



Avis Budget Group Reports New Record Net Income and Adjusted EBITDA

November 1, 2021

PARSIPPANY, N.J., Nov. 01, 2021 (GLOBE NEWSWIRE) -- Avis Budget Group, Inc. (**NASDAQ: CAR**) today announced its third quarter 2021 financial results.

We ended the third quarter with revenues almost double the prior year and 9% above the third quarter 2019, at \$3.0 billion. Our revenues were driven by increased revenue per day and rental days as demand continued from the second quarter.

Net income was \$674 million and our Adjusted EBITDA was \$1,057 million, our best quarterly Adjusted EBITDA in our Company's history. Utilization for the quarter was 71.6%, showing sequential quarter improvement and that our fleet was well positioned to meet demand.

Our liquidity position at the end of the quarter was approximately \$1.3 billion with an additional \$2.7 billion of fleet funding capacity. We have well-laddered corporate debt and no meaningful maturities until 2024.

"Our third quarter results are a testament to our team's on-going focus around cost discipline and ability to execute operationally," said Joe Ferraro, Avis Budget Group Chief Executive Officer. "We are seeing the benefits of initiatives we began during the early days of the pandemic and look to build on this positive momentum as the travel environment continues to normalize."

Q3 Highlights

- Total Company revenues increased by 96% and 9% compared to third quarter 2020 and 2019, respectively.
- Adjusted EBITDA in the Americas was \$952 million for the third quarter 2021 driven by strong pricing and sustained cost discipline.
- Adjusted EBITDA in International was \$128 million for the third quarter 2021 driven by pricing and volume beginning to recover along with strong cost mitigating actions.
- We repurchased approximately 11.6 million shares of common stock in the third quarter at an average cost of \$86, bringing our outstanding share count down by 16% from June 30, 2021.
- We redeemed \$235 million of our 5.25% Senior Notes due March 2025 with cash on hand.

Investor Conference Call

We will host a conference call to discuss the Company's third quarter results on November 2, 2021, at 8:30 a.m. (ET). Investors may access the call at ir.avisbudgetgroup.com or by dialing (877) 407-2991 and a replay will be available on our website and at (877) 660-6853 using conference code 13723926.

About Avis Budget Group

Avis Budget Group, Inc. is a leading global provider of mobility solutions, both through its Avis and Budget brands, which have more than 10,000 rental locations in approximately 180 countries around the world, and through its Zipcar brand, which is the world's leading car sharing network with more than one million members. Avis Budget Group operates most of its car rental offices in North America, Europe and Australasia directly, and operates primarily through licensees in other parts of the world. Avis Budget Group is headquartered in Parsippany, N.J. More information is available at avisbudgetgroup.com.

Forward-Looking Statements

Certain statements in this press release constitute "forward-looking statements." Any statements that refer to outlook, expectations or other characterizations of future events, circumstances or results, including all statements related to our future results, impact from the COVID-19 outbreak, cost-saving actions, the global semiconductor shortage and cash flows are forward-looking statements. Various risks that could cause future results to differ from those expressed by the forward-looking statements included in this press release include, but are not limited to, the severity and duration of the COVID-19 outbreak, which is expected to continue to have a significant impact on our operations, and resulting economic conditions and related restrictions, the high level of competition in the mobility industry, changes in our fleet costs, including as a result of a change in the cost of new vehicles, manufacturer recalls and/or the value of used vehicles, disruption in the supply of new vehicles, disposition of vehicles not covered by manufacturer repurchase programs, our ability to realize our estimated cost savings on a timely basis, or at all, the financial condition of the manufacturers that supply our rental vehicles, including as a result of the global semiconductor shortage, which could affect their ability to perform their obligations under our repurchase and/or guaranteed depreciation arrangements, the significant decline in travel demand as a result of COVID-19, including the current and any further disruptions in airline passenger traffic, the absence of an improvement in or any further deterioration in economic conditions generally, particularly during our peak season and/or in key market segments, any occurrence or threat of terrorism, the current and any future pandemic diseases or other natural disasters, any changes to the cost or supply of fuel, risks related to acquisitions or integration of acquired businesses, risks associated with litigation, including class action lawsuits, governmental or regulatory inquiries or investigations, risks related to the security of our information technology systems, disruptions in our communication networks, changes in tax or other regulations, a significant increase in interest rates or borrowing costs, our ability to obtain financing for our global operations, including the funding of our vehicle fleet via asset-backed securities markets, any fluctuations related to the mark-to-market of derivatives which hedge our exposure to exchange rates, interest rates and fuel costs, our ability to meet the covenants contained in the agreements governing our indebtedness, and our ability to accurately estimate our future results and implement our cost savings actions. Other unknown or unpredictable factors could also have material adverse effects on the Company's performance or achievements. Important assumptions and other important factors that could cause actual results to differ materially from those in the

forward-looking statements are specified in Avis Budget Group's Annual Report on Form 10-K for the year ended December 31, 2020, Quarterly Report on Form 10-Q for the three and six months ended June 30, 2021 and in other filings and furnishings made by the Company with the Securities and Exchange Commission (the "SEC") from time to time. The Company undertakes no obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

Non-GAAP Financial Measures and Key Metrics

This release includes financial measures such as Adjusted EBITDA, Adjusted net income and Adjusted free cash flow, as well as other financial measures that are not considered generally accepted accounting principles ("GAAP") measures as defined under SEC rules. Important information regarding such measures is contained in the financial tables to this release and in Appendix I, including the definitions of these measures and reconciliations to the closest comparable GAAP measures. The Company and its management believe that these non-GAAP measures are useful to investors in measuring the comparable results of the Company period-over-period. The GAAP measures most directly comparable to Adjusted EBITDA, Adjusted free cash flow, Adjusted pretax income (loss), Adjusted net income (loss) and Adjusted diluted earnings (loss) per share are net income (loss), net cash provided by operating activities, income (loss) before income taxes, net income (loss) attributable to Avis Budget Group, Inc. and diluted earnings (loss) per share, respectively. Foreign currency translation effects on the Company's results are quantified by translating the current period's non-U.S. dollar-denominated results using the currency exchange rates of the prior period of comparison including any related gains and losses on currency hedges. Per-unit fleet costs, which represent vehicle depreciation, lease charges and gain or loss on vehicle sales, divided by average rental fleet, are calculated on a per-month basis.

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Table 1

Avis Budget Group, Inc. SUMMARY DATA SHEET (In millions, except per share data)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Income Statement and Other Items						
Revenues	\$ 3,001	\$ 1,534	96 %	\$ 6,744	\$ 4,047	67 %
Income (loss) before income taxes	929	53	n/m	1,165	(821)	242 %
Net income (loss)	674	45	n/m	902	(594)	252 %
Earnings (loss) per share - diluted	10.45	0.63	n/m	13.16	(8.40)	257 %

Adjusted Earnings Measures (non-GAAP) ^(A)

Adjusted EBITDA	1,057	220	380 %	1,728	(249)	794 %
Adjusted pretax income (loss)	954	99	864 %	1,402	(580)	342 %
Adjusted net income (loss)	693	79	777 %	1,078	(412)	362 %
Adjusted earnings (loss) per share - diluted	10.74	1.13	850 %	15.72	(5.83)	370 %

As of

	September 30, 2021	December 31, 2020
Balance Sheet Items		
Cash and Cash Equivalents	\$ 886	\$ 692
Vehicles, net	11,925	8,153
Debt under vehicle programs	10,749	6,857
Corporate debt	4,027	4,210
Stockholders' equity	(198)	(155)

Segment Results

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Revenues						
Americas	\$ 2,403	\$ 1,114	116%	\$ 5,457	\$ 2,936	86%
International	598	420	42%	1,287	1,111	16%
Corporate and Other	—	—	n/m	—	—	n/m
Total Company	\$ 3,001	\$ 1,534	96%	\$ 6,744	\$ 4,047	67%

Adjusted EBITDA

Americas	\$ 952	\$ 222	329%	\$ 1,694	\$ (41)	n/m
International	128	6	n/m	86	(174)	149%
Corporate and Other	(23)	(8)	n/m	(52)	(34)	n/m
Total Company	<u>\$ 1,057</u>	<u>\$ 220</u>	380%	<u>\$ 1,728</u>	<u>\$ (249)</u>	794%

n/m Not meaningful.

(A) See Table 5 for reconciliations of non-GAAP measures and Appendix I for definitions.

Table 2

Avis Budget Group, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues	\$ 3,001	\$ 1,534	\$ 6,744	\$ 4,047
Expenses				
Operating	1,225	825	3,089	2,505
Vehicle depreciation and lease charges, net	277	256	869	1,089
Selling, general and administrative	361	166	837	549
Vehicle interest, net	80	77	232	247
Non-vehicle related depreciation and amortization	69	74	199	214
Interest expense related to corporate debt, net:				
Interest expense	47	64	167	163
Early extinguishment of debt	7	2	136	9
Restructuring and other related charges	5	17	47	89
Transaction-related costs, net	1	—	3	3
Total expenses	<u>2,072</u>	<u>1,481</u>	<u>5,579</u>	<u>4,868</u>
Income (loss) before income taxes	<u>929</u>	<u>53</u>	<u>1,165</u>	<u>(821)</u>
Provision for (benefit from) income taxes	<u>255</u>	<u>8</u>	<u>263</u>	<u>(227)</u>
Net income (loss)	<u>674</u>	<u>45</u>	<u>902</u>	<u>(594)</u>
Less: net loss attributable to non-controlling interests	<u>(1)</u>	<u>—</u>	<u>(1)</u>	<u>—</u>
Net income (loss) attributable to Avis Budget Group, Inc.	<u>\$ 675</u>	<u>\$ 45</u>	<u>\$ 903</u>	<u>\$ (594)</u>
Earnings (loss) per share				
Basic	\$ 10.58	\$ 0.64	\$ 13.31	\$ (8.40)
Diluted	\$ 10.45	\$ 0.63	\$ 13.16	\$ (8.40)
Weighted average shares outstanding				
Basic	63.7	69.7	67.8	70.8
Diluted	64.6	70.2	68.6	70.8

Table 3

Avis Budget Group, Inc.
KEY METRICS SUMMARY

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Americas						
Rental Days (000's)	28,836	19,289	49 %	71,768	54,715	31 %
Revenue per Day, excluding exchange rate effects (A)	\$ 83.15	\$ 57.79	44 %	\$ 75.88	\$ 53.67	41 %
Average Rental Fleet	434,416	362,192	20 %	369,012	392,737	(6) %
Vehicle Utilization	72.2 %	57.9 %	14.3 pps	71.2 %	50.8 %	20.4 pps

Per-Unit Fleet Costs per Month, excluding exchange rate effects (A)	\$	143	\$	152	(6) %	\$	189	\$	217	(13) %
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International

Rental Days (000's)		10,720		9,542	12 %		25,679		26,633	(4) %
Revenue per Day, excluding exchange rate effects (A)	\$	54.91	\$	43.98	25 %	\$	47.06	\$	41.70	13 %
Average Rental Fleet		166,431		154,781	8 %		138,439		170,632	(19) %
Vehicle Utilization		70.0 %		67.0 %	3 pps		67.9 %		57.0 %	10.9 pps
Per-Unit Fleet Costs per Month, excluding exchange rate effects (A)	\$	179	\$	195	(8) %	\$	181	\$	210	(14) %

Total

Rental Days (000's)		39,556		28,831	37 %		97,447		81,348	20 %
Revenue per Day, excluding exchange rate effects (A)	\$	75.50	\$	53.22	42 %	\$	68.28	\$	49.75	37 %
Average Rental Fleet		600,847		516,973	16 %		507,451		563,369	(10) %
Vehicle Utilization		71.6 %		60.6 %	11 pps		70.3 %		52.7 %	17.6 pps
Per-Unit Fleet Costs per Month, excluding exchange rate effects (A)	\$	153	\$	165	(7) %	\$	187	\$	215	(13) %

Refer to Table 6 for key metrics calculations and Appendix I for key metrics definitions.

(A) The following metrics include changes in currency exchange rates:

Three Months Ended September 30,			Nine Months Ended September 30,		
2021	2020	% Change	2021	2020	% Change

Americas

Revenue per Day	\$	83.33	\$	57.79	44 %	\$	76.04	\$	53.67	42 %
Per-Unit Fleet Costs per Month	\$	143	\$	152	(6) %	\$	190	\$	217	(12) %

International

Revenue per Day	\$	55.79	\$	43.98	27 %	\$	50.12	\$	41.70	20 %
Per-Unit Fleet Costs per Month	\$	181	\$	195	(7) %	\$	192	\$	210	(9) %

Total

Revenue per Day	\$	75.86	\$	53.22	43 %	\$	69.21	\$	49.75	39 %
Per-Unit Fleet Costs per Month	\$	154	\$	165	(7) %	\$	190	\$	215	(12) %

Table 4 (page 1 of 2)

Avis Budget Group, Inc.
CONSOLIDATED CONDENSED SCHEDULES OF CASH FLOWS AND ADJUSTED FREE CASH FLOWS
(In millions)

CONSOLIDATED CONDENSED SCHEDULE OF CASH FLOWS

	Nine Months Ended September 30, 2021
Operating Activities	
Net cash provided by operating activities	\$ 2,548
Investing Activities	
Net cash used in investing activities exclusive of vehicle programs	\$ (74)
Net cash used in investing activities of vehicle programs	(4,857)
Net cash used in investing activities	\$ (4,931)
Financing Activities	
Net cash used in financing activities exclusive of vehicle programs	\$ (1,230)

Net cash provided by financing activities of vehicle programs	3,808
Net cash provided by financing activities	\$ 2,578
Effect of changes in exchange rates on cash and cash equivalents, program and restricted cash	\$ (15)
Net change in cash and cash equivalents, program and restricted cash	180
Cash and cash equivalents, program and restricted cash, beginning of period (A)	765
Cash and cash equivalents, program and restricted cash, end of period (B)	\$ 945

CONSOLIDATED SCHEDULE OF ADJUSTED FREE CASH FLOWS (C)

	Nine Months Ended September 30, 2021
Income before income taxes	\$ 1,165
Add-back of non-vehicle related depreciation and amortization (D)	204
Add-back of debt extinguishment costs	136
Add-back of restructuring and other related costs	47
Add-back of transaction-related costs, net	3
Add-back of COVID-19 charges	12
Add-back of unprecedented personal-injury and other legal matters, net	(6)
Working capital and other	384
Capital expenditures (E)	(93)
Tax payments, net of refunds	(63)
Vehicle programs and related (F)	(206)
Adjusted free cash flow	\$ 1,583
Acquisition and related payments, net of acquired cash	\$ (14)
Borrowings, net of debt repayments	(250)
Restructuring and other related payments	(28)
Transaction-related payments	(4)
COVID-19 payments, net	(52)
Unprecedented personal-injury and other legal matter payments, net	(8)
Repurchases of common stock	(997)
Change in program cash	(13)
Change in restricted cash	2
Foreign exchange effects, financing costs and other	(39)
Net change in cash and cash equivalents, program and restricted cash (per above)	\$ 180

Table 4 (page 2 of 2)

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO ADJUSTED FREE CASH FLOW

	Nine Months Ended September 30, 2021
Net cash provided by operating activities (per above)	\$ 2,548
Investing activities of vehicle programs	(4,857)
Financing activities of vehicle programs	3,808
Capital expenditures	(57)
Proceeds received on sale of assets and nonmarketable equity securities	3
Change in program cash	13
Change in restricted cash	(2)
Acquisition and disposition-related payments	(3)
Non-controlling interest (distributions) contributions, net	38
COVID-19 payments, net	52
Restructuring and other related payments	28
Unprecedented personal-injury and other legal matter payments, net	8
Transaction-related payments	4
Adjusted free cash flow (per above)	\$ 1,583

(A) Consists of cash and cash equivalents of \$692 million, program cash of \$72 million and restricted cash of \$1 million.

(B) Consists of cash and cash equivalents of \$886 million, program cash of \$55 million and restricted cash of \$4 million.

(C) See Appendix I for the definition of Adjusted free cash flow.

(D) Includes \$5 million of cloud computing costs.

(E) Includes \$36 million of cloud computing implementation costs.

(F) Includes vehicle-backed borrowings (repayments) that are incremental to amounts required to fund incremental (reduced) vehicle and vehicle-related assets.

Table 5

Avis Budget Group, Inc.
DEFINITIONS AND RECONCILIATIONS OF NON-GAAP MEASURES
(In millions, except per share data)

The accompanying press release includes certain non-GAAP (generally accepted accounting principles) financial measures as defined under SEC rules. To the extent not provided in the press release or accompanying tables, we have provided the reasons we present these non-GAAP financial measures and a description of what they represent in Appendix I. For each non-GAAP financial measure a reconciliation to the most comparable GAAP financial measure is calculated and presented below with reconciliations of net income (loss), income (loss) before income taxes and diluted earnings (loss) per share to Adjusted EBITDA and our Adjusted earnings measures.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Reconciliation of net income to Adjusted EBITDA:				
Net income (loss)	\$ 674	\$ 45	\$ 902	\$ (594)
Add: Provision for (benefit from) income taxes	255	8	263	(227)
Income (loss) before income taxes	929	53	1,165	(821)
Add certain items:				
Early extinguishment of debt	7	2	136	9
Restructuring and other related charges	5	17	47	89
Acquisition-related amortization expense	13	17	45	46
COVID-19 charges (A)	(6)	10	12	90
Transaction-related costs, net	1	—	3	3
Non-operational charges related to shareholder activist activity (B)	—	—	—	4
Unprecedented personal-injury and other legal matters, net (C)	5	—	(6)	—
Adjusted pretax income (loss)	954	99	1,402	(580)
Add: Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense) (D)	56	57	159	168
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	47	64	167	163
Adjusted EBITDA	\$ 1,057	\$ 220	\$ 1,728	\$ (249)
Reconciliation of net income attributable to Avis Budget Group, Inc. to adjusted net income:				
Net income (loss) attributable to Avis Budget Group, Inc.	\$ 675	\$ 45	\$ 903	\$ (594)
Add certain items, net of tax:				
Early extinguishment of debt	5	1	101	7
Restructuring and other related charges	4	14	35	69
Acquisition-related amortization expense	9	12	33	34
COVID-19 charges	(5)	7	8	67
Transaction-related costs, net	1	—	2	2
Non-operational charges related to shareholder activist activity	—	—	—	3
Unprecedented personal-injury and other legal matters, net	4	—	(4)	—
Adjusted net income (loss)	\$ 693	\$ 79	\$ 1,078	\$ (412)
Earnings (loss) per share - Diluted	\$ 10.45	\$ 0.63	\$ 13.16	\$ (8.40)
Adjusted diluted earnings (loss) per share	\$ 10.74	\$ 1.13	\$ 15.72	\$ (5.83)
Shares used to calculate Adjusted diluted earnings (loss) per share	64.6	70.2	68.6	70.8

(A) The following table presents the unusual, direct and incremental costs due to the COVID-19 pandemic.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Minimum annual guaranteed rent in excess of concession fees, net	\$ (4)	\$ 11	\$ 12	\$ 41
Vehicles damaged in overflow parking lots, net of insurance proceeds	(3)	(19)	(7)	14
Incremental cleaning supplies to sanitize vehicles and facilities, and over flow parking for idle vehicles	—	18	—	35
Other charges	1	—	7	—
Operating expenses	\$ (6)	\$ 8	\$ 11	\$ 87
Vehicle depreciation and lease charges	\$ —	\$ 1	\$ —	\$ 1
Selling, general and administrative expenses	\$ —	\$ 1	\$ 1	\$ 2

(B) Reported within selling, general and administrative expenses in our Consolidated Statements of Operations.

(C) Reported within operating expenses in our Consolidated Statements of Operations.

(D) For the nine months ended September 30, 2021 consists of \$5 million within operating expenses in our Consolidated Statements of Operations related to cloud computing costs.

Table 6

Avis Budget Group, Inc.
KEY METRICS CALCULATIONS
(\$ in millions, except as noted)

	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
	Americas	International	Total	Americas	International	Total
Revenue per Day (RPD)						
Revenue	\$ 2,403	\$ 598	\$ 3,001	\$ 1,114	\$ 420	\$ 1,534
Currency exchange rate effects	(5)	(10)	(15)	—	—	—
Revenue excluding exchange rate effects	\$ 2,398	\$ 588	\$ 2,986	\$ 1,114	\$ 420	\$ 1,534
Rental days (000's)	28,836	10,720	39,556	19,289	9,542	28,831
RPD excluding exchange rate effects (in \$'s)	\$ 83.15	\$ 54.91	\$ 75.50	\$ 57.79	\$ 43.98	\$ 53.22
Vehicle Utilization						
Rental days (000's)	28,836	10,720	39,556	19,289	9,542	28,831
Average rental fleet	434,416	166,431	600,847	362,192	154,781	516,973
Number of days in period	92	92	92	92	92	92
Available rental days (000's)	39,966	15,312	55,278	33,322	14,240	47,562
Vehicle utilization	72.2 %	70.0 %	71.6 %	57.9 %	67.0 %	60.6 %
Per-Unit Fleet Costs						
Vehicle depreciation and lease charges, net	\$ 187	\$ 90	\$ 277	\$ 166	\$ 90	\$ 256
Currency exchange rate effects	(1)	(1)	(2)	—	—	—
	\$ 186	\$ 89	\$ 275	\$ 166	\$ 90	\$ 256
Average rental fleet	434,416	166,431	600,847	362,192	154,781	516,973
Per-unit fleet costs (in \$'s)	\$ 428	\$ 536	\$ 458	\$ 456	\$ 584	\$ 494
Number of months in period	3	3	3	3	3	3
Per-unit fleet costs per month excluding exchange rate effects (in \$'s)	\$ 143	\$ 179	\$ 153	\$ 152	\$ 195	\$ 165

	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	Americas	International	Total	Americas	International	Total
Revenue per Day (RPD)						
Revenue	\$ 5,457	\$ 1,287	\$ 6,744	\$ 2,936	\$ 1,111	\$ 4,047
Currency exchange rate effects	(11)	(79)	(90)	—	—	—
Revenue excluding exchange rate effects	\$ 5,446	\$ 1,208	\$ 6,654	\$ 2,936	\$ 1,111	\$ 4,047
Rental days (000's)	71,768	25,679	97,447	54,715	26,633	81,348
RPD excluding exchange rate effects (in \$'s)	\$ 75.88	\$ 47.06	\$ 68.28	\$ 53.67	\$ 41.70	\$ 49.75

Vehicle Utilization

Rental days (000's)	71,768	25,679	97,447	54,715	26,633	81,348
Average rental fleet	369,012	138,439	507,451	392,737	170,632	563,369
Number of days in period	273	273	273	274	274	274
Available rental days (000's)	100,740	37,794	138,534	107,610	46,753	154,363
Vehicle utilization	71.2 %	67.9 %	70.3 %	50.8 %	57.0 %	52.7 %

Per-Unit Fleet Costs

Vehicle depreciation and lease charges, net	\$ 630	\$ 239	\$ 869	\$ 767	\$ 322	\$ 1,089
Currency exchange rate effects	(3)	(14)	(17)	—	—	—
	\$ 627	\$ 225	\$ 852	\$ 767	\$ 322	\$ 1,089
Average rental fleet	369,012	138,439	507,451	392,737	170,632	563,369
Per-unit fleet costs (in \$'s)	\$ 1,700	\$ 1,625	\$ 1,679	\$ 1,951	\$ 1,887	\$ 1,932
Number of months in period	9	9	9	9	9	9
Per-unit fleet costs per month excluding exchange rate effects (in \$'s)	\$ 189	\$ 181	\$ 187	\$ 217	\$ 210	\$ 215

Our calculation of rental days and revenue per day may not be comparable to the calculation of similarly-titled metrics by other companies. Currency exchange rate effects are calculated by translating the current-year results at the prior-period average exchange rates plus any related gains and losses on currency hedges.

Appendix I

Avis Budget Group, Inc. DEFINITIONS OF NON-GAAP MEASURES AND KEY METRICS

Adjusted EBITDA

The accompanying press release presents Adjusted EBITDA, which represents income (loss) from continuing operations before non-vehicle related depreciation and amortization, any impairment charges, restructuring and other related charges, early extinguishment of debt costs, non-vehicle related interest, transaction-related costs, net, charges for unprecedented personal-injury and other legal matters, net, which includes amounts recorded in excess of \$5 million related to class action lawsuits, non-operational charges related to shareholder activist activity, which include third party advisory, legal and other professional service fees, gain on sale of equity method investment in China, COVID-19 charges and income taxes. COVID-19 charges include unusual, direct and incremental costs due to the COVID-19 pandemic such as minimum annual guaranteed rent in excess of concession fees for the period, overflow parking for idle vehicles and related shuttling costs, incremental cleaning supplies to sanitize vehicles and facilities, and losses associated with vehicles damaged in overflow parking lots, net of insurance proceeds. We have revised our definition of Adjusted EBITDA to exclude amounts recorded in excess of \$5 million related to class action lawsuits. We did not revised prior years' Adjusted EBITDA because there were no costs similar in nature to these costs. Adjusted EBITDA includes stock-based compensation expense and deferred financing fee amortization totaling \$16 million and \$9 million in third quarter 2021 and 2020, respectively, and totaling \$41 million and \$22 million in the nine months ended September 30, 2021 and 2020, respectively.

We believe that Adjusted EBITDA is useful to investors as a supplemental measure in evaluating the aggregate performance of our operating businesses and in comparing our results from period to period. Adjusted EBITDA is the measure that is used by our management, including our chief operating decision maker, to perform such evaluation. Adjusted EBITDA is also a component in the determination of management's compensation. Adjusted EBITDA should not be considered in isolation or as a substitute for net income or other income statement data prepared in accordance with GAAP and our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies. A reconciliation of Adjusted EBITDA from net income (loss) recognized under GAAP is provided on Table 5.

Adjusted Earnings Non-GAAP Measures

The accompanying press release and tables present Adjusted pretax income (loss), Adjusted net income (loss) and Adjusted diluted earnings (loss) per share, which exclude certain items. We believe that these measures referred to above are useful to investors as supplemental measures in evaluating the aggregate performance of the Company. We exclude restructuring and other related charges, transaction-related costs, costs related to early extinguishment of debt and certain other items as such items are not representative of the results of operations of our business less a provision for income taxes derived utilizing applicable statutory tax rates for each item. A reconciliation of our Adjusted earnings Non-GAAP measures from the appropriate measures recognized under GAAP is provided on Table 5.

Adjusted Free Cash Flow

Represents Net Cash Provided by Operating Activities adjusted to reflect the cash inflows and outflows relating to capital expenditures, the investing and financing activities of our vehicle programs, asset sales, if any, and to exclude debt extinguishment costs, transaction-related costs, restructuring and other related charges, COVID-19 charges and non-operational charges related to shareholder activist activity. We have revised our definition of Adjusted Free Cash Flow to exclude COVID-19 charges and have not revised prior years' Adjusted Free Cash Flow amounts as there were no other charges similar in nature to these. We believe this change is meaningful to investors as it brings the measurement in line with our other non-GAAP measures. We believe that Adjusted Free Cash Flow is useful to management and investors in measuring the cash generated that is available to be used to repay debt obligations, repurchase stock, pay dividends and invest in future growth through new business development activities or acquisitions. Adjusted Free Cash Flow should not be construed as a substitute in measuring operating results or liquidity, and our presentation of Adjusted Free Cash Flow may not be comparable to similarly-titled measures used by other companies. A reconciliation of Adjusted Free Cash Flow to the appropriate measure recognized under GAAP is provided on Table 4.

Adjusted EBITDA Margin

Represents Adjusted EBITDA as a percentage of revenues.

Available Rental Days

Defined as Average Rental Fleet times the numbers of days in a given period.

Average Rental Fleet

Represents the average number of vehicles in our fleet during a given period of time.

Currency Exchange Rate Effects

Represents the difference between current-period results as reported and current-period results translated at the prior-period average exchange rates plus any related currency hedges.

Net Corporate Debt

Represents corporate debt minus cash and cash equivalents.

Net Corporate Leverage

Represents Net Corporate Debt divided by Adjusted EBITDA for the twelve months prior to the date of calculation.

Per-Unit Fleet Costs

Represents vehicle depreciation, lease charges and gain or loss on vehicles sales, divided by Average Rental Fleet.

Rental Days

Represents the total number of days (or portion thereof) a vehicle was rented during a 24-hour period.

Revenue per Day

Represents revenues divided by Rental Days.

Vehicle Utilization

Represents Rental Days divided by Available Rental Days.