

eDreams ODIGEO

RESULTS PRESENTATION 1Q FY 2023

31st August 2022

DISCLAIMER

This presentation is to be read as an introduction to the unaudited condensed consolidated interim financial statements of the Group and contains key information presented in a concise manner on the Group and its financial condition. The information contained in this presentation is extracted from the unaudited condensed consolidated interim financial statements of the Group and is qualified in its entirety by the additional information contained therein. This presentation should only be read in conjunction with the unaudited condensed consolidated interim financial statements of the Group. Copies of the unaudited condensed consolidated interim financial statements of the Group are available under http://www.edreamsodigeo.com/category/investors/quarterly-edreams-odigeo/.

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The financial information included in this presentation includes, in addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and derived from the Group financial statements, alternative performance measures ("APMs") as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures ("Non-IFRS Measures"), including "Bookings", "Gross Bookings", "EBITDA", "Adjusted EBITDA", "Cash EBITDA" "Revenue Margin", "Cash Revenue Margin", "Cash Marginal Profit" "Prime ARPU" and "Variable Costs", which are not accounting measures as defined by IFRS. These financial measures that qualify as APMs and non-IFRS measures have been calculated with information from the Group; however those financial measures are not defined or detailed in the applicable financial reporting framework nor have been audited or reviewed by the Group auditors.

We have presented these measures because we believe that they are useful indicators of our financial performance and our ability to incur and service our indebtedness and can assist analysts, investors and other parties to evaluate our business. However, these measures should not be used instead of, or considered as alternatives to, the condensed consolidated interim financial statements for the Group based on IFRS. Further, these measures may not be comparable to similarly titled measures disclosed by other companies.

For further details on the definition, explanation on the use of and calculation between APMs and Non-IFRS Measures please see the section 5 on "Alternative performance measures" (of the Group's ununaudited condensed consolidated interim financial statements and notes for the quarter ended on 30 June 2022, published on 31 August 2022. The documents are available on the Company's website (https://www.edreamsodigeo.com)).



1. Overview

Outperforming the Market

Strong 1Q FY23 Results

Closing Remarks

Appendix

1 eDO CONTINUES TO PERFORM STRONGLY AND GAIN MARKET SHARE. WELL ON TRACK TO MEET FY25 TARGETS

eDO CONTINUES TO DELIVER STRONG BOOKINGS GROWTH

- In 1Q FY23 eDO achieved record in Bookings, the highest in the company's history, amounting to 4.4 million, 50% above pre-COVID-19[1].
- In July and August[2], despite macroeconomic headwinds and airport disruptions, Bookings up 38% and 55% above pre-COVID-19[1]

eDO AND PRIME CONTINUE TO OUTPERFORM THE MARKET

- eDO Bookings performance is materially better than the market, with a business that has increased its quality with the pivot to subscription.
- In 1Q FY23 we reached 3.2 million subscribers. In the last 12 months to June 2022 we had net adds of 2.0 million, and in 1Q FY23 standalone we added 560K, which is the record of new members added in a single quarter in the history of the company

STRONG 1Q FY23 RESULTS – REVENUE ALREADY ABOVE PRE-COVID LEVELS

- Revenue Margin and Cash Revenue Margin[3] already above pre-COVID-19[1] levels by 3% and 11% respectively
- In 1Q FY23, Cash Revenue Margin[3] up 117% year-on-year, despite travel options constrained by COVID-19 travel restriction uncertainty
- Cash Marginal Profit[3], stood at €33.5 million for 1Q FY23; 2x the amount in FY22 (€18.5 million in FY22)
- Strong Cash EBITDA[3] growth in 1Q FY23, up 349% vs the same period last year. Strong growth in Prime members in their first year delays growth in profitability as profitability of Prime members jumps in second year. Over the next few quarters we expect improvements in profitability as proportion of Prime members beyond their second year increases

SOLID CASH FLOWS, WELL FINANCED, AND ON TRACK TO MEETING SELF-IMPOSED FY25 TARGETS

- Our Free Cash Flow in 1Q FY23 amounted to €29.4 million. Cash and cash equivalents at end of period (net of bank facilities and overdrafts) was €30.8 million, which include the €30 million reimbursement of the Super Senior Revolving Credit Facility
- eDO has a strong balance sheet, with no short term needs to refinance any of its debt, which is due in September 2027
- We are on track to meet our three year guidance: Greater than 7.25 million Prime members, ARPU of approximately €80, and Cash EBITDA in excess of €180 million

(1) 1Q FY20 (2) eDO Bookings growth until the 28th of August 2022 (3) Definitions of Non-GAAP measures on page 24-26

Overview

2. Outperforming the Market

Strong 1Q FY23 Results

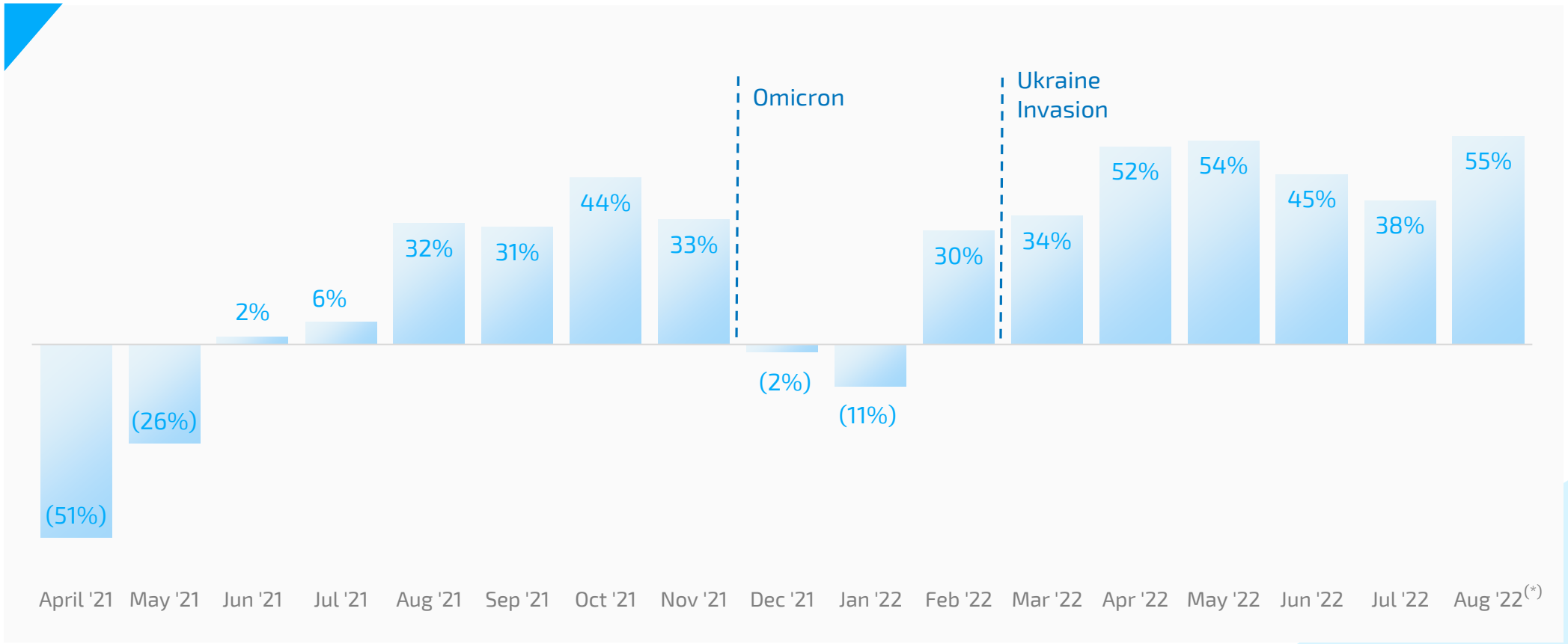
Closing Remarks

Appendix

2

eDO ACHIEVED STRONG BOOKINGS GROWTH DESPITE OMICRON, UKRAINE WAR, RECENT AIR INDUSTRY DISRUPTIONS, AND INFLATIONARY PRESSURES

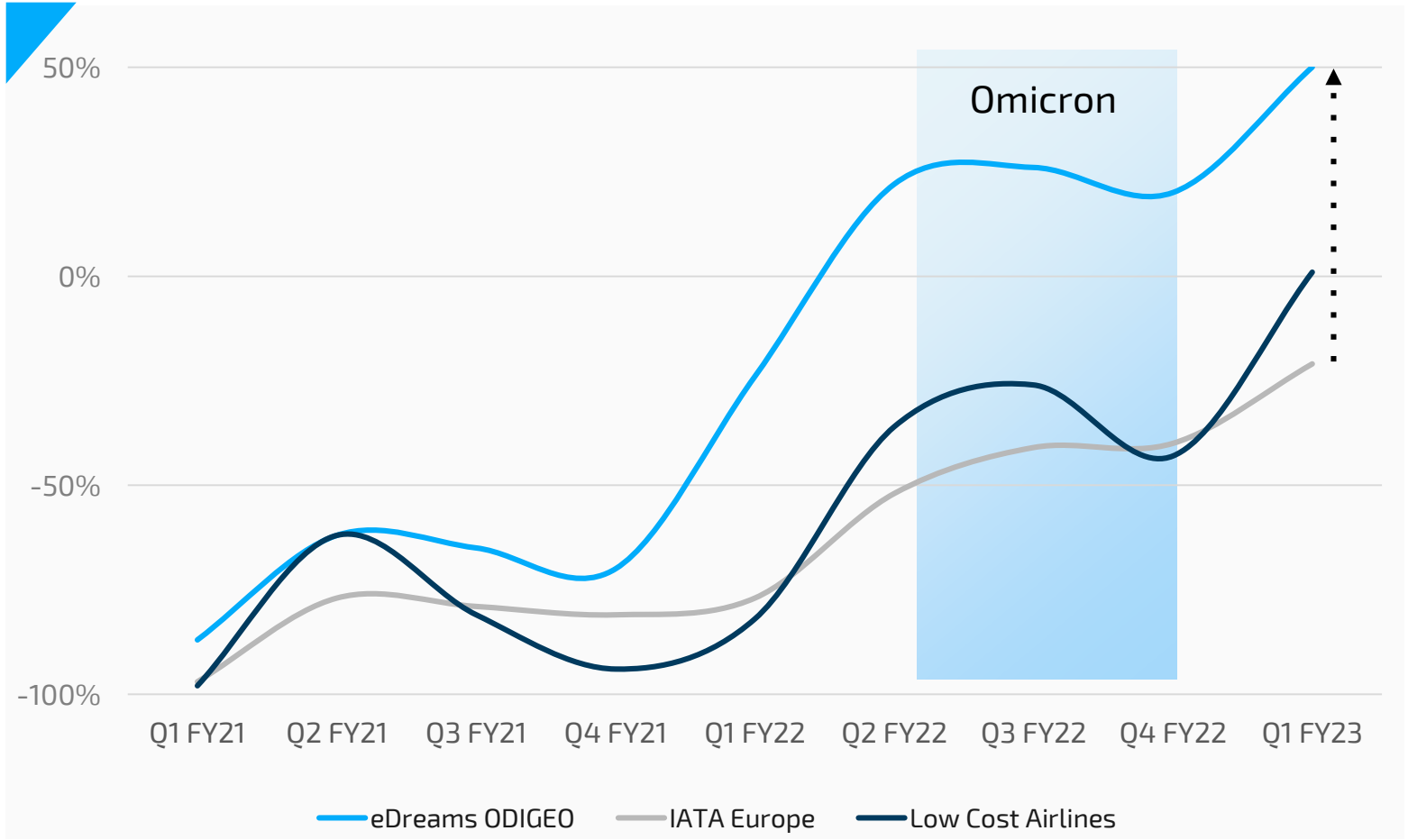
eDO BOOKINGS GROWTH VS 2019



Source: Company data
(*) eDO Bookings growth until the 28th of August 2022

2 eDO SUPERIOR VALUE PROPOSITION LEADING TO OUTPERFORMING THE INDUSTRY PEERS

TRADING EVOLUTION VS PRE-COVID-19, %



eDO Q1 FY23

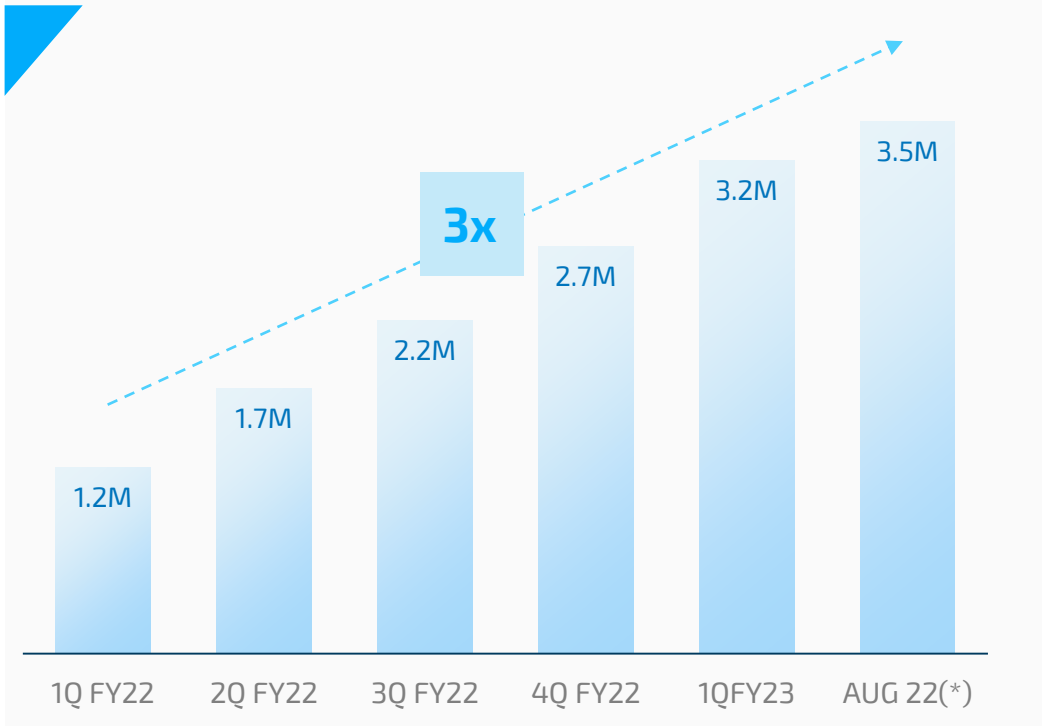
+71pp vs. IATA Europe

+49pp vs. Low Cost

Source: IATA Economics, Low Cost Airlines Company Data (easyJet, Ryanair & WizzAir) & Company Data.

2 PRIME CONTINUES TO IMPROVE THE QUALITY OF THE BUSINESS AND GROWS STRONGLY, ADDING 2 MILLION MEMBERS IN THE LAST 12 MONTHS

EVOLUTION OF PRIME MEMBERS



IN AUGUST (*)

3.5M MEMBERS

eDO is inventor and leader of subscription in travel with over 5 years of experience.

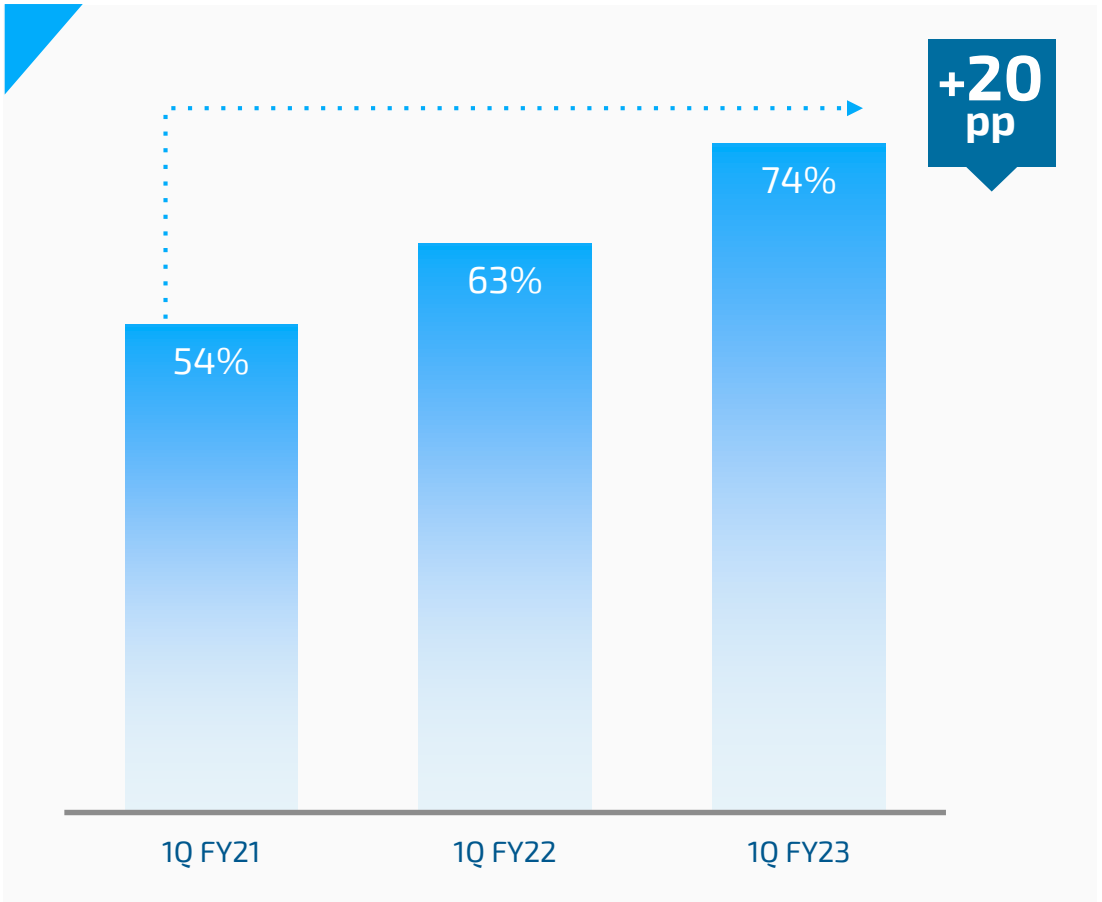
In the 12 months to June 2022 our subscribers grew by 164% to 3.2 million.

Increased quality of the business with the pivot to subscription.

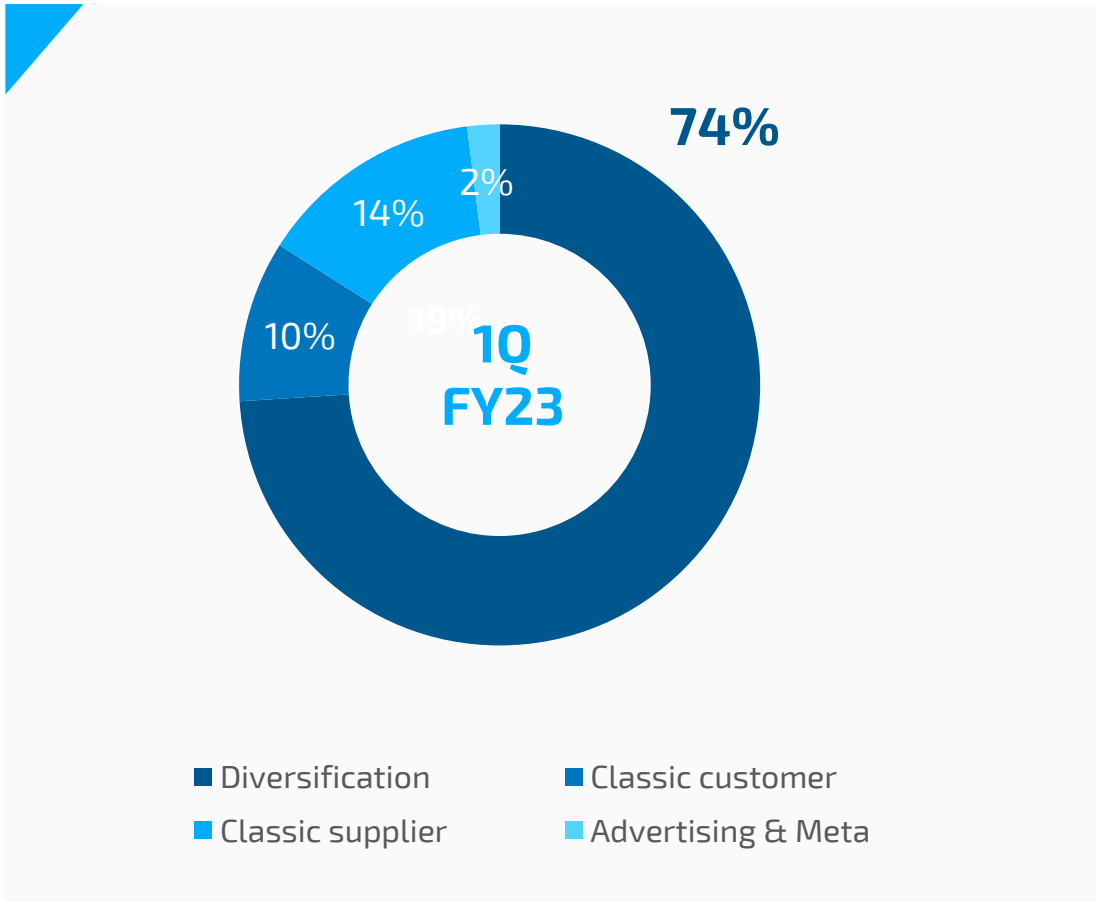
Source: Company data
(*) eDO Prime members until the 28th of August 2022

2 REVENUE DIVERSIFICATION CONTINUES TO GROW, ALREADY ABOVE PRE-COVID-19, AND THE LARGEST CONTRIBUTOR TO REVENUES

REVENUE DIVERSIFICATION RATIO (*) (**)



REVENUE BREAKDOWN (*) (**)



(*) Definitions of Non-GAAP measures on page 24-26 (**) Note: Ratios are calculated on last twelve month basis ending on the displayed quarter

2 REGARDLESS OF ECONOMIC UNCERTAINTIES OUR BUSINESS MODEL AND TRACK RECORD POSITIONS US TO PERFORM BETTER THAN THE INDUSTRY

These are the reasons why we think we will outperform the market:

THANKS TO PRIME WE OFFER BEST PRICES AND CUSTOMER EXPERIENCE 1

WE MEET THEIR NEEDS EVEN MORE THAN COMPETITORS 2

CUSTOMERS WILL FOCUS ON PRICE EVEN MORE 3

AND WE HAVE RESILIENCE VIA PRIME WITH 3.5M PLUS CUSTOMERS 4



Overview

Outperforming the Market

3. Strong 1Q FY23 Results

Closing Remarks

Appendix

3 INCOME STATEMENT

(IN EUROS MILLION)	1Q FY23	VAR. FY23 VS FY22	1Q FY22
REVENUE MARGIN	**145.7**	**113%**	**68.4**
VARIABLE COSTS	(125.6)	128%	(55.0)
FIXED COSTS	(19.5)	27%	(15.4)
ADJUSTED EBITDA (*)	**0.6**	**N.A.**	**(1.9)**
ADJUSTED ITEMS (*)	(2.4)	7%	(2.3)
EBITDA	**(1.8)**	**N.A.**	**(4.2)**
D&A INCL. IMPAIRMENT & RESULTS ON ASSET DISPOSALS	(8.1)	(6%)	(8.6)
EBIT	**(10.0)**	**N.A.**	**(12.8)**
FINANCIAL LOSS	(6.6)	(11%)	(7.4)
INCOME TAX	2.6	N.A.	(3.7)
NET INCOME	**(13.9)**	**N.A.**	**(23.9)**
ADJUSTED NET INCOME (*)	**(11.5)**	**N.A.**	**(15.5)**

Highlights 1Q FY23

1.Revenue Margin increased by 113%, to €145.7 million, due to the 98% increase in Bookings and 8% increase in Revenue Margin per Booking

2.Variable costs increased by 128% due to both the increase in Bookings and increase of Variable Costs per Booking of 16%, mainly driven by higher acquisition (as part of the investment to acquire Prime members) and merchant costs (associated to higher gross sales), partially offset by lower call centre cost reaping the rewards of the automation we implemented during the pandemic

3.Fixed costs increased by €4.2 million, mainly driven by higher personnel costs and external fees, both related to the recruitment of new employees and in-line with our strategy to add 500 new employees by March 2025. As well as a negative impact of FX

4.Adjusted items increased by €0.1 million primarily due to the increase in the Long Term Incentive expenses

5.D&A and impairment decreased by €0.5 million, mainly due to the end of the useful life of certain assets

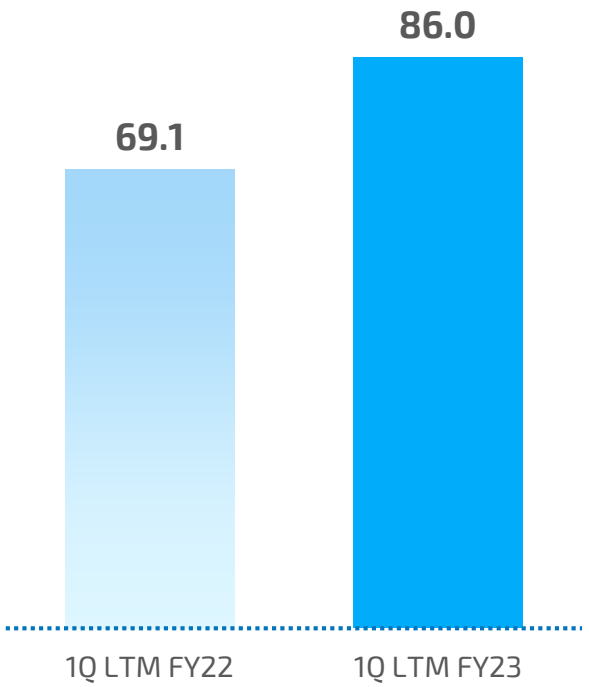
6.Financial loss decreased by €0.8 million, mainly due to the impact of the interest expense on the 2027 Notes compared with the interest expense on the 2023 Notes in 1Q FY22

7.The income tax decreased by €6.3 million from €3.7 million expense in 1Q FY22 to €2.6 million income in 1Q FY23 due to (a) no effect of the UK rate change on the deferred tax liability relating to the Opodo brand, (b) no non-deductible interest expense and (c) higher UK taxable income

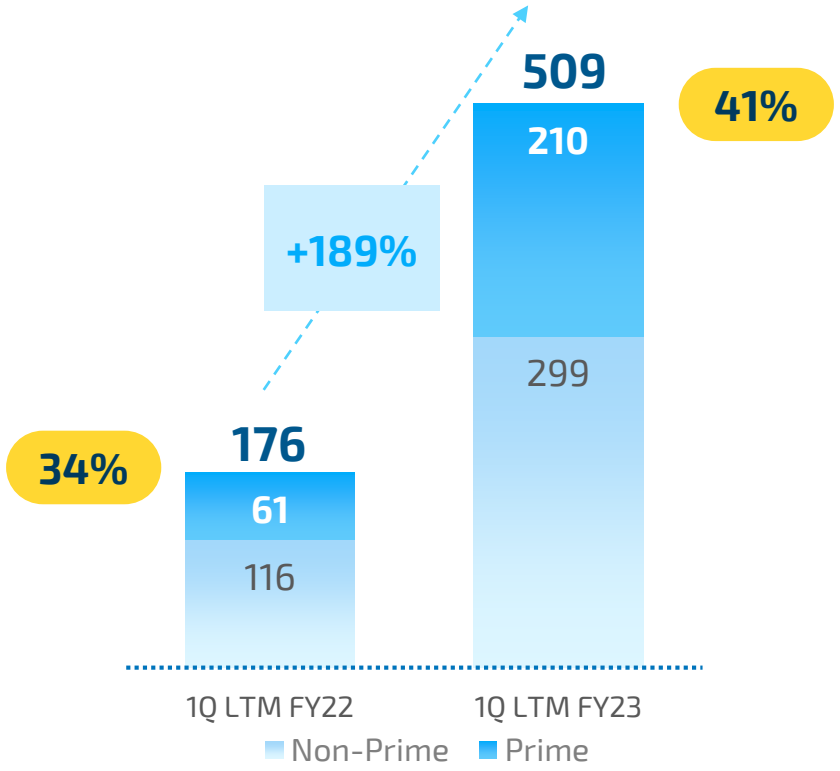
(*) Definitions of Non-GAAP measures on page 24-26
Source: Condensed consolidated interim financial statements, unaudited

3 STRONG GROWTH IN PRIME CASH REVENUE MARGIN AND MARGINAL PROFIT IN THE LAST 12 MONTHS DUE TO STRONG GROWTH IN PRIME MEMBERS AND ARPU

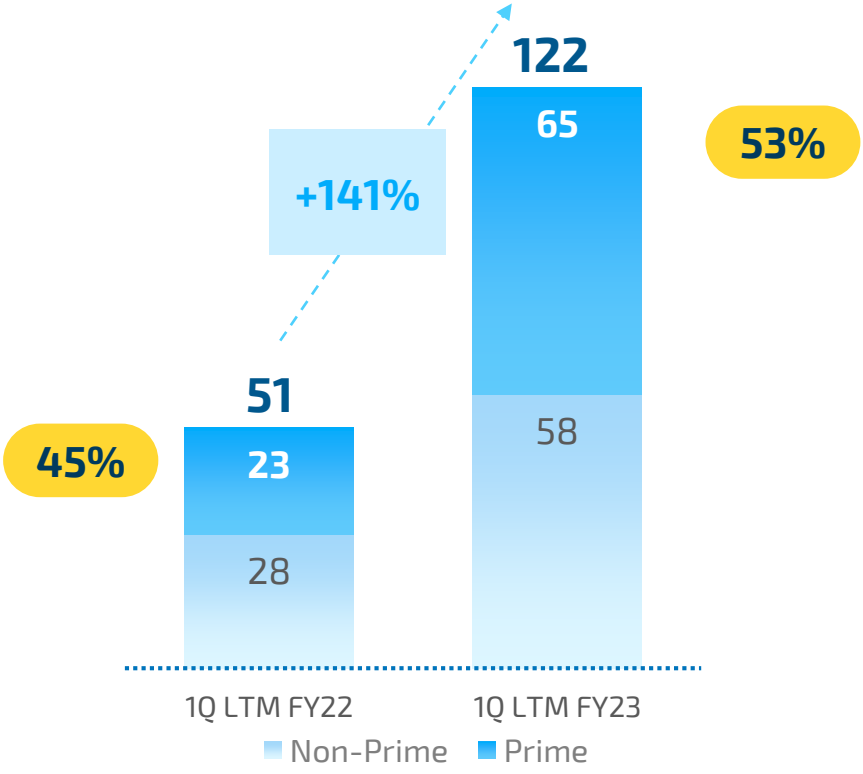
ARPU LTM (€) (*)



Cash Revenue Margin LTM (€M) (*)



Cash Marginal Profit LTM (€M) (*)



Prime weight over total

(*) Definitions of Non-GAAP measures on page 24-26

3 STRONG GROWTH IN CASH EBITDA, UP 349% YEAR-ON-YEAR, IN A MARKET STILL TO RECOVER FULLY

P&L with increase in Prime Deferred Revenue

(IN EUROS MILLION)	1Q FY23	VAR. FY23 VS FY22	1Q FY22
BOOKINGS (In Million)	*4.4*	*98%*	*2.2*
REVENUE MARGIN	**145.7**	**113%**	**68.4**
INCR. PRIME DEFERRED REVENUE	13.4	166%	5.1
CASH REVENUE MARGIN (*)	**159.1**	**117%**	**73.5**
VARIABLE COSTS	(125.6)	128%	(55.0)
CASH MARGINAL PROFIT (*)	**33.5**	**81%**	**18.5**
FIXED COSTS	(19.5)	27%	(15.4)
CASH EBITDA (*)	**14.0**	**349%**	**3.1**
INCR. PRIME DEFERRED REVENUE	(13.4)	166%	(5.1)
ADJUSTED EBITDA (*)	**0.6**	**N.A.**	**(1.9)**
ADJUSTED ITEMS	(2.4)	7%	(2.3)
EBITDA	**(1.8)**	**N.A.**	**(4.2)**

(*) Definitions of Non-GAAP measures on page 24-26

Highlights 1Q FY23

1. Success of Prime clear on our total Bookings and market share gains. Cash Revenue Margin (*) is already above pre-COVID-19 levels by 11%. Cash Marginal Profit (*) and Cash EBITDA (*) have more room to recover due to large increase of Prime members in the year (profitability of Prime members jumps in second year)

2. Over the past year our subscribers grew by 164% to 3.2 million. In addition, 41% and 53% of our Cash Revenue Margin (*) and Marginal Profit (*), respectively, are now from Prime members

3. In 1Q FY23 the growth in the increase in deferred revenue driven by Prime has accelerated driven by strong growth in Prime members (2.0 million more new members than in the same period last year), amounting to €13.4 million (up 166% year-on-year)

4. Cash EBITDA (*) €14.0 million positive in FY23, up 349% year-on-year

3 CASH FLOW STATEMENT

(IN EUROS MILLION)	1Q FY23	1Q FY22
ADJUSTED EBITDA (*)	**0.6**	**(1.9)**
ADJUSTED ITEMS	(2.4)	(2.3)
NON CASH ITEMS	9.2	4.5
CHANGE IN WORKING CAPITAL	28.9	35.4
INCOME TAX PAID	-	2.2
CASH FLOW FROM OPERATING ACTIVITIES	**36.2**	**37.9**
CASH FLOW FROM INVESTING ACTIVITIES	**(6.9)**	**(5.7)**
CASH FLOW BEFORE FINANCING	**29.4**	**32.2**
ISSUE OF SHARES	(3.1)	-
OTHER DEBT ISSUANCE/ (REPAYMENT)	(30.4)	18.4
FINANCIAL EXPENSES (NET)	(1.3)	(1.0)
CASH FLOW FROM FINANCING	**(34.8)**	**17.4**
NET INCREASE / (DECREASE) IN CASH	**(5.4)**	**49.6**
CASH (NET OF BANK FACILITIES & OVERDRAFTS)	**30.8**	**45.2**

(*) Definitions of Non-GAAP measures on page 24-26
Source: Condensed consolidated interim financial statements, unaudited

Highlights 1Q FY23

1.Net cash from operating activities decreased by €1.7 million, mainly reflecting:

- Working capital inflow of €28.9 million compared to €35.4 million in 1Q FY22. The inflow during 1Q FY23 is smaller than 1Q FY22 as in 1Q FY22 we had a quicker recovery of volumes, as many of the travel restrictions were eased between March 2021 and June 2021, whereas during 1Q FY23 the increase in volumes between March 2022 and June 2022 was smaller, though still strong. This is partly offset by a bigger increase in Prime Deferred Revenue than in 1Q FY22
- Income tax paid decreased by €2.2 million from €2.2 million income tax received in 1Q FY22 to a nil income tax received in 1Q FY23 due to (a) lower refund of Spanish income tax in 1Q FY23 compared with 1Q FY22 and (b) lower refund of prepaid French income tax in 1Q FY23 compared with 1Q FY22
- Increase in Adjusted EBITDA (*) by €2.5 million.
- Non-cash items: items accrued but not yet paid, increased by €4.7 million mainly due to a lower variation (decrease) in the provisions recorded

2.We have used cash for investments of €6.9 million in FY23, an increase by €1.2 million, mainly due to an increase in software that was capitalised

3.Cash used in financing amounted to €34.8 million. The variation by €52.2 million in financing activities mainly relates to the reimbursement of the SSRCF by €30.0 million in 1Q FY23, the payment of the costs associated with the refinancing for €3.4 million in 1Q FY23 and the drawdown of €19.0 million under the SSRCF in 1Q FY22

4.Cash and cash equivalents at end of period (net of bank facilities & overdrafts) was €30.8 million, after reimbursing €30 million of the SSRCF and the payment of €3.4 costs associated with the refinancing in 1Q FY23

Overview

Outperforming the Market

Strong 1Q FY23 Results

4. Closing remarks

Appendix

4 IN POLE POSITION IN AN ATTRACTIVE MARKET

Sizeable market and largest e-commerce vertical

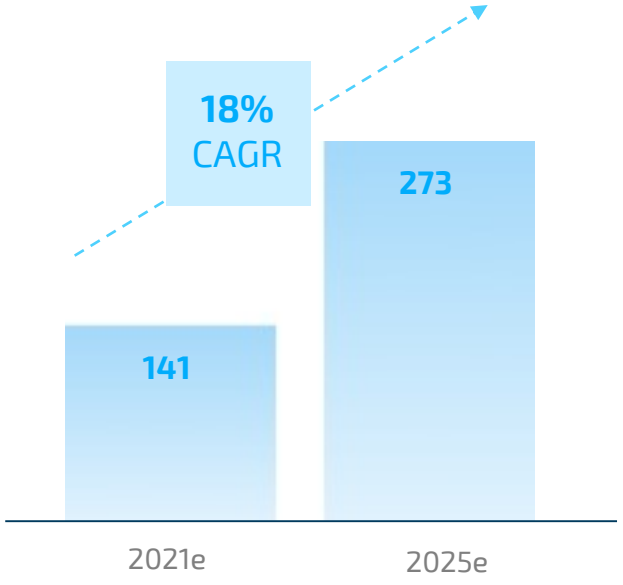
€1.3Tn



Online travel size vs. next largest e-commerce segment (apparel), 2019

Attractive growth prospects after the pandemic

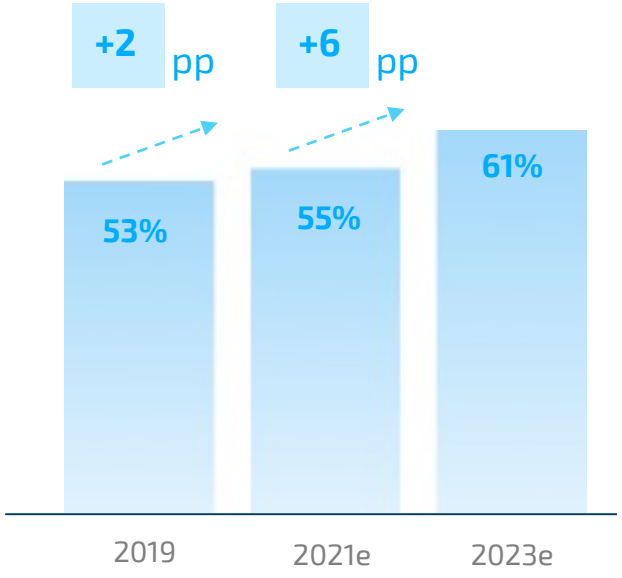
European Travel Market Size
€Bn



Source: Phocuswright

eDO is positioned in the right segments (online and leisure)

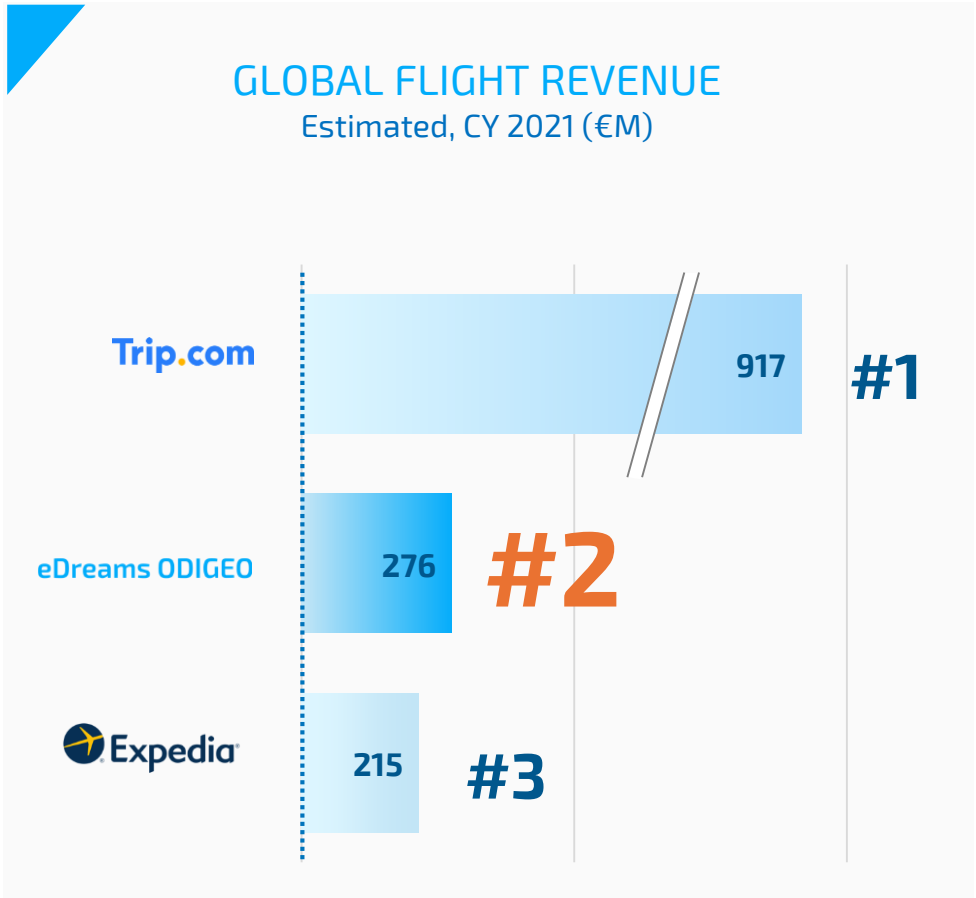
European Leisure Travel Market Online penetration
% over total Gross Booking



Source: Phocuswright

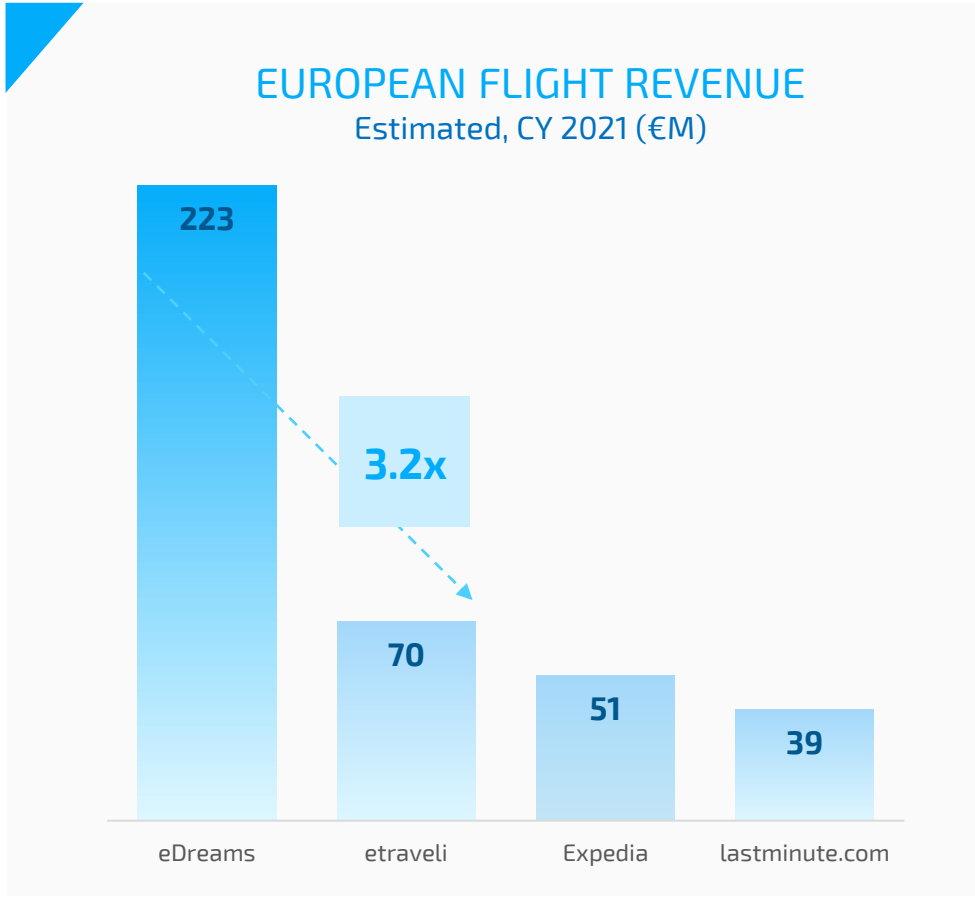
4 WITHIN TRAVEL, EDO IS THE GLOBAL FLIGHT LEADER, EX CHINA

#2 PLAYER IN FLIGHTS GLOBALLY



Source: Company data, Cash Revenue Margin for eDO

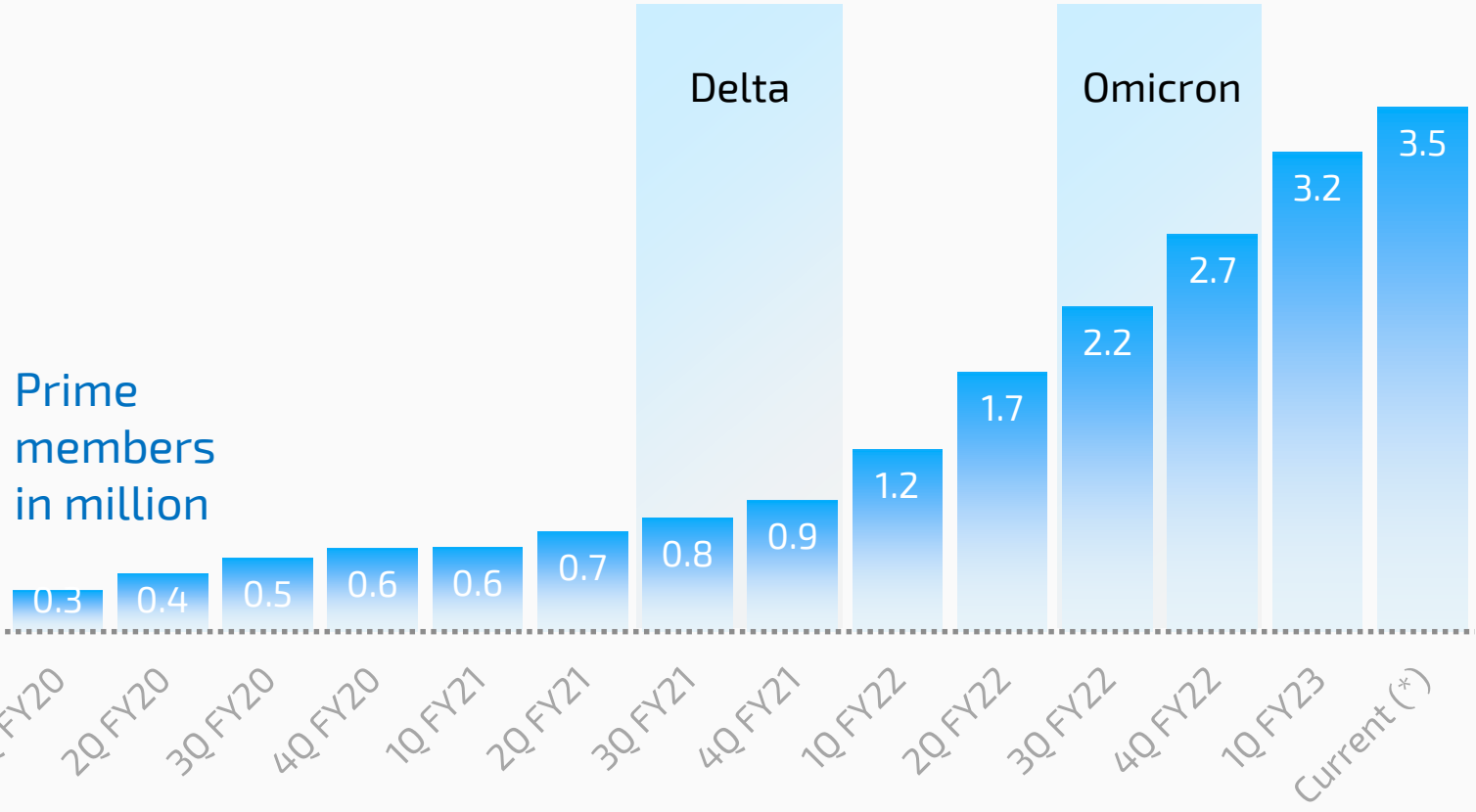
#1 PLAYER IN FLIGHTS EUROPE



Source: Phocuswright, company data, eDo estimate, Cash Revenue Margin for eDO

4 EDO HAS DEMONSTRATED THE ABILITY TO CAPTURE NEW CUSTOMERS THROUGH THE PRIME PROGRAM, DESPITE COVID WAVES AND RECENT GEOPOLITICAL AND MACRO CONTEXT

Prime is the #1 travel subscription programme in the world

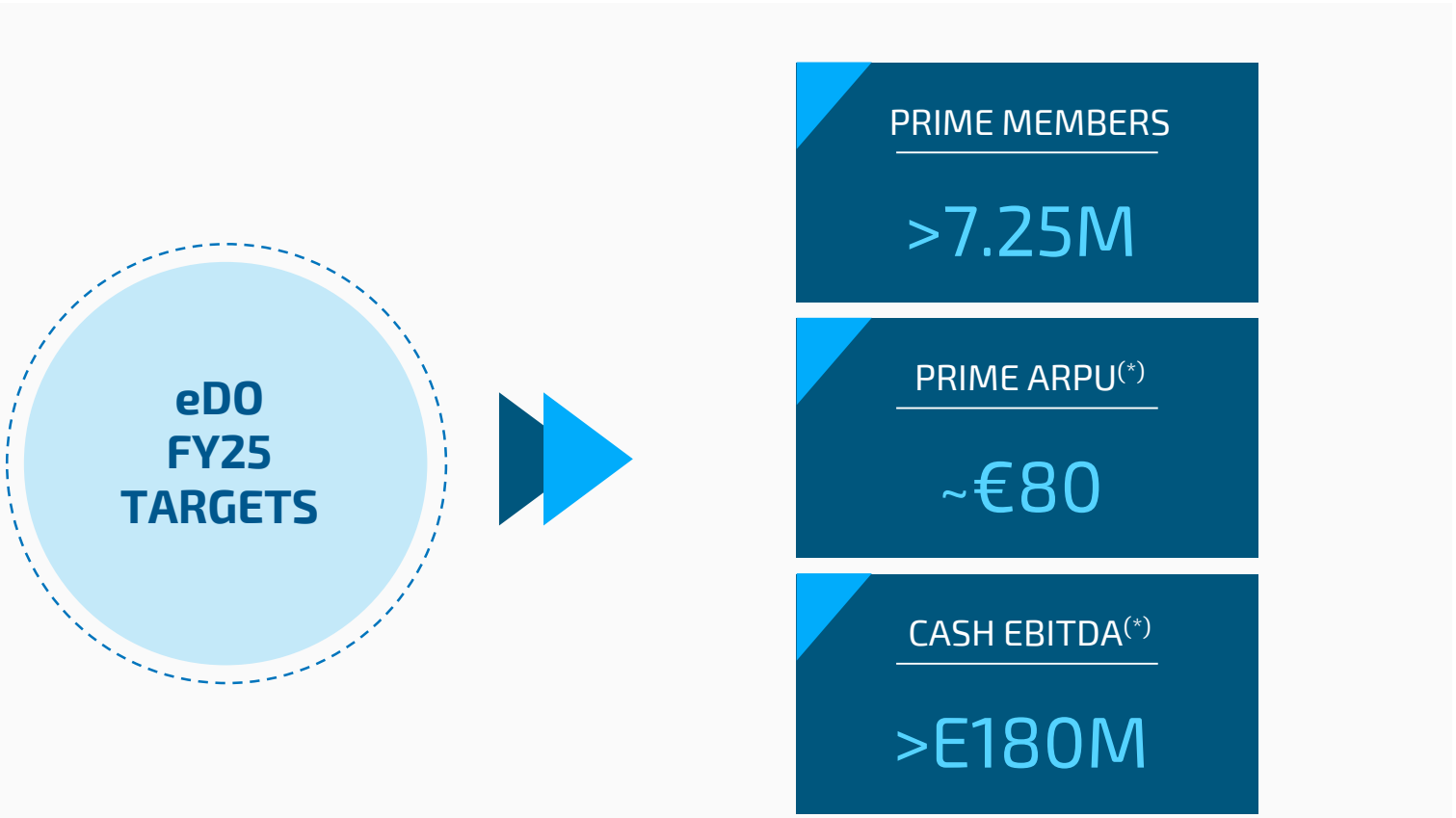


SHARE OF NEW CUSTOMERS WITHIN PRIME MEMBERS

60%

Source: Company data (*) As of 28th of August 2022

4 WELL POSITIONED, WELL FINANCED, ON TRACK TO MEETING SELF-IMPOSED FY25 TARGETS



eDO large potential: superior returns for shareholders and customers while transforming and revolutionising the industry.

(*) Definitions of Non-GAAP measures on page 24-26



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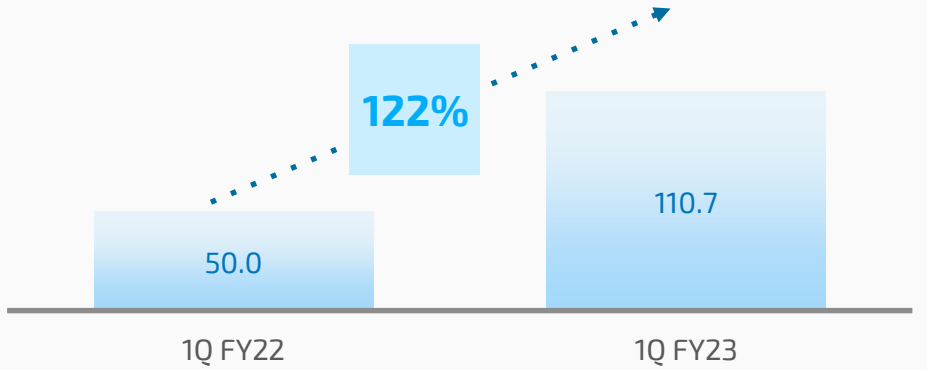
5. Appendix

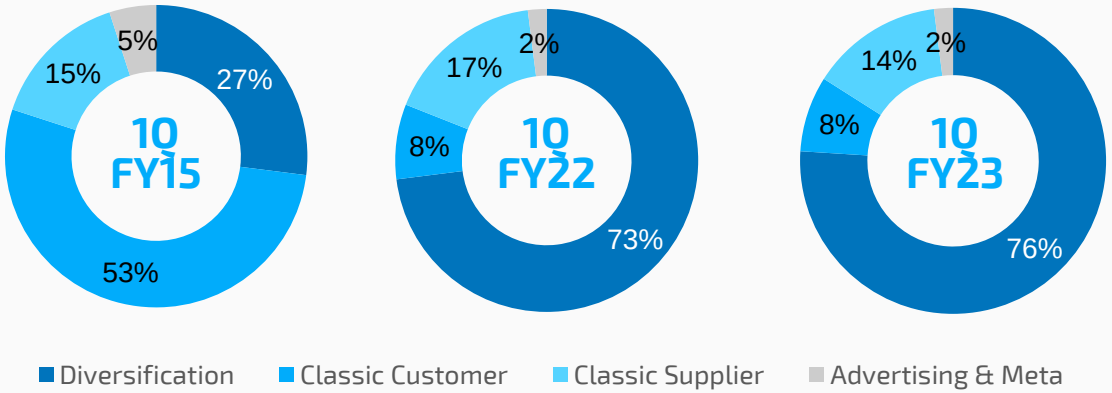
5 REVENUE DIVERSIFICATION CONTINUES TO GROW, ALREADY ABOVE PRE-COVID-19, AND THE LARGEST CONTRIBUTOR TO REVENUES

Revenue margin

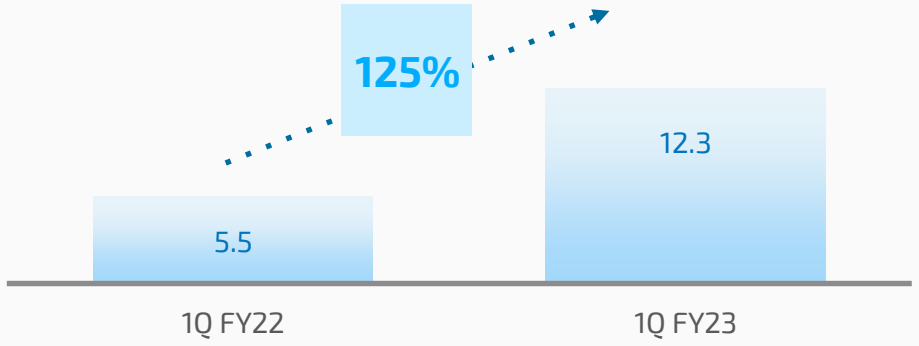
(IN EUROS MILLION)	1Q FY23	Var. FY23 vs FY22	1Q FY22
DIVERSIFICATION	**110.7**	122%	**50.0**
CLASSIC CUSTOMER	**12.3**	125%	**5.5**
CLASSIC SUPPLIER	**19.8**	72%	**11.5**
ADVERTISING & META	**2.8**	92%	**1.5**
TOTAL	145.7	113%	68.4

Diversification





Classic customer



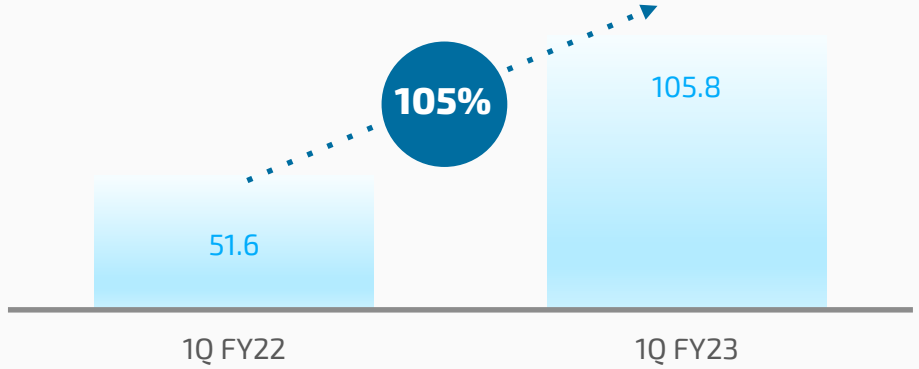
(*) Definitions of Non-GAAP measures on page 24-26

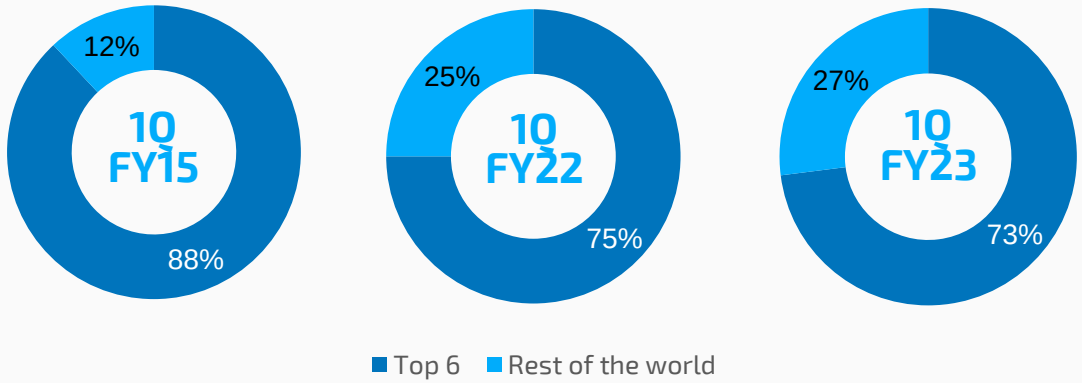
5 REVENUE BY GEOGRAPHY REMAINS STABLE

Revenue margin

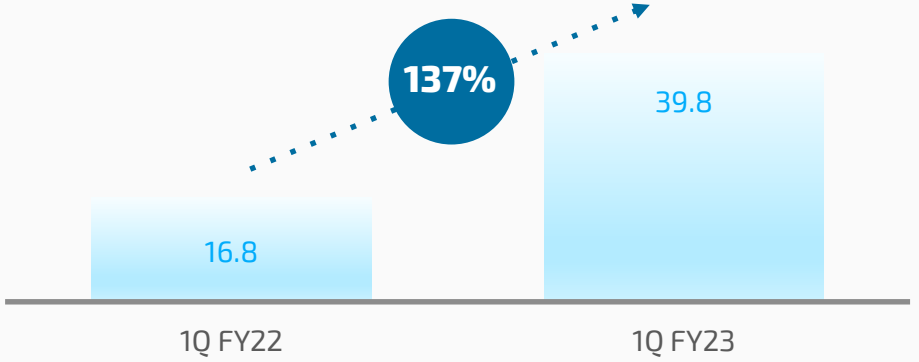
(IN EUROS MILLION)	1Q FY23	Var. FY23 vs FY22	1Q FY22
TOP 6	**105.8**	105%	**51.6**
REST OF THE WORLD	**39.8**	137%	**16.8**
TOTAL	145.7	113%	68.4

TOP 6





Rest of the World



(*) Definitions of Non-GAAP measures on page 24-26

Glossary of Definitions

Non-reconcilable to GAAP measures

1. Gross Bookings refers to the total amount paid by our customers for travel products and services booked through or with 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 under white label arrangements and transactions where we act as a "pure" intermediary whereby we serve as a click-through and pass the reservations made by the customer to the relevant travel supplier. Gross Bookings provide to the reader a view about the economic value of the services that the Group mediates.

Reconcilable to GAAP measure

2. Adjusted EBITDA means operating profit / loss before depreciation and amortization, impairment and profit / loss on disposals of non-current assets, as well as adjusted items corresponding to certain share-based compensation, restructuring expenses and other income and expense items which are considered by management to not be reflective of our ongoing operations. Adjusted EBITDA provides to the reader a better view about the ongoing EBITDA generated by the Group.
3. 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.
4. Fixed Costs per Booking means fixed costs divided by the number of bookings. See definitions of "Fixed costs" and "Bookings".
5. 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.
6. Variable Costs per Booking means variable costs divided by the number of bookings. See definitions of "Variable costs" and "Bookings".
7. Marginal Profit means "Revenue Margin" less "Variable Costs".
8. Adjusted Net Income means our IFRS net income less certain share-based compensation, restructuring expenses and other income and expense items which are considered by management to not be reflective of our ongoing operations. Adjusted Net Income provides to the reader a better view about the ongoing results generated by the Group.
9. 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, excluding the impact of any business combination. It provides a measure of the cash impact of the investments in non-current assets linked to the ongoing operations of the Group.
10. Cash EBITDA means "Adjusted EBITDA", plus the variation of the Prime deferred revenue corresponding to the Prime fees that have been collected and that are pending to be accrued. The Prime fees pending to be accrued are non-refundable and will be booked as revenue based on usage, which refers to each instance the customer uses Prime to make a Booking with a discount, or when the Prime contracted period expires. Cash EBITDA provides to the reader a view of the sum of the ongoing EBITDA and the full Prime fees generated in the period. The Group's main sources of financing (the 2027 Notes and the SSRCF) consider Cash EBITDA as the main measure of results and the source to meet our financial obligations. Additionally, under the SSRCF, the Group is subject to the Adjusted Gross Leverage Financial Covenant (see note 23.2), that is a Financial Covenant based on Gross Financial Debt divided by Cash EBITDA, further adjusted by certain corrections.
11. Cash Marginal Profit means "Marginal Profit" plus the variation of the Prime deferred revenue corresponding to the Prime fees that have been collected and that are pending to be accrued. The Prime fees pending to be accrued are non-refundable and will be booked as revenue based on usage, which refers to each instance the customer uses Prime to make a Booking with a discount, or when the Prime contracted period expires. Cash Marginal Profit provides a measure of the sum of the Marginal Profit and the full Prime fees generated in the period.

Glossary of Definitions

12. Cash Revenue Margin means the IFRS revenue less cost of supplies, plus the variation of the Prime deferred revenue corresponding to the Prime fees that have been collected and that are pending to be accrued. The Prime fees pending to be accrued are non-refundable and will be booked as revenue based on usage, which refers to each instance the customer uses Prime to make a Booking with a discount, or when the Prime contracted period expires. Cash Revenue Margin provides a measure of the sum of the revenue margin and the full Prime fees generated in the period.
13. EBIT means operating profit/loss. This measure, although it is not specifically defined in IFRS, is generally used in the financial markets and is intended to facilitate analysis and comparability.
14. EBITDA means operating profit/loss before depreciation and amortization, impairment and profit/loss on disposals of non-current assets. This measure, although it is not specifically defined in IFRS, is generally used in the financial markets and is intended to facilitate analysis and comparability.
15. (Free) Cash Flow before financing means cash flows from operating activities plus cash flows from investing activities. The Group believes that this measure is useful as it provides a measure of the underlying cash generated by the Group before considering the impact of debt instruments.
16. Gross Financial Debt or Gross Debt means total financial liabilities considering financing cost capitalized plus accrued interests and overdraft. It includes both non-current and current financial liabilities. This measure offers to the reader a global view of the Financial Debt without considering the payment terms.
17. Gross Leverage Ratio means the total amount of outstanding Gross Financial Debt on a consolidated basis divided by "Cash EBITDA". This measure offers to the reader a view about the capacity of the Group to generate enough resources to repay the Gross Financial Debt. This measure was previously calculated by using Adjusted EBITDA, instead of Cash EBITDA. However, with the introduction of Cash EBITDA as a new APM of the Group, Management considers that Gross Leverage Ratio calculated based on Cash EBITDA provides a more accurate view of the capacity to generate resources to repay its debt. The Group's main sources of financing (the 2027 Notes and the SSRCF) consider Cash EBITDA as the main measure of results and the source to meet our financial obligations. Additionally, under the SSRCF, the Group is subject to the Adjusted Gross Leverage Financial Covenant (see note 17), that is a Financial Covenant based on Gross Financial Debt divided by Cash EBITDA, further adjusted by certain corrections.
18. Liquidity position means the total amount of cash and cash equivalents, and remaining cash available under the SSRCF. This measure provides to the reader a view of the cash that is available to the Group.
19. Net Financial Debt or Net Debt means "Gross Financial Debt" less "cash and cash equivalents". This measure offers to the reader a global view of the Financial Debt without considering the payment terms and reduced by the effects of the available cash and cash equivalents to face these future payments.
20. Net Leverage Ratio means the total amount of outstanding Net Financial Debt on a consolidated basis divided by "Cash EBITDA". This measure offers to the reader a view about the capacity of the Group to generate enough resources to repay the Gross Financial Debt, also considering the available cash in the Group. This measure was previously calculated by using Adjusted EBITDA, instead of Cash EBITDA. However, with the introduction of Cash EBITDA as a new APM of the Group, Management considers that Gross Leverage Ratio calculated based on Cash EBITDA provides a more accurate view of the capacity to generate resources to repay its debt. The Group's main sources of financing (the 2027 Notes and the SSRCF) consider Cash EBITDA as the main measure of results and the source to meet our financial obligations.
21. Prime ARPU means the Cash Revenue Margin generated from Prime users on a last twelve months basis. It is calculated considering all the Cash Revenue Margin elements linked to the bookings done by Prime members (such as, but not limited to, the Prime fees collected, GDS incentives, commissions, ancillary services, etc.) divided by the average number of Prime members during the same period. Management considers this is a relevant measure to follow the Prime performance. As Prime is a yearly program, this measure is calculated on a last twelve months basis.
22. Revenue Diversification Ratio is a ratio representing the amount of Diversification Revenue earned in a twelve-month period as a percentage of our total revenue. Our management believes that the presentation of the Revenue Diversification Ratio measure may be useful to readers to help understand the results of our revenue diversification strategy

Glossary of Definitions

23. Revenue Margin means the IFRS revenue less cost of supplies. The Group's management uses Revenue Margin to provide a measure of its revenue after reflecting the deduction of amounts payable to 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. Revenue Margin is split by source into the following four categories, that the Group's management believes that this split may be useful to readers to help understand the results of our revenue diversification strategy.
    - Diversification Revenue represents revenue margin other than Classic Customer Revenue, Classic Supplier Revenues or Advertising and Metasearch Revenue, earned through vacation products (including car rentals, hotels and Dynamic Packages), flight ancillaries (including reserved seats, additional check-in luggage, travel insurance and additional service options), travel insurance, as well as certain commissions, and incentives directly received from airlines.
    - Classic Customer Revenue represents customer revenue margin other than Diversification Revenues earned through flight service fees, cancellation and modification fees, tax refunds and mobile application revenue. This category includes the revenue for the Prime fees and the Prime discounts.
    - Classic Supplier Revenue represents supplier revenue margin earned through GDS incentives for Bookings mediated by the Group through GDSs and incentives received from payment service providers.
    - Advertising and Metasearch Revenue represents revenue margin from other ancillary sources, such as advertising on the Group's websites and revenue from metasearch activities.

Other Defined Terms

24. Adjusted Items refers to share-based compensation, restructuring expenses and other income and expense items which are considered by management to not be reflective of the Group's ongoing operations. It corresponds to the sum of adjusted personnel expenses and adjusted operating expenses.
25. Bookings refers to the number of transactions under the agency model and the principal model as well as transactions made under white label arrangements. One Booking can encompass one or more products and one or more passengers.
26. Top 6 Markets and Top 6 Segments refers to our operations in France, Spain, Italy Germany, UK and Nordics.
27. Customer Repeat Booking Rate (%) refers to the ratio, expressed on a percentage basis, of Bookings made in a quarter by customers who made a prior Booking in the 12 months prior to that quarter divided by the total number of Bookings. The ratio is annualized, multiplying by four and by the ratio of the quarter over the average of last 4 quarters, to eliminate seasonality effects.
28. Rest of the World Markets and RoW segment refers to other countries in which we operate.
29. Mobile bookings as share of flight bookings means the number of flight Bookings done on a mobile device over the total number of flight Bookings, on a last twelve months basis.
30. Prime members means the total number of customers that have a Prime subscription in a given period.
31. Prime / Non Prime. The Group presents certain profit and loss measures split by Prime and Non Prime. In this context, Prime means the profit and loss measure generated from Prime users. Non Prime means the profit and loss measure generated from non Prime users. For instance, in the case of Prime Cash Revenue Margin, it includes elements such as, but not limited to, the Prime fees collected, GDS incentives, commissions, ancillary services, etc. As Prime is a yearly program, Prime / Non Prime profit and loss measures are presented on a last twelve months basis.