UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

Sabre Corporation

(Exact name of registrant as specified in its charter)

Delaware	**001-36422**	**20-8647322**
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

3150 Sabre Drive
Southlake, TX 76092
(*Address, including zip code, of principal executive offices*)

(682)-605-1000
(*Registrant's telephone number, including area code*)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $0.01 par value	**SABR**	**The NASDAQ Stock Market LLC**
6.50% Series A Mandatory Convertible Preferred Stock	**SABRP**	**The NASDAQ Stock Market LLC**
(Title of each class)	**(Trading Symbol)**	**(Name of each exchange on which registered)**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 28, 2022, 326,390,609 shares of the registrant's common stock, par value $0.01 per share, were outstanding.

SABRE CORPORATION

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We may use our website, our Twitter account (@Sabre_Corp) and other social media channels as additional means of disclosing information to the public. The information disclosed through those channels may be considered to be material and may not be otherwise disseminated by us, so we encourage investors to review our website, Twitter account and other social media channels. The contents of our website or social media channels referenced herein are not incorporated by reference into this Quarterly Report on Form 10-Q.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SABRE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Revenue	$ 584,910	$ 327,484
Cost of revenue, excluding technology costs	223,034	146,761
Technology costs	273,730	252,663
Selling, general and administrative	167,678	130,613
Operating loss	(79,532)	(202,553)
Other income (expense):		
Interest expense, net	(61,058)	(64,101)
Loss on extinguishment of debt	(3,533)	—
Equity method loss	(170)	(911)
Other, net	191,241	11,631
Total other income (expense), net	126,480	(53,381)
Income (loss) from continuing operations before income taxes	46,948	(255,934)
(Benefit) provision for income taxes	(596)	3,997
Income (loss) from continuing operations	47,544	(259,931)
Income (loss) from discontinued operations, net of tax	134	(263)
Net income (loss)	47,678	(260,194)
Net income attributable to noncontrolling interests	272	484
Net income (loss) attributable to Sabre Corporation	47,406	(260,678)
Preferred stock dividends	5,346	5,428
Net income (loss) attributable to common stockholders	$ 42,060	$ (266,106)
Basic net income (loss) per share attributable to common stockholders:		
Income (loss) from continuing operations	$ 0.13	$ (0.84)
Net income (loss) per common share	$ 0.13	$ (0.84)
Diluted net income (loss) per share attributable to common stockholders:		
Income (loss) from continuing operations	$ 0.12	$ (0.84)
Net income (loss) per common share	$ 0.12	$ (0.84)
Weighted-average common shares outstanding:		
Basic	323,658	317,634
Diluted	409,378	317,634

See Notes to Consolidated Financial Statements

SABRE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Net income (loss)	$ 47,678	$ (260,194)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments ("CTA")	(1,287)	(4,840)
Retirement-related benefit plans:		
Net actuarial gain, net of taxes of $—, $—	1,671	—
Amortization of prior service credits, net of taxes of $—, and $80	(358)	(278)
Amortization of actuarial losses, net of taxes of $—, and $(481)	1,783	1,674
Net change in retirement-related benefit plans, net of tax	3,096	1,396
Derivatives:		
Unrealized losses, net of taxes of $—, and $1	—	(3)
Reclassification adjustment for realized losses, net of taxes of $—, and $(899)	—	3,128
Net change in derivatives, net of tax	—	3,125
Share of other comprehensive income of equity method investments	655	534
Other comprehensive income	2,464	215
Comprehensive income (loss)	50,142	(259,979)
Less: Comprehensive income attributable to noncontrolling interests	(272)	(484)
Comprehensive income (loss) attributable to Sabre Corporation	$ 49,870	$ (260,463)

See Notes to Consolidated Financial Statements.

SABRE CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	March 31, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 1,186,414	$ 978,352
Restricted cash	21,039	21,039
Accounts receivable, net of allowance for credit losses of $56,660 and $58,965	333,579	259,934
Prepaid expenses and other current assets	137,393	121,591
Current assets held for sale	—	21,358
Total current assets	1,678,425	1,402,274
Property and equipment, net of accumulated depreciation of $1,925,422 and $1,912,651	238,591	249,812
Equity method investments	23,036	22,671
Goodwill	2,476,632	2,470,206
Acquired customer relationships, net of accumulated amortization of $784,763 and $771,479	251,255	257,362
Other intangible assets, net of accumulated amortization of $754,436 and $751,917	173,625	183,321
Deferred income taxes	25,523	27,056
Other assets, net	447,392	475,424
Long-term assets held for sale	—	203,204
Total assets	$ 5,314,479	$ 5,291,330
Liabilities and stockholders' deficit		
Current liabilities		
Accounts payable	$ 155,813	$ 122,934
Accrued compensation and related benefits	75,720	135,974
Accrued subscriber incentives	181,815	137,448
Deferred revenues	76,151	81,061
Other accrued liabilities	188,300	188,706
Current portion of debt	16,730	29,290
Current liabilities held for sale	—	21,092
Total current liabilities	694,529	716,505
Deferred income taxes	37,384	38,344
Other noncurrent liabilities	287,560	297,037
Long-term debt	4,732,711	4,723,685
Long-term liabilities held for sale	—	15,476
Commitments and contingencies (Note 13)		
Stockholders' deficit		
Preferred stock, $0.01 par value, 225,000 authorized, 3,290 issued and outstanding as of March 31, 2022 and December 31, 2021; aggregate liquidation value of $329,000 as of March 31, 2022 and December 31, 2021	33	33
Common Stock: $0.01 par value; 1,000,000 authorized shares; 350,314 and 346,430 shares issued, 326,307 and 323,501 shares outstanding at March 31, 2022 and December 31, 2021, respectively	3,503	3,464
Additional paid-in capital	3,143,315	3,115,719
Treasury Stock, at cost, 24,007 and 22,930 shares at March 31, 2022 and December 31, 2021, respectively	(508,441)	(498,141)
Accumulated deficit	(3,007,635)	(3,049,695)
Accumulated other comprehensive loss	(77,823)	(80,287)
Noncontrolling interest	9,343	9,190
Total stockholders' deficit	(437,705)	(499,717)
Total liabilities and stockholders' deficit	$ 5,314,479	$ 5,291,330

See Notes to Consolidated Financial Statements.

SABRE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Operating Activities		
Net income (loss)	$ 47,678	$ (260,194)
Adjustments to reconcile net income (loss) to cash used in operating activities:		
Gain on sale of assets and investments	(192,151)	(14,532)
Depreciation and amortization	50,108	73,223
Stock-based compensation expense	27,605	24,426
Amortization of upfront incentive consideration	11,325	15,825
Loss on extinguishment of debt	3,533	—
Amortization of debt discount and issuance costs	3,438	2,853
Deferred income taxes	(2,570)	(2,004)
Provision for expected credit losses	1,997	(2,226)
(Income) loss from discontinued operations	(134)	263
Other	(485)	1,396
Changes in operating assets and liabilities:		
Accounts and other receivables	(106,655)	(41,144)
Prepaid expenses and other current assets	(20,631)	(18,008)
Capitalized implementation costs	(4,481)	(5,022)
Upfront incentive consideration	(700)	(2,185)
Other assets	23,353	3,176
Accrued compensation and related benefits	(59,748)	681
Accounts payable and other accrued liabilities	72,890	17,433
Deferred revenue including upfront solution fees	6,545	8,636
Cash used in operating activities	(139,083)	(197,403)
Investing Activities		
Net proceeds from dispositions	392,268	14,840
Additions to property and equipment	(17,403)	(6,435)
Cash provided by investing activities	374,865	8,405
Financing Activities		
Payments on borrowings from lenders	(625,296)	(6,295)
Proceeds of borrowings from lenders	625,000	—
Net payment on the settlement of equity-based awards	(10,309)	(12,434)
Debt prepayment fees and issuance costs	(10,185)	—
Dividends paid on preferred stock	(5,346)	(5,428)
Other financing activities	301	(64)
Cash used in financing activities	(25,835)	(24,221)
Cash Flows from Discontinued Operations		
Cash used in operating activities	(1,680)	(281)
Cash used in discontinued operations	(1,680)	(281)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(205)	(1,247)
Increase (decrease) in cash, cash equivalents and restricted cash	208,062	(214,747)
Cash, cash equivalents and restricted cash at beginning of period	999,391	1,499,665
Cash, cash equivalents and restricted cash at end of period	$ 1,207,453	$ 1,284,918

See Notes to Consolidated Financial Statements.

SABRE CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
(In thousands, except share data)

	Stockholders' Deficit										
	Preferred Stock		Common Stock		Additional Paid in Capital	Treasury Stock		Retained Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount		Shares	Amount				
Balance at December 31, 2021	3,290,000	$ 33	346,430,421	$ 3,464	$ 3,115,719	22,929,668	$ (498,141)	$ (3,049,695)	$ (80,287)	$ 9,190	(499,717)
Comprehensive income	—	—	—	—	—	—	—	47,406	2,464	272	50,142
Preferred stock dividends[1]	—	—	—	—	—	—	—	(5,346)	—	—	(5,346)
Settlement of stock-based awards	—	—	3,883,688	39	(9)	1,077,178	(10,300)	—	—	—	(10,270)
Stock-based compensation expense	—	—	—	—	27,605	—	—	—	—	—	27,605
Other	—	—	—	—	—	—	—	—	—	(119)	(119)
Balance at March 31, 2022	3,290,000	$ 33	350,314,109	$ 3,503	$ 3,143,315	24,006,846	$ (508,441)	$ (3,007,635)	$ (77,823)	$ 9,343	$ (437,705)

[1] Our mandatory convertible preferred stock accumulates cumulative dividends at an annual rate of 6.50%.

	Stockholders' Equity										
	Preferred Stock		Common Stock		Additional Paid in Capital	Treasury Stock		Retained Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount		Shares	Amount				
Balance at December 31, 2020	3,340,000	33	338,661,960	$ 3,387	$ 2,985,077	21,365,227	$ (474,790)	$ (2,099,624)	$ (135,957)	$ 7,028	$ 285,154
Comprehensive loss	—	—	—	—	—	—	—	(260,678)	215	484	(259,979)
Preferred stock dividends[1]	—	—	—	—	—	—	—	(5,428)	—	—	(5,428)
Settlement of stock-based awards	—	—	2,900,693	29	148	764,947	(12,611)	—	—	—	(12,434)
Stock-based compensation expense	—	—	—	—	24,426	—	—	—	—	—	24,426
Balance at March 31, 2021	3,340,000	33	341,562,653	$ 3,416	$ 3,009,651	22,130,174	$ (487,401)	$ (2,365,730)	$ (135,742)	$ 7,512	$ 31,739

[1] Our mandatory convertible preferred stock accumulates cumulative dividends at an annual rate of 6.50%.

See Notes to Consolidated Financial Statements.

SABRE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. General Information

Sabre Corporation is a Delaware corporation formed in December 2006. On March 30, 2007, Sabre Corporation acquired Sabre Holdings Corporation (“Sabre Holdings”). Sabre Holdings is the sole direct subsidiary of Sabre Corporation. Sabre GLBL Inc. ("Sabre GLBL") is the principal operating subsidiary and sole direct subsidiary of Sabre Holdings. Sabre GLBL or its direct or indirect subsidiaries conduct all of our businesses. In these consolidated financial statements, references to “Sabre,” the “Company,” “we,” “our,” “ours” and “us” refer to Sabre Corporation and its consolidated subsidiaries unless otherwise stated or the context otherwise requires.

Recent Events—The travel industry continues to be adversely affected by the global health crisis due to the outbreak of the coronavirus ("COVID-19"), as well as by government directives that have been enacted to slow the spread of the virus. As expected, this pandemic has continued to have a material impact on our consolidated financial results in the first quarter of 2022. Despite the continued negative impacts of the COVID-19 pandemic on our business and global travel volumes, we have seen some continued improvement in our key volume metrics during the first quarter of 2022 as compared to the prior year as COVID-19 vaccines have continued to be administered and some travel restrictions have been relaxed. While domestic bookings continue to exceed international bookings, international bookings also continue to improve, resulting in year-over-year revenue improvement. With the continued increase in volumes, our incentive consideration costs have also increased significantly compared to the prior year.

The inputs into our judgments and estimates consider the economic implications of COVID-19 on our critical and significant accounting estimates. Our air booking cancellation reserve totaled $15 million and $18 million as of March 31, 2022, and December 31, 2021, respectively. Additionally, our allowance for credit losses at March 31, 2022 was $58 million, a decrease of $2 million from December 31, 2021. The provision for credit losses for the three months ended March 31, 2022 was $2 million, and for the three months ended March 31, 2021 was a reversal of $2 million due to the recovery experienced in 2021. See Note 5. Credit Losses.

We believe our cash position and the liquidity measures we have taken will provide additional flexibility as we manage through the global economic recovery from the COVID-19 pandemic. As a result, we believe that we have resources to sufficiently fund our liquidity requirements over at least the next twelve months; however, given the magnitude of travel decline and the unknown duration of the COVID-19 impact, we will continue to monitor our liquidity levels and take additional steps should we determine they are necessary.

Subsequent to the initiation of the current military conflict in Ukraine, we terminated our distribution agreement with Public Joint Stock Company Aeroflot Russian Airlines ("Aeroflot"). In addition, air travel in and to Russia, Ukraine, and Belarus has substantially declined, including as a result of sanctions imposed on those countries. While none of Russia, Ukraine, and Belarus constituted a significant portion of our financial results in 2021, we have experienced significantly reduced GDS bookings and passengers boarded in Russia, Belarus and Ukraine beginning in the middle of the first quarter of 2022, and these reductions are ongoing. For reference, our Travel Solutions revenue generated in Russia represented a low-single digit percentage of our total 2019 Travel Solutions revenue. An expansion in the scope of the current conflict or any economic disruption, or any expansion of sanctions or export controls, could have a material adverse effect on our results of operations.

Basis of Presentation—The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, these financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Operating results for the three months ended March 31, 2022 are not necessarily indicative of results that may be expected for any other interim period or for the year ending December 31, 2022. The accompanying interim financial statements should be read in conjunction with the consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K filed with the SEC on February 18, 2022.

We consolidate all majority-owned subsidiaries and companies over which we exercise control through majority voting rights. No entities are consolidated due to control through operating agreements, financing agreements or as the primary beneficiary of a variable interest entity.

The consolidated financial statements include our accounts after elimination of all significant intercompany balances and transactions. All dollar amounts in the financial statements and the tables in the notes, except per share amounts, are stated in thousands of U.S. dollars unless otherwise indicated. All amounts in the notes reference results from continuing operations unless otherwise indicated.

Use of Estimates—The preparation of these interim financial statements in conformity with GAAP requires that certain amounts be recorded based on estimates and assumptions made by management. Actual results could differ from these estimates and assumptions. Our accounting policies that utilize significant estimates and assumptions include: (i) estimation for revenue recognition and multiple performance obligation arrangements, (ii) determination of the fair value of assets and liabilities

acquired in a business combination, (iii) the evaluation of the recoverability of the carrying value of long-lived assets and goodwill, (iv) assumptions utilized to test recoverability of capitalized implementation costs and customer and subscriber advances, (v) judgments in capitalization of software developed for internal use, (vi) the evaluation of uncertainties surrounding the calculation of our tax assets and liabilities, (vii) estimation of the air booking cancellation reserve, and (viii) the evaluation of the allowance for credit losses. Our use of estimates and the related accounting policies are discussed in the consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K filed with the SEC on February 18, 2022. Given the uncertainties surrounding the duration and effects of COVID-19, including any variants, we cannot provide assurance that the assumptions used in our estimates will be accurate and the impacts could be material on our cancellation reserves, credit loss provisions and results of operations.

Adoption of New Accounting Standards

In March 2022, the Financial Accounting Standards Board ("FASB") issued updated guidance on derivatives and hedging which allows entities to apply fair value hedging to closed portfolios of prepayable financial assets without having to consider prepayment risk or credit risk when measuring the assets. The amendments allow multiple hedged layers to be designated for a single closed portfolio for financial assets or one or more beneficial interests secured by a portfolio of financial instruments. As a result, an entity can achieve hedge accounting for hedges of a greater proportion of the interest rate risk inherent in the assets included in the closed portfolio, further aligning hedge accounting with risk management strategies. The standard is effective for public entities for fiscal years beginning after December 15, 2022, with early adoption permitted. We adopted this standard in the first quarter of 2022 and there was no impact to our consolidated financial statements for the three months ended March 31, 2022 as a result of the adoption.

2. Revenue from Contracts with Customers

Contract Balances

Revenue recognition for a significant portion of our revenue coincides with normal billing terms, including our transactional revenues, Software-as-a-Service ("SaaS") revenues, and hosted revenues. Timing differences among revenue recognition, unconditional rights to bill, and receipt of contract consideration may result in contract assets or contract liabilities.

The following table presents our assets and liabilities with customers as of March 31, 2022 and December 31, 2021 (in thousands).

Account	Consolidated Balance Sheet Location	March 31, 2022	December 31, 2021
Contract assets and customer advances and discounts[1]	Prepaid expenses and other current assets / other assets, net	$ 78,840	$ 79,682
Trade and unbilled receivables, net	Accounts receivable, net	332,911	258,800
Long-term trade unbilled receivables, net	Other assets, net	18,027	23,709
Contract liabilities	Deferred revenues / other noncurrent liabilities	137,380	135,273

[1] Includes contract assets of $12 million and $11 million for March 31, 2022 and December 31, 2021, respectively.

During the three months ended March 31, 2022, we recognized revenue of approximately $7 million from contract liabilities that existed as of January 1, 2022. Our long-term trade unbilled receivables, net relate to fixed license fees billed over the contractual period and recognized when the customer gains control of the software. We evaluate collectability of our accounts receivable based on a combination of factors and record reserves as described further in Note 5. Credit Losses.

Revenue

The following table presents our revenues disaggregated by business (in thousands):

	Three Months Ended March 31,	
	2022	2021
Distribution	$ 342,888	$ 151,781
IT Solutions	191,110	137,094
Total Travel Solutions	533,998	288,875
SynXis Software and Services	49,734	38,730
Other	6,270	3,485
Total Hospitality Solutions	56,004	42,215
Eliminations	(5,092)	(3,606)
Total Sabre Revenue	$ 584,910	$ 327,484

We may occasionally recognize revenue in the current period for performance obligations partially or fully satisfied in the previous periods resulting from changes in estimates for the transaction price, including any changes to our assessment of

whether an estimate of variable consideration is constrained. For the three months ended March 31, 2022, the impact on revenue recognized in the current period from performance obligations partially or fully satisfied in the previous period is $24 million, which is due to the recognition of revenue that was previously deferred but became recognizable due to a change in facts and circumstances associated with an IT Solutions customer located in Eastern Europe. It is no longer considered probable that this revenue will be reversed and this amount was fully paid by the customer.

Unearned performance obligations primarily consist of deferred revenue for fixed implementation fees and future product implementations, which are included in deferred revenue and other noncurrent liabilities in our consolidated balance sheet. We have not disclosed the performance obligation related to contracts containing minimum transaction volume, as it represents a subset of our business, and therefore would not be meaningful in understanding the total future revenues expected to be earned from our long-term contracts.

3. Dispositions

AirCentre Disposition

On October 28, 2021, we announced that we entered into an agreement with a third party to sell our suite of flight and crew management and optimization solutions, which represents our AirCentre airline operations portfolio. The assets and liabilities associated with the AirCentre portfolio are presented as held for sale on our consolidated balance sheets as of December 31, 2021. On February 28, 2022, we completed the sale of AirCentre to a third party for cash proceeds of $392 million. The operating results of AirCentre are included within Travel Solutions for all periods presented through the date of sale. The net assets of AirCentre disposed of primarily included goodwill of $146 million, working capital of $18 million, and other assets, net of $25 million. We recorded a pre-tax gain on sale of approximately $192 million (after-tax $121 million) in Other, net in our consolidated statements of operations for the three months ended March 31, 2022.

In connection with the closing of the transaction, we entered into a Transition Services Agreement ("TSA") with the acquirer, under which we will provide transition services consisting of technology, administrative and other services for up to a twenty-four month period to provide for an orderly transition and facilitate the ongoing operations of the AirCentre business. Consideration received under the TSA is primarily based on a fixed fee for each service provided. To the extent a contract was unable to be assigned by the time of close, we will continue to invoice and collect any relevant consideration and transfer the economic benefit to the acquirer.

4. Income Taxes

For the three months ended March 31, 2022, we recognized $1 million of income tax benefit, representing a negative effective tax rate of 1%, compared to an income tax expense of $4 million, representing a negative effective tax rate of 2% for the three months ended March 31, 2021. The effective tax rate remained relatively flat for the three months ended March 31, 2022 as compared to the same period in 2021. The difference between our effective tax rates and the U.S. federal statutory income tax rate primarily results from valuation allowances, our geographic mix of taxable income in various tax jurisdictions, tax permanent differences and tax credits.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. We consider the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax-planning strategies in making this assessment. We believe it is more likely than not that the results of future operations will not generate sufficient taxable income in the U.S. and in certain foreign jurisdictions to realize the full benefit of its deferred tax assets. On the basis of this evaluation, as of March 31, 2022, a cumulative valuation allowance of $420 million has been recorded to recognize only the portion of the deferred tax asset that is more likely than not to be realized. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased.

We recognize liabilities when we believe that an uncertain tax position may not be fully sustained upon examination by the tax authorities. This evaluation requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. When facts and circumstances change, we reassess these probabilities and record any changes in the consolidated financial statements as appropriate. Our net unrecognized tax benefits, excluding interest and penalties, included in our consolidated balance sheets, were $80 million and $85 million as of March 31, 2022 and December 31, 2021, respectively.

5. Credit Losses

We are exposed to credit losses primarily through our sales of services provided to participants in the travel and transportation industry, which we consider to be our singular portfolio segment. We develop and document our methodology used in determining the allowance for credit losses at the portfolio segment level. Within the travel portfolio segment, we identify airlines, hoteliers and travel agencies as each presenting unique risk characteristics associated with historical credit loss patterns, and we determine the adequacy of our allowance for credit loss by assessing the risks and losses inherent in our receivables related to each.

We evaluate the collectability of our receivables based on a combination of factors. In circumstances where we are aware of a specific customer's inability to meet its financial obligations to us, such as bankruptcy filings or failure to pay amounts due to

us or others, we specifically reserve for bad debts against amounts due to reduce the recorded receivable to the amount we reasonably believe will be collected. For all other customers, we record reserves for receivables, including unbilled receivables and contract assets, based on historical experience and the length of time the receivables are past due. The estimate of credit losses is developed by analyzing historical twelve-month collection rates and adjusting for current customer-specific factors indicating financial instability and other macroeconomic factors that correlate with the expected collectability of our receivables.

Our allowance for credit losses relates to all financial assets, primarily trade receivables due in less than one year recorded in Accounts Receivable, net on our consolidated balance sheets. Our allowance for credit losses for the three months ended March 31, 2022 for our portfolio segment is summarized as follows (in thousands):

	Three Months Ended March 31, 2022
Balance at December 31, 2021	$ 59,646
Provision for expected credit losses	1,997
Write-offs	(3,864)
Other	(263)
Balance at March 31, 2022	$ 57,516

Our provision for expected credit losses for the three months ended March 31, 2022 increased $4 million to a provision of $2 million from a reversal of $2 million in the same period in the prior year. In the prior year quarter and throughout the year of 2021, we experienced the reversal of provisions recorded during 2020, as the economy began to recover and payment experience began to improve. Macro-economic factors, including the economic downturn, lack of liquidity in the capital markets resulting from the COVID-19 pandemic and lack of additional government funding, can have a significant effect on additions to the allowance as the pandemic or the current economic environment may continue to result in restructuring or bankruptcy of additional customers. Given the uncertainties surrounding the duration and effects of COVID-19, including any variants, we cannot provide assurance that the assumptions used in our estimates will be accurate and actual write-offs may vary from our estimates.

6. Debt

As of March 31, 2022 and December 31, 2021, our outstanding debt included in our consolidated balance sheets totaled $4,749 million and $4,753 million, respectively, which are net of debt issuance costs of $43 million and $45 million, respectively, and unamortized discounts of $14 million and $9 million, respectively. The following table sets forth the face values of our outstanding debt as of March 31, 2022 and December 31, 2021 (in thousands):

	Rate	Maturity	March 31, 2022	December 31, 2021
Senior secured credit facilities:				
Term Loan B	L + 2.00%	February 2024	$ 1,183,129	$ 1,805,806
Other Term Loan B	S[1] + 4.25%	June 2028	625,000	—
Term Loan B-1	L + 3.50%	December 2027	400,970	401,980
Term Loan B-2	L + 3.50%	December 2027	639,170	640,780
9.25% senior secured notes due 2025	9.250%	April 2025	775,000	775,000
7.375% senior secured notes due 2025	7.375%	September 2025	850,000	850,000
4.00% senior exchangeable notes due 2025	4.000%	April 2025	333,220	333,220
Face value of total debt outstanding			4,806,489	4,806,786
Less current portion of debt outstanding			(16,730)	(29,290)
Face value of long-term debt outstanding			$ 4,789,759	$ 4,777,496

[1] Represents the Secured Overnight Financing Rate ("SOFR")

We had outstanding letters of credit totaling $13 million and $10 million as of March 31, 2022 and December 31, 2021, respectively, which were secured by a $20 million cash collateral deposit account.

Senior Secured Credit Facilities

Refinancing Transactions

On August 23, 2017, Sabre GLBL entered into a Fourth Incremental Term Facility Amendment to our Amended and Restated Credit Agreement, Term Loan A Refinancing Amendment to our Amended and Restated Credit Agreement, and Second Revolving Facility Refinancing Amendment to our Amended and Restated Credit Agreement (the “2017 Refinancing”). The 2017 Refinancing included a $400 million revolving credit facility ("Revolver") as well as the application of the proceeds of the approximately $1,891 million incremental Term Loan B facility (“Term Loan B”) and $570 million Term Loan A facility (“Term Loan A”).

On August 27, 2020, Sabre GLBL entered into a Third Revolving Facility Refinancing Amendment to the Amended and Restated Credit Agreement (the "Third Revolving Refinancing Amendment") and the First Term A Loan Extension Amendment to the Amended and Restated Credit Agreement (the "Term A Loan Extension Amendment" and, together with the Third Revolving Refinancing Amendment, the "2020 Refinancing"), which extended the maturity of the Revolver from July 1, 2022 to November 23, 2023 at the earliest and February 22, 2024 at the latest, depending on certain "springing" maturity conditions as described in the Third Revolving Refinancing Amendment. In addition to extending the maturity date of the Revolver, the 2020 Refinancing also provided that, during any covenant suspension resulting from a "Material Travel Event Disruption" (as defined in the Amended and Restated Credit Agreement), including during the current covenant suspension period, we were required to maintain liquidity of at least $300 million on a monthly basis, which was lowered in December 2020 from $450 million. In addition, during this covenant suspension, the 2020 Refinancing limited certain payments to equity holders, certain investments, certain prepayments of unsecured debt and the ability of certain subsidiaries to incur additional debt. The applicable margins for the Revolver were between 2.50% and 1.75% per annum for Eurocurrency rate loans and between 1.50% and 0.75% per annum for base rate loans, with the applicable margin for any quarter reduced by 25 basis points (up to 75 basis points total) if the Senior Secured First-Lien Net Leverage Ratio (as defined in the Amended and Restated Credit Agreement) was less than 3.75 to 1.0, 3.00 to 1.0, or 2.25 to 1.0, respectively. These interest rate spreads for the Revolver were increased by 0.25%, during covenant suspension, in connection with the 2020 Refinancing.

On December 17, 2020, Sabre GLBL entered into a Sixth Term A Loan Refinancing and Incremental Amendment to our Amended and Restated Credit Agreement, resulting in additional Term Loan B borrowings of $637 million ("Other Term B Loans") due December 17, 2027. The applicable interest rate margins for the Other Term B Loans are 4.00% per annum for Eurocurrency rate loans and 3.00% per annum for base rate loans, with a floor of 0.75% for the Eurocurrency rate, and 1.75% for the base rate, respectively. The net proceeds of $623 million from the issuance, net of underwriting fees and commissions, were used to fully redeem both the $500 million outstanding 5.25% senior secured notes due November 2023 and the $134 million outstanding Term Loan A. We incurred no material additional indebtedness as a result of these transactions, other than amounts for certain interest, fees and expenses. We recognized a loss on extinguishment of debt of $11 million during the year ended December 31, 2020 in connection with these transactions, which consisted of a redemption premium of $6 million and the write-off of unamortized debt issuance costs of $5 million.

On July 12, 2021, we entered into agreements to refinance the Other Term Loan B facility and the Revolver, and terminated the revolving commitments thereunder (the "2021 Refinancing"). We incurred no additional indebtedness as a result of the 2021 Refinancing, other than amounts covering certain interest, fees and expenses. Among other things, the 2021 Refinancing amended the financial performance covenant to remove the minimum liquidity requirement of $300 million, the Total Net Leverage Ratio maintenance requirement, and certain other limitations. The 2021 Refinancing included the application of the proceeds of (i) a new $404 million term loan “B-1” facility (the “New Term B-1 Facility”) and (ii) a new $644 million term loan “B-2” facility (the "New Term B-2 Facility" and together with the New Term B-1 Facility, the “New Facilities”), borrowed by Sabre GLBL under our Amended and Restated Credit Agreement, to pay down in full approximately $634 million of Other Term B Loans and the outstanding $400 million Revolver balance, and to terminate the revolving commitments thereunder. The remaining proceeds, net of a $3 million discount, were used to pay a $6 million redemption premium and $6 million in other fees associated with the refinancing. We recognized a loss on extinguishment of debt in connection with these transactions during the year ended December 31, 2021 of $13 million and debt modification costs for financing fees of $2 million recorded to Other, net. The New Facilities mature on December 17, 2027, and we have the ability to prepay the New Facilities after December 17, 2021 without a premium. In addition, on July 2, 2021, in anticipation of the Revolver repayment and termination of the revolving commitments (and related letter of credit subfacility), Sabre GLBL entered into a new $20 million bilateral letter of credit facility, which is secured by a cash collateral deposit account and included as restricted cash on our consolidated balance sheets.

On March 9, 2022, we entered into an amendment to refinance a portion of the Term Loan B facility (the "2022 Refinancing"). We incurred no additional indebtedness as a result of the 2022 Refinancing, other than amounts covering certain fees and expenses. The 2022 Refinancing included the application of the proceeds of a new $625 million term loan “B” facility (the “New Other Term B Facility”), borrowed by Sabre GLBL under our Amended and Restated Credit Agreement, with the effect of extending the maturity of approximately $623 million of the existing Term Loan B credit facility under the Amended and Restated Credit Agreement. We recognized a loss on extinguishment of debt in connection with these transactions during the three months ended March 31, 2022 of $4 million and debt modification costs for financing fees of $1 million recorded to Other, net. The New Other Term B Facility matures on June 30, 2028 and offers us the ability to prepay or repay the New Other Term B Facility after 12 months or to prepay or repay at a 101 premium before that date. The interest rates on the New Other Term B Facility are based on Term SOFR, replacing LIBOR, plus an applicable margin.

Under the Amended and Restated Credit Agreement, the loan parties are subject to certain customary non-financial covenants, including restrictions on incurring certain types of indebtedness, creation of liens on certain assets, making of certain investments, and payment of dividends. We are further required to pay down the term loans with proceeds from certain asset sales, if not reinvested into the business within 15 months, as defined in the Amended and Restated Credit Agreement. As of March 31, 2022, we are in compliance with all covenants under the terms of the Amended and Restated Credit Agreement.

Exchangeable Notes

On April 17, 2020, Sabre GLBL entered into a new debt agreement consisting of $345 million aggregate principal amount of 4.000% senior exchangeable notes due 2025 (the “Exchangeable Notes”). The Exchangeable Notes are senior, unsecured obligations of Sabre GLBL, accrue interest payable semi-annually in arrears and mature on April 15, 2025, unless earlier repurchased or exchanged in accordance with specified circumstances and terms of the indenture governing the Exchangeable Notes. During the year ended December 31, 2021, a certain holder elected to exchange $10 million of the Exchangeable Notes for 1,269,497 shares of common stock, which we elected to settle in shares of our common stock. Additionally, certain holders elected to exchange $2 million of the Exchangeable Notes for $3 million in cash, which we elected to settle in cash. As of March 31, 2022, we have $333 million aggregate principal amount of Exchangeable Notes outstanding.

Under the terms of indenture, the notes are exchangeable into common stock of Sabre Corporation (referred to as "our common stock" herein) at the following times or circumstances:

- during any calendar quarter commencing after the calendar quarter ended June 30, 2020, if the last reported sale price per share of our common stock exceeds 130% of the exchange price for each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter;
- during the five consecutive business days immediately after any five consecutive trading day period (such five consecutive trading day period, the "Measurement Period") if the trading price per $1,000 principal amount of Exchangeable Notes, as determined following a request by their holder in accordance with the procedures in the indenture, for each trading day of the Measurement Period was less than 98% of the product of the last reported sale price per share of our common stock on such trading day and the exchange rate on such trading day;
- upon the occurrence of certain corporate events or distributions on our common stock, including but not limited to a “Fundamental Change” (as defined in the indenture governing the notes);
- upon the occurrence of specified corporate events; or
- on or after October 15, 2024, until the close of business on the second scheduled trading day immediately preceding the maturity date, April 15, 2025.

With certain exceptions, upon a Change of Control or other Fundamental Change (both as defined in the indenture governing the Exchangeable Notes), the holders of the Exchangeable Notes may require us to repurchase all or part of the principal amount of the Exchangeable Notes at a repurchase price equal to 100% of the principal amount of the Exchangeable

Notes, plus any accrued and unpaid interest to, but excluding, the repurchase date. As of March 31, 2022, none of the conditions allowing holders of the Exchangeable Notes to exchange have been met. As of March 31, 2022, the if-converted value of the Exchangeable Notes exceeds the outstanding principal amount by $150 million.

The Exchangeable Notes are convertible at their holder's election into shares of our common stock based on an initial conversion rate of 126.9499 shares of common stock per $1,000 principal amount of the Exchangeable Notes, which is equivalent to an initial conversion price of approximately $7.88 per share. The exchange rate is subject to anti-dilution and other adjustments. Upon conversion, Sabre GLBL will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of common stock, at our election. If a "Make-Whole Fundamental Change" (as defined in the Exchangeable Notes Indenture) occurs with respect to any Exchangeable Note and the exchange date for the exchange of such Exchangeable Note occurs during the related "Make-Whole Fundamental Change Exchange Period" (as defined in the Exchangeable Notes Indenture), then, subject to the provisions set forth in the Exchangeable Notes Indenture, the exchange rate applicable to such exchange will be increased by a number of shares set forth in the table contained in the Exchangeable Notes Indenture, based on a function of the time since origination and our stock price on the date of the occurrence of such Make-Whole Fundamental Change. The net proceeds received from the sale of the Exchangeable Notes of $336 million, net of underwriting fees and commissions, are being used for general corporate purposes.

The following table sets forth the carrying value of the Exchangeable Notes as of March 31, 2022 and December 31, 2021, (in thousands):

	March 31, 2022	December 31, 2021
Principal	$ 333,220	$ 333,220
Less: Unamortized debt issuance costs	7,359	7,917
Net Carrying Value	$ 325,861	$ 325,303

The following table sets forth interest expense recognized related to the Exchangeable Notes for the three months ended March 31, 2022 and 2021 (in thousands):

	Three Months Ended March 31,	
	2022	2021
Contractual interest expense	$ 3,332	$ 3,450
Amortization of debt discount and issuance costs	$ 559	$ 551

7. Derivatives

Hedging Objectives—We are exposed to certain risks relating to ongoing business operations. The primary risks managed by using derivative instruments are foreign currency exchange rate risk and interest rate risk. Forward contracts on various foreign currencies are entered into to manage the foreign currency exchange rate risk on operational expenditures' exposure denominated in foreign currencies. Interest rate swaps are entered into to manage interest rate risk associated with our floating-rate borrowings.

In accordance with authoritative guidance on accounting for derivatives and hedging, we designate foreign currency forward contracts as cash flow hedges on operational exposure and interest rate swaps as cash flow hedges of floating-rate borrowings.

Cash Flow Hedging Strategy—To protect against the reduction in value of forecasted foreign currency cash flows, we hedge portions of our revenues and expenses denominated in foreign currencies with forward contracts. For example, when the dollar strengthens significantly against the foreign currencies, the decline in present value of future foreign currency expense is offset by losses in the fair value of the forward contracts designated as hedges. Conversely, when the dollar weakens, the increase in the present value of future foreign currency expense is offset by gains in the fair value of the forward contracts. Due to the uncertainty driven by the COVID-19 pandemic on our foreign currency exposures, we have paused entering into new cash flow hedges of forecasted foreign currency cash flows until we have more clarity regarding the recovery trajectory and its impacts on net exposures.

We enter into interest rate swap agreements to manage interest rate risk exposure. The interest rate swap agreements modify our exposure to interest rate risk by converting floating-rate debt to a fixed rate basis, thus reducing the impact of interest rate changes on future interest expense and net earnings. These agreements involve the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreements without an exchange of the underlying principal amount.

For derivative instruments that are designated and qualify as cash flow hedges, the effective portions and ineffective portions of the gain or loss on the derivative instruments, and the hedge components excluded from the assessment of effectiveness, are reported as a component of other comprehensive income (loss) ("OCI") and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period or periods during which the hedged transaction

affects earnings. Derivatives not designated as hedging instruments are carried at fair value with changes in fair value reflected in Other, net in the consolidated statements of operations.

Forward Contracts—In order to hedge our operational expenditures' exposure to foreign currency movements, we were a party to certain foreign currency forward contracts that extended until December 31, 2020. We designated these instruments as cash flow hedges. As of March 31, 2022 and December 31, 2021, we had no unsettled forward contracts.

Interest Rate Swap Contracts—We had no interest rate swaps outstanding as of March 31, 2022 or December 31, 2021. Interest rate swaps matured during the year ended December 31, 2021 as follows:

Notional Amount	Interest Rate Received	Interest Rate Paid	Effective Date	Maturity Date
Designated as Hedging Instrument				
$600 million	1 month LIBOR[1]	2.81%	December 31, 2020	December 31, 2021

[1] Subject to a 1% floor.

In April 2018, we entered into forward starting interest rate swaps to hedge the interest payments associated with $450 million of the floating-rate Term Loan B related to the year 2021. In December 2018, we entered into forward starting interest rate swaps to hedge the interest payments associated with $150 million of the floating-rate Term Loan B for the year 2021. We designated these swaps as cash flow hedges.

Subsequent to March 31, 2022, on April 1, 2022, we entered into an interest rate swap to hedge interest payments associated with $200 million of the floating rate Other Term Loan B related to the years 2022 and 2023. The total notional outstanding of $200 million became effective April 30, 2022.

There are no effects of derivative instruments, net of taxes, on OCI for the three months ended March 31, 2022. The effects of derivative instruments, net of taxes, on OCI for the three months ended March 31, 2021 are as follows (in thousands):

Derivatives in Cash Flow Hedging Relationships	Amount of Loss Recognized in OCI on Derivative, Effective Portion Three Months Ended March 31, 2021
Interest rate swaps	(3)
Total	$ (3)

Derivatives in Cash Flow Hedging Relationships	Income Statement Location	Amount of Loss Reclassified from Accumulated OCI into Income, Effective Portion Three Months Ended March 31, 2021
Interest rate swaps	Interest expense, net	3,128
Total		$ 3,128

8. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for that asset or liability. Guidance on fair value measurements and disclosures establishes a valuation hierarchy for disclosure of inputs used in measuring fair value defined as follows:

Level 1—Inputs are unadjusted quoted prices that are available in active markets for identical assets or liabilities.

Level 2—Inputs include quoted prices for similar assets and liabilities in active markets and quoted prices in non-active markets, inputs other than quoted prices that are observable, and inputs that are not directly observable, but are corroborated by observable market data.

Level 3—Inputs that are unobservable and are supported by little or no market activity and reflect the use of significant management judgment.

The classification of a financial asset or liability within the hierarchy is determined based on the least reliable level of input that is significant to the fair value measurement. In determining fair value, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. We also consider the counterparty and our own non-performance risk in our assessment of fair value.

Financial Instruments

The carrying value of our financial instruments including cash and cash equivalents, restricted cash and accounts receivable approximates their fair values due to the short term nature of these instruments. The fair values of our Exchangeable Notes, senior secured notes due 2025 and term loans under our Amended and Restated Credit Agreement are determined based on quoted market prices for a similar liability when traded as an asset in an active market, a Level 2 input.

The following table presents the fair value and carrying value of our senior notes and borrowings under our senior secured credit facilities as of March 31, 2022 and December 31, 2021 (in thousands):

	Fair Value at		Carrying Value at [1]	
Financial Instrument	**March 31, 2022**	**December 31, 2021**	**March 31, 2022**	**December 31, 2021**
Term Loan B	$ 1,168,340	$ 1,767,432	$ 1,181,690	$ 1,803,318
Other Term Loan B	596,094	—	618,080	—
Term Loan B-1	396,960	397,458	400,062	401,036
Term Loan B-2	633,178	633,171	634,011	635,416
9.25% senior secured notes due 2025	859,522	877,916	775,000	775,000
7.375% senior secured notes due 2025	888,990	886,423	850,000	850,000
4.00% senior exchangeable notes due 2025	548,663	454,459	333,220	333,220

(1) Excludes net unamortized debt issuance costs.

Assets that are Measured at Fair Value on a Nonrecurring Basis

We assess goodwill and other intangible assets with indefinite lives for impairment annually or more frequently if indicators arise. We continually monitor events and changes in circumstances such as changes in market conditions, near and long-term demand and other relevant factors, that could indicate that the fair value of any one of our reporting units may more likely than not have fallen below its respective carrying amount. We have not identified any triggering events or changes in circumstances since the performance of our annual goodwill impairment test that would require us to perform another goodwill impairment test and we did not record any goodwill impairment charges for the three months ended March 31, 2022 or March 31, 2021.. As we cannot predict the duration or scope of the COVID-19 pandemic, future impairments may occur and the negative financial impact to our consolidated financial statements and results of operations of potential future impairments cannot be reasonably estimated but could be material.

9. Accumulated Other Comprehensive Loss

As of March 31, 2022 and December 31, 2021, the components of accumulated other comprehensive loss, net of related deferred income taxes, are as follows (in thousands):

	March 31, 2022	**December 31, 2021**
Defined benefit pension and other postretirement benefit plans	$ (81,678)	$ (84,773)
Unrealized foreign currency translation gain	4,997	6,282
Share of other comprehensive loss of equity method investments	(1,142)	(1,796)
Total accumulated other comprehensive loss, net of tax	$ (77,823)	$ (80,287)

The amortization of actuarial losses and periodic service credits associated with our retirement-related benefit plans is primarily included in Other, net in the consolidated statements of operations. On March 11, 2021, the American Rescue Plan Act ("ARPA") of 2021 was signed into law, which modified funding requirements for single-employer defined benefit pension plans by restarting and extending the amortization of funding shortfalls and extending and enhancing interest rate stabilization percentages. We have elected to use excess contributions resulting from a reduction to past contribution requirements allowed by ARPA to offset remaining required contributions. As of March 31, 2022, we have not contributed to our defined benefit pension plan in 2022 and do not expect to make any contributions for the year. See Note 7. Derivatives, for information on the income statement line items affected as the result of reclassification adjustments associated with derivatives.

10. Stock and Stockholders' Equity

Preferred Stock

On August 24, 2020, we completed an offering of 3,340,000 shares of our 6.50% Series A Mandatory Convertible Preferred Stock (the "Preferred Stock"), which generated net proceeds of approximately $323 million for use as general corporate purposes. During the year ended December 31, 2021, a certain holder elected to convert 50,000 shares of preferred stock to 595,240 shares of common stock, leaving 3,290,000 shares outstanding.

The Preferred Stock accumulates cumulative dividends at a rate per annum equal to 6.50% of the liquidation preference of $100 per share (equivalent to $6.50 annually per share) payable in cash or, subject to certain limitations, by delivery of shares of our common stock or any combination of cash and shares of our common stock, at our election; provided, however, that any undeclared and unpaid dividends will continue to accumulate. Dividends are payable when, as and if declared by our Board of Directors, out of funds legally available for their payment to the extent paid in cash, quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, beginning on December 1, 2020 and ending on, and including, September 1, 2023. Declared dividends on the Preferred Stock will be payable, at our election, in cash, shares of our common stock or a combination of cash and shares of our common stock.

Subject to limited exceptions, no dividends may be declared or paid on shares of our common stock, unless all accumulated dividends have been paid or set aside for payment on all outstanding shares of our Preferred Stock for all past completed dividend periods. In the event of our voluntary or involuntary liquidation, dissolution or winding-up, no distribution of our assets may be made to holders of our common stock until we have paid to holders of our Preferred Stock a liquidation preference equal to $100 per share plus accumulated and unpaid dividends.

We recorded $5 million of accrued preferred stock dividends in our consolidated results of operations for the three months ended March 31, 2022 and 2021. During the three months ended March 31, 2022 and 2021, we paid cash dividends on our preferred stock of $5 million.

Unless earlier converted, each outstanding share of Preferred Stock will automatically convert, on the mandatory conversion date, which is expected to be September 1, 2023, into shares of our common stock at a rate between 11.9048 and 14.2857, subject to customary anti-dilution adjustments. The number of shares of our common stock issuable upon conversion will be determined based on the average volume-weighted average price per share of our common stock over the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day immediately before September 1, 2023. The number of shares issued at conversion based on the unadjusted conversion rates will be between 39 million and 47 million shares.

Holders of the Preferred Stock have the right to convert all or any portion of their shares at any time until the close of business on the mandatory conversion date. Early conversions that are not in connection with a “Make-Whole Fundamental Change” (as defined in the Certificate of Designations governing the Preferred Stock) will be settled at the minimum conversion rate of 11.9048. If a Make-Whole Fundamental Change occurs, holders of the Preferred Stock will, in certain circumstances, be entitled to convert their shares at an increased conversion rate for a specified period of time and receive an amount to compensate them for certain unpaid accumulated dividends and any remaining future scheduled dividend payments.

The Preferred Stock is not redeemable at our election before the mandatory conversion date. The holders of the Preferred Stock will not have any voting rights, with limited exceptions. In the event that Preferred Stock dividends have not been declared and paid in an aggregate amount corresponding to six or more dividend periods, whether or not consecutive, the holders of the Preferred Stock will have the right to elect two new directors until all accumulated and unpaid Preferred Stock dividends have been paid in full, at which time that right will terminate.

Share Repurchase Program

In February 2017, we announced the approval of a multi-year share repurchase program (the "Share Repurchase Program") to purchase up to $500 million of Sabre's common stock outstanding. Repurchases under the Share Repurchase Program may take place in the open market or privately negotiated transactions. During the three months ended March 31, 2022, we did not repurchase any shares pursuant to the Share Repurchase Program. On March 16, 2020, we announced the suspension of share repurchases under the Share Repurchase Program in conjunction with certain cash management measures we undertook as a result of the market conditions caused by COVID-19. Approximately $287 million remains authorized for repurchases under the Share Repurchase Program as of March 31, 2022.

Exchangeable Notes

On April 17, 2020, we issued $345 million aggregate principal amount of Exchangeable Notes. Under the terms of indenture, the Exchangeable Notes are exchangeable into our common stock under specified circumstances. During the year ended December 31, 2021, a certain holder elected to exchange $10 million of the Exchangeable Notes for 1,269,497 shares of common stock. We elected to settle this conversion in shares of our common stock. As of March 31, 2022, we have $333 million aggregate principal amount of Exchangeable Notes outstanding. See Note 6. Debt for further details. We expect to settle the principal amount of the outstanding Exchangeable Notes in shares of our common stock.

11. Earnings Per Share

The following table reconciles the numerators and denominators used in the computations of basic and diluted earnings per share from continuing operations (in thousands, except per share data):

	Three Months Ended March 31,	
	2022	2021
Numerator:		
Income (loss) from continuing operations	$ 47,544	$ (259,931)
Less: Net income attributable to noncontrolling interests	272	484
Less: Preferred stock dividends	5,346	5,428
Net income (loss) from continuing operations available to common stockholders, basic	41,926	(265,843)
Add: Interest expense and amortization of debt discount and issuance costs for exchangeable notes, net of tax	3,074	—
Add: Preferred stock dividends	5,346	—
Net income (loss) from continuing operations available to common stockholders, diluted	$ 50,346	$ (265,843)
Denominator:		
Basic weighted-average common shares outstanding	323,658	317,634
Add: Dilutive effect of stock options and restricted stock awards	4,251	—
Add: Dilutive effect of exchangeable notes	42,302	—
Add: Dilutive effect of preferred shares	39,167	—
Diluted weighted-average common shares outstanding	409,378	317,634
Earnings per share from continuing operations:		
Basic	$ 0.13	$ (0.84)
Diluted	$ 0.12	$ (0.84)

Basic earnings per share is computed by dividing net income from continuing operations available to common stockholders by the weighted-average number of common shares outstanding during each period. Diluted earnings per share is computed by dividing net income from continuing operations available to common stockholders by the weighted-average number of common shares outstanding plus the effect of all dilutive common stock equivalents during each period. The diluted weighted-average common shares outstanding calculation excludes 6 million of dilutive stock options and restricted stock awards for the three months ended March 31, 2021, as their effect would be anti-dilutive given the net loss incurred in those periods. The calculation of diluted weighted-average shares excludes the impact of 2 million and 1 million of anti-dilutive common stock equivalents for the three months ended March 31, 2022 and 2021, respectively.

We have used the if-converted method for calculating any potential dilutive effect of the Exchangeable Notes on our diluted net income per share. Under the if-converted method, the Exchangeable Notes are assumed to be converted at the beginning of the period and the resulting common shares are included in the denominator of the diluted earnings per share calculation for the entire period being presented and interest expense, net of tax, recorded in connection with the Exchangeable Notes is added back to the numerator, only in the periods in which such effect is dilutive. The approximately 42 million resulting common shares related to the Exchangeable Notes are not included in the dilutive weighted-average common shares outstanding calculation for the three months ended March 31, 2021 as their effect would be anti-dilutive given the net loss incurred in the period.

Likewise, the potential dilutive effect of our Preferred Stock outstanding during the period was calculated using the if-converted method assuming the conversion as of the earliest period reported or at the date of issuance, if later. The resulting common shares are included in the denominator of the diluted earnings per share calculation for the entire period being presented and preferred stock dividends are added back to the numerator, only in the periods in which such effect is dilutive. The approximately 39 million resulting common shares related to the Preferred Stock are not included in the dilutive weighted-average common shares outstanding calculation for the three months ended March 31, 2021 as their effect would be anti-dilutive given the net loss incurred in the period.

12. Leases

We lease certain facilities under long-term operating leases. Operating lease assets are included in operating lease right-of-use ("ROU") assets within other assets, net and operating lease liabilities are included in other accrued liabilities and other noncurrent liabilities in our consolidated balance sheets. Our finance leases are not material to our consolidated financial statements and have been omitted from the information below.

The following table presents supplemental cash flow information related to operating leases (in thousands):

	Three Months Ended March 31,	
	2022	2021
Supplemental Cash Flow Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used in operating leases	$ 6,408	$ 6,162

The following table presents supplemental balance sheet information related to operating leases (in thousands):

	Three Months Ended March 31,	
	March 31, 2022	December 31, 2021
Operating Leases		
Operating lease right-of-use assets	$ 93,898	$ 99,587
Other accrued liabilities	18,451	21,106
Other noncurrent liabilities	75,579	79,368
Total operating lease liabilities	$ 94,030	$ 100,474

Our leases have remaining minimum terms that range between one and twelve years. Some of our leases include options to extend for up to ten additional years; others include options to terminate the agreement within two years. Future minimum lease payments under non-cancellable operating leases as of March 31, 2022 are as follows (in thousands):

Year Ending December 31,	Operating Leases
2022	$ 14,965
2023	17,126
2024	15,682
2025	11,125
2026	11,726
Thereafter	48,993
Total	119,617
Imputed Interest	(25,587)
Total	$ 94,030

13. Contingencies

Legal Proceedings

While certain legal proceedings and related indemnification obligations to which we are a party specify the amounts claimed, these claims may not represent reasonably possible losses. Given the inherent uncertainties of litigation, the ultimate outcome of these matters cannot be predicted at this time, nor can the amount of possible loss or range of loss, if any, be reasonably estimated, except in circumstances where an aggregate litigation accrual has been recorded for probable and reasonably estimable loss contingencies. A determination of the amount of accrual required, if any, for these contingencies is made after careful analysis of each matter. The required accrual may change in the future due to new information or developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters.

Antitrust Litigation and Investigations

US Airways Antitrust Litigation

In April 2011, US Airways filed suit against us in federal court in the Southern District of New York, alleging violations of the Sherman Act Section 1 (anticompetitive agreements) and Section 2 (monopolization). The complaint was filed fewer than two months after we entered into a new distribution agreement with US Airways. In September 2011, the court dismissed all claims relating to Section 2. The claims that were not dismissed are claims brought under Section 1 of the Sherman Act, relating to our contracts with US Airways, which US Airways claims contain anticompetitive provisions, and an alleged conspiracy with the other GDSs, allegedly to maintain the industry structure and not to compete for content. We strongly deny all of the allegations made by US Airways.

Sabre filed summary judgment motions in April 2014. In January 2015, the court issued an order granting Sabre's summary judgment motions in part, eliminating a majority of US Airways' alleged damages and rejecting its request for injunctive relief by which US Airways sought to bar Sabre from enforcing certain provisions in our contracts. In September 2015, the court also dismissed US Airways' claim for declaratory relief. In February 2017, US Airways sought reconsideration of the court's opinion dismissing the claim for declaratory relief, which the court denied in March 2017. US Airways estimated its damages in a range of $317 million to $482 million (before trebling), depending on certain assumptions; this quantification was substantially reduced following the court's summary judgment ruling described above.

The trial on the remaining claims commenced in October 2016. In December 2016, the jury issued a verdict in favor of US Airways with respect to its claim under Section 1 of the Sherman Act regarding Sabre's contract with US Airways and awarded it $5 million in single damages. The jury rejected US Airways' claim alleging a conspiracy with the other GDSs.

Based on the jury's verdict, in March 2017 the court entered final judgment in favor of US Airways in the amount of $15 million, which is three times the jury's award of $5 million as required by the Sherman Act. As a result of the jury's verdict, US Airways was also entitled to receive reasonable attorneys' fees and costs under the Sherman Act. As such, it filed a motion seeking approximately $125 million in attorneys' fees and costs, the amount of which we strongly dispute. In January 2018, the court denied US Airways' motion seeking attorneys' fees and costs, without prejudice.

In the fourth quarter of 2016, we accrued a loss of $32 million, which represented the court's final judgment of $15 million, plus our estimate of $17 million for US Airways' reasonable attorneys' fees, expenses and costs.

In April 2017, we filed an appeal with the United States Court of Appeals for the Second Circuit seeking a reversal of the judgment. US Airways also filed a counter-appeal challenging earlier court orders, including the above-referenced orders dismissing and/or issuing summary judgment as to portions of its claims and damages. In connection with this appeal, we posted an appellate bond equal to the aggregate amount of the $15 million judgment entered plus interest, which stayed the judgment pending the appeal. The Second Circuit heard oral arguments on this matter in December 2018.

In September 2019, the Second Circuit issued its Order and Opinion. The Second Circuit vacated the judgment with respect to US Airways' claim under Section 1, reversed the trial court's dismissal of US Airways' claims relating to Section 2, and remanded the case to district court for a new trial. In addition, the Second Circuit affirmed the trial court's ruling limiting US Airways' damages. The judgment in our favor on US Airways' conspiracy claim remains intact. The lawsuit has been remanded to federal court in the Southern District of New York for further proceedings. The trial began April 22, 2022. We continue to believe that our business practices and contract terms are lawful.

As a result of the Second Circuit's opinion, we believe that the claims associated with this case are not probable; therefore, in the third quarter of 2019, we reversed our previously accrued loss of $32 million and do not have any losses accrued for this matter as of March 31, 2022.

We have and will incur significant fees, costs and expenses for as long as the litigation is ongoing. In addition, litigation by its nature is highly uncertain and fraught with risk, and it is therefore difficult to predict the outcome of any particular matter, including any changes to our business that may be required as a result of the litigation. If favorable resolution of the matter is not reached upon remand, any monetary damages are subject to trebling under the antitrust laws and US Airways would be eligible to be reimbursed by us for its reasonable costs and attorneys' fees. US Airways has quantified its damages for the retrial in a range of $204 million to $299 million (before trebling), based on its payments of GDS booking fees to Sabre and depending on certain assumptions. We believe these estimates are based on faulty assumptions and analysis and therefore are highly overstated. In the event US Airways were to prevail on the merits of its claim, we believe any monetary damages awarded (before trebling) would be significantly less than either of US Airways' proposed damage amounts. Depending on the amount of any such judgment, if we do not have sufficient cash on hand, we may be required to seek private or public financing. Depending on the outcome of the litigation, any of these consequences could have a material adverse effect on our business, financial condition and results of operations.

American Airlines Commercial Litigation

On June 29, 2021, American Airlines filed suit against us in state district court in Tarrant County, Texas, alleging that our New Airline Storefront, a modern retailing experience designed to enhance comparison shopping of airline offers in the GDS, and a new value-based incentive model with agencies breach our contract with American Airlines. American Airlines is seeking a temporary and permanent injunction preventing the alleged breach of contract. We strongly deny the allegations and have filed our response denying American Airlines' allegations and seeking a declaratory judgment that, among other things, New Airline Storefront does not violate the contract and that the contract does not prohibit Sabre's value-based fee arrangements. In October 2021, the court heard arguments to determine whether to grant a temporary injunction preventing the alleged breach of contract, and on October 27, 2021, the court issued a ruling denying the temporary injunction. The court also denied American Airlines' subsequent motion seeking reconsideration of the court's denial of the temporary injunction. The court has scheduled the trial to begin on January 17, 2023. We could incur significant fees, costs and expenses for as long as the litigation is ongoing. If we cannot resolve this matter favorably, we could be limited in our ability to utilize New Airline Storefront and make the value-based incentive payments until our contract with American Airlines terminates. Furthermore, if this dispute were to result in the termination of our distribution contract with American Airlines, we may be unable to negotiate a new contract with American Airlines on as favorable terms or at all, which could have a material adverse effect on our business, financial condition and results of operations.

Indian Income Tax Litigation

We are currently a defendant in income tax litigation brought by the Indian Director of Income Tax ("DIT") in the Supreme Court of India. The dispute arose in 1999 when the DIT asserted that we have a permanent establishment within the meaning of the Income Tax Treaty between the United States and the Republic of India and accordingly issued tax assessments for assessment years ending March 1998 and March 1999, and later issued further tax assessments for assessment years ending March 2000 through March 2006. The DIT has continued to issue further tax assessments on a similar basis for subsequent years; however, the tax assessments for assessment years ending March 2007 and later are no longer material. We appealed the tax assessments for assessment years ending March 1998 through March 2006 and the Indian Commissioner of Income Tax Appeals returned a mixed verdict. We filed further appeals with the Income Tax Appellate Tribunal ("ITAT"). The ITAT ruled in our favor on June 19, 2009 and July 10, 2009, stating that no income would be chargeable to tax for assessment years ending March 1998 and March 1999, and from March 2000 through March 2006. The DIT appealed those decisions to the Delhi High Court, which found in our favor on July 19, 2010. The DIT has appealed the decision to the Supreme Court of India and our case is currently pending before that court. We have appealed the tax assessments for the assessment years ended March 2013 to March 2018 with the ITAT and no trial date has been set for these subsequent years.

In addition, Sabre Asia Pacific Pte Ltd ("SAPPL") is currently a defendant in similar income tax litigation brought by the DIT. The dispute arose when the DIT asserted that SAPPL has a permanent establishment within the meaning of the Income Tax Treaty between Singapore and India and accordingly issued tax assessments for assessment years ending March 2000 through March 2005. SAPPL appealed the tax assessments, and the Indian Commissioner of Income Tax (Appeals) returned a mixed verdict. SAPPL filed further appeals with the ITAT. The ITAT ruled in SAPPL's favor, finding that no income would be chargeable to tax for assessment years ending March 2000 through March 2005. The DIT appealed those decisions to the Bombay High Court and our case is pending before that court. The DIT also assessed taxes on a similar basis plus some additional issues for assessment years ending March 2006 through March 2018 and appeals for assessment years ending March 2006 through March 2016 and March 2018 are pending before the ITAT or the High Court depending on the year.

If the DIT were to fully prevail on every claim against us, including SAPPL, we could be subject to taxes, interest and penalties of approximately $45 million as of March 31, 2022. We intend to continue to aggressively defend against each of the foregoing claims. Although we do not believe that the outcome of the proceedings will result in a material impact on our business or financial condition, litigation is by its nature uncertain. We do not believe this outcome is more likely than not and therefore have not made any provisions or recorded any liability for the potential resolution of any of these claims.

Indian Service Tax Litigation

SAPPL's Indian subsidiary is also subject to litigation by the India Director General (Service Tax) ("DGST"), which has assessed the subsidiary for multiple years related to its alleged failure to pay service tax on marketing fees and reimbursements of expenses. Indian courts have returned verdicts favorable to the Indian subsidiary. The DGST has appealed the verdict to the Indian Supreme Court. We do not believe that an adverse outcome is probable and therefore have not made any provisions or recorded any liability for the potential resolution of any of these claims.

Litigation Relating to Routine Proceedings

We are also engaged from time to time in other routine legal and tax proceedings incidental to our business. We do not believe that any of these routine proceedings will have a material impact on the business or our financial condition.

Other

SynXis Central Reservation System

As previously disclosed, we became aware of an incident involving unauthorized access to payment information contained in a subset of hotel reservations processed through the Sabre Hospitality Solutions SynXis Central Reservation System (the “HS Central Reservation System”). Our investigation was supported by third party experts, including a leading cybersecurity firm. Our investigation determined that an unauthorized party: obtained access to account credentials that permitted access to a subset of hotel reservations processed through the HS Central Reservation System; used the account credentials to view a credit card summary page on the HS Central Reservation System and access payment card information (although we use encryption, this credential had the right to see unencrypted card data); and first obtained access to payment card information and some other reservation information on August 10, 2016. The last access to payment card information was on March 9, 2017. The unauthorized party was able to access information for certain hotel reservations, including cardholder name; payment card number; card expiration date; and, for a subset of reservations, card security code. The unauthorized party was also able, in some cases, to access certain information such as guest name(s), email, phone number, address, and other information if provided to the HS Central Reservation System. Information such as Social Security, passport, or driver’s license number was not accessed. The investigation did not uncover forensic evidence that the unauthorized party removed any information from the system, but it is a possibility. We took successful measures to ensure this unauthorized access to the HS Central Reservation System was stopped and is no longer possible. There is no indication that any of our systems beyond the HS Central Reservation System, such as Sabre’s Travel Solutions platforms, were affected or accessed by the unauthorized party. We notified law enforcement and the payment card brands and engaged a payment card industry data ("PCI") forensic investigator to investigate this incident at the payment card brands' request. We have notified customers and other companies that use or interact with, directly or indirectly, the HS Central Reservation System about the incident. In December 2020, we entered into settlement agreements with certain state Attorneys General to resolve their investigation into this incident. As part of these settlement agreements, we paid $2 million to the states represented by the Attorneys General in the first quarter of 2021 and agreed to implement certain security controls and processes.

Separately, in November 2017, Sabre Hospitality Solutions observed a pattern of activity that, after further investigation, led it to believe that an unauthorized party improperly obtained access to certain hotel user credentials for purposes of accessing the HS Central Reservation System. We deactivated the compromised accounts and notified law enforcement of this activity. We also notified the payment card brands, and at their request, we engaged a PCI forensic investigator to investigate this incident. We did not find any evidence of a breach of the network security of the HS Central Reservation System, and we believe that the number of affected reservations represented only a fraction of 1% of the bookings in the HS Central Reservation System. Although the costs related to these incidents, including any associated penalties assessed by any other governmental authority or payment card brand or indemnification obligations to our customers, as well as any other impacts or remediation related to this incident, may be material, it is not possible at this time to determine whether we will incur, or to reasonably estimate the amount of, any liabilities in connection with them, with the exception of the payment related to the settlement agreements as described above. We maintain insurance that covers certain aspects of cyber risks, including the payment related to the settlement agreements, and we continue to work with our insurance carriers in these matters.

Other Tax Matters

We operate in numerous jurisdictions in which taxing authorities may challenge our position with respect to income and non-income based taxes. We routinely receive inquiries and may also from time to time receive challenges or assessments from these taxing authorities. With respect to non-income based taxes, we recognize liabilities when we believe it is probable that amounts will be owed to the taxing authorities and such amounts are estimable. For example, in most countries we pay and collect Value Added Tax (“VAT”) when procuring goods and services, or providing services, within the normal course of business. VAT receivables are established in jurisdictions where VAT paid exceeds VAT collected and are recoverable through the filing of refund claims. These receivables have inherent audit and collection risks unique to the specific jurisdictions that evaluate our refund claims. We intend to vigorously defend our positions against any claims that are not insignificant, including through litigation when necessary. As of March 31, 2022, we do not believe that an adverse outcome is probable with respect to current outstanding claims; as a result, we have not accrued any material amounts for exposure related to such contingencies or adverse decisions. Nevertheless, we may incur expenses in future periods related to such matters, including litigation costs and possible pre-payment of a portion of any assessed tax amount to defend our position, and if our positions are ultimately rejected, it could have a material impact to our results of operations.

14. Segment Information

Our reportable segments are based upon our internal organizational structure; the manner in which our operations are managed; the criteria used by our Chief Executive Officer, who is our Chief Operating Decision Maker ("CODM"), to evaluate segment performance; the availability of separate financial information; and overall materiality considerations.

We operate our business and present our results through two business segments, (i) Travel Solutions, our global travel solutions for travel suppliers and travel buyers, including a broad portfolio of software technology products and solutions for airlines, and (ii) Hospitality Solutions, an extensive suite of software solutions for hoteliers.

Our CODM utilizes Adjusted Operating Loss, which is not a recognized term under GAAP, as the measure of profitability to evaluate performance of our segments and allocate resources. Our use of Adjusted Operating Loss has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP.

We define Adjusted Operating Loss as operating loss adjusted for equity method loss, acquisition-related amortization, restructuring and other costs, acquisition-related costs, litigation costs, net, and stock-based compensation.

Our CODM does not review total assets by segment as operating evaluations and resource allocation decisions are not made on the basis of total assets by segment.

Certain costs associated with our technology organization are allocated to the segments based on the segments' usage of resources. Benefit expenses, facility and lease costs and associated depreciation expense are allocated to the segments based on headcount. Unallocated corporate costs include certain shared expenses such as accounting, finance, human resources, legal, corporate systems, amortization of acquired intangible assets, impairment and related charges, stock-based compensation, restructuring charges, legal reserves and other items not identifiable with one of our segments.

We account for significant intersegment transactions as if the transactions were with third parties, that is, at estimated current market prices. The majority of the intersegment revenues and cost of revenues are fees charged by Travel Solutions to Hospitality Solutions for hotel stays booked through our GDS.

Segment information for the three months ended March 31, 2022 and 2021 is as follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
Revenue		
Travel Solutions	$ 533,998	$ 288,875
Hospitality Solutions	56,004	42,215
Eliminations	(5,092)	(3,606)
Total revenue	$ 584,910	$ 327,484
Adjusted Operating Income (Loss)[(a)]		
Travel Solutions	$ 45,306	$ (106,133)
Hospitality Solutions	(15,117)	(13,587)
Corporate	(59,344)	(46,782)
Total	$ (29,155)	$ (166,502)
Depreciation and amortization		
Travel Solutions	$ 28,254	$ 48,770
Hospitality Solutions	5,800	7,927
Total segments	34,054	56,697
Corporate	16,054	16,526
Total	$ 50,108	$ 73,223
Capital Expenditures		
Travel Solutions	$ 7,397	$ 4,199
Hospitality Solutions	3,529	190
Total segments	10,926	4,389
Corporate	6,477	2,046
Total	$ 17,403	$ 6,435

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(a) The following table sets forth the reconciliation of operating loss in our statement of operations to Adjusted Operating Loss (in thousands):

	Three Months Ended March 31,	
	2022	2021
Operating loss	$ (79,532)	$ (202,553)
Add back:		
Equity method loss	(170)	(911)
Acquisition-related amortization[(1)]	15,803	16,221
Restructuring and other costs[(2)]	—	(5,135)
Acquisition-related costs[(3)]	3,664	720
Litigation costs, net[(4)]	3,475	730
Stock-based compensation	27,605	24,426
Adjusted Operating Loss	$ (29,155)	$ (166,502)

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[1] Acquisition-related amortization represents amortization of intangible assets from the take-private transaction in 2007 as well as intangibles associated with acquisitions since that date.

[2] Restructuring and other costs represent charges, and adjustments to those charges, associated with business restructuring and associated changes, as well as other measures to support the new organizational structure and to respond to the impacts of the COVID-19 pandemic on our business, facilities and cost structure.

[3] Acquisition-related costs represent fees and expenses incurred associated with acquisition and disposition related activities.

[4] Litigation costs, net represent charges associated with antitrust litigation and other foreign non-income tax contingency matters. See Note 13. Contingencies.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Quarterly Report on Form 10-Q, including this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part I, Item 2, contains information that may constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts, such as statements regarding our future financial condition or results of operations, our prospects and strategies for future growth, the development and introduction of new products, and the implementation of our marketing and branding strategies. In many cases, you can identify forward-looking statements by terms such as *“expects,” “outlook,” "intends," "will," "may," "believes," “plans,” “provisional,” “predicts,” “potential,” “anticipates,” “estimates,” “should,” “could,” “likely,” “commit,” “guidance,” “anticipate,” “incremental,” “preliminary,” “forecast,” “continue,” “strategy,” “confidence,” “momentum,” “estimate,” “objective,” “project,”* or the negative of these terms or other comparable terminology. The forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions and are subject to risks, uncertainties and changes in circumstances that may cause events or our actual activities or results to differ significantly from those expressed in any forward-looking statement. Certain of these risks, uncertainties and changes in circumstances are described in the "Risk Factors" section of this Quarterly Report on Form 10-Q and in the “Risk Factors” and “Forward-Looking Statements” sections included in our Annual Report on Form 10-K filed with the SEC on February 18, 2022. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, outlook, guidance, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. Unless required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements to reflect circumstances or events after the date they are made.

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes contained elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K filed with the SEC on February 18, 2022.

Overview

We connect people and places with technology that reimagines the business of travel. We operate our business and present our results through two business segments: (i) Travel Solutions, our global business-to-business travel marketplace for travel suppliers and travel buyers, including a broad portfolio of software technology products and solutions for airlines, and (ii) Hospitality Solutions, an extensive suite of leading software solutions for hoteliers.

A significant portion of our revenue is generated through transaction-based fees that we charge to our customers. For Travel Solutions, we generate revenue from our distribution activities through transaction fees for bookings on our global distribution system ("GDS"), and from our IT solutions through recurring usage-based fees for the use of our Software-as-a-Service ("SaaS") and hosted systems, as well as upfront fees and professional services fees. For Hospitality Solutions, we generate revenue from recurring usage-based fees for the use of our SaaS and hosted systems, as well as upfront fees and professional services fees. Items that are not allocated to our business segments are identified as corporate and primarily include stock-based compensation expense, litigation costs, corporate headcount-related costs and other items that are not identifiable with either of our segments.

Recent Developments Affecting our Results of Operations

The travel industry continues to be adversely affected by the global health crisis due to the outbreak of the coronavirus ("COVID-19"), including variants, as well as by government directives that have been enacted to slow the spread of the virus. In 2020, we experienced significant decreases in transaction-based revenue in our Travel Solutions segment, including increased cancellation activity beyond what was initially estimated, as well as a reduction in SynXis Software and Services revenue in our Hospitality Solutions segment due to a decrease in transaction volumes as a result of the COVID-19 pandemic. As expected, this pandemic has continued to have a material impact to our consolidated financial results in 2021 and 2022. Despite the continued negative impacts of the COVID-19 pandemic on our business and global travel volumes, as COVID-19 vaccines have continued to be administered and some travel restrictions have been relaxed, we have seen some gradual improvement in our key volume metrics during 2021 and 2022. With the continued increase in volumes, our incentive consideration costs are also increasing significantly compared to 2021 and 2020.

The inputs into our judgments and estimates consider the economic implications of COVID-19 on our critical and significant accounting estimates. Our air booking cancellation reserve totaled $15 million and $18 million as of March 31, 2022, and December 31, 2021, respectively. Additionally, the provision for credit losses for the three months ended March 31, 2022 was $2 million, and for the three months ended March 31, 2021 was a reversal of $2 million due to the recovery experienced in 2021. See Note 5. Credit Losses. Given the uncertainties surrounding the duration and effects of COVID-19, including any variants, on transaction volumes in the global travel industry, particularly air travel transaction volumes and future cancellation activity, including from airlines’ insolvency or suspension of service or aircraft groundings, we cannot provide assurance that the assumptions used in the estimates will be accurate and the impacts could be material on our cancellation reserves, credit loss provisions and results of operations.

We believe the ongoing effects of COVID-19 on our operations and global bookings will continue to have a material negative impact on our financial results and liquidity, and this negative impact may continue well beyond the containment of the outbreak. We believe our cash position and the liquidity measures we have taken since 2020 will provide additional flexibility as we manage through the global economic recovery from the COVID-19 pandemic. See “—Recent Events Impacting Our Liquidity and Capital Resources” and “—Senior Secured Credit Facilities.” As a result, we believe that we have resources to sufficiently fund our liquidity requirements over at least the next twelve months; however, given the magnitude of travel decline and the unknown duration of the COVID-19 impact, we will continue to monitor our liquidity levels and take additional steps should we determine they are necessary.

On October 28, 2021, we announced that we entered into an agreement with a third party to sell our suite of flight and crew management and optimization solutions, which represents our AirCentre airline operations portfolio within Travel Solution’s IT Solutions. On February 28, 2022, we sold the AirCentre product portfolio, related technology and intellectual property for $392 million. We recorded a pre-tax gain on sale of approximately $192 million (after-tax $121 million) in Other, net in our consolidated statements of operations for the three months ended March 31, 2022. In connection with the closing, we entered into a transition services agreement with the purchaser, pursuant to which we will continue to provide certain services and conduct certain operations in connection with the transferred business while it transitions to the purchaser’s system, in return for compensation from the purchaser with respect to these costs. See Note 3. Dispositions for further details.

Subsequent to the initiation of the current military conflict in Ukraine, we terminated our distribution agreement with Aeroflot. In addition, air travel in and to Russia, Ukraine, and Belarus has substantially declined, including as a result of sanctions imposed on those countries. While none of Russia, Ukraine, and Belarus constituted a significant portion of our financial results in 2021, we have experienced significantly reduced GDS bookings and passengers boarded in Russia, Belarus, and Ukraine beginning in the middle of the first quarter of 2022, and these reductions are ongoing. For reference, our Travel Solutions revenue generated in Russia represented a low-single digit percentage of our total 2019 Travel Solutions revenue. An expansion in the scope of the current conflict or any economic disruption, or any expansion of sanctions or export controls, could have a material adverse effect on our results of operations. See “Risk Factors—Our business could be harmed by adverse global and regional economic and political conditions.”

During the three months ended March 31, 2022, we recognized $24 million of previously deferred revenue due to a change in facts and circumstances associated with an IT Solutions customer located in Eastern Europe. It is no longer considered probable that this revenue will be reversed and this amount was fully paid by the customer. See Note 2. Revenue from Contracts with Customers for details regarding the impact on revenue. Our consolidated balance sheets include net assets of approximately $15 million as of March 31, 2022 related to customers located in Russia. If our performance under our IT Solutions agreements with such customers were terminated, or if we are unable to collect amounts due to us in the future, these net assets could be impaired.

Factors Affecting our Results

In addition to the "—Recent Developments Affecting our Results of Operations" above, a discussion of trends that we believe are the most significant opportunities and challenges currently impacting our business and industry is included in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting our Results” in our Annual Report on Form 10-K filed with the SEC on February 18, 2022. The discussion also includes management’s assessment of the effects these trends have had and are expected to have on our results of continuing operations. This information is not an exhaustive list of all of the factors that could affect our results and should be read in conjunction with the factors referred to in the sections entitled “Risk Factors” and "Forward-Looking Statements" included in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K filed with the SEC on February 18, 2022.

Components of Revenues and Expenses

Revenues

Travel Solutions generates revenues from distribution activities through Direct Billable Bookings processed on our GDS, adjusted for estimated cancellations of those bookings. Travel Solutions also generates revenues from IT solutions activities from its product offerings including reservation systems for full-service and low-cost carriers, commercial and operations products, professional services, agency solutions and booking data. Additionally, Travel Solutions generates revenue through software licensing and maintenance fees. Recognition of license fees upon delivery has previously resulted and will continue to result in periodic fluctuations in revenue recognized.

Hospitality Solutions generates revenue through upfront solution fees and recurring usage-based fees for the use of our software solutions hosted on secure platforms or deployed through our SaaS and through other professional service fees including Digital Experience ("DX"). Certain professional service fees are discrete sales opportunities that may have a high degree of variability from period to period, and we cannot guarantee that we will have such fees in the future consistent with prior periods.

Cost of revenue, excluding technology costs

Cost of revenue, excluding technology costs, incurred by Travel Solutions and Hospitality Solutions consists primarily of costs associated with the delivery and distribution of our products and services and includes employee-related costs for our delivery, customer operations and call center teams as well as allocated overhead such as facilities and other support costs. Cost of revenue, excluding technology costs, for Travel Solutions also includes incentive consideration expense representing payments or other consideration to travel agencies for reservations made on our GDS which accrue on a monthly basis. Cost of revenue, excluding technology costs, also includes amortization of upfront incentive consideration representing upfront payments or other consideration provided to travel agencies for reservations made on our GDS which are capitalized and amortized over the expected life of the contract. The technology costs excluded from Cost of revenue, excluding technology costs, are presented separately below.

Corporate cost of revenue, excluding technology costs, includes certain expenses such as stock-based compensation, restructuring charges and other items not identifiable with either of our segments.

Depreciation and amortization included in cost of revenue, excluding technology costs, is associated with capitalized implementation costs and intangible assets associated with contracts, supplier and distributor agreements purchased through acquisitions or established with our take private transaction in 2007.

Technology Costs

Technology costs incurred by Travel Solutions and Hospitality Solutions consist of expenses related to third-party providers and employee-related costs to operate technology operations including hosting, third-party software, and other costs associated with the maintenance and minor enhancement of our technology. Technology costs also include costs associated with our technology transformation efforts. Technology costs are less variable in nature and therefore may not correlate with related changes in revenue.

Depreciation and amortization included in technology costs is associated with software developed for internal use that supports our products, assets supporting our technology platform, businesses and systems and intangible assets for technology purchased through acquisitions or established through the take private transaction in 2007.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of professional service fees, certain settlement charges or reimbursements, costs to defend legal disputes, provision for expected credit losses, other overhead costs, and personnel-related expenses, including stock-based compensation, for employees engaged in sales, sales support, account management and who administratively support the business in finance, legal, human resources, information technology and communications.

Depreciation and amortization included in selling, general and administrative expenses is associated with property and equipment, acquired customer relationships, trademarks and brand names purchased through acquisitions or established through the take private transaction in 2007.

Intersegment Transactions

We account for significant intersegment transactions as if the transactions were with third parties, that is, at estimated current market prices. Hospitality Solutions pays fees to Travel Solutions for hotel stays booked through our GDS.

Key Metrics

"Direct Billable Bookings" and "Passengers Boarded" are the primary metrics utilized by Travel Solutions to measure operating performance. Travel Solutions generates distribution revenue for each Direct Billable Booking, which includes bookings made through our GDS (e.g., Air, and Lodging, Ground and Sea ("LGS")) and through our equity method investments in cases where we are paid directly by the travel supplier. Air Bookings are presented net of bookings cancelled within the period presented. Travel Solutions also recognizes IT solutions revenue from recurring usage-based fees for Passengers Boarded ("PBs"). The primary metric utilized by Hospitality Solutions is booking transactions processed through the Sabre Hospitality Solutions SynXis Central Reservation System (the "HS Central Reservation System"). These key metrics allow management to analyze customer volume over time for each of our product lines to monitor industry trends and analyze performance. We believe that these key metrics are useful for investors and other third parties as indicators of our financial performance and industry trends. While these metrics are based on what we believe to be reasonable estimates of our transaction counts for the applicable period of measurement, there are inherent challenges associated with their measurement. In addition, we are continually seeking to improve our estimates of these metrics, and these estimates may change due to improvements or changes in our methodology.

The following table sets forth these key metrics for the periods indicated (in thousands):

	Three Months Ended March 31,		
	2022	2021	% Change
Travel Solutions			
Direct Billable Bookings - Air	57,550	35,289	63.1%
Direct Billable Bookings - LGS	7,428	3,654	103.3%
Distribution Total Direct Billable Bookings	64,978	38,943	66.9%
IT Solutions Passengers Boarded	129,163	75,189	71.8%
Hospitality Solutions			
Central Reservations System Transactions	23,028	17,560	31.1%

Definitions of Non-GAAP Financial Measures

We have included both financial measures compiled in accordance with GAAP and certain non-GAAP financial measures in this Quarterly Report on Form 10-Q, including Adjusted Operating Loss, Adjusted Net Loss from continuing operations ("Adjusted Net Loss"), Adjusted EBITDA, Free Cash Flow and ratios based on these financial measures.

We define Adjusted Operating Loss as operating loss adjusted for equity method loss, acquisition-related amortization, restructuring and other costs, acquisition-related costs, litigation costs, net, and stock-based compensation.

We define Adjusted Net Loss as net income (loss) attributable to common stockholders adjusted for loss from discontinued operations, net of tax, net income attributable to noncontrolling interests, preferred stock dividends, acquisition-related amortization, restructuring and other costs, loss on extinguishment of debt, other, net, acquisition-related costs, litigation costs, net, stock-based compensation, and the tax impact of adjustments.

We define Adjusted EBITDA as income (loss) from continuing operations adjusted for depreciation and amortization of property and equipment, amortization of capitalized implementation costs, acquisition-related amortization, restructuring and other costs, interest expense, net, other, net, loss on extinguishment of debt, acquisition-related costs, litigation costs, net, stock-based compensation and the remaining (benefit) provision for income taxes.

We define Free Cash Flow as cash used in operating activities less cash used in additions to property and equipment.

We define Adjusted Net Loss from continuing operations per share as Adjusted Net Loss divided by adjusted diluted weighted-average common shares outstanding.

These non-GAAP financial measures are key metrics used by management and our board of directors to monitor our ongoing core operations because historical results have been significantly impacted by events that are unrelated to our core operations as a result of changes to our business and the regulatory environment. We believe that these non-GAAP financial measures are used by investors, analysts and other interested parties as measures of financial performance and to evaluate our ability to service debt obligations, fund capital expenditures, fund our investments in technology transformation, and meet working capital requirements. We also believe that Adjusted Operating Loss, Adjusted Net Loss and Adjusted EBITDA assist investors in company-to-company and period-to-period comparisons by excluding differences caused by variations in capital structures (affecting interest expense), tax positions and the impact of depreciation and amortization expense. In addition, amounts derived from Adjusted EBITDA are a primary component of certain covenants under our senior secured credit facilities.

Adjusted Operating Loss, Adjusted Net Loss, Adjusted EBITDA, Free Cash Flow and ratios based on these financial measures are not recognized terms under GAAP. These non-GAAP financial measures and ratios based on them are unaudited and have important limitations as analytical tools, and should not be viewed in isolation and do not purport to be alternatives to net income as indicators of operating performance or cash flows from operating activities as measures of liquidity. These non-GAAP financial measures and ratios based on them exclude some, but not all, items that affect net income or cash flows from operating activities and these measures may vary among companies. Our use of these measures has limitations as an analytical tool, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Some of these limitations are:

- these non-GAAP financial measures exclude certain recurring, non-cash charges such as stock-based compensation expense and amortization of acquired intangible assets;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash requirements for such replacements;
- Adjusted EBITDA does not reflect amortization of capitalized implementation costs associated with our revenue contracts, which may require future working capital or cash needs in the future;
- Adjusted Operating Loss, Adjusted Net Loss and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness;
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us;
- Free Cash Flow removes the impact of accrual-basis accounting on asset accounts and non-debt liability accounts, and does not reflect the cash requirements necessary to service the principal payments on our indebtedness; and
- other companies, including companies in our industry, may calculate Adjusted Operating Loss, Adjusted Net Loss, Adjusted EBITDA or Free Cash Flow differently, which reduces their usefulness as comparative measures.

The following table sets forth the reconciliation of Net income (loss) attributable to common stockholders to Adjusted Net Loss from continuing operations, Operating loss to Adjusted Operating Loss, and Income (loss) from continuing operations to Adjusted EBITDA (in thousands):

	Three Months Ended March 31,	
	2022	2021
Net income (loss) attributable to common stockholders	$ 42,060	$ (266,106)
(Income) loss from discontinued operations, net of tax	(134)	263
Net income attributable to noncontrolling interests[1]	272	484
Preferred stock dividends	5,346	5,428
Income (loss) from continuing operations	47,544	(259,931)
Adjustments:		
Acquisition-related amortization[2a]	15,803	16,221
Restructuring and other costs[4]	—	(5,135)
Loss on extinguishment of debt	3,533	—
Other, net[3]	(191,241)	(11,631)
Acquisition-related costs[5]	3,664	720
Litigation costs, net[6]	3,475	730
Stock-based compensation	27,605	24,426
Tax impact of adjustments[7]	(3,552)	6,326
Adjusted Net Loss from continuing operations	$ (93,169)	$ (228,274)
Adjusted Net Loss from continuing operations per share	$ (0.29)	$ (0.72)
Adjusted diluted weighted-average common shares outstanding	323,658	317,634
Operating loss	$ (79,532)	$ (202,553)
Add back:		
Equity method loss	(170)	(911)
Acquisition-related amortization[2a]	15,803	16,221
Restructuring and other costs[4]	—	(5,135)
Acquisition-related costs[5]	3,664	720
Litigation costs, net[6]	3,475	730
Stock-based compensation	27,605	24,426
Adjusted Operating Loss	$ (29,155)	$ (166,502)
Income (loss) from continuing operations	$ 47,544	$ (259,931)
Adjustments:		
Depreciation and amortization of property and equipment[2b]	26,966	48,592
Amortization of capitalized implementation costs[2c]	7,339	8,410
Acquisition-related amortization[2a]	15,803	16,221
Restructuring and other costs[4]	—	(5,135)
Interest expense, net	61,058	64,101
Other, net[3]	(191,241)	(11,631)
Loss on extinguishment of debt	3,533	—
Acquisition-related costs[5]	3,664	720
Litigation costs, net[6]	3,475	730
Stock-based compensation	27,605	24,426
(Benefit) provision for income taxes	(596)	3,997
Adjusted EBITDA	$ 5,150	$ (109,500)

The following table sets forth the reconciliation of diluted weighted-average common shares outstanding, calculated in

accordance with GAAP, to the adjusted diluted weighted-average shares outstanding (in thousands):

	Three Months Ended March 31,	
	2022	2021
GAAP diluted weighted-average common shares outstanding	409,378	317,634
Less: Dilutive effect of stock options and restricted stock awards	4,251	—
Less: Dilutive effect of exchangeable notes	42,302	—
Less: Dilutive effect of preferred shares	39,167	—
Adjusted diluted weighted-average common shares outstanding	323,658	317,634

The following tables set forth the reconciliation of Adjusted Operating Income (Loss) to Operating income (loss) in our statement of operations and Adjusted EBITDA to Income (loss) from continuing operations in our statement of operations by business segment (in thousands):

	Three Months Ended March 31, 2022			
	Travel Solutions	Hospitality Solutions	Corporate	Total
Adjusted Operating Income (Loss)	$ 45,306	$ (15,117)	$ (59,344)	$ (29,155)
Less:				
Equity method loss	(170)	—	—	(170)
Acquisition-related amortization[2a]	—	—	15,803	15,803
Acquisition-related costs[5]	—	—	3,664	3,664
Litigation costs, net[6]	—	—	3,475	3,475
Stock-based compensation	—	—	27,605	27,605
Operating income (loss)	$ 45,476	$ (15,117)	$ (109,891)	$ (79,532)
Adjusted EBITDA	$ 73,560	$ (9,317)	$ (59,093)	$ 5,150
Less:				
Depreciation and amortization of property and equipment[2b]	22,115	4,600	251	26,966
Amortization of capitalized implementation costs[2c]	6,139	1,200	—	7,339
Acquisition-related amortization[2a]	—	—	15,803	15,803
Acquisition-related costs[5]	—	—	3,664	3,664
Litigation costs, net[6]	—	—	3,475	3,475
Stock-based compensation	—	—	27,605	27,605
Equity method loss	(170)	—	—	(170)
Operating income (loss)	$ 45,476	$ (15,117)	$ (109,891)	$ (79,532)
Interest expense, net				(61,058)
Other, net[3]				191,241
Loss on extinguishment of debt				(3,533)
Equity method loss				(170)
Benefit for income taxes				596
Income from continuing operations				$ 47,544

	Three Months Ended March 31, 2021			
	Travel Solutions	Hospitality Solutions	Corporate	Total
Adjusted Operating Loss	$ (106,133)	$ (13,587)	$ (46,782)	$ (166,502)
Less:				
Equity method loss	(911)	—	—	(911)
Acquisition-related amortization(2a)	—	—	16,221	16,221
Restructuring and other costs(4)	—	—	(5,135)	(5,135)
Acquisition-related costs(5)	—	—	720	720
Litigation costs, net(6)	—	—	730	730
Stock-based compensation		—	24,426	24,426
Operating loss	$ (105,222)	$ (13,587)	$ (83,744)	$ (202,553)
Adjusted EBITDA	$ (57,363)	$ (5,660)	$ (46,477)	$ (109,500)
Less:				
Depreciation and amortization of property and equipment(2b)	41,372	6,915	305	48,592
Amortization of capitalized implementation costs(2c)	7,398	1,012	—	8,410
Acquisition-related amortization(2a)	—	—	16,221	16,221
Restructuring and other costs(4)	—	—	(5,135)	(5,135)
Acquisition-related costs(5)	—	—	720	720
Litigation costs, net(6)	—	—	730	730
Stock-based compensation	—	—	24,426	24,426
Equity method loss	(911)	—	—	(911)
Operating loss	$ (105,222)	$ (13,587)	$ (83,744)	$ (202,553)
Interest expense, net				(64,101)
Other, net(3)				11,631
Equity method loss				(911)
Provision for income taxes				(3,997)
Loss from continuing operations				$ (259,931)

The following tables present information from our statements of cash flows and set forth the reconciliation of Free Cash Flow to cash used in operating activities, the most directly comparable GAAP measure (in thousands):

	Three Months Ended March 31,	
	2022	2021
Cash used in operating activities	$ (139,083)	$ (197,403)
Cash provided by investing activities	374,865	8,405
Cash used in financing activities	(25,835)	(24,221)

	Three Months Ended March 31,	
	2022	2021
Cash used in operating activities	$ (139,083)	$ (197,403)
Additions to property and equipment	(17,403)	(6,435)
Free Cash Flow	$ (156,486)	$ (203,838)

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(1) Net income attributable to noncontrolling interests represents an adjustment to include earnings allocated to noncontrolling interests held in (i) Sabre Travel Network Middle East of 40%, (ii) Sabre Seyahat Dagitim Sistemleri A.S. of 40%, (iii) Sabre Travel Network Lanka (Pte) Ltd of 40%, and (iv) Sabre Bulgaria of 40%.

(2) Depreciation and amortization expenses:

(a) Acquisition-related amortization represents amortization of intangible assets from the take-private transaction in 2007 as well as intangibles associated with acquisitions since that date.

(b) Depreciation and amortization of property and equipment includes software developed for internal use as well as amortization of contract acquisition costs.

(c) Amortization of capitalized implementation costs represents amortization of upfront costs to implement new customer contracts under our SaaS and hosted revenue model.

(3) Other, net includes a $192 million gain on the sale of AirCentre during the three months ended March 31, 2022 and a $15 million gain on sale of equity securities during the three months ended March 31, 2021. In addition, all periods presented include foreign exchange gains and losses related to the remeasurement of foreign currency denominated balances included in our consolidated balance sheets into the relevant functional currency.

(4) Restructuring and other costs represents charges, and adjustments to those charges, associated with business restructuring and associated changes as well as other measures to support the new organizational structure and to respond to the impacts of the COVID-19 pandemic on our business, facilities and cost structure.

(5) Acquisition-related costs represent fees and expenses incurred associated with the AirCentre disposition and other potential transactions.

(6) Litigation costs, net represent charges associated with antitrust litigation and other foreign non-income tax contingency matters. See Note 13. Contingencies, to our consolidated financial statements.

(7) The tax impact of adjustments includes the tax effect of each separate adjustment based on the statutory tax rate for the jurisdiction(s) in which the adjustment was taxable or deductible, the impact of the adjustments on valuation allowance assessments, and the tax effect of items that relate to tax specific financial transactions, tax law changes, uncertain tax positions, and other items.

Results of Operations

The following table sets forth our consolidated statements of operations data for each of the periods presented:

	Three Months Ended March 31,	
	2022	2021
	(Amounts in thousands)	
Revenue	$ 584,910	$ 327,484
Cost of revenue, excluding technology costs	223,034	146,761
Technology costs	273,730	252,663
Selling, general and administrative	167,678	130,613
Operating loss	(79,532)	(202,553)
Interest expense, net	(61,058)	(64,101)
Loss on debt extinguishment	(3,533)	—
Equity method loss	(170)	(911)
Other, net	191,241	11,631
Income (loss) from continuing operations before income taxes	46,948	(255,934)
(Benefit) provision for income taxes	(596)	3,997
Income (loss) from continuing operations	$ 47,544	$ (259,931)

Three Months Ended March 31, 2022 and 2021

Revenue

	Three Months Ended March 31,			
	2022	2021	Change	
	(Amounts in thousands)			
Travel Solutions	$ 533,998	$ 288,875	$ 245,123	85 %
Hospitality Solutions	56,004	42,215	13,789	33 %
Total segment revenue	590,002	331,090	258,912	78 %
Eliminations	(5,092)	(3,606)	(1,486)	(41)%
Total revenue	$ 584,910	$ 327,484	$ 257,426	79 %

Travel Solutions—Revenue increased $245 million, or 85%, for the three months ended March 31, 2022 compared to the same period in the prior year, primarily due to:

- a $191 million, or 126%, increase in transaction-based distribution revenue due to a 67% increase in Direct Billable Bookings to 65 million primarily as a result of continued recovery trends from the COVID-19 pandemic and favorable rate impacts as international and corporate bookings have improved at an accelerating rate since January 2022; and
- a $54 million increase in IT solutions revenue consisting of a $42 million, or 102%, increase in reservation revenue primarily due to a 72% increase in Passengers Boarded to 129 million as a result of continued recovery trends from the COVID-19 pandemic and $24 million of previously deferred revenue recognized during the three months ended March 31, 2022 due to a change in facts and circumstances associated with an Eastern European customer. See Note 2. Revenue from Contracts with Customers. This increase was partially offset by an unfavorable rate mix due to revenue that does not fluctuate with our volumes. Additionally, commercial and operations revenue increased $12 million primarily due to license fee revenue related to AirCentre recognized upon delivery to the customer and increased volumes from the existing customer base, partially offset by reduced revenue due to the sale of our AirCentre portfolio on February 28, 2022. Recognition of license fees upon delivery has previously resulted and will continue to result in periodic fluctuations in revenue recognized.

Hospitality Solutions—Revenue increased $14 million, or 33%, for the three months ended March 31, 2022 compared to the same period in the prior year. The increase was primarily driven by an $11 million increase in SynXis Software and Services revenue due to an increase in transaction volumes of 31% to 23 million, as a result of continued recovery from the COVID-19 pandemic and an increase of $3 million in DX revenue.

Cost of revenue, excluding technology costs

	Three Months Ended March 31,		Change	
	2022	2021[1]		
	(Amounts in thousands)			
Travel Solutions	$ 189,754	$ 117,217	$ 72,537	62 %
Hospitality Solutions	27,725	19,877	7,848	39 %
Eliminations	(5,092)	(3,606)	(1,486)	(41)%
Total segment cost of revenue, excluding technology costs	212,387	133,488	78,899	59 %
Corporate	1,978	3,140	(1,162)	(37)%
Depreciation and amortization	8,669	10,133	(1,464)	(14)%
Total cost of revenue, excluding technology costs	$ 223,034	$ 146,761	$ 76,273	52 %

[1] Certain amounts previously presented for the three months ended March 31, 2021 have been reclassified between Travel Solutions and Corporate; total cost of revenue, excluding technology costs, was not impacted by this reclassification.

Travel Solutions—Cost of revenue, excluding technology costs, increased $73 million, or 62%, for the three months ended March 31, 2022 compared to the same period in the prior year. The increase was primarily driven by a $78 million increase in incentive consideration due to higher transaction volume given continued recovery from the COVID-19 pandemic. This increase was slightly offset by a decrease in labor and professional services costs resulting from the sale of AirCentre and other labor related expenses.

Hospitality Solutions—Cost of revenue, excluding technology costs, increased $8 million, or 39%, for the three months ended March 31, 2022 compared to the same period in the prior year primarily due to costs associated with increased transaction volumes.

Depreciation and amortization—Depreciation and amortization decreased $1 million, or 14%, for the three months ended March 31, 2022 compared to the same period in the prior year primarily due to the sale of previously held for sale assets within our AirCentre portfolio that incurred no depreciation charges for the current quarter.

Technology Costs

	Three Months Ended March 31,		Change	
	2022	2021		
	(Amounts in thousands)			
Travel Solutions	$ 225,144	$ 213,697	$ 11,447	5 %
Hospitality Solutions	28,560	22,420	6,140	27 %
Corporate	20,026	16,546	3,480	21 %
Total technology costs	$ 273,730	$ 252,663	$ 21,067	8 %

Travel Solutions—Technology costs increased $11 million, or 5%, for the three months ended March 31, 2022 compared to the same period in the prior year. The increase was primarily driven by a $25 million increase in technology costs due to higher transaction volumes given continued recovery from the COVID-19 pandemic and expected temporary costs resulting from our cloud migration efforts. Additionally, labor and professional services increased $5 million to support our technology transformation initiatives. We expect to incur a significant amount of incremental technology costs in 2022 over the prior year as a result of our technology transformation. These increases were partially offset by a decrease in depreciation and amortization of $18 million primarily due to a change in the mix of our technology spend beginning in 2019 resulting in less capitalized internal use software as well as a reduction due to the sale of our AirCentre portfolio as these assets were classified as held for sale as of December 31, 2021 and incurred no depreciation for the three months ended March 31, 2022. We expect depreciation and amortization expense to be significantly lower in 2022 than in the prior year due to the lower capitalization rate on technology spend beginning in 2019 and due to the sale of our AirCentre portfolio.

Hospitality Solutions—Technology costs increased $6 million, or 27%, for the three months ended March 31, 2022 compared to the same period in the prior year due to a $6 million increase in labor and professional services costs and a $2 million increase in technology costs to support our technology transformation initiatives. This increase was partially offset by a $2 million decrease in depreciation and amortization primarily driven by a change in the mix of our technology spend beginning in 2019 resulting in less capitalized internal use software.

Corporate—Technology costs increased $3 million, or 21%, for the three months ended March 31, 2022 compared to the same period in the prior year primarily due to a $2 million increase in stock-based compensation associated with previously awarded performance-based units and a reversal of severance costs in the prior year associated with the reduction of our workforce in 2020.

Selling, General and Administrative Expenses

	Three Months Ended March 31,		Change	
	2022	2021		
	(Amounts in thousands)			
Travel Solutions	$ 67,031	$ 54,960	$ 12,071	22 %
Hospitality Solutions	13,626	12,477	1,149	9 %
Corporate	87,021	63,176	23,845	38 %
Total selling, general and administrative expenses	$ 167,678	$ 130,613	$ 37,065	28 %

Travel Solutions—Selling, general and administrative expenses increased $12 million, or 22%, for the three months ended March 31, 2022 compared to the same period in the prior year. The increase was driven by a $5 million increase in legal costs incurred due to ongoing litigation and a $7 million increase in the provision for expected credit losses due to the unfavorable comparison to a provision reversal in the prior year as the economy began to recover and payment experience began to improve.

Hospitality Solutions—Selling, general and administrative expenses increased $1 million, or 9%, for the three months ended March 31, 2022 compared to the same period in the prior year. An increase in consulting related to our business strategy to support the long-term growth of the business was partially offset by a decrease in the provision for expected credit losses due to an improvement in our expected credit losses in the current year as a result of continued recovery from the COVID-19 pandemic, and lower depreciation and amortization.

Corporate—Selling, general and administrative expenses increased $24 million, or 38%, for the three months ended March 31, 2022 compared to the same period in the prior year. This increase was driven by a $6 million increase in professional services for consulting related to our business strategy to support the long-term growth of the business, a $5 million increase in risk and security costs, a $2 million increase as a result of increased compensation to attract and retain talent, a $3 million increase due to continued investments in our internal business systems, a $2 million increase in legal costs resulting from ongoing litigation, a $2 million increase in stock-based compensation associated with previously awarded performance-based units, a $2 million increase due to the reversal of severance costs in the prior year associated with the reduction of our workforce in 2020, and other ongoing business expenses.

Interest expense, net

	Three Months Ended March 31,		Change	
	2022	2021		
	(Amounts in thousands)			
Interest expense, net	$ 61,058	$ 64,101	$ (3,043)	(5)%

Interest expense decreased $3 million, or 5% during the three months ended March 31, 2022 compared to the same period in the prior year primarily due to the maturation of our interest rate swaps in the fourth quarter of 2021.

Loss on extinguishment of debt

We recognized a loss on extinguishment of debt of $4 million during the three months ended March 31, 2022 as a result of the refinancing that occurred in the first quarter of 2022. See Note 6. Debt for further details.

Other, net

	Three Months Ended March 31,		Change	
	2022	2021		
	(Amounts in thousands)			
Other, net	$ (191,241)	$ (11,631)	$ (179,610)	1,544 %

Other, net decreased $180 million for the three months ended March 31, 2022 compared to the same period in the prior year primarily due to the gain on the sale of AirCentre. See Note 3. Dispositions for further details regarding the AirCentre sale.

(Benefit) provision for Income Taxes

	Three Months Ended March 31,		Change	
	2022	2021		
	(Amounts in thousands)			
(Benefit) provision for income taxes	$ (596)	$ 3,997	$ (4,593)	(115)%

For the three months ended March 31, 2022, we recognized $1 million income tax benefit, representing a negative effective tax rate of 1%, compared to an income tax expense of $4 million, representing a negative effective tax rate of 2% for the three months ended March 31, 2021. The effective tax rate remained relatively flat for the three months ended March 31, 2022 as compared to the same period in 2021. The difference between our effective tax rates and the U.S. federal statutory income tax rate primarily results from valuation allowances, our geographic mix of taxable income in various tax jurisdictions, tax permanent differences and tax credits.

Liquidity and Capital Resources

Our current principal source of liquidity is our cash and cash equivalents on hand. As of March 31, 2022 and December 31, 2021, our cash and cash equivalents and outstanding letters of credit were as follows (in thousands):

	March 31, 2022	December 31, 2021
Cash and cash equivalents	$ 1,186,414	$ 978,352
Available under the bilateral letter of credit facility	6,921	10,018
Outstanding letters of credit under the bilateral letter of credit facility	13,079	9,982

We consider cash equivalents to be highly liquid investments that are readily convertible into cash. Securities with contractual maturities of three months or less, when purchased, are considered cash equivalents. We record changes in a book overdraft position, in which our bank account is not overdrawn but recently issued and outstanding checks result in a negative general ledger balance, as cash flows from financing activities. We invest in a money market fund which is classified as cash and cash equivalents in our consolidated balance sheets and statements of cash flows. We held no short-term investments as of March 31, 2022 and December 31, 2021. We had $21 million held as cash collateral for standby letters of credit in restricted cash on our consolidated balance sheets as of March 31, 2022 and December 31, 2021.

While the COVID-19 pandemic has had an adverse impact on our business, we expect to recognize federal taxable income in 2022 based on our operating and non-operating results, the annual limitation on the use of NOL carryforwards and a provision of the Tax Cuts and Jobs Act set to take effect. As a result, while we expect to be a U.S. federal cash taxpayer in 2022, we expect to also benefit from the usage of NOLs in 2022 to the extent available. We expect to continue to benefit from our NOLs in the near-term beyond 2022.

Liquidity Outlook

The reduction in revenues as the result of COVID-19 has significantly adversely affected our liquidity. Given the uncertainties surrounding the duration and effects of COVID-19, including any variants, on transaction volumes in the global travel industry, particularly air travel transaction volumes, including from airlines' insolvency or suspension of service or aircraft groundings, we cannot provide assurance that the assumptions used to estimate our liquidity requirements will be accurate. However, based on our assumptions and estimates with respect to our financial condition, we believe that we have resources to sufficiently fund our liquidity requirements over at least the next twelve months. As previously disclosed, we responded with measures to increase our cash position during 2020, including the suspension of quarterly cash dividends on our common stock, effective with respect to the dividends occurring after the March 30, 2020 payment and share repurchases under our $500 million share repurchase program (the "Share Repurchase Program"), borrowing under our Revolver, implementing cost savings measures, and completing debt and equity offerings. In addition, in the third quarter of 2021, we refinanced and extended the maturity on a portion of our debt and amended the financial performance covenant to remove minimum liquidity and leverage ratio requirements and in the first quarter of 2022, we refinanced and extended the maturity on another portion of our debt. We believe these actions will provide additional flexibility as we manage through the global economic recovery from the COVID-19 pandemic.

Free cash flow is calculated as cash flow from operations reduced by additions to property and equipment. For 2022, we expect our free cash flow to improve on an annual basis from 2021, turning positive within the second half of 2022. This expectation is based on industry projections regarding anticipated recovery levels in air travel and could change. See "—Risk Factors" for further details. Given the magnitude of travel decline and the unknown duration of the COVID-19 impact, we will continue to monitor travel activity and take additional steps should we determine they are necessary. Additionally, we may review opportunities to refinance our existing debt, as well as conduct debt or equity offerings to support future strategic investments, support operational requirements, provide additional liquidity, or pay down debt.

We utilize cash and cash equivalents primarily to pay our operating expenses, make capital expenditures, invest in our information technology infrastructure, products and offerings, pay taxes, pay quarterly dividends on our Preferred Stock (as defined below) when declared, and service our debt and other long-term liabilities. On July 12, 2021, we refinanced the Revolver

and terminated the commitments thereunder, replacing it with term loans. See “—*Senior Secured Credit Facilities* below. We had outstanding letters of credit totaling $13 million and $10 million as of March 31, 2022 and December 31, 2021, respectively, which were secured by a $20 million cash collateral deposit account.

Our ability to generate cash depends on many factors beyond our control, and any failure to meet our debt service obligations could harm our business, financial condition and results of operations. Our ability to make payments on and to refinance our indebtedness, and to fund working capital needs and planned capital expenditures will depend on our ability to generate cash in the future, which is subject to general economic, financial, competitive, business, legislative, regulatory and other factors that are beyond our control, including the impacts of COVID-19. See “Risk Factors—The COVID-19 pandemic has had and is expected to continue to have a significant adverse impact on our business, including our financial results and prospects, and the travel suppliers on whom our business relies." and "—We may require more cash than we generate in our operating activities, and additional funding on reasonable terms or at all may not be available.”

The ongoing effects of COVID-19 on our operations and global bookings have had, and we believe they will continue to have, a material negative impact on our financial results and liquidity, and this negative impact may continue well beyond the containment of the outbreak. On an ongoing basis, we will evaluate and consider strategic acquisitions, divestitures, joint ventures, equity method investments, or repurchasing our outstanding debt obligations in open market or in privately negotiated transactions, as well as other transactions we believe may create stockholder value or enhance financial performance. These transactions may require cash expenditures or generate proceeds and, to the extent they require cash expenditures, may be funded through a combination of cash on hand, debt or equity offerings.

Recent Events Impacting Our Liquidity and Capital Resources

Debt Agreements

On March 9, 2022, we refinanced and extended the maturity on a portion of the Term Loan B facility. See “— Senior Secured Credit Facilities" below.

Dividends

The Preferred Stock accumulates cumulative dividends at a rate per annum equal to 6.50% and dividends are payable when, as and if declared by our board of directors, out of funds legally available for their payment to the extent paid in cash, quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, beginning on December 1, 2020 and ending on, and including, September 1, 2023. Declared dividends on the Preferred Stock are payable, at our election, in cash, shares of our common stock or a combination of cash and shares of our common stock. We recorded $5 million of accrued preferred stock dividends in our consolidated results of operations for the three months ended March 31, 2022. During the three months ended March 31, 2022, we paid cash dividends on our preferred stock of $5 million.

On March 16, 2020, we announced the suspension of the payment of quarterly cash dividends on our common stock, effective with respect to the dividends occurring after the March 30, 2020 payment.

Share Repurchase Program

In February 2017, we announced the approval of the Share Repurchase Program to purchase up to $500 million of Sabre's common stock outstanding. Repurchases under the Share Repurchase Program may take place in the open market or privately negotiated transactions. For the three months ended March 31, 2022, we did not repurchase any shares pursuant to the Share Repurchase Program. On March 16, 2020, we announced the suspension of share repurchases under the Share Repurchase Program in conjunction with the cash management measures we are undertaking as a result of the market conditions caused by COVID-19. Approximately $287 million remains authorized for repurchases under the Share Repurchase Program as of March 31, 2022.

Senior Secured Credit Facilities

On August 23, 2017, Sabre GLBL entered into a Fourth Incremental Term Facility Amendment to our Amended and Restated Credit Agreement, Term Loan A Refinancing Amendment to our Amended and Restated Credit Agreement, and Second Revolving Facility Refinancing Amendment to our Amended and Restated Credit Agreement (the “2017 Refinancing”). The 2017 Refinancing included a $400 million revolving credit facility ("Revolver") as well as the application of the proceeds of the approximately $1,891 million incremental Term Loan B facility (“Term Loan B”) and $570 million Term Loan A facility (“Term Loan A”).

On August 27, 2020, Sabre GLBL entered into a Third Revolving Facility Refinancing Amendment to the Amended and Restated Credit Agreement (the "Third Revolving Refinancing Amendment") and the First Term A Loan Extension Amendment to the Amended and Restated Credit Agreement (the "Term A Loan Extension Amendment" and, together with the Third Revolving Refinancing Amendment, the "2020 Refinancing"), which extended the maturity of the Revolver from July 1, 2022 to November 23, 2023 at the earliest and February 22, 2024 at the latest, depending on certain "springing" maturity conditions as described in the Third Revolving Refinancing Amendment. In addition to extending the maturity date of the Revolver, the 2020 Refinancing also provided that, during any covenant suspension resulting from a "Material Travel Event Disruption" (as defined in the Amended and Restated Credit Agreement), including during the current covenant suspension period, we were required to maintain liquidity of at least $300 million on a monthly basis, which was lowered in December 2020 from $450 million. In addition, during this covenant suspension, the 2020 Refinancing limited certain payments to equity holders, certain investments, certain

prepayments of unsecured debt and the ability of certain subsidiaries to incur additional debt. The applicable margins for the Revolver were between 2.50% and 1.75% per annum for Eurocurrency rate loans and between 1.50% and 0.75% per annum for base rate loans, with the applicable margin for any quarter reduced by 25 basis points (up to 75 basis points total) if the Senior Secured First-Lien Net Leverage Ratio (as defined in the Amended and Restated Credit Agreement) was less than 3.75 to 1.0, 3.00 to 1.0, or 2.25 to 1.0, respectively. These interest rate spreads for the Revolver were increased by 0.25%, during covenant suspension, in connection with the 2020 Refinancing.

On December 17, 2020, Sabre GLBL entered into a Sixth Term A Loan Refinancing and Incremental Amendment to our Amended and Restated Credit Agreement, resulting in additional Term Loan B borrowings of $637 million ("Other Term B Loans") due December 17, 2027. The applicable interest rate margins for the Other Term B Loans are 4.00% per annum for Eurocurrency rate loans and 3.00% per annum for base rate loans, with a floor of 0.75% for the Eurocurrency rate, and 1.75% for the base rate, respectively. The net proceeds of $623 million from the issuance, net of underwriting fees and commissions, were used to fully redeem both the $500 million outstanding 5.25% senior secured notes due November 2023 and the $134 million outstanding Term Loan A. We incurred no material additional indebtedness as a result of these transactions, other than amounts for certain interest, fees and expenses. We recognized a loss on extinguishment of debt of $11 million during the year ended December 31, 2020 in connection with these transactions, which consisted of a redemption premium of $6 million and the write-off of unamortized debt issuance costs of $5 million.

On July 12, 2021, we entered into agreements to refinance the Other Term Loan B facility and the Revolver, and terminated the revolving commitments thereunder (the "2021 Refinancing"). We incurred no additional indebtedness as a result of the 2021 Refinancing, other than amounts covering certain interest, fees and expenses. Among other things, the 2021 Refinancing amended the financial performance covenant to remove the minimum liquidity requirement of $300 million, the Total Net Leverage Ratio maintenance requirement, and certain other limitations. The 2021 Refinancing included the application of the proceeds of (i) a new $404 million term loan “B-1” facility (the “New Term B-1 Facility”) and (ii) a new $644 million term loan “B-2” facility (the "New Term B-2 Facility" and together with the New Term B-1 Facility, the “New Facilities”), borrowed by Sabre GLBL under our Amended and Restated Credit Agreement, to pay down in full approximately $634 million of Other Term B Loans and the outstanding $400 million Revolver balance, and to terminate the revolving commitments thereunder. The remaining proceeds, net of a $3 million discount, were used to pay a $6 million redemption premium and $6 million in other fees associated with the refinancing. We recognized a loss on extinguishment of debt in connection with these transactions during the year ended December 31, 2021 of $13 million and debt modification costs for financing fees of $2 million recorded to Other, net. The New Facilities mature on December 17, 2027, and we have the ability to prepay the New Facilities after December 17, 2021 without a premium. In addition, on July 2, 2021, in anticipation of the Revolver repayment and termination of the revolving commitments (and related letter of credit subfacility), Sabre GLBL entered into a new $20 million bilateral letter of credit facility, which is secured by a cash collateral deposit account and included as restricted cash on our consolidated balance sheets as of December 31, 2021.

On March 9, 2022, we entered into an amendment to refinance a portion of the Term Loan B facility (the "2022 Refinancing"). We incurred no additional indebtedness as a result of the 2022 Refinancing, other than amounts covering certain fees and expenses. The 2022 Refinancing included the application of the proceeds of a new $625 million term loan “B” facility (the “New Other Term B Facility”), borrowed by Sabre GLBL under our Amended and Restated Credit Agreement, with the effect of extending the maturity of approximately $623 million of the existing Term Loan B credit facility under the Amended and Restated Credit Agreement. We recognized a loss on extinguishment of debt in connection with these transactions during the three months ended March 31, 2022 of $4 million and debt modification costs for financing fees of $1 million recorded to Other, net. The New Other Term B Facility matures on June 30, 2028 and offers us the ability to prepay or repay the New Other Term B Facility after 12 months or to prepay or repay at a 101 premium before that date. The interest rates on the New Other Term B Facility are based on Term SOFR, replacing LIBOR, plus an applicable margin.

Under the Amended and Restated Credit Agreement, the loan parties are subject to certain customary non-financial covenants, including certain restrictions on incurring certain types of indebtedness, creation of liens on certain assets, making of certain investments, and payment of dividends. As of March 31, 2022, we are in compliance with all covenants under the terms of the Amended and Restated Credit Agreement.

We are also required to pay down the term loans by an amount equal to 50% of annual excess cash flow, as defined in the Amended and Restated Credit Agreement. This percentage requirement may decrease or be eliminated if certain leverage ratios are achieved. Based on our results for the year ended December 31, 2020, we were not required to make an excess cash flow payment in 2021, and no excess cash flow payment is required in 2022 with respect to our results for the year ended December 31, 2021. We are further required to pay down the term loans with proceeds from certain asset sales or borrowings, that are not otherwise reinvested in the business, as defined in the Amended and Restated Credit Agreement.

As of March 31, 2022, we had outstanding approximately $2.2 billion of variable debt that is indexed to the London Interbank Offered Rate ("LIBOR") consisting of Term Loan B for $1.2 billion, Term Loan B-1 for $400 million and Term Loan B-2 for $634 million. In July 2017, the Financial Conduct Authority announced its intention to phase out LIBOR by the end of 2021, and subsequently extended the phase-out date to June 30, 2023. In July 2021, we entered into the 2021 Refinancing which, among other things, allows for the LIBOR rate to be phased out and replaced with SOFR plus a credit spread adjustment factor for Term Loan B-1 and Term Loan B-2, and we therefore do not anticipate a material impact from the anticipated phase out of LIBOR with respect to these loans. In March 2022, we entered into the 2022 Refinancing, which extended the maturity and replaced LIBOR with Term SOFR on a portion of our Term Loan B facility. The remaining Term Loan B allows for a transition to the Prime rate plus a margin, and assuming the discontinuation of LIBOR in June 2023, we estimate the impact of transitioning to

the Prime rate in June 2023, assuming changes in Prime rates aligned with expected changes in the federal funds rate, which are based on market data and analysts' forecasts, would result in an aggregate of approximately $15 million of incremental interest expense over the remaining life of Term Loan B. We intend to seek an amendment with our lenders of Term Loan B prior to June 2023 to provide for a transition to SOFR or another alternative to LIBOR in anticipation of its discontinuation, but there can be no assurance that we will be able to reach an agreement with our lenders for any such amendment or that the incremental amount of any interest pursuant to such amendment would be significantly less than current requirements. See "Risk Factors—We are exposed to interest rate fluctuations."

Cash Flows

	Three Months Ended March 31,	
	2022	2021
	(Amounts in thousands)	
Cash used in operating activities	$ (139,083)	$ (197,403)
Cash provided by investing activities	374,865	8,405
Cash used in financing activities	(25,835)	(24,221)
Cash used in discontinued operations	(1,680)	(281)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(205)	(1,247)
Increase (decrease) in cash, cash equivalents and restricted cash	$ 208,062	$ (214,747)

Operating Activities

Cash used in operating activities totaled $139 million for the three months ended March 31, 2022. The $58 million increase in operating cash flow from the same period in the prior year was primarily due to the impact of COVID-19 on the travel industry and on our results of operations and a $5 million decline in interest payments as our interest rate swaps have matured, offset by an increase of $67 million associated with payments to our employees under performance-based bonus plans that did not occur in the prior year.

Investing Activities

For the three months ended March 31, 2022, we received proceeds of $392 million from the sale of AirCentre, partially offset by $17 million of cash used on capital expenditures related to software developed for internal use.

For the three months ended March 31, 2021, we received proceeds of $15 million from the sale of an investment, partially offset by $6 million of cash used on capital expenditures related to software developed for internal use.

Financing Activities

For the three months ended March 31, 2022, financing activities used $26 million. Significant highlights of our financing activities include:

- proceeds of $625 million from the issuance of New Other Term B Facility;
- payment of $623 million on Term Loan B;
- payment of $3 million on Term B-1 Facility and Term B-2 Facility;
- payment of $10 million for debt prepayment fees and issuance costs;
- net payments of $10 million from the settlement of employee stock-option awards; and
- payment of $5 million in dividends on our preferred stock.

For the three months ended March 31, 2021, financing activities used $24 million. Significant highlights of our financing activities include:

- net payments of $12 million from the settlement of employee stock-option awards;
- payment of $6 million on Term Loan B and Other Term Loan B; and
- payment of $5 million in dividends on our preferred stock.

Contractual Obligations

There were no material changes to our future minimum contractual obligations since December 31, 2021 as previously disclosed in our Annual Report on Form 10-K filed with the SEC on February 18, 2022, other than the impact of interest rates on our debt. As of March 31, 2022, we had a total debt obligation of $6.1 billion, with $286 million due for the remainder of 2022.

We had no off balance sheet arrangements during the three months ended March 31, 2022 and year ended December 31, 2021.

Recent Accounting Pronouncements

Information related to Recent Accounting Pronouncements is included in Note 1. General Information, to our consolidated financial statements included in Part I, Item 1 in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Critical Accounting Estimates

This discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect our reported assets and liabilities, revenues and expenses and other financial information. Actual results may differ significantly from these estimates, and our reported financial condition and results of operations could vary under different assumptions and conditions. In addition, our reported financial condition and results of operations could vary due to a change in the application of a particular accounting standard.

We regard an accounting estimate underlying our financial statements as a “critical accounting estimate” if the accounting estimate requires us to make assumptions about matters that are uncertain at the time of estimation and if changes in the estimate are reasonably likely to occur and could have a material effect on the presentation of financial condition, changes in financial condition, or results of operations. For a discussion of the accounting policies involving material estimates and assumptions that we believe are most critical to the preparation of our financial statements, how we apply such policies and how results differing from our estimates and assumptions would affect the amounts presented in our financial statements, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates” included in our Annual Report on Form 10-K filed with the SEC on February 18, 2022. Since the date of the annual report on Form 10-K filed with the SEC on February 18, 2022, there have been no material changes to our critical accounting estimates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential loss from adverse changes in: (i) prevailing interest rates, (ii) foreign exchange rates, (iii) credit risk and (iv) inflation. Our exposure to market risk relates to interest payments due on our long-term debt, derivative instruments, income on cash and cash equivalents, accounts receivable and payable, and subscriber incentive liabilities and deferred revenue. We manage our exposure to these risks through established policies and procedures. We do not engage in trading, market making or other speculative activities in the derivatives markets. Our objective is to mitigate potential income statement, cash flow and fair value exposures resulting from possible future adverse fluctuations in interest and foreign exchange rates. Due to the uncertainty driven by the COVID-19 pandemic on our foreign currency exposures, we have paused entering into new cash flow hedges of forecasted foreign currency cash flows until we have more clarity regarding the recovery trajectory and its impacts on net exposures. There were no material changes in our market risk since December 31, 2021 as previously disclosed under "Quantitative and Qualitative Disclosures About Market Risk" included in our Annual Report on Form 10-K filed with the SEC on February 18, 2022.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as this term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of this period, our disclosure controls and procedures were effective.

Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting (as this term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. In the fourth quarter of 2021 we implemented a new billing system that impacted our control environment over a small portion of our revenue. Over the next few years, we expect to migrate the majority of our billing of revenue and processing of incentive consideration to this system, which is reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company and its subsidiaries are from time to time engaged in routine legal proceedings incidental to our business. For a description of our material legal proceedings, see Note 13. Contingencies, to our consolidated financial statements included in Part I, Item 1 in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

The following risk factors may be important to understanding any statement in this Quarterly Report on Form 10-Q or elsewhere. Our business, financial condition and operating results can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below. Any one or more of these factors could directly or indirectly cause our actual results of operations and financial condition to vary materially from past or anticipated future results of operations and financial condition. Any of these factors, in whole or in part, could materially and adversely affect our business, financial condition, results of operations and stock price.

Risks Related to the COVID-19 Pandemic

The COVID-19 pandemic has had and is expected to continue to have a significant adverse impact on our business, including our financial results and prospects, and the travel suppliers on whom our business relies.

The spread of COVID-19 and the developments surrounding the global pandemic have had and are continuing to have significantly negative impacts on all aspects of our business. In response to the pandemic, many governments around the world have implemented a variety of measures to reduce the spread of COVID-19, including travel restrictions and bans, instructions to residents to practice social distancing, quarantine advisories, shelter-in-place orders and required closures of non-essential businesses. These government mandates have had a significant negative impact on the travel industry and many of the travel suppliers on whom our business relies, including airlines and hotels, and forced many of them, including airlines, to pursue cost reduction measures and seek financing, including government financing and support, in order to reduce financial distress and continue operating, and to curtail drastically their service offerings. The pandemic has resulted and may continue to result in the restructuring or bankruptcy of certain of those travel suppliers and the renegotiation of the terms of our agreements with them. The pandemic and these measures have significantly adversely affected, and may further affect, consumer sentiment and discretionary spending patterns, economies and financial markets, and our workforce, operations and customers. See "—Our Travel Solutions and Hospitality Solutions businesses depend on maintaining and renewing contracts with their customers and other counterparties."

The COVID-19 pandemic and the resulting economic conditions and government orders have resulted in a material decrease in consumer spending and an unprecedented decline in transaction volumes in the global travel industry. Our financial results and prospects are largely dependent on these transaction volumes. Although it is impossible to accurately predict the ultimate impact of these developments on our business, our financial results for the years ended December 31, 2020 and 2021 and for the first three months of 2022 (excluding the gain impacts from disposition activity) have been significantly and negatively impacted, with a material decline in total revenues, net income, cash flow from operations and Adjusted EBITDA as compared to 2019. This downward trend could continue for an unpredictable period. Due to the uncertain and rapidly evolving nature of current conditions around the world, including the spread of virus variants with new epidemiological characteristics, we are unable to predict accurately the impact that COVID-19 will have on our business going forward. We expect the outbreak and its effects to continue to have a significant adverse impact on our business, financial condition and operating results for the duration of the pandemic and during the subsequent recovery from the pandemic, which could be an extended period of time. To the extent the COVID-19 pandemic adversely affects our business, operations, and financial condition and results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, such as those relating to our high level of indebtedness, our need to generate sufficient cash flows to service our indebtedness, and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

The COVID-19 pandemic may result in potential impairments of goodwill, long-term investments and long-lived assets; increasing provisions for bad debt including risks associated with travel agencies ability to repay us for incentive fees associated with bookings that have now cancelled; and increases in cash outlays to refund travel service providers for cancelled bookings.

We did not record any material impairments in 2021 or in the first three months of 2022; however, future changes in our expected cash flows or other factors as a result of the COVID-19 pandemic may cause our goodwill or other assets to be impaired, resulting in a non-cash charge. As we cannot predict the duration or scope of the COVID-19 pandemic, the negative financial impact to our consolidated financial statements of potential future impairments cannot be reasonably estimated, but could be material. In addition, given the volatility in global markets and the financial difficulties faced by many of our travel suppliers, we have increased our provisions for bad debt related to certain of our airline providers and, to a lesser extent, car rental providers and hoteliers. We are continuing to closely monitor positions with travel agencies, to identify situations in which cancelled bookings exceed new bookings, resulting in refunds due to us and creating possible additional bad debt exposure. Moreover, due to the high level of cancellations of existing bookings, we have incurred, and may continue to incur, higher than normal cash outlays to refund travel service providers for cancelled bookings. Any material increase in our provisions for bad debt, and any material increase in cash outlays to travel suppliers would have a corresponding effect on our results of operations, liquidity and related cash flows.

The ongoing impact of the COVID-19 outbreak on our business and the impact on our results of operations is highly uncertain.

The extent of the effects of the COVID-19 outbreak on our business, results of operations, cash flows and growth prospects is highly uncertain and will ultimately depend on future developments. These include, but are not limited to, the severity, extent and duration of the global pandemic and its impact on the travel industry and consumer spending more broadly; actions taken by national, state and local governments to contain the disease or treat its impact, including travel restrictions and

bans, required closures of non-essential businesses, vaccination levels and aid and economic stimulus efforts; the effect of the changes in hiring levels and remote working arrangements that we have implemented on our operations, including the health, productivity, retention, and morale of management and our employees, and our ability to maintain our financial reporting processes and related controls; the impact on the financial condition on our partners, and any potential restructurings or bankruptcies of our partners; the impact on our contracts with our partners, including force majeure provisions and requests to renegotiate the terms of existing agreements prior to their expiration, including providing temporary concessions regarding contractual minimums; our ability to withstand increased cyberattacks; the speed and extent of the recovery across the broader travel ecosystem; short- and long-term changes in travel patterns, including business travel; and the duration, timing and severity of the impact on customer spending, including the economic recession resulting from the pandemic. The pandemic may continue to expand in regions that have not yet been affected or have been minimally affected by the COVID-19 outbreak after conditions begin to recover in currently affected regions, which could continue to affect our business. Also, existing restrictions in affected areas could be extended after the virus has been contained in order to avoid relapses, and regions that recover from the outbreak may suffer from a relapse and re-imposition of restrictions. Governmental restrictions and societal norms with respect to travel may change permanently in ways that cannot be predicted and that can change the travel industry in a manner adverse to our business. Additionally, the potential failure of travel service providers and travel agencies (or acquisition of troubled travel service providers or travel agencies) may result in further consolidation of the industry, potentially affecting market dynamics for our services.

Our business is dependent on the ability of consumers to travel, particularly by air. We do not expect economic and operating conditions for our business to improve until consumers are once again willing and able to travel, and our travel suppliers are once again able to serve those consumers. This may not occur until well after the broader global economy begins to improve. Additionally, our business is also dependent on consumer sentiment and discretionary spending patterns. Significant increases in levels of unemployment in the United States and other regions have occurred and are expected to continue due to the adoption of social distancing and other policies to slow the spread of the virus, which have had and are likely to continue to have a negative impact on consumer discretionary spending, including for the travel industry. Even when economic and operating conditions for our business improve, we cannot predict the long-term effects of the pandemic on our business or the travel industry as a whole. If the travel industry is fundamentally changed by the COVID-19 outbreak in ways that are detrimental to our operating model, our business may continue to be adversely affected even as the broader global economy recovers.

To the extent that the COVID-19 outbreak continues to adversely affect our business and financial performance, it may also have the effect of heightening many of the other risks identified in this “Risk Factors” section, such as those relating to our substantial amount of outstanding indebtedness.

Risks Related to Our Business and Industry

Our ability to recruit, train and retain employees, including our key executive officers and technical employees, is critical to our results of operations and future growth.

Our continued ability to compete effectively depends on our ability to recruit new employees and retain and motivate existing employees, particularly professionals with experience in our industry, information technology and systems, as well as our key executive officers. For example, the specialized skills we require can be difficult and time-consuming to acquire and are often in short supply. There is high demand and competition for well-qualified employees on a global basis, such as software engineers, developers and other technology professionals with specialized knowledge in software development, especially expertise in certain programming languages. This competition affects both our ability to retain key employees and to hire new ones. Similarly, uncertainty in the global political environment may adversely affect our ability to hire and retain key employees. Furthermore, the ongoing effects of COVID-19 on our business have adversely affected and may continue to affect our ability to retain key employees and hire new employees. See “—The COVID-19 pandemic has had and is expected to continue to have a significant adverse impact on our business, including our financial results and prospects, and the travel suppliers on whom our business relies.” Any of our employees may choose to terminate their employment with us at any time, and a lengthy period of time is required to hire and train replacement employees when such skilled individuals leave the company. Furthermore, changes in our employee population, including our executive team, could impact our results of operations and growth. For example, we have announced modifications to our business strategies and increased long-term investment in key areas, such as technology infrastructure, that may continue to have a negative impact in the short term due to expected increases in operating expenses and capital expenditures. If we fail to attract well-qualified employees or to retain or motivate existing employees, our business could be materially hindered by, for example, a delay in our ability to deliver products and services under contract, bring new products and services to market or respond swiftly to customer demands or new offerings from competitors.

We operate in highly competitive, evolving markets, and if we do not continue to innovate and evolve, our business operations and competitiveness may be harmed.

Travel technology is rapidly evolving as travel suppliers seek new or improved means of accessing their customers and increasing value. We must continue to innovate and evolve to respond to the changing needs of travel suppliers and meet intense competition. We face increasing competition as suppliers seek IT solutions that provide the same traveler experience across all channels of distribution, whether indirectly through the GDS or directly through other channels. As travel suppliers adopt innovative solutions that function across channels, our operating results could suffer if we do not foresee the need for new products or services to meet competition either for GDS or for other distribution IT solutions.

Adapting to new technological and marketplace developments may require substantial expenditures and lead time and we cannot guarantee that projected future increases in business volume will actually materialize. We may experience difficulties that could delay or prevent the successful development, marketing and implementation of enhancements, upgrades and additions. Moreover, we may fail to maintain, upgrade or introduce new products, services, technologies and systems as quickly as our competitors or in a cost-effective manner. For example, we must constantly update our GDS with new capabilities to adapt to the changing technological environment and customer needs. However, this process can be costly and time-consuming, and our efforts may not be successful as compared to our competitors. Those that we do develop may not achieve acceptance in the marketplace sufficient to generate material revenue or may be rendered obsolete or non-competitive by our competitors' offerings.

In addition, our competitors are constantly evolving, including increasing their product and service offerings through organic research and development or through strategic acquisitions. As a result, we must continue to invest significant resources in research and development in order to continually improve the speed, accuracy and comprehensiveness of our services and we have made and may in the future be required to make changes to our technology platforms or increase our investment in technology, increase marketing, adjust prices or business models and take other actions, which has affected and in the future could affect our financial performance and liquidity.

We depend upon the use of sophisticated information technology and systems. Our competitiveness and future results depend on our ability to maintain and make timely and cost-effective enhancements, upgrades and additions to our products, services, technologies and systems in response to new technological developments, industry standards and trends and customer requirements. As another example, migration of our enterprise applications and platforms to other hosting environments has caused us and will continue to cause us to incur substantial costs, and has resulted in and could in the future result in instability and business interruptions, which could materially harm our business.

Our Travel Solutions business is exposed to pricing pressure from travel suppliers.

Travel suppliers continue to look for ways to decrease their costs and to increase their control over distribution. For example, consolidation in the airline industry, the growth of LCC/hybrids and macroeconomic factors, among other things, have driven some airlines to negotiate for lower fees during contract renegotiations, thereby exerting increased pricing pressure on our Travel Solutions business, which, in turn, negatively affects our revenues and margins. In addition, travel suppliers' use of multiple distribution channels may also adversely affect our contract renegotiations with these suppliers and negatively impact our revenue. For example, as we attempt to renegotiate new GDS agreements with our travel suppliers, they may withhold some or all of their content (fares and associated economic terms) for distribution exclusively through their direct distribution channels (for example, the relevant airline's website) or offer travelers more attractive terms for content available through those direct channels after their contracts expire. As a result of these sources of negotiating pressure, we may have to decrease our prices to retain their business. If we are unable to renew our contracts with these travel suppliers on similar economic terms or at all, or if our ability to provide this content is similarly impeded, this would also adversely affect the value of our Travel Solutions business as a marketplace due to our more limited content.

Our revenue is highly dependent on transaction volumes in the global travel industry, particularly air travel transaction volumes.

Our Travel Solutions and Hospitality Solutions revenue is largely tied to travel suppliers' transaction volumes rather than to their unit pricing for an airplane ticket, hotel room or other travel products. This revenue is generally not contractually committed to recur annually under our agreements with our travel suppliers. As a result, our revenue is highly dependent on the global travel industry, particularly air travel from which we derive a substantial amount of our revenue, and directly correlates with global travel, tourism and transportation transaction volumes. Our revenue is therefore highly susceptible to declines in or disruptions to leisure and business travel that may be caused by factors entirely out of our control, and therefore may not recur if these declines or disruptions occur.

Various factors may cause temporary or sustained disruption to leisure and business travel. The impact these disruptions would have on our business depends on the magnitude and duration of such disruption. These factors include, among others: (1) general and local economic conditions; (2) financial instability of travel suppliers and the impact of any fundamental corporate changes to such travel suppliers, such as airline bankruptcies, consolidations, or suspensions of service on the cost and availability of travel content; (3) factors that affect demand for travel such as outbreaks of contagious diseases, including COVID-19, influenza, Zika, Ebola and the MERS virus, increases in fuel prices, government shutdowns, changing attitudes towards the environmental costs of travel, safety concerns and movements toward remote working environments; (4) political events like acts or threats of terrorism, hostilities, and war; (5) inclement weather, natural or man-made disasters and the effects of climate change; and (6) factors that affect supply of travel, such as travel restrictions, regulatory actions, aircraft groundings, or changes to regulations governing airlines and the travel industry, like government sanctions that do or would prohibit doing business with certain state-owned travel suppliers, work stoppages or labor unrest at any of the major airlines, hotels or airports. Sustained disruptions from COVID-19 have negatively impacted our business, and we expect these negative impacts to continue. See "—The COVID-19 pandemic has had and is expected to continue to have a significant adverse impact on our business, including our financial results and prospects, and the travel suppliers on whom our business relies."

Our travel supplier customers may experience financial instability or consolidation, pursue cost reductions, change their distribution model or undergo other changes.

We generate the majority of our revenue and accounts receivable from airlines. We also derive revenue from hotels, car rental brands, rail carriers, cruise lines, tour operators and other suppliers in the travel and tourism industries. Adverse changes in any of these relationships or the inability to enter into new relationships could negatively impact the demand for and competitiveness of our travel products and services. For example, a lack of liquidity in the capital markets or weak economic performance, including as a result of the impacts of COVID-19, may cause our travel suppliers to increase the time they take to pay, or to default, on their payment obligations, which could lead to a higher provision for expected credit losses and negatively affect our results. Any large-scale bankruptcy or other insolvency proceeding of an airline or hospitality supplier could subject our agreements with that customer to rejection or early termination, and, if applicable, result in asset impairments which could be significant. Similarly, any suspension or cessation of operations of an airline or hospitality supplier could negatively affect our results. Because we generally do not require security or collateral from our customers as a condition of sale, our revenues may be subject to credit risk more generally.

Furthermore, supplier consolidation, particularly in the airline industry, could harm our business. Our Travel Solutions business depends on a relatively small number of airlines for a substantial portion of its revenue, and all of our businesses are highly dependent on airline ticket volumes. Consolidation among airlines could result in the loss of an existing customer and the related fee revenue, decreased airline ticket volumes due to capacity restrictions implemented concurrently with the consolidation, and increased airline concentration and bargaining power to negotiate lower transaction fees. See "—Our Travel Solutions business is exposed to pricing pressure from travel suppliers."

Our collection, processing, storage, use and transmission of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements, differing views on data privacy, or security incidents.

We collect, process, store, use and transmit a large volume of personal data on a daily basis, including, for example, to process travel transactions for our customers and to deliver other travel-related products and services. Personal data is increasingly subject to legal and regulatory protections around the world, which vary widely in approach and which possibly conflict with one another. In recent years, for example, U.S. legislators and regulatory agencies, such as the Federal Trade Commission, as well as U.S. states, have increased their focus on protecting personal data by law and regulation, and have increased enforcement actions for violations of privacy and data protection requirements. The General Data Protection Regulation ("GDPR"), a data protection law adopted by the European Commission, went into effect on May 25, 2018, and various other country-specific and U.S. state data protection laws have gone into effect or are scheduled to go into effect. These and other data protection laws and regulations are intended to protect the privacy and security of personal data, including credit card information that is collected, processed and transmitted in or from the relevant jurisdiction. Implementation of and compliance with these laws and regulations may be more costly or take longer than we anticipate, or could otherwise adversely affect our business operations, which could negatively impact our financial position or cash flows. Additionally, media coverage of data incidents has escalated, in part because of the increased number of enforcement actions, investigations and lawsuits. As this focus and attention on privacy and data protection increases, we also risk exposure to potential liabilities and costs or face reputational risks resulting from the compliance with, or any failure to comply with applicable legal requirements, conflicts among these legal requirements or differences in approaches to privacy and security of travel data. Furthermore, various countries, including Russia, have implemented legislation requiring the storage of travel or other personal data locally. Our business could be materially adversely affected by our inability, or the inability of our vendors who receive personal data from us, to comply with legal obligations regarding the use of personal data, new data handling or localization requirements that conflict with or negatively impact our business practices. In addition, our agreements with customers may also require that we indemnify the customer for liability arising from data incidents under the terms of our agreements with these customers. These indemnification obligations could be significant and may exceed the limits of any applicable insurance policy we maintain. See "—Security incidents expose us to liability and could damage our reputation and our business.

Implementation of software solutions often involves a significant commitment of resources, and any failure to deliver as promised on a significant implementation could adversely affect our business.

In our Travel Solutions and Hospitality Solutions businesses, the implementation of software solutions often involves a significant commitment of resources and is subject to a number of significant risks over which we may or may not have control. These risks include:

- the features of the implemented software may not meet the expectations or fit the business model of the customer;
- our limited pool of trained experts for implementations cannot quickly and easily be augmented for complex implementation projects, such that resources issues, if not planned and managed effectively, could lead to costly project delays;
- customer-specific factors, such as the stability, functionality, interconnection and scalability of the customer's pre-existing information technology infrastructure, as well as financial or other circumstances could destabilize, delay or prevent the completion of the implementation process, which, for airline reservations systems, typically takes 12 to 18 months; and
- customers and their partners may not fully or timely perform the actions required to be performed by them to ensure successful implementation, including measures we recommend to safeguard against technical and business risks.

As a result of these and other risks, some of our customers may incur large, unplanned costs in connection with the purchase and installation of our software products. Also, implementation projects could take longer than planned or fail. We may not be able to reduce or eliminate protracted installation or significant additional costs. Significant delays or unsuccessful

customer implementation projects could result in cancellation or renegotiation of existing agreements, claims from customers, harm our reputation and negatively impact our operating results.

Our Travel Solutions business depends on relationships with travel buyers.

Our Travel Solutions business relies on relationships with several large travel buyers, including travel management companies ("TMCs") and OTAs, to generate a large portion of its revenue through bookings made by these travel companies. This revenue concentration in a relatively small number of travel buyers makes us particularly dependent on factors affecting those companies. For example, if demand for their services decreases, or if a key supplier pulls its content from us, travel buyers may stop utilizing our services or move all or some of their business to competitors or competing channels. Although our contracts with larger travel agencies often increase the incentive consideration when the travel agency processes a certain volume or percentage of its bookings through our GDS, travel buyers are not contractually required to book exclusively through our GDS during the contract term. Travel buyers also shift bookings to other distribution channels for many reasons, including to avoid becoming overly dependent on a single source of travel content or to increase their bargaining power with GDS providers. Additionally, some regulations allow travel buyers to terminate their contracts earlier.

These risks are exacerbated by increased consolidation among travel agencies and TMCs, including as a result of the impacts of COVID-19 on the travel industry, which may ultimately reduce the pool of travel agencies that subscribe to GDSs. We must compete with other GDSs and other competitors for their business by offering competitive upfront incentive consideration, which, due to the strong bargaining power of these large travel buyers, tend to increase in each round of contract renewals. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting our Results—Increasing travel agency incentive consideration" for more information about our incentive consideration. However, any reduction in transaction fees from travel suppliers due to supplier consolidation or other market forces could limit our ability to increase incentive consideration to travel agencies in a cost-effective manner or otherwise affect our margins.

Our Travel Solutions and Hospitality Solutions businesses depend on maintaining and renewing contracts with their customers and other counterparties.

In our Travel Solutions business, we enter into participating carrier distribution and services agreements with airlines. Our contracts with major carriers typically last for three- to five-year terms and are generally subject to automatic renewal at the end of the term, unless terminated by either party with the required advance notice. Our contracts with smaller airlines generally last for one year and are also subject to automatic renewal at the end of the term, unless terminated by either party with the required advance notice. Airlines are not typically contractually obligated to distribute exclusively through our GDS during the contract term and may terminate their agreements with us upon providing the required advance notice after the expiration of the initial term. We cannot guarantee that we will be able to renew our airline contracts in the future on favorable economic terms or at all. See "—Our Travel Solutions business is exposed to pricing pressure from travel suppliers."

We also enter into contracts with travel buyers. Although most of our travel buyer contracts have terms of one to three years, we typically have non-exclusive, five- to ten-year contracts with our major travel agency customers. We also typically have three- to five-year contracts with corporate travel departments, which generally renew automatically unless terminated with the required advance notice. A meaningful portion of our travel buyer agreements, typically representing approximately 15% to 20% of our bookings, are up for renewal in any given year. We cannot guarantee that we will be able to renew our travel buyer agreements in the future on favorable economic terms or at all. Similarly, our Travel Solutions and Hospitality Solutions businesses are based on contracts with travel suppliers for a typical duration of three to seven years for airlines and one to five years for hotels, respectively. We cannot guarantee that we will be able to renew our solutions contracts in the future on favorable economic terms or at all. Additionally, we use several third-party distributor partners and equity method investments to extend our GDS services in Europe, the Middle East, and Africa ("EMEA") and Asia-Pacific ("APAC"). The termination of our contractual arrangements with any of these third-party distributor partners and equity method investments could adversely impact our Travel Solutions business in the relevant markets. See "—We rely on third-party distributor partners and equity method investments to extend our GDS services to certain regions, which exposes us to risks associated with lack of direct management control and potential conflicts of interest." for more information on our relationships with our third-party distributor partners and equity method investments.

Our failure to renew some or all of these agreements on economically favorable terms or at all, or the early termination of these existing contracts, would adversely affect the value of our Travel Solutions business as a marketplace due to our limited content and distribution reach, which could cause some of our subscribers to move to a competing GDS or use other travel technology providers for the solutions we provide and would materially harm our business, reputation and brand. Our business therefore relies on our ability to renew our agreements with our travel buyers, travel suppliers, third-party distributor partners and equity method investments or developing relationships with new travel buyers and travel suppliers to offset any customer losses.

We are subject to a certain degree of revenue concentration among a portion of our customer base. Because of this concentration among a small number of customers, if an event were to adversely affect one of these customers, it could have a material impact on our business.

We are exposed to risks associated with payment card industry data ("PCI") compliance.

The PCI Data Security Standard ("PCI DSS") is a specific set of comprehensive security standards required by credit card brands for enhancing payment account data security, including but not limited to requirements for security management, policies, procedures, network architecture, and software design. PCI DSS compliance is required in order to maintain credit card processing services. The cost of compliance with PCI DSS is significant and may increase as the requirements change. We are

tested periodically for assurance and successfully completed our last annual assessment in November 2021. Compliance does not guarantee a completely secure environment and notwithstanding the results of this assessment there can be no assurance that payment card brands will not request further compliance assessments or set forth additional requirements to maintain access to credit card processing services. See "—Security incidents expose us to liability and could damage our reputation and our business." Compliance is an ongoing effort and the requirements evolve as new threats are identified. In the event that we were to lose PCI DSS compliance status (or fail to renew compliance under a future version of the PCI DSS), we could be exposed to increased operating costs, fines and penalties and, in extreme circumstances, may have our credit card processing privileges revoked, which would have a material adverse effect on our business.

We are involved in various legal proceedings which may cause us to incur significant fees, costs and expenses and may result in unfavorable outcomes.

We are involved in various legal proceedings that involve claims for substantial amounts of money or which involve how we conduct our business. See Note 13. Contingencies, to our consolidated financial statements. For example, we are involved in antitrust litigation with US Airways. If we cannot resolve this matter favorably, we could be subject to monetary damages, including treble damages under the antitrust laws and payment of reasonable attorneys' fees and costs; depending on the amount of any such judgment, if we do not have sufficient cash on hand, we may be required to seek financing from private or public financing. Other parties might likewise seek to benefit from any unfavorable outcome by threatening to bring or actually bringing their own claims against us on the same or similar grounds or utilizing the litigation to seek more favorable contract terms.

Additionally and by way of example, on June 29, 2021, American Airlines filed suit against us in state district court in Tarrant County, Texas, alleging that our New Airline Storefront, a modern retailing experience designed to enhance comparison shopping of airline offers in the GDS, and a new value-based incentive model with agencies breach our contract with American Airlines. American Airlines sought a temporary and is seeking a permanent injunction preventing the alleged breach of contract. We strongly deny the allegations and have filed our response denying American Airlines' allegations and seeking a declaratory judgment that, among other things, New Airline Storefront does not violate the contract and that the contract does not prohibit Sabre's value-based fee arrangements. In October 2021, the court heard arguments to determine whether to grant a temporary injunction preventing the alleged breach of contract, and on October 27, 2021, the court issued a ruling denying the temporary injunction. The court also denied American Airlines' subsequent motion seeking reconsideration of the court's denial of the temporary injunction. If we cannot resolve this matter favorably, we could be limited in our ability to utilize New Airline Storefront and make the value-based incentive payments until our contract with American Airlines terminates. Furthermore, if this dispute were to result in the termination of our distribution contract with American Airlines, we may be unable to negotiate a new contract with American Airlines on as favorable terms or at all, which could have a material adverse effect on our business, financial condition and results of operations.

Depending on the outcome of any of these matters, and the scope of the outcome, the manner in which our airline distribution business is operated could be affected and could potentially force changes to the existing airline distribution business model.

The defense of these actions, as well as any of the other actions described under Note 13. Contingencies, to our consolidated financial statements or elsewhere in this Quarterly Report on Form 10-Q, and any other actions brought against us in the future, is time consuming and diverts management's attention. Even if we are ultimately successful in defending ourselves in such matters, we are likely to incur significant fees, costs and expenses as long as they are ongoing. Any of these consequences could have a material adverse effect on our business, financial condition and results of operations.

Any failure to comply with regulations or any changes in such regulations governing our businesses could adversely affect us.

Parts of our business operate in regulated industries and could be adversely affected by unfavorable changes in or the enactment of new laws, rules or regulations applicable to us, which could decrease demand for our products and services, increase costs or subject us to additional liabilities. Moreover, regulatory authorities have relatively broad discretion to grant, renew and revoke licenses and approvals and to implement or interpret regulations. Accordingly, these 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 applicable regulatory or licensing requirements or any interpretation of such requirements by the regulatory authority. In addition, we are subject to or affected by international, federal, state and local laws, regulations and policies, which are constantly subject to change. These include data protection and privacy legislation and regulations, as well as legislation and regulations affecting issues such as: trade sanctions, exports of technology, antitrust, anticorruption, telecommunications and e-commerce. Our failure to comply with any of these requirements, interpretations, legislation or regulations could have a material adverse effect on our operations.

Further, the United States has imposed economic sanctions, and could impose further sanctions in the future, that affect transactions with designated countries, including but not limited to, Cuba, Iran, the Crimea, Donetsk and Luhansk regions of Ukraine, North Korea and Syria, and nationals and others of those countries, and certain specifically targeted individuals and entities engaged in conduct detrimental to U.S. national security interests. These sanctions are administered by the Office of Foreign Assets Control ("OFAC") and are typically known as the OFAC regulations. These regulations are extensive and complex, and they differ from one sanctions regime to another. Failure to comply with these regulations could subject us to legal and reputational consequences, including civil and criminal penalties.

We have GDS contracts with carriers that fly to Cuba, Iran, the Crimea, Donetsk and Luhansk regions of Ukraine, North Korea and Syria but are based outside of those countries and are not owned by those governments or nationals of those governments. With respect to Iran, Sudan, North Korea and Syria we believe that our activities are designed to comply with certain information and travel-related exemptions. With respect to Cuba, we have advised OFAC that customers outside the United States we display on the Sabre GDS flight information for, and support booking and ticketing of, services of non-Cuban airlines that offer service to Cuba. Based on advice of counsel, we believe these activities to fall under an exemption from OFAC regulations applicable to the transmission of information and informational materials and transactions related thereto. We believe that our activities with respect to these countries are known to OFAC. We note, however, that OFAC regulations and related interpretive guidance are complex and subject to varying interpretations. Due to this complexity, OFAC's interpretation of its own regulations and guidance vary on a case to case basis. As a result, we cannot provide any guarantees that OFAC will not challenge any of our activities in the future, which could have a material adverse effect on our results of operations.

In Europe, GDS regulations or interpretations thereof may increase our cost of doing business or lower our revenues, limit our ability to sell marketing data, impact relationships with travel buyers, airlines, rail carriers or others, impair the enforceability of existing agreements with travel buyers and other users of our system, prohibit or limit us from offering services or products, or limit our ability to establish or change fees. Although regulations specifically governing GDSs have been lifted in the United States, they remain subject to general regulation regarding unfair trade practices by the U.S. Department of Transportation ("DOT"). In addition, continued regulation of GDSs in the E.U. and elsewhere could also create the operational challenge of supporting different products, services and business practices to conform to the different regulatory regimes. We do not currently maintain a central database of all regulatory requirements affecting our worldwide operations and, as a result, the risk of non-compliance with the laws and regulations described above is heightened. Our failure to comply with these laws and regulations may subject us to fines, penalties and potential criminal violations. Any changes to these laws or regulations or any new laws or regulations may make it more difficult for us to operate our business.

In addition, in connection with the current military conflict in Ukraine, the United States, the United Kingdom, the European Union and other governments have developed coordinated sanctions and export-control measure packages impacting Russia and certain regions of Ukraine and Belarus and may implement additional sanctions and export controls in the future. The conflict and these sanctions and export controls could prevent or discourage us from performing existing contracts with or receiving payments from customers in those countries. In addition, the conflict or these sanctions and export controls could prevent or discourage third parties on whom we may rely from continuing to perform in those countries. Any of these sanctions, export controls and related items, as well actions taken by us or others in response to them or otherwise in connection with the military conflict, could adversely our business, results of operations and financial condition.

We are exposed to risks associated with acquiring or divesting businesses or business operations.

We have acquired, and, as part of our growth strategy, may in the future acquire, businesses or business operations. We may not be able to identify suitable candidates for additional business combinations and strategic investments, obtain financing on acceptable terms for such transactions, obtain necessary regulatory approvals or otherwise consummate such transactions on acceptable terms, or at all. For example, we previously announced that we had entered into an agreement to acquire Farelogix, which was subject to customary closing conditions and regulatory approvals. On August 20, 2019, the DOJ filed a complaint in federal court in the District of Delaware, seeking a permanent injunction to prevent Sabre from acquiring Farelogix. Although the trial court did not grant the DOJ's request, the U.S. Court of Appeals for the Third Circuit granted the DOJ's motion to vacate the judgment as moot, following the termination of the acquisition agreement as described below. In addition, the U.K. Competition and Markets Authority ("CMA") blocked our proposed acquisition of Farelogix, and the U.K. Competition Appeal Tribunal has confirmed the CMA's decision. Sabre and Farelogix agreed to terminate the acquisition agreement on May 1, 2020 and we paid Farelogix aggregate termination fees of $21 million in the second quarter of 2020 pursuant to the acquisition agreement.

Any acquisitions that we are able to identify and complete may also involve a number of risks, including our inability to successfully or profitably integrate, operate, maintain and manage our newly acquired operations or employees; the diversion of our management's attention from our existing business to integrate operations and personnel; possible material adverse effects on our results of operations during the integration process; becoming subject to contingent or other liabilities, including liabilities arising from events or conduct predating the acquisition that were not known to us at the time of the acquisition; and our possible inability to achieve the intended objectives of the acquisition, including the inability to achieve anticipated business or financial results, cost savings and synergies. Acquisitions may also have unanticipated tax, regulatory and accounting ramifications, including recording goodwill and nonamortizable intangible assets that are subject to impairment testing on a regular basis and potential periodic impairment charges and incurring amortization expenses related to certain intangible assets. To consummate any of these acquisitions, we may need to raise external funds through the sale of equity or the issuance of debt in the capital markets or through private placements, which may affect our liquidity and may dilute the value of our common stock. See "—We have a significant amount of indebtedness, which could adversely affect our cash flow and our ability to operate our business and to fulfill our obligations under our indebtedness."

We have also divested, and may in the future divest, businesses or business operations, including the sale of our AirCentre portfolio on February 28, 2022. Any divestitures may involve a number of risks, including the diversion of management's attention, significant costs and expenses, failure to obtain necessary regulatory approvals, implementation of transition services related to such divestitures, the loss of customer relationships and cash flow, and the disruption of the affected business or business operations. Failure to timely complete or to consummate a divestiture may negatively affect the valuation of the affected business or business operations or result in restructuring charges.

We rely on the value of our brands, which may be damaged by a number of factors, some of which are out of our control.

We believe that maintaining and expanding our portfolio of product and service brands are important aspects of our efforts to attract and expand our customer base. Our brands may be negatively impacted by, among other things, unreliable service levels from third-party providers, customers' inability to properly interface their applications with our technology, the loss or unauthorized disclosure of personal data, including PCI or personally identifiable information ("PII"), or other bad publicity due to litigation, regulatory concerns or otherwise relating to our business. See "—Security incidents expose us to liability and could damage our reputation and our business." Any inability to maintain or enhance awareness of our brands among our existing and target customers could negatively affect our current and future business prospects.

We rely on third-party distributor partners and equity method investments to extend our GDS services to certain regions, which exposes us to risks associated with lack of direct management control and potential conflicts of interest.

Our Travel Solutions business utilizes third-party distributor partners and equity method investments to extend our GDS services in EMEA and APAC. We work with these partners to establish and maintain commercial and customer service relationships with both travel suppliers and travel buyers. Since, in many cases, we do not exercise full management control over their day-to-day operations, the success of their marketing efforts and the quality of the services they provide are beyond our control. If these partners do not meet our standards for distribution, our reputation may suffer materially, and sales in those regions could decline significantly. Any interruption in these third-party services, deterioration in their performance or termination of our contractual arrangements with them could negatively impact our ability to extend our GDS services in the relevant markets. In addition, our business may be harmed due to potential conflicts of interest with our equity method investments.

Risks Related to Technology and Intellectual Property

We rely on the availability and performance of information technology services provided by third parties, including DXC and other network, cloud and SaaS providers.

Our businesses are dependent on IT infrastructure and applications operated for us by DXC and other network, cloud and SaaS providers. The commercial services we offer to our customers generally run on infrastructure provided by third parties such as DXC and cloud providers, and DXC provides significant operational support for our mainframe platforms. We also use multiple third-party SaaS platforms to operate our services, run our business, and support our customers, including IT service management (ITSM), enterprise resource planning (ERP), customer relationship management (CRM) and human resource information systems (HRIS).

Our success is dependent on our ability to maintain effective relationships with these third-party technology and service providers. Some of our agreements with third-party technology and service providers are terminable for cause on short notice and often provide limited recourse for service interruptions. For example, our agreement with DXC provides us with limited indemnification rights. We could face significant additional cost or business disruption if:

- Any of these providers fail to enable us to provide our customers and suppliers with reliable, real-time access to our systems. For example, in 2013, we experienced a significant outage of the Sabre platform due to a failure on the part of one of our service providers. This outage, which affected our Travel Solutions business, lasted several hours and caused significant problems for our customers. Any such future outages could cause damage to our reputation, customer loss and require us to pay compensation to affected customers for which we may not be indemnified or compensated.
- Our arrangements with such providers are terminated or impaired and we cannot find alternative sources of technology or systems support on commercially reasonable terms or on a timely basis. For example, our substantial dependence on DXC for many of our systems makes it difficult for us to switch vendors and makes us more sensitive to changes in DXC's pricing for its services.

Our success depends on maintaining the integrity of our systems and infrastructure, which may suffer from failures, capacity constraints, business interruptions and forces outside of our control.

We may be unable to maintain and improve the efficiency, reliability and integrity of our systems. Unexpected increases in the volume of our business could exceed system capacity, resulting in service interruptions, outages and delays. These constraints could also lead to the deterioration of our services or impair our ability to process transactions. We occasionally experience system interruptions that make certain of our systems unavailable including, but not limited to, our GDS and the services that our Travel Solutions and Hospitality Solutions businesses provide to airlines and hotels. In addition, we have experienced in the past and may in the future occasionally experience system interruptions as we execute our technology strategy, including our cloud migration and mainframe offload activities. System interruptions prevent us from efficiently providing services to customers or other third parties, and could cause damage to our reputation and result in the loss of customers and revenues or cause us to incur litigation and liabilities. Although we have contractually limited our liability for damages caused by outages of our GDS (other than damages caused by our gross negligence or willful misconduct), we cannot guarantee that we will not be subject to lawsuits or other claims for compensation from our customers in connection with such outages for which we may not be indemnified or compensated.

Our systems are also susceptible to external damage or disruption. Much of the computer and communications hardware upon which we depend is located across multiple data center facilities in a single geographic region. Our systems have in the past been and at any time, including in the future, could be damaged or disrupted by events such as power, hardware, software

or telecommunication failures, human errors, natural events including floods, hurricanes, fires, winter storms, earthquakes and tornadoes, terrorism, break-ins, hostilities, war or similar events. Computer viruses, malware, denial of service attacks, ransomware attacks, attacks on, or exploitations of, hardware or software vulnerabilities, physical or electronic break-ins, phishing attacks, cybersecurity incidents or other security incidents, and similar disruptions affecting the Internet, telecommunication services or our systems have caused in the past and could at any time, including in the future, cause service interruptions or the loss of critical data, preventing us from providing timely services. For example, in April 2021 our subsidiary Radixx announced an event impacting its Radixx reservation system. See "—Security incidents expose us to liability and could damage our reputation and our business." Failure to efficiently provide services to customers or other third parties could cause damage to our reputation and result in the loss of customers and revenues, asset impairments, significant recovery costs or litigation and liabilities. Moreover, such risks are likely to increase as we expand our business and as the tools and techniques involved become more sophisticated.

Although we have implemented measures intended to protect certain systems and critical data and provide comprehensive disaster recovery and contingency plans for certain customers that purchase this additional protection, these protections and plans are not in place for all systems. Furthermore, several of our existing critical backup systems are located in the same metropolitan area as our primary systems and we may not have sufficient disaster recovery tools or resources available, depending on the type or size of the disruption. Disasters affecting our facilities, systems or personnel might be expensive to remedy and could significantly diminish our reputation and our brands, and we may not have adequate insurance to cover such costs.

Customers and other end-users who rely on our software products and services, including our SaaS and hosted offerings, for applications that are integral to their businesses may have a greater sensitivity to product errors and security vulnerabilities than customers for software products generally. Additionally, security incidents that affect third parties upon which we rely, such as travel suppliers, may further expose us to negative publicity, possible liability or regulatory penalties. Events outside our control could cause interruptions in our IT systems, which could have a material adverse effect on our business operations and harm our reputation.

Security incidents expose us to liability and could damage our reputation and our business.

We process, store, and transmit large amounts of data, including PII and PCI of our customers, and it is critical to our business strategy that our facilities and infrastructure, including those provided by DXC Technology ("DXC"), cloud providers or other vendors, remain secure and are perceived by the marketplace to be secure. Our infrastructure may be vulnerable to physical or electronic break-ins, computer viruses, or similar disruptive problems.

In addition, we, like most technology companies, are the target of cybercriminals who attempt to compromise our systems. We are subject to and experience threats and intrusions that have to be identified and remediated to protect sensitive information along with our intellectual property and our overall business. To address these threats and intrusions, we have a team of experienced security experts and support from firms that specialize in data security and cybersecurity. We are periodically subject to these threats and intrusions, and sensitive information has in the past been, and could at any time, including in the future, be compromised as a result. The costs of investigation of such incidents, as well as remediation related to these incidents, may be material. As previously disclosed, we became aware of an incident involving unauthorized access to payment information contained in a subset of hotel reservations processed through the Sabre Hospitality Solutions SynXis Central Reservation System (the "HS Central Reservation System"). In December 2020, we entered into settlement agreements with certain state Attorneys General to resolve their investigation into this incident. As part of these agreements, we paid $2 million to the states represented by the Attorneys General in the first quarter of 2021 and agreed to implement certain security controls and processes. See Note 13. Contingencies, to our consolidated financial statements for additional information. In addition, in April 2021, our subsidiary, Radixx, announced that it had experienced an event that impacted its Radixx Res™ reservation system. An investigation indicated that malware on the Radixx Res™ reservation system caused the activity. Based on the investigation, Sabre's systems, including GDS, Airline IT, SabreSonic passenger service system and Hospitality Solutions systems, were not impacted, and the investigation indicated that the Radixx database containing customer information was not compromised in this event. The costs related to these incidents, including any additional associated penalties assessed by any other governmental authority or payment card brand or indemnification or other contractual obligations to our customers, as well as any other impacts or remediation related to them, may be material.

Any computer viruses, malware, denial of service attacks, ransomware attacks, attacks on, or exploitations of, hardware or software vulnerabilities, physical or electronic break-ins, phishing attacks, cybersecurity incidents such as the items described above, or other security incident or compromise of the information handled by us or our service providers may jeopardize the security or integrity of information in our computer systems and networks or those of our customers and cause significant interruptions in our and our customers' operations.

Any systems and processes that we have developed that are designed to protect customer information and prevent data loss and other security incidents cannot provide absolute security. In addition, we may not successfully implement remediation plans to address all potential exposures. It is possible that we may have to expend additional financial and other resources to address these problems. Failure to prevent or mitigate data loss or other security incidents could expose us or our customers to a risk of loss or misuse of such information, cause customers to lose confidence in our data protection measures, damage our reputation, adversely affect our operating results or result in litigation or potential liability for us. While we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks, this insurance coverage is subject to a retention amount and may not be applicable to a particular incident or otherwise may be insufficient to cover all our

losses beyond any retention. Similarly, we expect to continue to make significant investments in our information technology infrastructure. The implementation of these investments may be more costly or take longer than we anticipate, or could otherwise adversely affect our business operations, which could negatively impact our financial position, results of operations or cash flows.

Intellectual property infringement actions against us could be costly and time consuming to defend and may result in business harm if we are unsuccessful in our defense.

Third parties may assert, including by means of counterclaims against us as a result of the assertion of our intellectual property rights, that our products, services or technology, or the operation of our business, violate their intellectual property rights. We are currently subject to such assertions, including patent infringement claims, and may be subject to such assertions in the future. These assertions may also be made against our customers who may seek indemnification from us. In the ordinary course of business, we enter into agreements that contain indemnity obligations whereby we are required to indemnify our customers against these assertions arising from our customers' usage of our products, services or technology. As the competition in our industry increases and the functionality of technology offerings further overlaps, these claims and counterclaims could become more common. We cannot be certain that we do not or will not infringe third parties' intellectual property rights.

Legal proceedings involving intellectual property rights are highly uncertain and can involve complex legal and scientific questions. Any intellectual property claim against us, regardless of its merit, could result in significant liabilities to our business, and can be expensive and time consuming to defend. Depending on the nature of such claims, our businesses may be disrupted, our management's attention and other company resources may be diverted and we may be required to redesign, reengineer or rebrand our products and services, if feasible, to stop offering certain products and services or to enter into royalty or licensing agreements in order to obtain the rights to use necessary technologies, which may not be available on terms acceptable to us, if at all, and may result in a decrease of our capabilities. Our failure to prevail in such matters could result in loss of intellectual property rights, judgments awarding substantial damages, including possible treble damages and attorneys' fees, and injunctive or other equitable relief against us. If we are held liable, we may be unable to use some or all of our intellectual property rights or technology. Even if we are not held liable, we may choose to settle claims by making a monetary payment or by granting a license to intellectual property rights that we otherwise would not license. Further, judgments may result in loss of reputation, may force us to take costly remediation actions, delay selling our products and offering our services, reduce features or functionality in our services or products, or cease such activities altogether. Insurance may not cover or be insufficient for any such claim.

We may not be able to protect our intellectual property effectively, which may allow competitors to duplicate our products and services.

Our success and competitiveness depend, in part, upon our technologies and other intellectual property, including our brands. Among our significant assets are our proprietary and licensed software and other proprietary information and intellectual property rights. We rely on a combination of copyright, trademark and patent laws, laws protecting trade secrets, confidentiality procedures and contractual provisions to protect these assets both in the United States and in foreign countries. The laws of some jurisdictions may provide less protection for our technologies and other intellectual property assets than the laws of the United States.

There is no certainty that our intellectual property rights will provide us with substantial protection or commercial benefit. Despite our efforts to protect our intellectual property, some of our innovations may not be protectable, and our intellectual property rights may offer insufficient protection from competition or unauthorized use, lapse or expire, be challenged, narrowed, invalidated, or misappropriated by third parties, or be deemed unenforceable or abandoned, which could have a material adverse effect on our business, financial condition and results of operations and the legal remedies available to us may not adequately compensate us. We cannot be certain that others will not independently develop, design around, or otherwise acquire equivalent or superior technology or intellectual property rights.

- While we take reasonable steps to protect our brands and trademarks, we may not be successful in maintaining or defending our brands or preventing third parties from adopting similar brands. If our competitors infringe our principal trademarks, our brands may become diluted or if our competitors introduce brands or products that cause confusion with our brands or products in the marketplace, the value that our consumers associate with our brands may become diminished, which could negatively impact revenue.
- Our patent applications may not be granted, and the patents we own could be challenged, invalidated, narrowed or circumvented by others and may not be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage. Once our patents expire, or if they are invalidated, narrowed or circumvented, our competitors may be able to utilize the technology protected by our patents which may adversely affect our business.
- Although we rely on copyright laws to protect the works of authorship created by us, we do not generally register the copyrights in our copyrightable works where such registration is permitted. Copyrights of U.S. origin must be registered before the copyright owner may bring an infringement suit in the United States. Accordingly, if one of our unregistered copyrights of U.S. origin is infringed by a third party, we will need to register the copyright before we can file an infringement suit in the United States, and our remedies in any such infringement suit may be limited.
- We use reasonable efforts to protect our trade secrets. However, protecting trade secrets can be difficult and our efforts may provide inadequate protection to prevent unauthorized use, misappropriation, or disclosure of our trade secrets, know how, or other proprietary information.

- We also rely on our domain names to conduct our online businesses. While we use reasonable efforts to protect and maintain our domain names, if we fail to do so the domain names may become available to others. Further, the regulatory bodies that oversee domain name registration may change their regulations in a way that adversely affects our ability to register and use certain domain names.

We license software and other intellectual property from third parties. These licensors may breach or otherwise fail to perform their obligations or claim that we have breached or otherwise attempt to terminate their license agreements with us. We also rely on license agreements to allow third parties to use our intellectual property rights, including our software, but there is no guarantee that our licensees will abide by the terms of our license agreements or that the terms of our agreements will always be enforceable. In addition, policing unauthorized use of and enforcing intellectual property can be difficult and expensive. The fact that we have intellectual property rights, including registered intellectual property rights, may not guarantee success in our attempts to enforce these rights against third parties. Besides general litigation risks, changes in, or interpretations of, intellectual property laws may compromise our ability to enforce our rights. We may not be aware of infringement or misappropriation or elect not to seek to prevent it. Our decisions may be based on a variety of factors, such as costs and benefits of taking action, and contextual business, legal, and other issues. Any inability to adequately protect our intellectual property on a cost-effective basis could harm our business.

We use open source software in our solutions that may subject our software solutions to general release or require us to re-engineer our solutions.

We use open source software in our solutions and may use more open source software in the future. From time to time, there have been claims by companies claiming ownership of software that was previously thought to be open source and that was incorporated by other companies into their products. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software. Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the open source software and that we license these modifications or derivative works under the terms of a particular open source license or other license granting third parties certain rights of further use. If we combine or, in some cases, link our proprietary software solutions with or to open source software in a certain manner, we could, under certain of the open source licenses, be required to release the source code of our proprietary software solutions or license such proprietary solutions under the terms of a particular open source license or other license granting third parties certain rights of further use. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on origin of the software. In addition, open source license terms may be ambiguous and many of the risks associated with usage of open source cannot be eliminated, and could, if not properly addressed, negatively affect our business. If we were found to have inappropriately used open source software, we may be required to seek licenses from third parties in order to continue offering our software, to re-engineer our solutions, to discontinue the sale of our solutions in the event re-engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from our development efforts, any of which could adversely affect our business, operating results and financial condition.

Risks Related to Economic, Political and Global Conditions

Our business could be harmed by adverse global and regional economic and political conditions.

Travel expenditures are sensitive to personal and business discretionary spending levels and grow more slowly or decline during economic downturns. We derive the majority of our revenue from the United States and Europe, and we have expanded Travel Solutions' presence in APAC. Our geographic concentration in the United States and Europe, as well as our expanded focus in APAC, makes our business potentially vulnerable to economic and political conditions that adversely affect business and leisure travel originating in or traveling to these regions.

The COVID-19 outbreak has significantly and negatively impacted the global economy, including increased unemployment, inflation and supply constraints, reduced financial capacity of both business and leisure travelers, diminished liquidity and credit availability, declines in consumer confidence and discretionary income and general uncertainty about economic stability. Furthermore, recent changes in the U.S. political environment have resulted in additional uncertainties with respect to travel restrictions, and the regulatory, tax and economic environment in the United States, which could adversely impact travel demand, our business operations or our financial results. We cannot predict the magnitude, length or recurrence of these impacts to the global economy, which have impacted, and may continue to impact, demand for travel and lead to reduced spending on the services we provide.

We derive the remainder of our revenues from Latin America, the Middle East and Africa and APAC. Any unfavorable economic, political or regulatory developments in these regions could negatively affect our business, such as delays in payment or non-payment of contracts, delays in contract implementation or signing, carrier control issues and increased costs from regulatory changes particularly as parts of our growth strategy involve expanding our presence in these emerging markets. For example, markets that have traditionally had a high level of exports to China, or that have commodities-based economies, have continued to experience slowing or deteriorating economic conditions. These adverse economic conditions may negatively impact our business results in those regions.

The U.K. has exited from the E.U. (“Brexit”). Brexit and related processes have created significant economic uncertainty in the U.K. and in EMEA, which may negatively impact our business results in those regions. In addition, the terms of the U.K.’s withdrawal from the E.U. could potentially disrupt the markets we serve and the tax jurisdictions in which we operate and adversely change tax benefits or liabilities in these or other jurisdictions, including our ability to obtain Value Added Tax ("VAT")

refunds on transactions between the U.K. and the E.U., and may cause us to lose customers, suppliers, and employees. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which E.U. laws to replace or replicate.

In addition, the current military conflict in Ukraine and the related imposition of sanctions and export controls on Russia and Belarus has created global economic uncertainty and contributed to inflationary pressures, including fuel prices. A significant escalation or expansion of economic disruption, the conflict's current scope or additional sanctions and export controls and actions taken in response to these sanctions and export controls could disrupt our business, broaden inflationary costs, and have a material adverse effect on our results of operations.

We operate a global business that exposes us to risks associated with international activities.

Our international operations involve risks that are not generally encountered when doing business in the United States. These risks include, but are not limited to: (1) business, political and economic instability in foreign locations, including actual or threatened terrorist activities, and military action; (2) adverse laws and regulatory requirements, including more comprehensive regulation in the E.U. and the continued effects of Brexit; (3) changes in foreign currency exchange rates and financial risk arising from transactions in multiple currencies; (4) difficulty in developing, managing and staffing international operations because of distance, language and cultural differences; (5) disruptions to or delays in the development of communication and transportation services and infrastructure; (6) more restrictive data privacy requirements, including the GDPR; (7) consumer attitudes, including the preference of customers for local providers; (8) increasing labor costs due to high wage inflation in foreign locations, differences in general employment conditions and regulations, and the degree of employee unionization and activism; (9) export or trade restrictions or currency controls; (10) governmental policies or actions, such as consumer, labor and trade protection measures, travel restrictions, sanctions and export controls; (11) taxes, restrictions on foreign investment and limits on the repatriation of funds; (12) diminished ability to legally enforce our contractual rights; and (13) decreased protection for intellectual property. Any of the foregoing risks may adversely affect our ability to conduct and grow our business internationally.

Risks Related to Our Indebtedness, Financial Condition and Common Stock

We have a significant amount of indebtedness, which could adversely affect our cash flow and our ability to operate our business and to fulfill our obligations under our indebtedness.

We have a significant amount of indebtedness. As of March 31, 2022, we had $4.7 billion of indebtedness outstanding. Our substantial level of indebtedness increases the possibility that we may not generate enough cash flow from operations to pay, when due, the principal of, interest on or other amounts due in respect of, these obligations. Other risks relating to our long-term indebtedness include: (1) increased vulnerability to general adverse economic and industry conditions; (2) higher interest expense if interest rates increase on our floating rate borrowings and our hedging strategies do not effectively mitigate the effects of these increases; (3) need to divert a significant portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of cash to fund working capital, capital expenditures, acquisitions, investments and other general corporate purposes; (4) limited ability to obtain additional financing, on terms we find acceptable, if needed, for working capital, capital expenditures, expansion plans and other investments, which may adversely affect our ability to implement our business strategy; (5) limited flexibility in planning for, or reacting to, changes in our businesses and the markets in which we operate or to take advantage of market opportunities; and (6) a competitive disadvantage compared to our competitors that have less debt.

In addition, it is possible that we may need to incur additional indebtedness in the future in the ordinary course of business. The terms of our Amended and Restated Credit Agreement allow us to incur additional debt subject to certain limitations. If new debt is added to current debt levels, the risks described above could intensify. In addition, our inability to maintain certain leverage ratios could result in acceleration of a portion of our debt obligations and could cause us to be in default if we are unable to repay the accelerated obligations.

The terms of our debt covenants could limit our discretion in operating our business and any failure to comply with such covenants could result in the default of all of our debt.

The agreements governing our indebtedness contain and the agreements governing our future indebtedness will likely contain various covenants, including those that restrict our or our subsidiaries' ability to, among other things: (1) incur liens on our property, assets and revenue; (2) borrow money, and guarantee or provide other support for the indebtedness of third parties; (3) pay dividends or make other distributions on, redeem or repurchase our capital stock; (4) prepay, redeem or repurchase certain of our indebtedness; (5) enter into certain change of control transactions; (6) make investments in entities that we do not control, including equity method investments and joint ventures; (7) enter into certain asset sale transactions, including divestiture of certain company assets and divestiture of capital stock of wholly-owned subsidiaries; (8) enter into certain transactions with affiliates; (9) enter into secured financing arrangements; (10) enter into sale and leaseback transactions; (11) change our fiscal year; and (12) enter into substantially different lines of business. These covenants may limit our ability to effectively operate our businesses or maximize stockholder value. Any failure to comply with the restrictions of our Amended and Restated Credit Agreement or any agreement governing our other indebtedness may result in an event of default under those agreements. Such default may allow the creditors to accelerate the related debt, which may trigger cross-acceleration or cross-default provisions in other debt. In addition, lenders may be able to terminate any commitments they had made to supply us with further funds.

We may require more cash than we generate in our operating activities, and additional funding on reasonable terms or at all may not be available.

We cannot guarantee that our business will generate sufficient cash flow from operations to fund our capital investment requirements or other liquidity needs, particularly following the COVID-19 outbreak. See "—The COVID-19 pandemic has had and is expected to continue to have a significant adverse impact on our business, including our financial results and prospects, and the travel suppliers on whom our business relies." Moreover, because we are a holding company with no material direct operations, we depend on loans, dividends and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations. Our subsidiaries are legally distinct from us and may be prohibited or restricted from paying dividends or otherwise making funds available to us under certain conditions. As a result, we may be required to finance our cash needs through bank loans, additional debt financing, public or private equity offerings or otherwise. Our ability to arrange financing and the cost of such financing are dependent on numerous factors, including but not limited to general economic and capital market conditions, the availability of credit from banks or other lenders, investor confidence in us, and our results of operations.

There can be no assurance that financing will be available on terms favorable to us or at all, which could force us to delay, reduce or abandon our growth strategy, increase our financing costs, or both. Additional funding from debt financings may make it more difficult for us to operate our business because a portion of our cash generated from internal operations would be used to make principal and interest payments on the indebtedness and we may be obligated to abide by restrictive covenants contained in the debt financing agreements, which may, among other things, limit our ability to make business decisions and further limit our ability to pay dividends. In addition, any downgrade of our debt ratings by Standard & Poor's, Moody's Investor Service or similar ratings agencies, increases in general interest rate levels and credit spreads or overall weakening in the credit markets could increase our cost of capital. Furthermore, raising capital through public or private sales of equity to finance acquisitions or expansion could cause earnings or ownership dilution to your shareholding interests in our company.

We are exposed to interest rate fluctuations.

Our floating rate indebtedness exposes us to fluctuations in prevailing interest rates. To reduce the impact of large fluctuations in interest rates, we typically hedge a portion of our interest rate risk by entering into derivative agreements with financial institutions. Our exposure to interest rates relates primarily to our borrowings under the Amended and Restated Credit Agreement.

The derivative agreements that we use to manage the risk associated with fluctuations in interest rates may not be able to eliminate the exposure to these changes. Interest rates are sensitive to numerous factors outside of our control, such as government and central bank monetary policy in the jurisdictions in which we operate. Depending on the size of the exposures and the relative movements of interest rates, if we choose not to hedge or fail to effectively hedge our exposure, we could experience a material adverse effect on our results of operations and financial condition.

As of March 31, 2022, we had outstanding approximately $2.2 billion of variable debt that is indexed to the London Interbank Offered Rate ("LIBOR") consisting of Term Loan B for $1.2 billion, Term Loan B-1 for $400 million and Term Loan B-2 for $634 million. In July 2017, the Financial Conduct Authority announced its intention to phase out LIBOR by the end of 2021, and subsequently extended the phase-out date to June 30, 2023. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources —Senior Secured Credit Facilities" for the estimated impacts of this change. We intend to seek an amendment with our lenders of Term Loan B prior to June 2023 to provide for a transition to the Secured Overnight Financing Rate ("SOFR") or another alternative to LIBOR in anticipation of its discontinuation, but there can be no assurance that we will be able to reach an agreement with our lenders for any such amendment or that the incremental amount of any interest pursuant to such amendment would be significantly less than current requirements.

The market price of our common stock could decline due to the large number of outstanding shares of our common stock eligible for future sale.

Sales of substantial amounts of our common stock in the public market in future offerings, or the perception that these sales could occur, could cause the market price of our common stock to decline. These sales could also make it more difficult for us to sell equity or equity-related securities in the future, at a time and price that we deem appropriate. In addition, the additional sale of our common stock by our officers or directors in the public market, or the perception that these sales may occur, could cause the market price of our common stock to decline. We may issue shares of our common stock or other securities from time to time as consideration for, or to finance, future acquisitions and investments or for other capital needs. We cannot predict the size of future issuances of our shares or the effect, if any, that future sales and issuances of shares would have on the market price of our common stock. If any such acquisition or investment is significant, the number of shares of common stock or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be substantial and may result in additional dilution to our stockholders. We may also grant registration rights covering shares of our common stock or other securities that we may issue in connection with any such acquisitions and investments. To the extent that any of us, our executive officers or directors sell, or indicate an intent to sell, substantial amounts of our common stock in the public market, the trading price of our common stock could decline significantly.

We may recognize impairments on long-lived assets, including goodwill and other intangible assets, or recognize impairments on our equity method investments.

Our consolidated balance sheets at March 31, 2022 contained goodwill and intangible assets, net totaling $2.9 billion. Future acquisitions that result in the recognition of additional goodwill and intangible assets would cause an increase in these types of assets. We do not amortize goodwill and intangible assets that are determined to have indefinite useful lives, but we amortize definite-lived intangible assets on a straight-line basis over their useful economic lives, which range from four to thirty years, depending on classification. We evaluate goodwill for impairment on an annual basis or earlier if impairment indicators

exist and we evaluate definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of definite-lived intangible assets used in combination to generate cash flows largely independent of other assets may not be recoverable. We record an impairment charge whenever the estimated fair value of our reporting units or of such intangible assets is less than its carrying value. The fair values used in our impairment evaluation are estimated using a combined approach based upon discounted future cash flow projections and observed market multiples for comparable businesses. Changes in estimates based on changes in risk-adjusted discount rates, future booking and transaction volume levels, travel supplier capacity and load factors, future price levels, rates of growth including long-term growth rates, rates of increase in operating expenses, cost of revenue and taxes, and changes in realization of estimated cost-saving initiatives could result in material impairment charges.

Maintaining and improving our financial controls and the requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") and The NASDAQ Stock Market ("NASDAQ") rules. The requirements of these rules and regulations have increased and will continue to significantly increase our legal and financial compliance costs, including costs associated with the hiring of additional personnel, making some activities more difficult, time-consuming or costly, and may also place undue strain on our personnel, systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires, among other things, that we maintain disclosure controls and procedures and internal control over financial reporting. Ensuring that we have adequate internal financial and accounting controls and procedures in place, as well as maintaining these controls and procedures, is a costly and time-consuming effort that needs to be re-evaluated frequently. Section 404 of the Sarbanes-Oxley Act ("Section 404") requires that we annually evaluate our internal control over financial reporting to enable management to report on, and our independent auditors to audit as of the end of each fiscal year the effectiveness of those controls. In connection with the Section 404 requirements, both we and our independent registered public accounting firm test our internal controls and could, as part of that documentation and testing, identify material weaknesses, significant deficiencies or other areas for further attention or improvement.

Implementing any appropriate changes to our internal controls may require specific compliance training for our directors, officers and employees, require the hiring of additional finance, accounting and other personnel, entail substantial costs to modify our existing accounting systems, or any manual systems or processes, and take a significant period of time to complete. These changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and could materially impair our ability to operate our business. Moreover, adequate internal controls are necessary for us to produce reliable financial reports and are important to help prevent fraud. As a result, our failure to satisfy the requirements of Section 404 on a timely basis could result in the loss of investor confidence in the reliability of our financial statements, which in turn could cause the market value of our common stock to decline. Various rules and regulations applicable to public companies make it more difficult and more expensive for us to maintain directors' and officers' liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to maintain coverage. If we are unable to maintain adequate directors' and officers' liability insurance, our ability to recruit and retain qualified officers and directors, especially those directors who may be deemed independent for purposes of the NASDAQ rules, will be significantly curtailed.

We may have higher than anticipated tax liabilities.

We are subject to a variety of taxes in many jurisdictions globally, including income taxes in the United States at the federal, state, and local levels, and in many other countries. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We operate in numerous countries where our income tax returns are subject to audit and adjustment by local tax authorities. Because we operate globally, the nature of the uncertain tax positions is often very complex and subject to change, and the amounts at issue can be substantial. It is inherently difficult and subjective to estimate such amounts, as we must determine the probability of various possible outcomes. We re-evaluate uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity. Although we believe our tax estimates are reasonable, the final determination of tax audits could be materially different from our historical income tax provisions and accruals. Our effective tax rate may change from year to year based on changes in the mix of activities and income allocated or earned among various jurisdictions, tax laws in these jurisdictions, tax treaties between countries, our eligibility for benefits under those tax treaties, and the estimated values of deferred tax assets and liabilities, including the estimation of valuation allowances. Such changes could result in an increase or decrease in the effective tax rate applicable to all or a portion of our income or losses which would impact our profitability. We consider the undistributed capital investments in our foreign subsidiaries to be indefinitely reinvested as of March 31, 2022, and, accordingly, have not provided deferred taxes on any outside basis differences for most subsidiaries.

We establish reserves for our potential liability for U.S. and non-U.S. taxes, including sales, occupancy and VAT, consistent with applicable accounting principles and considering all current facts and circumstances. We also establish reserves when required relating to the collection of refunds related to value-added taxes, which are subject to audit and collection risks in various countries. Historically our right to recover certain value-added tax receivables associated with our European businesses has been questioned by tax authorities. These reserves represent our best estimate of our contingent liability for taxes. The interpretation of tax laws and the determination of any potential liability under those laws are complex, and the amount of our liability may exceed our established reserves.

New tax laws, statutes, rules, regulations or ordinances could be enacted at any time and existing tax laws, statutes, rules, regulations and ordinances could be interpreted, changed, modified or applied adversely to us. These events could require us to pay additional tax amounts on a prospective or retroactive basis, as well as require us to pay fees, penalties or interest for past amounts deemed to be due. New, changed, modified or newly interpreted or applied laws could also increase our compliance, operating and other costs, as well as the costs of our products and services. Several countries, primarily in Europe, and the European Commission have proposed or adopted taxes on revenue earned by multinational corporations in certain "digital economy" sectors from activities linked to the user-based activity of their residents. These proposals have generally been labeled as "digital services taxes" ("DSTs"). We continue to evaluate the potential effects that the DST may have on our operations, cash flows and results of operations. The future impact of the DST, including on our global operations, is uncertain, and our business and financial condition could be adversely affected.

Our pension plan obligations are currently unfunded, and we may have to make significant cash contributions to our plans, which could reduce the cash available for our business.

Our pension plans in the aggregate are estimated to be unfunded by $84 million as of December 31, 2021. With approximately 4,000 participants in our pension plans, we incur substantial costs relating to pension benefits, which can vary substantially as a result of changes in healthcare laws and costs, volatility in investment returns on pension plan assets and changes in discount rates used to calculate related liabilities. Our estimates of liabilities and expenses for pension benefits require the use of assumptions, including assumptions relating to the rate used to discount the future estimated liability, the rate of return on plan assets, inflation and several assumptions relating to the employee workforce (medical costs, retirement age and mortality). Actual results may differ, which may have a material adverse effect on our business, prospects, financial condition or results of operations. Future volatility and disruption in the stock markets could cause a decline in the asset values of our pension plans. In addition, a decrease in the discount rate used to determine minimum funding requirements could result in increased future contributions. If either occurs, we may need to make additional pension contributions above what is currently estimated, which could reduce the cash available for our businesses.

We may not have sufficient insurance to cover our liability in pending litigation claims and future claims either due to coverage limits or as a result of insurance carriers seeking to deny coverage of such claims, which in either case could expose us to significant liabilities.

We maintain third-party insurance coverage against various liability risks, including securities, stockholders, derivative, ERISA, and product liability claims, as well as other claims that form the basis of litigation matters pending against us. We believe these insurance programs are an effective way to protect our assets against liability risks. However, the potential liabilities associated with litigation matters pending against us, or that could arise in the future, could exceed the coverage provided by such programs. In addition, our insurance carriers have in the past sought or may in the future seek to rescind or deny coverage with respect to pending claims or lawsuits, completed investigations or pending or future investigations and other legal actions against us. If we do not have sufficient coverage under our policies, or if the insurance companies are successful in rescinding or denying coverage, we may be required to make material payments in connection with third-party claims.

Defects in our products may subject us to significant warranty liabilities or product liability claims and we may have insufficient product liability insurance to pay material uninsured claims.

Our business exposes us to the risk of product liability claims that are inherent in software development. We may inadvertently create defective software or supply our customers with defective software or software components that we acquire from third parties, which could result in personal injury, property damage or other liabilities, and may result in warranty or product liability claims brought against us, our travel supplier customers or third parties. Under our customer agreements, we generally must indemnify our customers for liability arising from intellectual property infringement claims with respect to our software. These indemnifications could be significant and we may not have adequate insurance coverage to protect us against all claims. The combination of our insurance coverage, cash flows and reserves may not be adequate to satisfy product liabilities we may incur in the future. Even meritless claims could subject us to adverse publicity, hinder us from securing insurance coverage in the future, require us to incur significant legal fees, decrease demand for any products that we successfully develop, divert management’s attention, and force us to limit or forgo further development and commercialization of these products. The cost of any product liability litigation or other proceedings, even if resolved in our favor, could be substantial.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Share repurchases are made pursuant to a multi-year share repurchase program (the "Share Repurchase Program") authorized by our board of directors on February 6, 2017. This program was announced on February 7, 2017 and allows for the purchase of up to $500 million of outstanding shares of our common stock in privately negotiated transactions or in the open market, or otherwise. There were no shares repurchased during the first quarter of 2022. On March 16, 2020, we announced the suspension of share repurchases under the Share Repurchase Program in conjunction with certain cash management measures we undertook as a result of the market conditions caused by COVID-19. Approximately $287 million remains authorized for repurchases under the Share Repurchase Program as of March 31, 2022.

ITEM 6. EXHIBITS

The following exhibits are filed as part of this Quarterly Report on Form 10-Q.

Exhibit Number	Description of Exhibit
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
10.108	First Term Loan B Extension Amendment and Eighth Term Loan B Refinancing Amendment to Amended and Restated Credit Agreement, dated March 9, 2022, among Sabre GLBL Inc., as Borrower, Sabre Holdings Corporation, as Holdings, each of the other Loan Parties party thereto, Bank of America, N.A., as Administrative Agent and Bank of America, N.A., as the 2022 Other Term B Lender (incorporated by reference to Exhibit 10.1 of Sabre Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 14, 2022).
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
104*	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

† Indicates management contract or compensatory plan or arrangement.
* Filed herewith

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SABRE CORPORATION
(Registrant)

Date: May 3, 2022

By: /s/ Douglas E. Barnett
Douglas E. Barnett
Executive Vice President and Chief Financial Officer
(principal financial officer of the registrant)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Sean Menke, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sabre Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2022

By: /s/ Sean Menke
Sean Menke
Chief Executive Officer
(principal executive officer of the registrant)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas E. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sabre Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2022

By: /s/ Douglas E. Barnett
Douglas E. Barnett
Chief Financial Officer
(principal financial officer of the registrant)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Executive Officer of Sabre Corporation, hereby certifies that to his knowledge, on the date hereof:

a. The Form 10-Q of Sabre Corporation for the quarter ended March 31, 2022 (the "Report"), filed on the date hereof with the Securities and Exchange Commission fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

b. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Sabre Corporation.

Date:	May 3, 2022	By:	/s/ Sean Menke
			Sean Menke
			Chief Executive Officer
			(principal executive officer of the registrant)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Sabre Corporation under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Financial Officer of Sabre Corporation, hereby certifies that to his knowledge, on the date hereof:

a. The Form 10-Q of Sabre Corporation for the quarter ended March 31, 2022 (the “Report”), filed on the date hereof with the Securities and Exchange Commission fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

b. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Sabre Corporation.

Date: May 3, 2022

By: /s/ Douglas E. Barnett
Douglas E. Barnett
Chief Financial Officer
(principal financial officer of the registrant)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Sabre Corporation under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.