's rights as author and manufacturer of the database of flights contained on its website, (iii) infringed intellectual property rights over software used on its website and (iv) carried out unfair commercial practices, namely, imitation acts in exploitation of Ryanair's reputation and infringement of the general good faith obligation prohibited under the Spanish Unfair Competition Act. Ryanair's action was dismissed both by the Barcelona Commercial Court and the Provincial Court of Barcelona. Ryanair appealed to the High Court of Spain, which entered a final judgment definitively rejecting Ryanair's claims on October 30, 2012.

In 2008, eDreams initiated litigation against Ryanair for unfair competition, including a claim for damages of €1.5 million, and requested the Barcelona Commercial Court to prevent Ryanair from cancelling or threatening to cancel Ryanair flight tickets acquired through eDreams' website, which request was granted. On May 21, 2012, the Provincial Court of Barcelona concluded that Ryanair's actions constituted unfair competition and ordered Ryanair to pay eDreams damages of €40,000. Ryanair's appeal against this decision was dismissed by the High Court of Spain on October 29, 2013 and Ryanair paid the awarded sum in December 2013.

Ryanair has also initiated proceedings against Vivacances (now Opodo France) based on trademark infringement, database infringement, breach of the terms of use of the website "Ryanair.com" and unfair

competition relating to the alleged screen scraping activities of Opodo France. On April 9, 2010, the Paris First Instance Court dismissed Ryanair's complaint and required Ryanair to pay €30,000 in compensation to Opodo France for its disparaging remarks and an extra €7,500 compensation for legal fees. Upon Ryanair's appeal, this judgment was confirmed by the Paris Court of Appeals on March 23, 2012. Ryanair has complied with all of these Court orders, but appealed the judgment before the French Supreme Court in August 2012. In view of the complexity of the proceedings before the French Supreme Court, the decision is not expected to be rendered prior to September 2014.

Air France litigation

Air France took legal action on April 21, 2011 before the Commercial Court of Paris against Vacaciones eDreams S.L. and eDreams S.r.l. alleging unfair competition. Air France claimed that eDreams' France website did not comply with French and EU regulations concerning the display of prices, as service fees were not disclosed from the beginning of the booking process. Air France filed a motion to order eDreams to stop infringing applicable regulations within 10 days from notification of a judgment on such motion, which judgment Air France moved to have provisionally executed. On May 15, 2011, the parties signed a settlement agreement in respect of Air France's suit, which was reported to the Court. However, in October 2012, Air France sent a letter to each of eDreams and GoVoyages alleging that they had breached the terms of the settlement agreement and threatened to reinstate the legal proceeding. In December 2012, eDreams and GoVoyages replied jointly to Air France setting forth the eDreams ODIGEO Group's position in respect of Air France's letter that the terms of the settlement agreement had not been breached.

On April 21, 2013, Air France delivered a writ of summons under short notice against Vacaciones eDreams S.L. and eDreams S.r.l. before the Commercial Court of Paris. In its action, Air France requested that eDreams pay €13.1 million in remediation of the damages allegedly suffered as a consequence of eDreams' alleged breach of their settlement, as well as the violation of the French Consumer Code and EU Regulation No. 1008/2008 of September 24, 2008 on common rules for the operation of air services in the European Community. On the hearing of May 28, 2013, the defendants presented their pleadings in response. A further procedural hearing was held on November 12, 2013 and on January 21, 2014, Air France filed a motion with the Commercial Court of Paris to temporarily stay the case while a settlement out of court is under consideration.

Hospitality alliance litigation

Opodo Limited (Germany) received two preliminary injunctions in the first instance regarding trade mark infringements made via www.opodo.de concerning certain hotel names ("Ramada" and "H2") being used in search engine advertising. We have appealed against these injunctions as we believe that an agent may use hotel names that are being distributed via its website.

Delta Air Lines litigation

Delta Air Lines sent letters to eDreams and GoVoyages to terminate the appointments of all agencies in France, Germany, Italy, Spain and Portugal to sell Delta products by the end of June 2012. In response, GoVoyages, GoVoyages Trade and eDreams France launched an action in France to obtain an interim measure prohibiting Delta from terminating the appointments, which were under a series of long-term agency appointment agreements the terms of which require cause for unilateral terminations. On June 29, 2012, the President of the Commercial Court of Paris ordered Delta to continue the commercial relationships with eDreams France until October 31, 2012 and with GoVoyages and GoVoyages Trade until December 31, 2012. An action on the merits of the case was launched in July 2012 to obtain a ruling on the discriminatory and illicit practice of Delta and wrongful termination of the agency appointments. In July 2012, Delta Air Lines also appealed against the interim injunctions of the President of the Commercial Court of Paris issued on June 29, 2012. The interim injunction against eDreams France expired on October 31, 2012 and as a result, eDreams and GoVoyages no longer have access to Delta products. On appeal, Delta won the case with respect to the interim injunctions in April 2013, as eDreams and GoVoyages were unable to show any damages suffered.

The case on the merits is currently pending and a settlement out of court is under consideration.

Call Expert litigation

GoVoyages and Opodo previously outsourced call center services to Call Expert. On June 5, 2013, Call Expert ceased performing its services due to a strike of its employees in its call center in Ales (France). Since that time, Call Expert ceased providing services from its call center, causing a disruption to GoVoyages' and Opodo's customer services. GoVoyages, Opodo and Opodo Limited notified Call Expert of the termination of their agreements in August 2013. On August 8, 2013, GoVoyages, Opodo and Opodo Limited delivered to Call Expert (and to HSBC Factoring France in its capacity as Call Expert's factor) a writ of summons before the Commercial Court of Paris, requesting damages compensating for the losses caused by Call Expert's failure to perform its contractual obligations. A hearing was held on February 10, 2014 and the case is currently pending.

Call Expert has been declared bankrupt in April 2014. We are under discussion with the administrator in bankruptcy in order to reach a settlement out of court.

Travelport litigation

Opodo Limited received on May 30, 2014 a letter from Travelport relating to a dispute with regard to the execution of an agreement subscribed by the parties. In this letter, the Travelport claims certain amounts regarding shortfalls and charges, unpaid excessive transaction charges, damages and interests as a consequence of a claimed breach of certain commitments included in the agreement. Opodo Limited denies the claims and its lawyers wrote to Travelport's lawyers on June 13, 2014, rejecting the claims. Further letters and emails have been exchanged between the parties, who have commonly decided to launch an escalation procedure on June 30, 2014. The parties are in discussions in order to find an agreement by August 11, 2014 or any other date agreed between the parties. Opodo Limited, based on the opinion of its legal advisors, has recognized a provision amounting to approximately €4.4 million to accrue for that part of the claim which comprises potential future claims for sums for shortfalls and charges which it Travelport claims may be due at the end of each/any of years 3 (January 31, 2015), 4 (January 31, 2016) and 5 (January 31, 2017) in the event that targets are not met, and excess charges are payable and which are thus assessed as probable. The remainder of the amounts claimed is assessed as possible or remote. Additionally, the Group has not recognized income related to prepaid incentives collected at the beginning of the agreement keeping in the balance sheet an accrued income of €2.0 million which is also being challenged by Travelport.

MANAGEMENT

Management of the 2019 Notes Issuer

The 2019 Notes Issuer was created on February 15, 2011 and registered with the Luxembourg Register of Commerce and Companies on February 23, 2011 as a partnership limited by shares (*société en commandite par actions*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 159.022. The 2019 Notes Issuer is managed by its sole unlimited shareholder (LuxGEO GP S.à r.l.), acting as sole manager (the “Sole Manager of the 2019 Notes Issuer”) in consultation with the Supervisory Board.

Sole Manager of the 2019 Notes Issuer

The Sole Manager of the 2019 Notes Issuer is empowered to take any action which is necessary or useful in the interest of the 2019 Notes Issuer, with the exception of those reserved by law or by the articles of association to a meeting of the 2019 Notes Issuer’s shareholders, and the 2019 Notes Issuer will be bound towards third parties by the sole signature or act of the Sole Manager of the 2019 Notes Issuer represented by its legal representatives or any delegate duly appointed by it.

The Sole Manager of the 2019 Notes Issuer is LuxGEO GP S.à r.l., a private limited liability company (*société à responsabilité limitée*) governed by the laws of the Grand Duchy of Luxembourg, having its registered office at 1, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 158.996, and having a share capital of €52,500, incorporated for the purpose of acting as the Sole Manager of the 2019 Notes Issuer and unlimited shareholder of the 2019 Notes Issuer. LuxGEO GP S.à r.l. is validly bound by the signature of any of its managers individually, as well as by the joint or single signature of any person or persons to whom specific signatory powers shall have been delegated by the board of managers. The current managers of LuxGEO GP S.à r.l. are Bart Nijenhuis, Habiba Boughaba and Valérie Emond.

Supervisory Board of the 2019 Notes Issuer

The Supervisory Board of the 2019 Notes Issuer is composed of at least three members, elected by the shareholders on July 18, 2014 for a period ending at the annual general meeting which will approve the financial statements of the 2019 Notes Issuer as of and for the year ending March 31, 2016. The Supervisory Board of the 2019 Notes Issuer shall neither participate nor interfere with the management of the 2019 Notes Issuer. It oversees the business of the 2019 Notes Issuer and its financial condition, particularly its books and accounts (for which the Supervisory Board of the 2019 Notes Issuer is granted the powers of a statutory auditor), and may advise the Sole Manager of the 2019 Notes Issuer as the latter may request.

Céline Boudard, Ewelina Margalska and Céline Jottard are the current members of the Supervisory Board of the 2019 Notes Issuer.

Management of the 2018 Notes Issuer

The 2018 Notes Issuer was formed under the laws of Luxembourg on November 9, 2012, as , a partnership limited by shares (*société en commandite par actions*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 172.797. LuxGEO, a *société à responsabilité limitée* incorporated and existing under the laws of Luxembourg holds 100% of the limited shares of the 2018 Notes Issuer. The 2018 Notes Issuer is managed by the sole unlimited shareholder (Geo Debt GP S.à r.l.), which acts as the sole manager of the 2018 Notes Issuer (the “Sole Manager of the 2018 Notes Issuer”). The Sole Manager of the 2018 Notes Issuer holds the only unlimited share in the 2018 Notes Issuer.

Sole Manager of the 2018 Notes Issuer

The Sole Manager of the 2018 Notes Issuer is empowered to take any action which is necessary or useful in the interest of the 2018 Notes Issuer, with the exception of those reserved by law or by the articles of association to a meeting of the 2018 Notes Issuer's shareholders, and the 2018 Notes Issuer will be bound towards third parties by the sole signature or act of the Sole Manager of the 2018 Notes Issuer represented by its legal representatives or any delegate duly appointed by it.

The Sole Manager of the 2018 Notes Issuer is Geo Debt GP S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 172.788, incorporated for the purpose of acting as the Sole Manager 2018 Notes and unlimited shareholder of the 2018 Notes Issuer. Geo Debt GP S.à r.l. is validly bound by the signature of any of its managers individually, as well as by the joint or single signature of any person or persons to whom specific signatory powers shall have been delegated by the board of managers. The current managers of Geo Debt GP S.à r.l. are Bart Nijenhuis, Habiba Boughaba and Valérie Emond.

Supervisory Board of the 2018 Notes Issuer

The Supervisory Board of the 2018 Notes Issuer is composed of at least three members, elected by the shareholders on July 18, 2014 for a period ending at the annual general meeting which will approve the financial statements of the 2018 Notes Issuer as of and for the year ending March 31, 2016. The Supervisory Board of the 2018 Notes Issuer shall neither participate nor interfere with the management of the 2018 Notes Issuer. It oversees the business of the 2018 Notes Issuer and its financial condition, particularly its books and accounts (for which the Supervisory Board is granted the powers of a statutory auditor), and may advise the Manager as the latter may request.

Céline Boudard, Ewelina Margalska and Céline Jottard are the current members of the Supervisory Board of the 2018 Notes Issuer. There are no potential conflicts of interest between any duties of any of the current members of the Supervisory Board of the 2018 Notes Issuer to the 2018 Notes Issuer and their private interests and/or other duties.

Management of eDreams ODIGEO and the eDreams ODIGEO Group

Board of Directors

General

The eDreams ODIGEO Board of Directors (*conseil d'administration*) is responsible for the management, administration and representation of eDreams ODIGEO in all matters concerning the business of eDreams ODIGEO and the eDreams ODIGEO Group, including but not limited to the review, establishment and oversight of our strategic objectives, and supervises our operations, approves certain major transactions and oversees our systems of internal controls and governance. The Board of Directors is also entrusted with convening shareholders' meetings and operates subject to the provisions of the eDreams ODIGEO articles of incorporation, rules of procedure of the Board of Directors and the powers granted by shareholders' resolutions.

Board size and composition

The eDreams ODIGEO articles of incorporation provide for a Board of Directors consisting of a minimum of five and a maximum of fifteen directors (*administrateurs*; each a "Director" and together the "Directors"). In accordance with a resolution adopted by the eDreams ODIGEO's general shareholders' meeting of March 18, 2014, the Board of Directors currently comprises nine Directors.

Term, appointment and removal of Directors

The Directors are elected by the shareholders to serve for a term of three years and may be re-elected to serve for an unlimited number of terms, except for independent Directors, who may only serve in such capacity for a maximum aggregate period of twelve years. If a Director does not serve out his or her term, the Board of Directors may fill the vacancy by appointing a replacement Director to serve until the next general shareholders' meeting. A Director may resign or be removed from office by the shareholders at a general shareholders' meeting. A Director may be removed from office *ad nutum*, with or without cause, by the shareholders at a general shareholders' meeting by vote of a majority of the votes cast, irrespective of the number of Shares represented at the meeting.

Board meetings

The Board of Directors convenes at least six times per year, with one of such meetings being held within six months of the end of our financial year. The eDreams ODIGEO articles of incorporation provide that half of the members of the Board of Directors (represented in person or by proxy by another member of the Board of Directors) constitutes a quorum. Except as otherwise provided by law or specified in the eDreams ODIGEO articles of incorporation, resolutions of the Board of Directors are adopted by a simple majority of the Directors present or represented at a Board meeting.

Delegation of powers of the Board of Directors

In accordance with Luxembourg law, the day-to-day management of the business of eDreams ODIGEO and the power to represent eDreams ODIGEO with respect thereto may be delegated to one or more Directors, officers, managers or other agents as an *administrateur délégué* (if such delegation is made to a Director) or as a *délégué à la gestion journalière* ("daily manager"), acting alone or jointly. The appointment and removal, powers, duties and remuneration of such delegates are determined by the Board of Directors.

The principal delegate of the Board of Directors is our Chief Executive Officer who is our *administrateur délégué*. Pursuant to a shareholders' agreement entered into on April 3, 2014, the parties have agreed to vote in favor of delegating certain powers of the Board of Directors relating, *inter alia*, to certain intra-group matters, certain acquisition, disposal, partnership, joint venture, financing and other activities, and employment and remuneration matters to our Chief Executive Officer. The Board of Directors has the right to rescind or amend the powers delegated to our Chief Executive Officer.

Directors

The eDreams ODIGEO Board of Directors comprises nine Directors. The following table sets forth the name, date of first appointment, age, title date of expiration of appointment and affiliation of each member of the Board of Directors:

Name	Date of first appointment	Age	Title	Date of expiration of appointment	Affiliation
Javier Pérez-Tenessa de Block.....	March 18, 2014	46	Chairman	July 19, 2017	Executive
Robert A. Gray	March 18, 2014	57	Vice Chairman	July 19, 2017	Independent
Mauricio Prieto	March 18, 2014	46	Director	July 19, 2017	Executive
Philippe Poletti	March 18, 2014	48	Director	July 19, 2017	Ardian Funds
Lise Fauconnier	March 18, 2014	48	Director	July 19, 2017	Ardian Funds
Benoit Vauchy	March 18, 2014	38	Director	July 19, 2017	Permira Funds
Carlos Mallo	March 18, 2014	46	Director	July 19, 2017	Permira Funds

James Hare.....	March 18, 2014	45	Director	July 19, 2017	Independent
Philip C. Wolf.....	March 18, 2014	57	Director	July 19, 2017	Independent

The three Directors Robert A. Gray, James Hare and Philip C. Wolf qualify as independent directors pursuant to Spanish Order ECC/461/2013, dated March 20, 2013 (the “Independent Directors”). The Independent Directors are experienced professionals who are neither employees nor shareholders of eDreams ODIGEO (other than James Hare, who owns approximately 0.25% of our share capital).

Biographical Information

Biographical information for each of the current and future members of the Board of Directors is presented below:

Javier Pérez-Tenessa de Block. Mr. Pérez-Tenessa de Block is the Chief Executive Officer of eDreams ODIGEO and the Chairman of the Board of Directors. Prior to founding eDreams ODIGEO, Mr. Pérez-Tenessa de Block held various positions in companies such as the European Aeronautic Defence and Space Company N.V. (EADS), McKinsey & Company and Netscape Communications Corporation. Mr. Pérez-Tenessa de Block has served as a member of the board of directors of the eDreams ODIGEO Group and Vueling Airlines S.A. He currently also acts as a board member of ReallyLateBooking. Mr. Pérez-Tenessa de Block received his aerospace engineering degree from *Universidad Politécnica de Madrid*. He also received his MBA from Stanford University.

Robert A. Gray. Mr. Gray has been the Chief Financial Officer and an Executive Director of UBM plc since September 2009. He was previously Chief Financial Officer of Codere S.A. in Spain from February 2004. He began his career at J.P. Morgan & Co., where he worked in a number of senior investment banking roles, including in the former Soviet Union and in Latin America. From 1999 to 2004, he worked at Deutsche Bank as Managing Director, Latin American Investment Banking. Mr. Gray has extensive experience in mergers and acquisitions, capital-raising across a broad range of markets, industries and geographies, building businesses in international markets, notably in emerging markets in Latin America and Asia, and in transforming corporate financial functions to support growth and access to capital markets. An American citizen, Mr. Gray received a BA from Dartmouth College and an MBA from Harvard Business School.

Mauricio Prieto. Mr. Prieto is the Head of Corporate Development of eDreams ODIGEO; prior to this function, he held the position of Chief Marketing Officer. Mr. Prieto is also a member of the Board of Directors. Prior to joining eDreams ODIGEO in 1999, Mr. Prieto occupied the positions of head of business development at Charles Schwab and consultant at Booz Allen Hamilton. Mr. Prieto received his Bachelor’s degree from Princeton University. He also received his MBA from the University of California at Berkeley.

Philippe Poletti. Mr. Poletti joined Ardian in 1999 and is currently the Senior Managing Director at Ardian in charge of the Mid Market Enterprise Capital funds for France, Germany and Italy. He has worked as the leading Managing Director on a number of projects, including Icare, Spotless, Photonis, Vulcanic, Titanite, Larivière, Cornhill France, Novacap and Anios. Prior to joining Ardian, he was the Head of Mergers, Acquisitions and Divestments at DMC, a textile group, between 1997 and 1999. Prior to his role at DMC, he was with the Desnoyers Group (a copper tube manufacturer) in a number of roles and was a consultant at Solving International in Paris and Milan.

Lise Fauconnier. Ms. Fauconnier joined Ardian in 1998. Before joining Ardian, Lise worked as an Investment Manager at Euris. As a Managing Director at Ardian, she notably led investments in Newrest, Odigeo and Camaieu. She is also a board member of Linedata, a company listed on Euronext. Ms. Fauconnier began her career at Clinvest as a project manager in the mergers, acquisitions and restructuring department.

Benoit Vauchy. Mr. Vauchy joined the Group in 2011 as Non-Executive Director of Opodo Limited and also previously served as the Chairman of the Group’s Audit Committee. He is currently a Partner and the Head of the Paris Office at Permira. Whilst at Permira he served on the board and was the Chairman of the Audit Committee at NDS Group Ltd., an investee company of the Permira Funds. Prior to joining Permira in 2006, he spent most of his career in leveraged finance including at J.P. Morgan in London.

Carlos Mallo. Mr. Mallo joined the Group in 2011 as a non-executive Director of Opodo Limited. He is currently a member of the Permira Board of Directors, serving on Permira's Executive and Investment Committee and is the Head of the Madrid Office. In addition to eDreams ODIGEO, he also holds serves on the boards of other Permira investments, including Telepizza and Cortefiel. Prior to joining Permira in 2003, he worked for 3i Group in the United Kingdom and Spain, where he was the head of the Barcelona Office in his latter role.

James Hare. Mr. Hare is an internet entrepreneur and angel investor, and is currently mentoring and managing multiple start-ups in Europe and Asia. Mr. Hare was the co-founder and President of eDreams. He formerly held management roles in international marketing and corporate development for Electronics For Imaging and Netscape. In addition, he has founded a software company in Kiev, produced software titles for Ubi Soft, and was a planner for the Davos World Economic Forum.

Philip C. Wolf. Mr. Wolf is the retired chairman of PhoCusWright Inc., an independent travel, tourism and hospitality research firm he founded in 1994. He served as president and chief executive officer until its acquisition by Northstar Travel Media LLC in June 2011. Prior to founding PhoCusWright, Mr. Wolf was president and chief executive officer of a venture-funded software developer and travel booking engine pioneer, which held two patents for its pricing algorithms. Mr. Wolf was formerly an adjunct professor at NYU's Preston Robert Tisch Center for Hospitality, Tourism and Sports Management and a lecturer at the Cornell University School of Hotel Administration. In addition to eDreams ODIGEO, Mr. Wolf also serves as board director for a number of other companies including NASDAQ-listed MakeMyTrip, Hopper, QuickMobile, Booking Markets, TrustYou, Blacklane and Travel.ru. Mr. Wolf has a Bachelor of Arts degree in public policy studies from Duke University in the United States and an MBA degree from the Owen Graduate School of Management, Vanderbilt University in the United States.

Board Committees

The Board of Directors has established an Audit Committee and a Remuneration and Nomination Committee and has delegated a number of important responsibilities of the Board of Directors to such committees, subject to matters reserved to the Board of Directors.

The following is an overview of the committees of the Board of Directors.

Audit Committee

The Audit Committee consists of at least three Directors, including at least one independent Director. The Chairman of the Audit Committee must be an independent Director. The members of the Audit Committee, including the Chairman, are elected by the Board of Directors for a term of three years, subject to renewal.

The Audit Committee consists of Robert Gray (Chairman of the committee and independent Director), Philip Wolf (independent Director) and Benoit Vauchy (Director nominated by the Permira Funds). The eDreams ODIGEO articles of incorporation and rules of procedure of the Board of Directors provide that so long as the Ardian Funds or the Permira Funds directly or indirectly hold 7.5% or more of the issued and outstanding Shares of eDreams ODIGEO, a nominated Director of either the Ardian Funds or the Permira Funds will be a member of the Audit Committee.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of at least three Directors, each of which must be a non-executive Director and the majority of which must be independent Directors. The members of the Remuneration and Nomination Committee are elected by the Board of Directors, and such elected members elect one of the independent Directors who is a member of the Remuneration and Nomination Committee to serve as its Chairman. The members of the Remuneration and Nomination Committee are elected for a term of three years, subject to renewal.

The Remuneration and Nomination Committee consists of Philip C. Wolf (Chairman and independent Director), James Hare (independent Director) and Lise Fauconnier (Director nominated by the Ardian Funds). The eDreams ODIGEO articles of incorporation rules of procedure of the Board of Directors provide that so long as the

Ardian Funds or the Permira Funds directly or indirectly hold 7.5% or more of the issued and outstanding Shares of eDreams ODIGEO, a nominated Director of either the Ardian Funds or the Permira Funds will be a member of the Remuneration and Nomination Committee.

Senior Management

eDreams ODIGEO is managed on a day-to-day basis by its senior management, which includes the Chief Executive Officer, the President and Chief Operating Officer, the Chief Financial Officer, the Chief Marketing Officer, the Chief Technology Officer (collectively, the “Senior Management Leadership Team”), the Chief Supplier Relations Officer, the Chief People Officer, certain senior Group directors and the various Country Directors (collectively, and with the Senior Management Leadership Team, the “Senior Management”). Senior Management comprises the persons having the authority and responsibility for planning, directing and controlling the activities of the eDreams ODIGEO Group and its companies, directly or indirectly.

The following table sets forth the name, age and title of each member of our Senior Management:

Name	Age	Title
<i>Senior Management Leadership Team:</i>		
Javier Pérez-Tenessa de Block ⁽¹⁾	46	Chief Executive Officer
Dana Philip Dunne.....	50	President and Chief Operating Officer
David Elízaga	40	Chief Financial Officer
Mauricio Prieto ⁽¹⁾	46	Head of Corporate Development
Riccardo Casalino	45	Chief Marketing Officer
Philippe Vimard.....	39	Chief Technology Officer
<i>Other Senior Management:</i>		
Andreas Schröder.....	43	Group Senior Director of International, Mobile and New Ventures
Jérôme Laurent	38	Group Senior Director of Traffic Acquisition and Customer Relationship Management
Juan Uribe.....	38	Group Senior Director of Hotels, Dynamic Packages and Cars
Javier Bellido.....	52	Chief Supplier Relations Officer and Country Director of Spain
Gerrit Goedkoop	45	Chief Customer Services Officer
Blandine Kouyaté	42	Chief People Officer
Sophie Bernard	30	Chief Revenue Officer
Mario Gavira	41	Country Director of France
Angelo Ghigliano	47	Country Director of Italy
Stephanie Uhlig	43	Country Director of the United Kingdom
Andreas Adrian.....	32	Director of the Northern region and Country director of Germany
Peter Carlsson	57	Country Director of the Nordics

(1) Executive Director.

Biographical Information

Biographical information for each of the members of our Senior Management is presented below:

Javier Pérez-Tenessa de Block is the Chief Executive Officer of eDreams ODIGEO. For his biographical information, see “—Board of Directors—Directors—Biographical Information”.

Dana Philip Dunne is the President and Group Chief Operating Officer of eDreams ODIGEO. Prior to joining eDreams ODIGEO, Mr. Dunne was Chief Commercial Officer of EasyJet plc, and before that he occupied various positions at AOL, Town and City Holdings PLC, WebTV Europe PLC, Belgacom Group, US West, Inc, and

McKinsey & Company. Mr. Dunne received a Bachelor's Degree in Economics from Wesleyan University and a Master's Degree in Business Administration from The Wharton School.

David Elízaga is the Chief Financial Officer of eDreams ODIGEO. Prior to joining eDreams ODIGEO, Mr. Elízaga was Chief Financial Officer of Codere SA, and before that he occupied various positions at Codere S.A., Monitor Group and Lehman Brothers. Mr. Elízaga holds degrees in Business and Law from Universidad Pontificia de Comillas—ICADE.

Mauricio Prieto is the Head of Corporate Development of eDreams ODIGEO. For his biographical information, see “—Board of Directors—Directors—Biographical Information”.

Ricardo Casalino is the Chief Marketing Officer. Prior to joining eDreams ODIGEO, Mr. Casalino lead the eBay marketing team in Europe; before that he had various marketing director roles across Europe for Procter & Gamble, after starting his career in investment banking. Mr. Casalino holds a degree in Economics and Business, from the University of Tor Vergata in Rome, Italy.

Philippe Vimard is the Chief Technology Officer of eDreams ODIGEO. Prior to joining eDreams ODIGEO, Mr. Vimard exercised engineering management positions at Expedia Group, including senior director of lodging and senior director of cars, cruises, destination services and trains. He was also previously the Chief Technology Officer of Venere.com. Mr. Vimard holds a Bachelor's degree in Engineering from CDI College University of Montreal.

Andreas Schröder is the Group Senior Director of International, Mobile and New Ventures. Prior to joining eDreams ODIGEO, he was Managing Director of eCommerce International of Thomas Cook Group plc. Dr. Schröder earned a Doctor of Economy at St. Gallen University, graduated in Business Administration from Tübingen University and holds an undergraduate diploma in Computer Science from Passau University. Dr. Schröder currently also acts as a board member of ReallyLateBooking.

Jérôme Laurent is the Group Senior Director of Traffic Acquisition and Customer Relationship Management of eDreams ODIGEO. Prior to joining eDreams ODIGEO in 2008, Mr. Laurent held various strategic roles in different pure-players, start-ups and media agencies, including as Head of Travel and Indirect Sales at Kelkoo France, General Manager of Advisemedia (Nextedia group) and Vice President of Sales and Marketing at Liligo.com, where he was also an Advisory Board Member. Mr. Laurent received a Masters in Management from the Clermont-Ferrand Business School. He also received his MBA from the University of Kansas.

Juan Uribe is the Group Senior Director of Hotels, Dynamic Packages and Cars for eDreams ODIGEO. Prior to joining eDreams ODIGEO, Mr. Uribe was responsible for Merchandising and Market Strategy for Hotels.com and before that he was a consultant in Boston Consulting Group in the U.S. and McKinsey & Company in Mexico. Mr. Uribe has a Bachelor's Degree in Industrial Engineering from the ITESM in Mexico and a Master's Degree in Business Administration from the Tuck School of Business at Dartmouth College.

Javier Bellido is the Chief Supplier Relations Officer and Country Director of Spain. Prior to joining eDreams ODIGEO, Mr. Bellido founded and acted as a board member of Travelider Touroperator and held several positions during 11 years at IBM, including product manager, sales manager, and industry consultant for banking, and travel and transport industries. Mr. Bellido holds a Master's Degree in Physical Sciences from Universidad Autónoma de Madrid and received his MBA from the Open University (United Kingdom).

Gerrit Goedkoop is the Chief Customer Services Officer of eDreams ODIGEO. Prior to joining eDreams ODIGEO, Mr. Goedkoop held positions with Liberty Global for 13 years in various customer operations and service delivery functions of which the last 6 years as VP Customer Care for their European operations. Prior to joining Liberty Global, Mr. Goedkoop spent three years with CTG providing consultancy services to large companies to optimize their customer contact strategies and management. Mr. Goedkoop received a Bachelor's Degree in International Management from The Hague University.

Blandine Kouyaté is the Chief People Officer. Prior to joining eDreams ODIGEO, Mrs. Kouyaté had many years of experience as Group Human Resources Director at Betclit Everest Group and Head of HR EMEA at Yahoo!. She holds a degree in Economics from La Sorbonne University, France and a Master 2 degree in Communication with HR specialization from CELSA, France.

Sophie Bernard is the Chief Revenue Officer. Prior to joining eDreams ODIGEO, Mrs. Bernard was the Pricing and Commercial Plan Director for Carrefour's Hypermarkets and Supermarkets in France. She holds a Civil Engineering degree from the Ecole Nationale Supérieure des Mines de Paris.

Mario Gavira is the Country Director of France. Prior to joining eDreams ODIGEO, Mr. Gavira occupied various positions at Viajes El Corte Ingles. Mr. Gavira received his Master in European Tourism Management as a double diploma from the University of Bournemouth and Fachhochschule Heilbronn.

Angelo Ghigliano is the Country Director of Italy. Prior to joining eDreams ODIGEO, Mr. Ghigliano occupied various positions at Allianz and served as sales director at Francorosso Incentive Milan (Alpi Tour Group). Mr. Ghigliano received his Bachelor's degree in Business Administration from *Università commerciale Luigi Bocconi*.

Stephanie Uhlig is the Country Director of the United Kingdom. Prior to joining eDreams ODIGEO, Ms. Uhlig held director positions with Carlson Wagonlit Travel and Expedia, having spent many years in the airline industry based in both Canada and Switzerland, before moving to the United Kingdom. Ms. Uhlig holds a Masters of Business Administration and is a Certified Management Accountant.

Andreas Adrian is the Director of the Northern region as well as the Country Director of Germany. He joined eDreams ODIGEO in 2012 as Pricing Manager and subsequently took over the role of Head of Product Management in Germany. He had previously worked at KPMG and holds an MPhil in Economics from the University of Cambridge.

Peter Carlsson is the Country Director of the Nordics. Prior to joining eDreams ODIGEO, Mr. Carlsson worked for 20 years in the travel industry in positions with SAS and Amadeus Scandinavia as vice-president of the product division. Mr. Carlsson received his MSc in Electronics from the Royal Institute of Technology in Stockholm.

PRINCIPAL SHAREHOLDERS

Shareholders of the 2019 Notes Issuer

Geo Travel Finance S.C.A. (the “2019 Notes Issuer”) is a partnership limited by shares (*société en commandite par actions*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 159.022.

Limited Shareholder (associé commanditaire): eDreams ODIGEO

eDreams ODIGEO (“eDreams ODIGEO”) holds all but one of the limited shares in the 2019 Notes Issuer as *associé commanditaire*.

Unlimited Shareholder (associé commandité): Sole Manager of the 2019 Notes Issuer

LuxGEO GP S.à r.l. (the “Sole Manager of the 2019 Notes Issuer”), a private limited liability company (*société à responsabilité limitée*) governed by the laws of the Grand Duchy of Luxembourg, having its registered office at 282, route de Longwy, L-1940 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 158.996, holds the only unlimited share in the 2019 Notes Issuer as *associé commandité*. The Sole Manager of the 2019 Notes Issuer is controlled by Axeurope and Luxgoal.

Shareholders of the 2018 Notes Issuer

Geo Debt Finance S.C.A. (the “2018 Notes Issuer”) is a partnership limited by shares (*société en commandite par actions*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 172.797.

Limited Shareholder (associé commanditaire): LuxGEO

LuxGEO S.à r.l. (“LuxGEO”) holds all of the limited shares in the 2018 Notes Issuer as *associé commanditaire*. LuxGEO is a wholly owned subsidiary of the 2019 Notes Issuer, which in turn is a wholly owned subsidiary of eDreams ODIGEO.

Unlimited Shareholder (associé commandité): Sole Manager of the 2018 Notes Issuer

Geo Debt GP S.à r.l. (the “Sole Manager of the 2018 Notes Issuer”), a private limited liability company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 172.788, holds the only unlimited share in the 2018 Notes Issuer as *associé commandité*. The Sole Manager of the 2018 Notes Issuer is controlled by Axeurope and Luxgoal.

Shareholders of eDreams ODIGEO

eDreams ODIGEO is a public limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de commerce et des sociétés de Luxembourg*) under number B 159.036. eDreams ODIGEO formerly was a private limited liability company (*société à responsabilité limitée*) known as “LuxGEO Parent S.à r.l.”.

The following table sets forth the shareholders of eDreams ODIGEO as at July 29, 2014:

Shareholders	Number of shares	% of shares
Luxgoal 3 ⁽¹⁾	31,196,020	29.8%
Ardian Funds ⁽²⁾	19,843,559	19.0%
Willinvest & GMPI	3,463,501	3.3%
Five Arrows Vehicles	3,088,805	3.0%
Luxgoal 2 ⁽⁴⁾	815,368	0.8%
Other Ardian Co-investors ⁽³⁾	351,732	0.3%
Javier Pérez-Tenessa de Block	1,922,919	1.8%
Other Senior Management ⁽⁵⁾	1,785,366	1.7%
Other Minority Shareholders ⁽⁶⁾	1,030,061	1.0%
Public ⁽⁷⁾	41,380,718	39.5%
Total	104,878,049	100%

(1) A vehicle wholly-owned by the Permira Funds.

(2) Holding through the Ardian Vehicles.

(3) Comprises CM-CIC Investissement SAS, CIC Mezzanine 2 FCPR, Massena Special Recovery FCPR and Dentressangle Initiatives SAS.

(4) A vehicle established in connection with the purchase of shares from certain former members of Go Voyages' management.

(5) Comprises members of Senior Management other than Javier Pérez-Tenessa de Block.

(6) The Other Minority Shareholders comprise Minority Shareholders, most of whom are employees of eDreams ODIGEO or its subsidiaries, and are subject to a lock-up period.

(7) Public includes certain employees of eDreams ODIGEO or its subsidiaries who are not subject to a lock-up period.

Ardian

Ardian was established in 1996 with headquarters in Paris. Ardian manages and advises over \$36 billion of assets and currently has offices in Frankfurt, London, Milan, New York, Singapore, Vienna, Zurich, Luxembourg and Beijing. Funds managed by Ardian invest in a complete range of buyout asset classes including buyout, venture capital, co-investment, infrastructure, private debt, primary, early secondary and secondary funds of funds. Ardian does not have a specific industry focus, but in the past five years its main investments have been in the oil & gas, health, testing, chemical, industrial, consumer and technology, and media and telecommunications sectors. Recent investments of the funds managed by Ardian include NHV in the oil & gas transportation sector, Anios in the health sector, Trescal in the testing sector, Fives Group in the industrial sector, Riemser in the health sector and Schustermann & Borenstein in the consumer sector. To date, funds managed by Ardian have closed over 50 buyout transactions in France, Germany, Belgium and Italy.

Ardian holds its interests in eDreams ODIGEO via the Ardian Vehicles.

Permira Funds

Since 1985, the Permira Funds have made nearly 200 private equity investments, with a total committed capital of approximately €22 billion. The Permira Funds' investment activity focuses on six core sectors: Chemicals, Consumer, Financial Services, Healthcare, Industrial Products and Services and Technology, Media and Telecommunications, with the latter accounting for approximately 35% of total investments made. The Permira Funds hold their interests in eDreams ODIGEO via Luxgoal 3.

Shareholders' Agreement

We understand that on April 3, 2014, Luxgoal 3, the Ardian Funds and Javier Pérez-Tenessa de Block entered into a Shareholders' Agreement in respect of eDreams ODIGEO. eDreams ODIGEO is not a party to the Shareholders' Agreement. In addition to the matters relating to the Board of Directors and the Chief Executive

Officer described in “Management and Board of Directors”, we understand that the Shareholders’ Agreement contains provisions to support an orderly and coordinated process in respect of future sales of Shares by Luxgoal 3 or the Ardian Funds following the expiration of their lock-up arrangements described in “Plan of Distribution”.

The Shareholders’ Agreement will terminate at such time that each of Luxgoal 3 or the Ardian Funds, in each case, together with their respective affiliates, cease to hold at least 7.5% of the issued and outstanding Shares.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Opodo Acquisition and the Combination

On June 30, 2011, the eDreams ODIGEO Group was formed through the combination of the eDreams Group with the GoVoyages Group and the Opodo Group (the “Combination”) by way of (i) a contribution to eDreams ODIGEO of (a) the eDreams Group by the Permira Funds and (b) the GoVoyages Group by the Ardian Funds in exchange for shares in eDreams ODIGEO and (ii) the acquisition by LuxGEO (a wholly-owned subsidiary of eDreams ODIGEO) of 100% of the share capital of Opodo from Amadeus IT Group, S.A. (“Amadeus”) effective as of June 30, 2011 (the “Opodo Acquisition”).

Agreements with Amadeus

On February 9, 2011, in connection with the Opodo Acquisition, LuxGEO entered into a 10-year non-exclusive agreement with Amadeus, which controlled the Opodo Group at that time, for the supply of GDS services. The cash consideration paid by LuxGEO to Amadeus for the Opodo Acquisition was approximately €409.7 million. In connection with the Opodo Acquisition, Amadeus agreed to pay the ODIGEO Group (whose legal successor is the eDreams ODIGEO Group) a signing bonus in the amount of €51.1 million under the GDS agreement. Under certain circumstances, the eDreams ODIGEO Group may be required to repay the GDS contract bonus, in whole or in part, to Amadeus, namely if the eDreams ODIGEO Group fails to meet certain targets for volumes of products sold through the Amadeus GDS set forth in the GDS agreement. In 2014, the contract was extended for two additional years until 2022.

Transactions with Affiliates

An affiliate of the Permira Funds purchased 2019 Notes issued by the 2019 Notes Issuer on April 21, 2011 and 2018 Notes issued by the 2018 Notes Issuer on January 31, 2013. Our affiliates may from time to time hold or transact in the 2019 Notes and the 2018 Notes.

Management Incentives

Directors

Independent Directors on our Board of Directors are compensated based on the number of Board meetings they attend (approximately €6,700 for each meeting). In addition, the chairmans and vice chairmans of each of the Audit Committee and the Remuneration and Nomination Committee are entitled to additional remuneration in connection with these functions. Executive Directors and Directors appointed from among candidates put forward by a Principal Shareholder Group are not paid any fee for their service on the Board of Directors.

Members of the Senior Management Leadership Team

Remuneration of the members of the Senior Management Leadership Team consists of the following fixed and variable components: (i) a fixed base salary, (ii) a variable annual cash bonus (short-term annual cash incentive) and (iii) variable remuneration pursuant to a long-term incentive plan (“LTIP”). The variable annual cash bonus component is dependent on eDreams ODIGEO’s operating results and the achievement of individual targets determined on an individual basis. The LTIP component provides for the granting of performance stock rights (“PSRs”) to certain eligible employees. The LTIP relates to a period of four years with two overlapping cycles of three years each. The performance thresholds for the vesting of the PSRs and the acquisition of incentive shares by eligible employees corresponding to each cycle will be based on the growth rate of total shareholder’s return on an absolute basis (*i.e.*, without comparison to any other company). In connection with the LTIP, members of the Senior Management Leadership Team that are eligible employees will be subject to certain lock-up arrangements.

Convertible Subordinated Shareholder Bonds

Following the completion of the Opodo Acquisition and the Combination, Axeurope and Luxgoal held subordinated convertible bonds issued by the 2019 Notes Issuer, with a maturity period of 49 years and subject to

the terms of the Intercreditor Agreement as Investor Liabilities (as defined therein). See “Description of Other Indebtedness—Convertible Subordinated Shareholder Bonds”.

Following eDreams ODIGEO’s initial public offering, eDreams ODIGEO is the holder of 100% of the Convertible Subordinated Shareholder Bonds.

DESCRIPTION OF MATERIAL INDEBTEDNESS

The following contains a summary of the material provisions of the Revolving Credit Facility Agreement, the Intercreditor Agreement, the 2018 Notes and the 2018 Notes Indenture, the 2019 Notes and the 2019 Notes Indenture, the Convertible Subordinated Shareholder Bonds and certain other instruments or facilities, in each case, as we expect them to be entered into or as in effect at the date of this Report. The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. Some of the terms used herein are defined in these agreements, and we have not included all of such definitions herein.

Overview—2018 Notes and 2019 Notes

As of March 31, 2014, we had consolidated total debt of €512.1 million, including principal and accrued and unpaid interest but excluding the Convertible Subordinated Shareholders Bonds. The principal components of our total debt were:

- the €325 million aggregate principal amount of 7.500% Senior Notes issued on January 31, 2013 by the 2018 Notes Issuer, a wholly owned indirect subsidiary of eDreams ODIGEO, due 2018 (the “2018 Notes”), the proceeds of which were used mainly to refinance a senior facility that was entered into to finance the Opodo Acquisition; and
- the €175 million aggregate principal amount of 10.375% Senior Notes issued on April 21, 2011 by the 2019 Notes Issuer, a wholly owned direct subsidiary of eDreams ODIGEO, due 2019 (the “2019 Notes”), the proceeds of which were used to finance the Opodo Acquisition.

Revolving Credit Facility Agreement

On January 31, 2013, LuxGEO, a wholly-owned subsidiary of the 2019 Notes Issuer, the 2019 Notes Issuer and certain other ODIGEO Group companies (including the Guarantors) entered into the Revolving Credit Facility Agreement (the “Revolving Credit Facility Agreement”) with certain lenders (the “RCF Lenders”) for general corporate purposes, as well as for the purpose of providing working capital (excluding any payment in respect of redemption or purchase of the 2018 Notes or the 2019 Notes or to fund certain other structural loans by the 2019 Notes Issuer). As of March 31, 2014, no cash drawings were outstanding under the Revolving Credit Facility Agreement.

Funding of the facility (which is tranching) under the Revolving Credit Facility Agreement is subject to a limited number of customary conditions precedent, including delivery of a copy of the 2018 Notes Indenture and a certificate of the 2018 Notes Issuer that 2018 Notes in an aggregate principal amount of not less than €325 million have been issued and subscribed for, as well as receipt by LuxGEO of the proceeds of the 2018 Notes pursuant to the Funding Loan.

The description set forth below is a summary of the principal terms and conditions of the Revolving Credit Facility Agreement and is qualified in its entirety by reference to the Revolving Credit Facility Agreement and the other documents to be entered into in connection therewith. Credit Suisse International, Goldman Sachs International, Lloyds TSB Bank plc, Société Générale and UBS Limited are the mandated lead arrangers (together, the “RCF Arrangers”) and Société Générale is the facility agent (the “RCF Agent”) and the security agent (the “Security Agent”) under the Revolving Credit Facility Agreement. The Revolving Credit Facility Agreement is a €130 million facility with a final maturity date of July 15, 2018, which may be utilized by way of cash drawings, overdraft, bank guarantees, letters of credit or ancillary facilities (each a “Utilization”).

Interest rate and fees

Utilizations under the Revolving Credit Facility Agreement bear interest at rates per annum equal to the aggregate of:

- (a) EURIBOR; and

- (b) an initial applicable margin of 3.75% per annum, subject to downward adjustment in accordance with a margin ratchet based on the ratio of Consolidated Total Net Debt at the end of an accounting quarter to Consolidated EBITDA (as such terms are defined in the Revolving Credit Facility Agreement) for the preceding four accounting quarters (as reported in the applicable compliance certificate required under the Revolving Credit Facility Agreement at the end of each quarter if any Utilization in cash or by overdraft facility was made during such period) on any date on which a compliance certificate is required to be delivered.

LuxGEO is also required to pay a commitment fee on available but unused commitments under the Revolving Credit Facility Agreement, quarterly and in arrears, at a rate of 40% per annum of the applicable margin.

We are also required to pay fees related to the issuance of ancillary facilities, letters of credit and certain fees to the RCF Agent and Security Agent in connection with the Revolving Credit Facility Agreement.

Guarantees and Security

The obligations under the Revolving Credit Facility Agreement and any Hedging Obligations secured by the Collateral (the “Hedging Liabilities”) are secured by the Collateral, which also secures the 2018 Notes and the Guarantees in respect of the 2018 Notes together with certain additional collateral that does not secure the 2018 Notes or Guarantees in respect of the 2018 Notes. Pursuant to the terms of the Intercreditor Agreement, liabilities in respect of obligations under the Revolving Credit Facility Agreement and any Hedging Liabilities secured by the Collateral will receive priority in right of payment to obligations under the 2018 Notes and Guarantees in respect of the 2018 Notes with respect to any proceeds received upon any enforcement of the Collateral, notwithstanding that any first ranking security is purported to be granted *pari passu* between the lenders under the Revolving Credit Facility Agreement and the holders of the 2018 Notes (the “2018 Noteholders”). In addition, the 2019 Notes and the Guarantees in respect of the 2019 Notes will have a first ranking security interest in respect of the 2019 Notes First Priority Collateral (i.e., the capital stock in the 2019 Notes Issuer held by eDreams ODIGEO, Axeurope and Luxgoal; all of the issued capital stock in LuxGEO GP S.à r.l.; the bank accounts of eDreams ODIGEO located in Luxembourg and intercompany loans and other receivables of eDreams ODIGEO, if any). The 2019 Notes First Priority Collateral will not secure the obligations under the Revolving Credit Facility Agreement, any Hedging Liabilities or the 2018 Notes. Any proceeds received upon any enforcement over the Collateral (but not the 2019 Notes First Priority Collateral), after all obligations under the Revolving Credit Facility Agreement and liabilities of the RCF Agent and the Security Agent and certain fees and expenses of the Trustee have been repaid, and any such secured Hedging Liabilities have been discharged from such recoveries, will be applied *pro rata* in repayment of all obligations under the 2018 Notes Indenture and the 2018 Notes and any other Indebtedness of the 2018 Notes Issuer and the 2018 Notes Guarantors permitted to be incurred and secured by the Collateral on the same basis pursuant to the 2018 Notes Indenture and the Intercreditor Agreement.

Under the Intercreditor Agreement, notwithstanding any second ranking security granted by Go Voyages, Lyparis, LyEurope, the 2019 Notes Issuer or Opodo in favor of the lenders under the Revolving Credit Facility Agreement and the 2018 Noteholders and any prior ranking claim of the holders of the 2019 Notes (the “2019 Noteholders”) in respect of the Collateral, the 2019 Noteholders will agree to turn over any recoveries from any disposal of the Collateral to the Security Agent in relation to any prior ranking interest in the Collateral (but not the 2019 Notes First Priority Collateral) and any payments after an insolvency event in relation to any member of the ODIGEO Group, to be distributed in payment in full of any claims of the RCF Lenders and of the hedging banks acting as hedge counterparties in respect of any Hedging Liabilities (the “Hedging Banks”) on a *pari passu* basis before payment of any claims of the 2018 Noteholders.

The Revolving Credit Facility Agreement also requires that from the date of its signing (i) the aggregate of the unconsolidated revenues of the guarantors thereunder exceeds 85% of the consolidated revenues of the 2019 Notes Issuer and its subsidiaries and (ii) the aggregate of the unconsolidated EBITDA of the guarantors thereunder exceeds 85% of Consolidated EBITDA (as defined in the Revolving Credit Facility Agreement).

LuxGEO will ensure that if any of its subsidiaries becomes a Material Subsidiary (as defined under the Revolving Credit Facility Agreement), or if any such Material Subsidiary acquires any business or asset that is material to the business of LuxGEO or any of its subsidiaries, then as soon as practicable after the occurrence of such event the relevant entity will become an additional guarantor under the Revolving Credit Facility Agreement

and will grant security over its assets pursuant to the Revolving Credit Facility Agreement in accordance with the agreed security principles.

Hedging

The borrowers under the Revolving Credit Facility Agreement will not be obliged to carry out any hedging in respect of the Revolving Credit Facility Agreement. However, such borrowers may undertake and manage non-speculative currency and interest rate hedging in the ordinary course of business.

Prepayment

The liabilities under the Revolving Credit Facility Agreement must be prepaid in full upon the occurrence of certain events, including in the event of a change of control or the sale of all or substantially all of the assets of LuxGEO and its subsidiaries. The borrower may prepay, in whole or in part upon giving at least five Business Days' prior notice to the RCF Agent, amounts outstanding under the Revolving Credit Facility Agreement.

Covenants

The Revolving Credit Facility Agreement also requires us to observe certain customary information and restrictive covenants that restrict, among other things:

- our ability to create or permit to subsist any security interest over any part of our assets, although certain categories of security interests are permitted;
- our ability to substantially change the general nature of the business of the ODIGEO Group taken as a whole;
- our ability to engage in certain transactions on a non-arm's length basis;
- our ability to repay, prepay or otherwise redeem the 2018 Notes or offer to do so;
- our ability to change our centre of main interests and establishments;
- the maximum balance that we may deposit in any unsecured bank account to €50,000 per account; and
- the 2018 Notes Issuer's business to issuing the 2018 Notes, holding cash and cash equivalent investments and being the creditor of the Funding Loan (and other activities incidental to such business).

In addition, certain customary information and restrictive covenants in the Revolving Credit Facility Agreement follow the terms of the 2018 Notes Indenture and restrict our ability to, among other things:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- make certain restricted payments, including dividends or other distributions with respect to shares of LuxGEO or its restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- engage in prohibited activities (solely with respect to the 2018 Notes Issuer and the 2019 Notes Issuer);
- enter into arrangements that impose encumbrances or restrictions on the ability of our subsidiaries to pay dividends, make other payments or transfer assets to LuxGEO or any restricted subsidiaries;
- engage in certain transactions with affiliates;
- consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis; and
- impair the security interests for the benefit of the Super Priority Creditors (as defined below).

The Revolving Credit Facility Agreement requires us to comply with a specified financial ratio of Consolidated Total Net Debt to Consolidated EBITDA, or Total Debt Cover (each as defined in the Revolving Credit Facility Agreement) which will be tested quarterly. The Total Debt Cover must not exceed 5.50 to 1.00. Failure to maintain the Total Debt Cover covenant at any testing date shall constitute an event of default under the Revolving Credit Facility Agreement.

Events of Default

The Revolving Credit Facility Agreement also contains certain customary events of default, including, but not limited to, non-payment of principal, interest or other payments; misrepresentations; breach of covenants; repudiation of the financing or transaction documents; cross default to other indebtedness of a member of the ODIGEO Group in excess of €3 million in the aggregate; an event of default under the 2018 Notes; invalidity of security or guarantees under the Revolving Credit Facility Agreement; breach of the Intercreditor Agreement; certain nationalization or expropriation; certain audit qualification; certain litigation; unlawfulness or invalidity; and material adverse change.

In addition, certain events of default under the Revolving Credit Facility Agreement follow the terms of the 2018 Notes Indenture in respect of bankruptcy, insolvency or insolvency proceedings or other similar events.

Intercreditor Agreement

On January 31, 2013, the 2018 Notes Issuer, the 2019 Notes Issuer, Société Générale (as the RCF Agent and the Security Agent), the Trustee, LuxGEO (as original debtor), the Creditors and the Investor Creditors (each as defined therein), entered into an amendment agreement pursuant to which the intercreditor agreement dated February 18, 2011 was amended and restated (as amended and restated pursuant to such amendment agreement, the “Intercreditor Agreement”) in order to establish the relative rights of certain creditors under our financing arrangements.

The Intercreditor Agreement is governed by English law. The Intercreditor Agreement sets out, amongst other things:

- the relative ranking of certain indebtedness of the ODIGEO Group;
- the relative ranking of certain security granted by members of the ODIGEO Group;
- when payments can be made in respect of certain indebtedness of the ODIGEO Group;
- when enforcement action can be taken in respect of such indebtedness and the Collateral;
- the terms pursuant to which certain layers of indebtedness of the ODIGEO Group are subordinated upon the occurrence of certain insolvency events;
- any conditions applicable to the refinancing or addition of certain indebtedness of the ODIGEO Group;
- turnover provisions; and
- when security and guarantees will be released to permit a sale of the Collateral.

Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of the Revolving Credit Facility Agreement and the Intercreditor Agreement, the Intercreditor Agreement will prevail.

The following description is a summary of certain provisions of the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety, and we recommend you refer to the actual Intercreditor Agreement for further details, because it, and not the discussion that follows, defines certain rights of the 2018 Noteholders.

The 2018 Notes Indenture also provides that by accepting a 2018 Note, each 2018 Noteholder shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement and any additional

intercreditor agreement (whether then entered into or entered into in the future pursuant to the provisions described herein).

Ranking and Priority

The Intercreditor Agreement provides that the following order of priority shall apply to the satisfaction of all obligations owed by any debtor as defined thereunder (together, the “Debtors”) to the RCF Arrangers and RCF Lenders, the Hedging Banks and the Security Agent in its capacity as parallel debt creditor thereunder (the “Parallel Debt Creditor”) (together, the “Super Priority Creditors”) under the Revolving Credit Facility Agreement and the hedging documents relating to any Hedging Liabilities (as applicable), the 2018 Noteholders under the 2018 Notes, the Trustee and the Parallel Debt Creditor (together the “Senior Creditors”) and the 2019 Noteholders under the 2019 Notes, the Trustee and the Parallel Debt Creditor under the 2019 Notes (the “2019 Notes Creditors”):

First:

- (i) in relation to any member of the ODIGEO Group other than the 2019 Notes Issuer, the liabilities owing by the Debtors to:
 - (A) the Super Priority Creditors under the Revolving Credit Facility Agreement (the “Super Priority Lender Liabilities”);
 - (B) each Hedging Bank in respect of any Hedging Liabilities (together with the Super Priority Lender Liabilities, the “Super Priority Liabilities”);
 - (C) the 2018 Noteholders under the 2018 Notes (the “2018 Notes Liabilities”);
 - (D) the RCF Arrangers and the RCF Agent under the Revolving Credit Facility Agreement; and
 - (E) the Trustee under the 2018 Notes,
(together, the “Senior Liabilities”) and the liabilities owed to the Trustee under the 2019 Notes *pari passu* without any preference between them; and
- (ii) in relation to the 2019 Notes Issuer, the liabilities owed by the 2019 Notes Issuer as issuer of the 2019 Notes and including, for the avoidance of doubt, the 2019 Notes Agent Liabilities (the “2019 Notes Issuer Creditor Liabilities”) and the Senior Liabilities *pari passu* without any preference between them.

Second:

- (i) in relation to any member of the ODIGEO Group other than the 2019 Notes Issuer, the liabilities owed by the Debtors under the 2019 Notes (the “2019 Notes Liabilities”) but excluding the 2019 Notes Issuer Creditor Liabilities (the “2019 Notes Subordinated Liabilities”) *pari passu* without any preference between them.

The Intercreditor Agreement also provides that the Collateral shall rank and secure the following liabilities in the following order:

- **First**, all amounts due to the RCF Agent and the RCF Arrangers under the Revolving Credit Facility Agreement, to the Trustee under the 2018 Notes and to the Trustee under the 2019 Notes *pari passu* and without any preference between them;
- **Second**, the Super Priority Liabilities and 2018 Notes Liabilities *pari passu* and without any preference between them; and

- **Third**, the 2019 Notes Liabilities.

Under the Intercreditor Agreement, all proceeds from enforcement of the Collateral or any other payment received by a 2018 Noteholder following an acceleration of debt secured by the Collateral or following an insolvency event in relation to, or litigation against, a member of the ODIGEO Group will be applied as provided below under “—*Application of Proceeds*.”

The Super Priority Liabilities, the 2018 Notes Liabilities and the 2019 Notes Liabilities will each be secured by certain first or other ranking security interests over other collateral, respectively, that does not comprise the Collateral securing the obligations under the 2018 Notes.

Permitted Payments

Under the terms of the Intercreditor Agreement, we may make payments at any time in respect of the Super Priority Liabilities, in accordance with the terms of the Revolving Credit Facility Agreement.

In addition, we may make payments at any time in respect of the obligations under the 2018 Notes, in accordance with the terms of the 2018 Notes Indenture and certain other additional secured debt which may share the same payment and ranking as the 2018 Notes Liabilities, subject to compliance with the covenant relating to purchases of the 2018 Notes under the Revolving Credit Facility Agreement (which prohibits payments in respect of the 2018 Notes if an event of default under the Revolving Credit Facility Agreement is continuing or results therefrom). Each Debtor may also:

- (a) prior to the Debt Discharge Date, make payments to the 2019 Notes Creditors in respect of the 2019 Notes Subordinated Liabilities, and the 2019 Notes Creditors may receive and retain all such payments, in each case:
 - (i) if:
 - (A) the relevant payment(s) is (are) then due and is (are) of:
 - I. any payment of scheduled interest (or default interest) in cash or in kind (including capitalised interest in accordance with the 2019 Notes Documents);
 - II. any payment of any amount under provisions of any 2019 Notes Documents providing for tax gross-up, tax indemnities, currency indemnity or increased costs and expenses;
 - III. unless an Event of Default under the Revolving Credit Facility Agreement or under the 2018 Notes (the “Event of Default”) is continuing, any consent fee payment (and any indemnities and fees under any consent solicitation agent documentation) in connection with any amendment of the 2019 Notes Documents (to the extent permitted under the Intercreditor Agreement) which is reasonable and customary for that kind of amendment;
 - IV. any payment of 2019 Notes Agent Liabilities under the 2019 Notes Documents;
 - V. any necessary costs and expenses of any holder of security in relation to the protection, preservation or enforcement of such security;
 - VI. any costs, commissions, taxes, consent fees and expenses incurred in relation to any reporting or listing requirements under the 2019 Notes Documents; or

- VII. any payment of principal of, including premium on or in respect of 2019 Notes Liabilities when due on the applicable fixed maturity date;
- (B) other than with respect to payments referred to in paragraph (A)IV, (A)V and (A)VI above, no Payment Blockage Notice (as defined below) is outstanding; and
- (C) other than with respect to payments referred to in paragraph (A)IV, (A)V and (A)VI above, no Super Priority Payment Default or Senior Secured Notes Payment Default (each as defined in the Intercreditor Agreement) has occurred and is continuing; or
- (ii) if the Majority 2018 Notes Creditors (as defined below) and, unless the payment is a purchase, prepayment, redemption or other acquisition or retirement of any 2019 Notes in circumstances when no Event of Default is continuing or would result from such payment, the Majority Super Priority Creditors give prior consent to that payment being made; and
- (b) on or after the Debt Discharge Date, make payments to the 2019 Notes Creditors and the 2019 Notes Creditors may receive and retain payments in respect of the 2019 Notes Liabilities, in accordance with the terms of the relevant 2019 Notes Documents.

Payment Blockage Provisions

Prior to the Debt Discharge Date (as defined below), if any Event of Default has occurred and is continuing, the RCF Agent or the Trustee may, within 45 days of having received written notice of the occurrence of the Event of Default serve a written notice (the “Payment Blockage Notice”) to the Trustee and any joint security agent under the 2019 Notes (if any) (together, the “2019 Notes Representative”) and the 2019 Notes Issuer.

A Payment Blockage Notice will remain outstanding until the earliest of the following dates:

- (a) on which the Event of Default has been remedied or waived in accordance with the Revolving Credit Facility Agreement or the 2018 Notes Indenture (as applicable);
- (b) on which the RCF Agent and the Trustee notifies the 2019 Notes Representative and the 2019 Notes Issuer that the relevant Payment Blockage Notice served by it is cancelled;
- (c) the later of the date on which all obligations and liabilities owed by any Debtor to the finance parties under the Revolving Credit Facility Agreement have been fully and finally discharged whether or not as a result of an enforcement and each Hedging Bank is under no further obligation to provide financial accommodation to any of the Debtors under the relevant debt documents (the “Super Priority Discharge Date”) and the date on which all obligations and liabilities owed by any Debtor to the 2018 Noteholders have been fully and finally discharged (the “Notes Discharge Date”) whether or not as a result of an enforcement (the “Debt Discharge Date”);
- (d) the first business day that is 179 days after the date of service of such Payment Blockage Notice; and
- (e) the expiry of a Standstill Period (as defined below) in existence at the date of service of the Payment Blockage Notice.

Only one Payment Blockage Notice is permitted to be served in any consecutive 360-day period with respect to the same event or set of circumstances.

Standstill on Enforcement

Subject to the terms of the paragraph set out below, until after the Debt Discharge Date, no 2019 Notes Creditor shall be entitled to take any action against any Debtor to enforce the obligations owed under the 2019 Notes Indenture, the 2019 Notes and the Collateral against any Debtor in respect of any of the 2019 Notes Liabilities owed to it (together, the “2019 Notes Documents”).

The Security Agent may take against any Debtor any enforcement action available to it in respect of any of the 2019 Notes Liabilities, other than action against the 2019 Notes Issuer which relates to an enforcement of a guarantee (other than in relation to amounts owing under the 2019 Notes), the exercise of any right to require a member of the ODIGEO Group to acquire any liability, or the enforcement of the Collateral, if at the same time as, or prior to, that action:

- (a) an acceleration event has occurred under the Revolving Credit Facility Agreement or the 2018 Notes, in which case the 2019 Notes Creditor may pursue the same enforcement action in relation to the 2019 Notes Liabilities;
- (b) an event of default under the 2019 Notes is outstanding and (i) the relevant 2019 Notes Representative has notified the 2019 Notes Issuer, the RCF Agent, the Trustee and each other 2019 Notes Representative that a relevant event of default under the 2019 Notes has occurred and is continuing, (ii) a standstill period (a “Standstill Period”) of 179 days has elapsed from the date on which such default notice becomes effective following delivery in accordance with the terms of the Intercreditor Agreement and (iii) at the end of the Standstill Period the event of default under the 2019 Notes is continuing;
- (c) consent has been given by 66²/₃% of the participations of the Super Priority Creditors under the Revolving Credit Facility Agreement (the “Majority Super Priority Creditors”) and the 2018 Noteholders representing more than 50% of the 2018 Notes outstanding (the “Majority 2018 Notes Creditors”);
- (d) any prior Standstill Period outstanding at the date as such first- mentioned Standstill Period commenced has expired and the relevant event of default under the 2019 Notes which triggered the prior Standstill Period is continuing at the end or following the expiry of that prior Standstill Period;
- (e) a failure to pay principal under the 2019 Notes Indenture upon the relevant scheduled maturity date has occurred; or
- (f) an insolvency event has occurred in relation to any member of the ODIGEO Group or relevant Debtor, provided that such insolvency event was not the result of the actions of any 2019 Notes Creditor in which case the 2019 Notes Representative can enforce against the relevant member of the ODIGEO Group.

Subordination of Intra-Group Liabilities and Investor Creditor Liabilities

The Intercreditor Agreement contains customary provisions relating to the subordination of intra-group and investor creditor liabilities. Included as part of these provisions are specific provisions required by the Intercreditor Agreement to be applicable to the Lyparis Structural Back to Back Loan, which is the €175.0 million principal amount loan that was granted by the 2019 Notes Issuer as lender and Lyparis as borrower on the date of the issuance of the 2019 Notes. The receivables under the Lyparis Structural Back to Back Loan will be pledged on a second priority basis to secure our obligations under the Revolving Credit Facility Agreement, any Hedging Liabilities secured by the Collateral and the 2018 Notes, but under the Intercreditor Agreement the RCF Lenders, the 2018 Noteholders and the Hedging Banks will have a contractual right of payment in priority to the 2019 Noteholders, who have a first priority security interest in such asset. The Lyparis Structural Back to Back Loan has been structured to comply with the applicable provisions of the Intercreditor Agreement, which are summarized below:

Terms of the Lyparis Structural Back to Back Loan Agreements

Under the Intercreditor Agreement, the Lyparis Structural Back to Back Loan is required to provide for the following:

- (a) Lyparis is the borrower of the Structural Back to Back Loan (the “Structural Back to Back Loan Borrower”);
- (b) the lender is the 2019 Notes Issuer;
- (c) the loan must be governed by the laws of the jurisdiction of incorporation the Structural Back to Back Loan Borrower;
- (d) payments of principal, premium and interest (including any tax indemnities, gross-up amount or increased costs) required to be paid by the borrower under such loan do not exceed the amount of any payments of principal, premium and interest (including any tax indemnities, gross-up amount or increased costs) required to enable the 2019 Notes Issuer to make payments of principal, premium and interest (including any tax indemnities, gross-up amount, increased costs, additional amounts, special interest or default interest) and to pay any costs, fees (other than any prepayment fees) and expenses properly payable under the terms of the 2019 Notes Documents on the date for payment thereof;
- (e) the loan must have a scheduled repayment date for any principal amount which is no earlier than the final maturity date of the 2019 Notes Liabilities (it being understood that it may contain repayments corresponding to required payments under the 2019 Notes Documents, to the extent such payments are expressly permitted under (until the Debt Discharge Date) the Revolving Credit Facility Agreement and the 2018 Notes and may provide for repayment in full at any time after the final Debt Discharge Date);
- (f) no party to a Structural Back to Back Loan may assign, transfer or otherwise allow any security to exist in respect of any of its rights or obligations thereunder, save that the creditor of a Structural Back to Back Loan may enter into collateral in respect of its rights under that Structural Back to Back Loan and the corresponding Structural Back to Back Loan agreement;
- (g) it does not benefit from any security granted by any member of the ODIGEO Group or any holding company of any member of the ODIGEO Group save that the 2019 Notes Issuer as creditor of a Structural Back to Back Loan may benefit from certain security with respect to the payment obligations of the Structural Back to Back Loan Borrower under the Structural Back to Back Loan and any guarantee thereof;
- (h) it does not benefit from any guarantee, indemnity, assurance against loss or similar undertaking given by any member of the ODIGEO Group or any holding company of any member of the ODIGEO Group save that the creditor of a Structural Back to Back Loan may benefit from certain guarantees with respect to payment obligations of the Structural Back to Back Loan Borrower under the Structural Back to Back Loan agreement;
- (i) it is in a maximum principal amount equal to the principal amount of the 2019 Notes outstanding on April 21, 2011;
- (j) it is not permitted to be and is not at any time prior to the Final Discharge Date (as defined in the Intercreditor Agreement), the subject of any liabilities acquisition by any member of the ODIGEO Group or any other person;
- (k) no payments may be made in respect of any Structural Back to Back Loan save as permitted under the Intercreditor Agreement;

- (l) it is expressed to be subject to, and does not contain any provisions which conflict with the terms of, the Intercreditor Agreement; and
- (m) it includes a prepayment event upon the occurrence of the enforcement by the 2019 Noteholders of the Structural Back to Back Loan.

No changes may be made to any Structural Back to Back Loan by the parties thereto once it has been entered into without the prior written consent of (prior to the Super Priority Discharge Date) the Majority Super Priority Creditors, (prior to the Notes Discharge Date) the Majority 2018 Notes Creditors (prior to the discharge date under the 2019 Notes Documents) 2019 Noteholders representing more than 50% of the 2019 Notes outstanding, unless such amendment (i) is of a minor or technical nature, or (ii) is necessary for the purpose of making the financial terms of the Structural Back to Back Loans mirror the financial terms of the 2019 Notes Indenture or (iii) is otherwise not materially prejudicial to the interests of any of the finance parties under the Revolving Credit Facility Agreement, the 2018 Noteholders, the Trustee, the Parallel Debt Creditor and the 2019 Notes Creditors and, in each case, does not cause any Structural Back to Back Loan to cease to comply with the above mentioned principles.

Equalization

If, for any reason, any Super Priority Liabilities remain unpaid after an enforcement on the Collateral and after the application of any such amounts recovered pursuant to the provisions described below under “—*Application of Proceeds*,” and the resulting losses are not borne by the Super Priority Creditors with their respective exposures on the date of enforcement, then the creditors in respect of such obligations shall make payments from any such recovered amounts amongst themselves as the Security Agent shall require to apply such recovered amounts proportionately.

If, for any reason, any obligations under the 2018 Notes remain unpaid after an enforcement on the Collateral and after the application of any such amounts recovered pursuant to the provisions described below under “—*Application of Proceeds*,” and the resulting losses are not borne by the 2018 Noteholders with their respective exposures on the date of enforcement, then the 2018 Noteholders shall make payments from any such recovered amounts amongst themselves as the Security Agent shall require to apply such recovered amounts proportionately.

Turnover

Subject to certain exclusions, if any Super Priority Creditor, 2018 Noteholder or 2019 Noteholder (or any of their respective creditor representatives) receives or recovers any payment or distribution of the Liabilities other than permitted payments under the Intercreditor Agreement or the proceeds of any enforcement of any Collateral or any other payment received by a 2018 Noteholder following an acceleration of debt secured by the Collateral or following an insolvency event in relation to a member of the ODIGEO Group or from proceeds from litigation (except for distributions received by the 2019 Notes Issuer or the Trustee from the 2019 Notes Issuer under the 2019 Notes Documents unless received by either of them in breach of the Intercreditor Agreement) except in accordance with “—*Application of Proceeds*” below, that person must:

- (a) in relation to amounts not received or recovered by way of set-off, hold that amount on trust for the Security Agent and promptly pay an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
- (b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay that amount on trust for the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Turnover, as described under (a) and (b) above, do not apply to any receipt or recovery with respect to:

- (i) certain netting and close-out activities by a Hedging Bank in respect of any Hedging Liabilities;
- (ii) certain netting and set-off rights of an ancillary lender in respect of overdraft facilities;
- (iii) those made in accordance with the provisions described under “—*Equalization*” above;

- (iv) amounts distributed by the Trustee to the 2018 Noteholders in accordance with the 2018 Notes Indenture, to the extent that prior to the distribution of any such amounts the Trustee did not have actual knowledge that such receipt or recovery falls within the turnover provisions described under (a) and (b) above; and
- (v) amounts distributed by the Trustee to the 2019 Noteholders in accordance with the 2019 Notes Indenture, to the extent that prior to the distribution of any such amounts the Trustee did not have actual knowledge that such receipt or recovery falls within the turnover provisions described under (a) and (b) above.

Security—Super Priority Creditors

Subject to certain exceptions, the Super Priority Creditors may not take, accept or receive the benefit of:

- (a) any security from any member of the ODIGEO Group in respect of the Super Priority Liabilities in addition to the Collateral unless, to the extent legally possible and subject to any agreed security principles, at the same time it is also offered either (i) to the Security Agent as agent or trustee for the other parties secured by the Collateral or (ii) in the case of any jurisdiction in which effective security cannot be granted in favor of the Security Agent as agent or trustee for the parties secured by the Collateral, to the other parties secured by the Collateral or to the Security Agent under a parallel debt structure, joint and several creditor structure or agency structure for the benefit of the parties secured by the Collateral (which ranks in the same order of priority as otherwise contemplated in the Intercreditor Agreement, provided that all amounts received or recovered by any Super Priority Creditor with respect to such security are immediately paid to the Security Agent);
- (b) any guarantee, indemnity or other assurance against loss from any member of the ODIGEO Group in respect of the Super Priority Liabilities in addition to those contained in the Revolving Credit Facility Agreement or any guarantee, indemnity or other assurance against loss in respect of any of the liabilities, the benefit of which (however conferred) is, to the extent legally possible and subject to any agreed security principles, given to all the secured parties in respect of liabilities owing to them (the “Common Assurance”).

Security—2018 Noteholders

Subject to certain exceptions, the 2018 Noteholders may not take, accept or receive the benefit of:

- (a) any security from any member of the ODIGEO Group in respect of the obligations under the 2018 Notes in addition to the Collateral unless, to the extent legally possible and subject to any agreed security principles, at the same time it is also offered either (i) to the Security Agent as agent or trustee for the other parties secured by the Collateral or (ii) in the case of any jurisdiction in which effective security cannot be granted in favor of the Security Agent as agent or trustee for the parties secured by the Collateral, to the other parties secured by the Collateral or to the Security Agent under a parallel debt structure, joint and several creditor structure or agency structure for the benefit of the parties secured by the Collateral (which ranks in the same order of priority as otherwise contemplated in the Intercreditor Agreement, provided that all amounts received or recovered by any 2018 Noteholder with respect to such security are immediately paid to the Security Agent); and
- (b) any guarantee, indemnity or other assurance against loss from any member of the ODIGEO Group in respect of the 2018 Notes in addition to those in the Intercreditor Agreement or any Common Assurance.

Security—2019 Notes Creditors

At any time prior to the Debt Discharge Date, the 2019 Notes Creditors may not take, accept or receive from any member of the ODIGEO Group the benefit of any security, guarantee, indemnity or other assurance against loss in respect of the 2019 Notes Issuer Creditor Liabilities other than:

- (a) the Collateral and the 2019 Notes First Priority Collateral;
- (b) any guarantee, indemnity or other assurance against loss contained in:
 - (i) the 2019 Notes Indenture;
 - (ii) the Intercreditor Agreement; or
 - (iii) any Common Assurance,

unless prior to the Super Priority Discharge Date, the prior consent of the Majority Super Priority Creditors and Majority 2018 Notes Creditors is obtained.

Enforcement Instructions—Manner of Enforcement

The Security Agent may refrain from enforcing the transaction security unless otherwise instructed by an Instructing Group. For the purposes of this section, “Instructing Group” shall mean:

- (a) other than with respect to the 2019 Notes First Priority Collateral:
 - (i) at any time prior to the Notes Discharge Date, the Majority Super Priority Creditors or the Majority 2018 Notes Creditors, provided that the instructions from both the Majority Super Priority Creditors and Majority 2018 Notes Creditors are not inconsistent as to the manner of enforcements (including any inconsistency as to the time frame for realising value from an enforcement of Collateral) (“Conflicting Enforcement Instruction”);
 - (ii) in relation to instructions with respect to enforcement, the Majority 2018 Notes Creditors, to the extent that the Security Agent has received Conflicting Enforcement Instructions, and subject to compliance with the Consultation Period (as defined below) requirements;
 - (iii) in relation to instructions with respect to enforcement, the Majority Super Priority Creditors, in the event that the Super Priority Liabilities have not been fully discharged within six months from the date that the first enforcement instructions were issued where there was a Conflicting Enforcement Instruction or a period of no less than three months has elapsed since the proposed enforcement instruction date and no enforcement was effected by the Security Agent; and
 - (iv) on or after the Notes Discharge Date but prior to the discharge date under the 2019 Notes Documents, and in connection with instructions given to the relevant 2019 Notes Representative, the 2019 Noteholders representing more than 50% of the 2019 Notes then outstanding (the “Majority 2019 Notes Creditors”); and
- (b) with respect to the 2019 Notes First Priority Collateral, at any time prior to the discharge date under the 2019 Notes Documents, the Majority 2019 Notes Creditors.

If either of the Majority Super Priority Creditors or the Majority 2018 Notes Creditors wishes to enforce on the Collateral, then such group of creditors must deliver a copy of their proposed enforcement instructions to the Security Agent and the creditor representative each such creditor group at least five Business Days (as defined in the Intercreditor Agreement) prior to the proposed date of issuance of such enforcement instructions.

Until the Super Priority Discharge Date, if the Security Agent has received Conflicting Enforcement Instructions from the Majority Super Priority Creditors and the Majority 2018 Notes Creditors, then the Security Agent will promptly notify the respective creditor representative of each such creditor group and such creditor representatives will consult with each other and the Security Agent in good faith for a period of not less than 30 days (or such shorter period as such creditor representatives may agree) (the “Consultation Period”). The respective creditor representatives of such creditor groups, however, will not be required to consult with each other pursuant to this paragraph, if:

- (a) the Collateral has become enforceable as a result of an insolvency event;
- (b) the Majority Super Priority Creditors or the Majority 2018 Notes Creditors determine in good faith (and notify the creditor representatives of any other such creditors and the Security Agent accordingly) that to enter into such consultations and thereby delay enforcement on the Collateral could reasonably be expected to have a material adverse effect on:
 - (i) the Security Agent’s ability to enforce on any of the Collateral; or
 - (ii) the recovery of proceeds resulting from any enforcement on the Collateral in any material respect;
- (c) a period of no less than six months has elapsed since the date of the proposed enforcement instructions and no enforcement is being effected by the Security Agent; or
- (d) the RCF Agent and Trustee agree that no Consultation Period is required.

If consultation has taken place for at least 30 days (or for such shorter period as agreed by the relevant creditor representatives) or is not required (pursuant to clause (d) above), then there shall be no further obligation to consult and the Security Agent may act in accordance with the enforcement instructions then or previously received from the Instructing Group and the Instructing Group may issue instructions as to enforcement on the Collateral to the Security Agent at any time thereafter.

If Collateral is being enforced according to the terms described in this Section, the Security Agent shall enforce the relevant Collateral in such manner as (i) the Instructing Group shall instruct (provided that any such instructions are consistent with the security enforcement principles) or, (ii) prior to the Debt Discharge Date, if the Security Agent has received instructions given by the Majority 2019 Notes Creditors to enforce the Collateral and the Instructing Group has not given instructions as to the manner of enforcement of the Collateral, as the Majority 2019 Notes Creditors shall instruct, or in the absence of any such instructions, as the Security Agent sees fit.

After the Security Agent has commenced enforcement of any Collateral following the instructions of an Instructing Group, it will not be required to accept any subsequent instructions from anyone other than that Instructing Group as to the enforcement of any Collateral except that it does not restrict (i) the Majority 2019 Notes Creditors giving instructions to the Security Agent, or the Security Agent accepting such instructions, as to the manner of enforcement of the 2019 Notes First Priority Collateral or (ii) any other Instructing Group or, where applicable, the Majority 2019 Notes Creditors giving instructions to the Security Agent or the Security Agent accepting instruction in respect of any other Collateral granted by a holding company of the person who granted the Collateral being enforced.

The Intercreditor Agreement provides that each creditor (including each Investor Creditor) agrees with the Security Agent that it will cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the ODIGEO Group as instructed by the Security Agent. The Security Agent shall give instructions in relation thereto as directed by any relevant Instructing Group (or a representative, should it be authorized to give enforcement instructions).

Application of Proceeds

Subject to rights of creditors mandatorily preferred by law and except as otherwise permitted under the Intercreditor Agreement, all amounts received or recovered by the Security Agent pursuant to the terms of the relevant debt documents or in connection with the realization or enforcement of the Collateral shall be applied in the following order of priority:

- (a) **First**, (i) in payment of any sums due to the Security Agent, (ii) in payment to the RCF Agent on its own behalf for application towards the discharge of the liabilities owed by the Debtors to the RCF Agent under or in connection with the Revolving Credit Facility Agreement, any receiver or any delegate appointed, (iii) in payment to the Trustee on its own behalf for application towards the discharge of amounts owed by and/or payable by the 2019 Notes Issuer, the Debtors and the guarantors to the Trustee and the Security Agent under or in connection with the 2019 Notes (the “2019 Notes Agent Liabilities”); and (iv) in payment to the Trustee on its own behalf for application towards the discharge of amounts owed by and/or payable by the 2018 Notes Issuer under the 2018 Notes, the Debtors and the 2018 Notes Guarantors to the Trustee and the Security Agent under or in connection with the 2018 Notes on a *pari passu* basis;
- (b) **Second**, in payment of all costs and expenses incurred by each creditor representative of each creditor group in connection with any realization or enforcement of Collateral taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;
- (c) **Third**, save in the case of the 2019 Notes First Priority Collateral, in payment to:
 - (i) the RCF Agent on behalf of the RCF Arrangers and the RCF Lenders, and
 - (ii) the Hedging Banks,for application towards the discharge of:
 - (x) all obligations and liabilities owed by any Debtor to the RCF Lenders and the RCF Arrangers; and
 - (y) any Hedging Liabilities due to the Hedging Banks (on a *pro rata* basis between the relevant Hedging Liabilities of each Hedging Bank);on a *pro rata* basis between the paragraphs (x) and (y) above;
- (d) **Fourth**, save in the case of the 2019 Notes First Priority Collateral, in payment to the Trustee on behalf of the 2018 Noteholders;
- (e) **Fifth**, in payment to the Trustee on behalf of the 2019 Noteholders;
- (f) **Sixth**, if none of the Debtors is under any further actual or contingent liability under the Revolving Credit Facility Agreement, any hedging agreement in respect of any Hedging Liabilities, documents related to the 2018 Notes or the 2019 Notes Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and
- (g) **Seventh**, the balance, if any, in payment to the relevant Debtor.

Release of Security and Guarantees

In circumstances where a disposal of Collateral is not a distressed disposal (and is otherwise permitted under the terms of the Revolving Credit Facility Agreement, any documentation in respect of any Hedging Liabilities and not prohibited under the 2018 Notes Indenture or the 2019 Notes Indenture), the Intercreditor Agreement provides that the Security Agent is authorized to release the Collateral or any other claim over the

relevant asset (including, where the Collateral consists of shares in the capital of a Debtor, to release the Collateral or any other claim over such Debtor's assets). If the proceeds of any such non-distressed disposal are required to be applied to a mandatory prepayment in respect of the obligations under the Revolving Credit Facility Agreement (to the extent there is any such requirement), any Hedging Liabilities, the 2018 Notes or the 2019 Notes, then such proceeds will be applied in payment of:

- (a) **First**, the liabilities owed by the Debtors to the RCF Lenders under the Revolving Credit Facility Agreement, the 2018 Noteholders under the 2018 Notes and the Hedging Banks under the hedging documents on a *pari passu* basis in accordance and to the extent required by the terms of the Revolving Credit Facility Agreement and/or the 2018 Notes Indenture;
- (b) **Second**, after payment in full of the amounts due pursuant to (a) above, the 2019 Notes in accordance with the 2019 Notes Documents, provided that no payment may be made thereon unless at the time that such payment would otherwise be due, there are no Super Priority Liabilities or 2018 Notes Liabilities outstanding.

In circumstances where a disposal of Collateral is a distressed disposal, the Intercreditor Agreement provides that the Security Agent is authorized:

- (a) to release the Collateral or any other claim over the relevant asset;
- (b) if the asset which is disposed of consists of shares in the capital of a Debtor, to release (i) that Debtor and any of its subsidiaries from all or part its borrowing, guaranteeing or other liabilities, (ii) any Collateral consisting of such Debtor's or its subsidiaries' assets and (iii) any other claim of a Debtor, Investor Creditor or intra-group lender over such Debtor's or its subsidiaries' assets;
- (c) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release (i) such holding company and any of its subsidiaries from all or any part of its borrowing, guaranteeing or other liabilities, (ii) any Collateral consisting of such holding company's or its subsidiaries' assets and (iii) any other claim of a Debtor, Investor Creditor or intra-group lender over such Debtor's or its subsidiaries' assets;
- (d) if the asset which is disposed of consists of shares in the capital of a Debtor or any holding company of a Debtor, to dispose of all of any part of the liabilities of the 2019 Notes Issuer or its subsidiaries or any liabilities of the Debtors; and
- (e) if the asset which is disposed of consists of shares in the capital of a Debtor or holding company of a Debtor, to transfer intra-group liabilities and liabilities of the Debtors owed by such Debtor or holding company of a Debtor to another Debtor.

Any net proceeds of any such distressed disposal of Collateral must be applied in accordance with the enforcement proceeds waterfall described above under “—*Application of Proceeds*.”

Amendment

The Intercreditor Agreement may only be amended or waived with the consent of LuxGEO, the Majority Super Priority Creditors, the RCF Facility Agent, the Trustee and the Security Agent, unless it relates to certain specified matters, including ranking, priority, subordination, enforcement, amendments and the application of proceeds. Such amendments or waivers will require the consent of the RCF Facility Agent, the Super Priority Creditors, the Trustee, the 2018 Noteholders, each Hedging Bank (to the extent such amendment or waiver would adversely affect the Hedging Bank), the Trustee, the 2019 Noteholders and the Security Agent.

No amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party (other than in a way which affects that party's class generally) to the Intercreditor Agreement without the prior consent of such party.

The Intercreditor Agreement may be amended without the consent of any party thereto (including the 2018 Noteholders) in certain circumstances, including for the purpose of curing defects, resolving ambiguities or reflecting changes of a minor, technical or administrative nature.

The Intercreditor Agreement will permits the Security Agent (subject to the terms of the Revolving Credit Facility Agreement, the hedging documents, the 2018 Notes Indenture, the security documents, any agreement evidencing the intra-group liabilities, any agreement representing liabilities owed by the ODIGEO Group to the Investor Creditors and the 2019 Notes Indenture) to enter into new or supplemental security documents and/or release Collateral if certain conditions are met.

Option to Purchase: Super Priority Liabilities and Hedging Liabilities

After an acceleration event or the enforcement of any of the Collateral, the Trustee may, at the direction and the expense of the 2018 Noteholders, subject to certain conditions, acquire, or procure the acquisition of, all (but not part only) of the rights and obligations of the RCF Lenders and the Hedging Banks in respect of the Super Priority Liabilities.

Any such purchase will be on terms which will include, without limitation, payment in full in cash of an amount equal to the Super Priority Liabilities then outstanding, including broken funding costs and cost and expenses incurred by the RCF Agent and the RCF Lenders; after the transfer, no RCF Lender or Hedging Bank being under any actual or contingent liability to any Debtor under the Intercreditor Agreement or the Revolving Credit Facility Agreement; the purchasing 2018 Noteholders indemnifying each Super Priority Creditor for all losses which may be sustained or incurred as a result of any sum received or recovered being paid back by or clawed back from any Super Priority Creditor for any reason; and the relevant transfer being without recourse to, or warranty from, any Super Priority Creditor.

New Money and Refinancing

The Intercreditor Agreement contemplates that the Super Priority Lender Liabilities, 2018 Notes Liabilities and the 2019 Notes Liabilities can be increased or refinanced and that additional Super Priority Liabilities, 2018 Notes Liabilities or 2019 Notes Liabilities (as applicable) can be incurred, subject to satisfaction of certain conditions and to the extent permitted under the relevant debt documents.

To the extent any additional Super Priority Lender Liabilities, 2018 Notes Liabilities or 2019 Notes Liabilities cannot be secured *pari passu* with the then existing Super Priority Lender Liabilities, 2018 Notes Liabilities or 2019 Notes Liabilities (as applicable) without the Collateral first being released, such additional Super Priority Lender Liabilities, 2018 Notes Liabilities or 2019 Notes Liabilities may (to the extent permitted by applicable law) be secured pursuant to additional security documents on a second or lesser ranking basis but will nevertheless continue for the purposes of the Intercreditor Agreement to be considered as having been secured on a *pari passu* basis with the then existing Super Priority Lender Liabilities, 2018 Notes Liabilities or 2019 Notes Liabilities (as applicable).

Each party to the Intercreditor Agreement agrees that it shall promptly execute all such documents as may reasonably be considered necessary in order to give effect to the refinancing of the Super Priority Lender Liabilities, 2018 Notes Liabilities or 2019 Notes Liabilities as contemplated under this paragraph “—*New Money and Refinancing*” and to give effect to the providing security as contemplated under this paragraph “—*New Money and Refinancing*” in respect of such additional or refinanced liabilities, including any amendment, consent, waiver or release in respect of any security documents and any grant of security pursuant to a new security document.

2018 Notes and 2018 Notes Indenture

On January 31, 2013, the 2018 Notes Issuer issued €325 million aggregate principal amount of 7.50% Senior Notes due 2018.

The 2018 Notes are general senior obligations of the 2018 Notes Issuer and are guaranteed on a senior subordinated basis by the 2019 Notes Issuer, LuxGEO, Opodo, Travellink and eDreams. The 2018 Notes and related Guarantees are secured by the Collateral and security interests over the assets that secure the 2018 Notes. The

security interests held by the lenders under the Revolving Credit Facility Agreement, any Hedging Obligations secured by the Collateral and the 2018 Notes by virtue of the Intercreditor Agreement are senior to certain security interests over the same assets relating to the 2019 Notes.

The terms of the 2018 Notes are governed by the 2018 Notes Indenture, which is governed by New York law.

The 2018 Notes Indenture provides that the 2018 Notes Issuer may redeem all or part of the 2018 Notes:

- in whole or in part at any time prior to February 1, 2015, at a redemption price equal to 100% of the principal and the applicable “make-whole” premium, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption;
- in whole or in part at any time on or after February 1, 2015, at redemption prices (expressed as percentages of their principal amount at maturity) beginning at 103.750% of the principal amount thereof as of February 1, 2015 and declining to 100.00% on February 1, 2017 and thereafter, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption; and
- at any time and from time to time prior to February 1, 2015, in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the Existing Senior 2018 Notes originally issued, with the proceeds of one or more qualifying equity offerings, at a redemption price equal to 107.50% of the principal amount redeemed plus accrued and unpaid interest, and additional amounts, if any, to the date of redemption.

The 2018 Notes Indenture contains customary provisions relating to the 2019 Notes Issuer’s obligation to make payments free of withholding deduction and its ability to redeem the 2018 Notes in the event of certain changes in the taxation of the 2018 Notes.

If an event treated as a change of control occurs at any time, then each holder of 2018 Notes may require the 2019 Notes Issuer to repurchase all or any part of such holder’s 2018 Notes at a purchase price equal to 101% of the aggregate principal amount of 2018 Notes repurchased, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. The 2019 Notes Issuer is also required to offer to repurchase the 2018 Notes with excess proceeds, if any, following certain asset sales.

The 2018 Notes Indenture contains customary covenants that limit, among other things, the ability of the 2019 Notes Issuer and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- make certain restricted payments, including dividends or other distributions with respect to shares of the 2019 Notes Issuer or its restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create or permit to exist certain liens;
- sell, lease or transfer certain assets;
- enter into arrangements that impose encumbrances or restrictions on the ability of their subsidiaries to pay dividends, make other payments or transfer assets to the 2019 Notes Issuer or any of its restricted subsidiaries;
- change their centre of main interests and establishments;
- engage in certain transactions with affiliates;
- consolidate, merge or transfer all or substantially all of their assets on a consolidated basis; and
- impair the security interests for the benefit of the holders of the 2018 Notes,

in each case subject to important exceptions and qualifications.

The 2018 Notes Indenture contains customary events of default, including, among others, failure to pay principal or interest on the 2018 Notes, failure to comply with certain covenants, certain failures to perform or observe other obligations under the 2018 Notes Indenture, the occurrence of certain defaults under other indebtedness and certain events of bankruptcy or insolvency.

2019 Notes and 2019 Notes Indenture

On April 21, 2011, the 2019 Notes Issuer issued €175 million aggregate principal amount of 10.375% Senior Notes due 2019.

The 2019 Notes are general senior obligations of the 2019 Notes Issuer and are guaranteed on a senior subordinated basis by the 2018 Notes Issuer, LuxGEO, Opodo, Travellink and eDreams. The 2019 Notes and related Guarantees are secured by the 2019 First Priority Collateral and second-ranking security interests over the same assets that secure the 2018 Notes. Certain of the second-ranking security is by way of first-ranking security interests, which are subordinated to the security interests held by the lenders under the Revolving Credit Facility Agreement, any Hedging Obligations secured by the Collateral and the 2018 Notes by virtue of the Intercreditor Agreement. In addition, the 2019 Notes and related Guarantees benefit from indirect security related to the Lyparis Structural Back to Back Loan.

The terms of the 2019 Notes are governed by the 2019 Notes Indenture, which is governed by New York law.

The 2019 Notes Indenture provides that the 2019 Notes Issuer may redeem all or part of the 2019 Notes:

- in whole or in part at any time prior to May 1, 2014, at a redemption price equal to 100% of the principal and the applicable “make-whole” premium, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption;
- in whole or in part at any time on or after May 1, 2014, at redemption prices (expressed as percentages of their principal amount at maturity) beginning at 107.781% of the principal amount thereof as of May 1, 2014 and declining to 100.00% on May 1, 2017 and thereafter, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption; and
- at any time and from time to time prior to May 1, 2014, in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the Existing Senior 2019 Notes originally issued, with the proceeds of one or more qualifying equity offerings, at a redemption price equal to 110.375% of the principal amount redeemed plus accrued and unpaid interest, and additional amounts, if any, to the date of redemption.

The 2019 Notes Indenture contains customary provisions relating to the 2019 Notes Issuer’s obligation to make payments free of withholding deduction and its ability to redeem the 2019 Notes in the event of certain changes in the taxation of the 2019 Notes.

If an event treated as a change of control occurs at any time, then each holder of 2019 Notes may require the 2019 Notes Issuer to repurchase all or any part of such holder’s 2019 Notes at a purchase price equal to 101% of the aggregate principal amount of 2019 Notes repurchased, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. The 2019 Notes Issuer is also required to offer to repurchase the 2019 Notes with excess proceeds, if any, following certain asset sales.

The 2019 Notes Indenture contains customary covenants that limit, among other things, the ability of the 2019 Notes Issuer and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;

- make certain restricted payments, including dividends or other distributions with respect to shares of the 2019 Notes Issuer or its restricted subsidiaries;
 - prepay or redeem subordinated debt or equity;
 - make certain investments;
 - create or permit to exist certain liens;
 - sell, lease or transfer certain assets;
 - enter into arrangements that impose encumbrances or restrictions on the ability of their subsidiaries to pay dividends, make other payments or transfer assets to the 2019 Notes Issuer or any of its restricted subsidiaries;
 - change their centre of main interests and establishments;
 - engage in certain transactions with affiliates;
 - consolidate, merge or transfer all or substantially all of their assets on a consolidated basis; and
 - impair the security interests for the benefit of the holders of the 2019 Notes,
- in each case subject to important exceptions and qualifications.

The 2019 Notes Indenture contains customary events of default, including, among others, failure to pay principal or interest on the 2019 Notes, failure to comply with certain covenants, certain failures to perform or observe other obligations under the 2019 Notes Indenture, the occurrence of certain defaults under other indebtedness and certain events of bankruptcy or insolvency.

Convertible Subordinated Shareholder Bonds

Axeurope and Luxgoal are the direct holders of the majority of the share capital of eDreams ODIGEO, the parent company of the 2019 Notes Issuer. eDreams ODIGEO owns the entire limited share capital of the 2019 Notes Issuer as *associé commanditaire* of the 2019 Notes Issuer and LuxGEO GP S.à r.l. is the unlimited shareholder (*associé commandité*) and the Manager (*gérant*) of the 2019 Notes Issuer. In addition, Axeurope and Luxgoal hold convertible bonds issued by the 2019 Notes Issuer (the “Convertible Subordinated Shareholder Bonds”). Following eDreams ODIGEO’s initial public offering, eDreams ODIGEO is the holder of 100% of the Convertible Subordinated Shareholder Bonds.

The Convertible Subordinated Shareholder Bonds have a 49-year maturity period and are subject to the terms of the Intercreditor Agreement as Investor Liabilities (as defined therein). The total return on each of the Convertible Subordinated Shareholder Bonds for any accrual period will be an amount equal to the product of (i) the interest rate multiplied by (ii) the sum of (a) the par value of such Convertible Subordinated Shareholder Bond and (b) the accrued but unpaid yield in respect of any previous accrual period. Such yield will only be paid after the date falling one year after the final discharge date. Unpaid yield accumulates and is capitalized on an annual basis. No compulsory early redemption applies in relation to the Convertible Subordinated Shareholder Bonds except for any repayment at final maturity. In addition, no optional redemption may be made before the date falling one year after the final discharge date of the 2019 Notes.