

**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 September 30, 2024

OR

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

For the transition period from ____ to ____

Commission File No. 001-10308

Avis Budget Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

**379 Interpace Parkway
Parsippany, NJ**

(Address of principal executive offices)

06-0918165

*(I.R.S. Employer
Identification Number)*

07054

(Zip Code)

(973) 496-4700

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value \$0.01	CAR	The Nasdaq Global Select Market

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 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 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	<input checked="" type="checkbox"/> Accelerated Filer	<input type="checkbox"/> Non-accelerated Filer	<input type="checkbox"/>
Smaller Reporting Company	<input type="checkbox"/> Emerging Growth Company	<input type="checkbox"/>	

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

The number of shares outstanding of the issuer's common stock was 35,139,198 shares as of October 30, 2024.

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q may be considered “forward-looking statements” as that term is defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements contained herein are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by any such forward-looking statements. Forward-looking statements include information concerning our future financial performance, business strategy, projected plans and objectives. These statements may be identified by the fact that they do not relate to historical or current facts and may use words such as “believes,” “expects,” “anticipates,” “will,” “should,” “could,” “may,” “would,” “intends,” “projects,” “estimates,” “plans,” “forecasts,” “guidance,” and similar words, expressions or phrases. The following important factors and assumptions could affect our future results and could cause actual results to differ materially from those expressed in such forward-looking statements. These factors include, but are not limited to:

- the high level of competition in the mobility industry, including from new companies or technology, and the impact such competition may have on pricing and rental volume;
- a change in our fleet costs, including as a result of a change in the cost of new vehicles, resulting from inflation or otherwise, manufacturer recalls, disruption in the supply of new vehicles, including due to labor actions or otherwise, shortages in semiconductors used in new vehicle production, and/or a change in the price at which we dispose of used vehicles either in the used vehicle market or under repurchase or guaranteed depreciation programs;
- the results of operations or financial condition of the manufacturers of our vehicles, which could impact their ability to perform their payment obligations under our agreements with them, including repurchase and/or guaranteed depreciation arrangements, and/or their willingness or ability to make vehicles available to us or the mobility industry as a whole on commercially reasonable terms or at all;
- levels of and volatility in travel demand, including future volatility in airline passenger traffic;
- a deterioration in economic conditions, resulting in a recession or otherwise, particularly during our peak season or in key market segments;
- an occurrence or threat of terrorism, pandemics, severe weather events or natural disasters, military conflicts, including the ongoing military conflicts in the Middle East and Eastern Europe, or civil unrest in the locations in which we operate, and the potential effects of sanctions on the world economy and markets and/or international trade;
- any substantial changes in the cost or supply of fuel, vehicle parts, energy, labor or other resources on which we depend to operate our business, including as a result of pandemics, inflation, the ongoing military conflicts in the Middle East and Eastern Europe, and any embargoes on oil sales imposed on or by the Russian government;
- our ability to successfully implement or achieve our business plans and strategies, achieve and maintain cost savings and adapt our business to changes in mobility;
- political, economic or commercial instability in the countries in which we operate, and our ability to conform to multiple and conflicting laws or regulations in those countries;
- the performance of the used vehicle market from time to time, including our ability to dispose of vehicles in the used vehicle market on attractive terms;
- our dependence on third-party distribution channels, third-party suppliers of other services and co-marketing arrangements with third parties;
- risks related to completed or future acquisitions or investments that we may pursue, including the incurrence of incremental indebtedness to help fund such transactions and our ability to promptly and

effectively integrate any acquired businesses or capitalize on joint ventures, partnerships and other investments;

- our ability to utilize derivative instruments, and the impact of derivative instruments we utilize, which can be affected by fluctuations in interest rates, fuel prices and exchange rates, changes in government regulations and other factors;
- our exposure to uninsured or unpaid claims in excess of historical levels and our ability to obtain insurance at desired levels and the cost of that insurance;
- risks associated with litigation or governmental or regulatory inquiries, or any failure or inability to comply with laws, regulations or contractual obligations or any changes in laws, regulations or contractual obligations, including with respect to personally identifiable information and consumer privacy, labor and employment, and tax;
- risks related to protecting the integrity of, and preventing unauthorized access to, our information technology systems or those of our third-party vendors, licensees, dealers, independent operators and independent contractors, and protecting the confidential information of our employees and customers against security breaches, including physical or cybersecurity breaches, attacks, or other disruptions, compliance with privacy and data protection regulation, and the effects of any potential increase in cyberattacks on the world economy and markets and/or international trade;
- any impact on us from the actions of our third-party vendors, licensees, dealers, independent operators and independent contractors and/or disputes that may arise out of our agreements with such parties;
- any major disruptions in our communication networks or information systems;
- risks related to tax obligations and the effect of future changes in tax laws and accounting standards;
- risks related to our indebtedness, including our substantial outstanding debt obligations, recent and future interest rate increases, which increase our financing costs, downgrades by rating agencies and our ability to incur substantially more debt;
- our ability to obtain financing for our global operations, including the funding of our vehicle fleet through the issuance of asset-backed securities and use of the global lending markets;
- our ability to meet the financial and other covenants contained in the agreements governing our indebtedness, or to obtain a waiver or amendment of such covenants should we be unable to meet such covenants;
- significant changes in the assumptions and estimates that are used in our impairment testing for goodwill or intangible assets, which could result in a significant impairment of our goodwill or intangible assets; and
- other business, economic, competitive, governmental, regulatory, political or technological factors affecting our operations, pricing or services.

We operate in a continuously changing business environment and new risk factors emerge from time to time. New risk factors, factors beyond our control, or changes in the impact of identified risk factors may cause actual results to differ materially from those set forth in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. Moreover, we do not assume responsibility if future results are materially different from those forecasted or anticipated. Other factors and assumptions not identified above, including those discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations," in Item 2 and "Risk Factors" in Item 1A in this quarterly report and in similarly titled sections set forth in Item 7 and in Item 1A and in other portions of our 2023 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 16, 2024 (the "2023 Form 10-K"), may cause actual results to differ materially from those projected in any forward-looking statements.

Although we believe that our assumptions are reasonable, any or all of our forward-looking statements may prove to be inaccurate and we can make no guarantees about our future performance. Should unknown risks or uncertainties materialize or underlying assumptions prove inaccurate, actual results could differ materially from past results and/or those anticipated, estimated or projected. We undertake no obligation to release any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

PART I — FINANCIAL INFORMATION
Item 1. Financial Statements

Avis Budget Group, Inc.
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(In millions, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues	\$ 3,480	\$ 3,564	\$ 9,079	\$ 9,244
Expenses				
Operating	1,575	1,543	4,451	4,325
Vehicle depreciation and lease charges, net	806	517	2,175	1,157
Selling, general and administrative	367	397	1,040	1,099
Vehicle interest, net	241	208	724	513
Non-vehicle related depreciation and amortization	58	55	177	163
Interest expense related to corporate debt, net:				
Interest expense	95	80	266	221
Early extinguishment of debt	—	1	1	1
Restructuring and other related charges	6	2	23	7
Transaction-related costs, net	—	3	2	3
Other (income) expense, net	3	1	6	3
Total expenses	3,151	2,807	8,865	7,492
Income before income taxes	329	757	214	1,752
Provision for income taxes	91	130	74	377
Net income	238	627	140	1,375
Less: net income attributable to non-controlling interests	1	1	3	2
Net income attributable to Avis Budget Group, Inc.	\$ 237	\$ 626	\$ 137	\$ 1,373
Comprehensive income attributable to Avis Budget Group, Inc.	\$ 260	\$ 586	\$ 121	\$ 1,344
Earnings per share				
Basic	\$ 6.67	\$ 16.96	\$ 3.86	\$ 35.11
Diluted	\$ 6.65	\$ 16.78	\$ 3.84	\$ 34.71

See Notes to Consolidated Condensed Financial Statements (Unaudited).

Avis Budget Group, Inc.
CONSOLIDATED CONDENSED BALANCE SHEETS
(In millions, except par value)
(Unaudited)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 602	\$ 555
Receivables, net	917	900
Other current assets	800	684
Total current assets	2,319	2,139
Property and equipment, net	700	719
Operating lease right-of-use assets	2,886	2,654
Deferred income taxes	1,565	1,868
Goodwill	1,109	1,099
Other intangibles, net	647	670
Other non-current assets	421	441
Total assets exclusive of assets under vehicle programs	9,647	9,590
Assets under vehicle programs:		
Program cash	44	85
Vehicles, net	21,352	21,240
Receivables from vehicle manufacturers and other	423	443
Investment in Avis Budget Rental Car Funding (AESOP) LLC—related party	1,283	1,211
	23,102	22,979
Total Assets	\$ 32,749	\$ 32,569
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and other current liabilities	\$ 2,786	\$ 2,627
Short-term debt and current portion of long-term debt	540	32
Total current liabilities	3,326	2,659
Long-term debt	5,465	4,791
Long-term operating lease liabilities	2,351	2,117
Other non-current liabilities	509	528
Total liabilities exclusive of liabilities under vehicle programs	11,651	10,095
Liabilities under vehicle programs:		
Debt	4,056	3,496
Debt due to Avis Budget Rental Car Funding (AESOP) LLC—related party	13,837	15,441
Deferred income taxes	3,114	3,418
Other	320	462
	21,327	22,817
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, \$0.01 par value—authorized 10 shares; none issued and outstanding, in each period	—	—
Common stock, \$0.01 par value—authorized 250 shares; issued 137 shares, in each period	1	1
Additional paid-in capital	6,615	6,634
Retained earnings	3,988	3,854
Accumulated other comprehensive loss	(112)	(96)
Treasury stock, at cost—102 shares, in each period	(10,730)	(10,742)
Stockholders' equity attributable to Avis Budget Group, Inc.	(238)	(349)
Non-controlling interests	9	6
Total stockholders' equity	(229)	(343)
Total Liabilities and Stockholders' Equity	\$ 32,749	\$ 32,569

See Notes to Consolidated Condensed Financial Statements (Unaudited).

Avis Budget Group, Inc.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
Operating activities		
Net income	\$ 140	\$ 1,375
Adjustments to reconcile net income to net cash provided by operating activities:		
Vehicle depreciation	1,940	1,631
Amortization of right-of-use assets	831	824
(Gain) loss on sale of vehicles, net	120	(600)
Non-vehicle related depreciation and amortization	177	163
Stock-based compensation	14	24
Amortization of debt financing fees	36	29
Early extinguishment of debt costs	1	1
Net change in assets and liabilities:		
Receivables	(62)	(84)
Income taxes and deferred income taxes	38	251
Accounts payable and other current liabilities	57	28
Operating lease liabilities	(822)	(821)
Other, net	276	214
Net cash provided by operating activities	<u>2,746</u>	<u>3,035</u>
Investing activities		
Property and equipment additions	(135)	(180)
Proceeds received on asset sales	2	1
Net assets acquired (net of cash acquired)	(3)	(52)
Other, net	12	—
Net cash used in investing activities exclusive of vehicle programs	<u>(124)</u>	<u>(231)</u>
<i>Vehicle programs:</i>		
Investment in vehicles	(8,153)	(12,609)
Proceeds received on disposition of vehicles	5,653	6,106
Investment in debt securities of Avis Budget Rental Car Funding (AESOP) LLC—related party	(668)	(425)
Proceeds from debt securities of Avis Budget Rental Car Funding (AESOP) LLC—related party	596	229
Net cash used in investing activities	<u>(2,572)</u>	<u>(6,699)</u>
	<u>(2,696)</u>	<u>(6,930)</u>

Avis Budget Group, Inc.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (Continued)
(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
Financing activities		
Proceeds from long-term borrowings	\$ 1,569	\$ 439
Payments on long-term borrowings	(396)	(343)
Repurchases of common stock	(25)	(690)
Debt financing fees	(27)	(9)
Net cash provided by (used in) financing activities exclusive of vehicle programs	1,121	(603)
<i>Vehicle programs:</i>		
Proceeds from borrowings	16,536	18,214
Payments on borrowings	(17,657)	(13,594)
Debt financing fees	(43)	(39)
Net cash provided by (used in) financing activities	(43)	3,978
Effect of changes in exchange rates on cash and cash equivalents, program and restricted cash	(2)	(4)
Net increase in cash and cash equivalents, program and restricted cash	5	79
Cash and cash equivalents, program and restricted cash, beginning of period	644	642
Cash and cash equivalents, program and restricted cash, end of period	\$ 649	\$ 721

See Notes to Consolidated Condensed Financial Statements (Unaudited).

Avis Budget Group, Inc.
CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Stockholders' Equity Attributable to Avis Budget Group, Inc.	Non-controlling Interests	Total Stockholders' Equity
	Shares	Amount				Shares	Amount			
Balance at June 30, 2024	137.1	\$ 1	\$ 6,616	\$ 3,751	\$ (135)	(101.4)	\$ (10,723)	\$ (490)	\$ 8	\$ (482)
Comprehensive income:										
Net income	—	—	—	237	—	—	—	237	1	238
Other comprehensive income	—	—	—	—	23	—	—	23	—	23
Total comprehensive income				237	23			260	1	261
Net activity related to restricted stock units	—	—	(1)	—	—	—	1	—	—	—
Repurchases of common stock	—	—	—	—	—	(0.1)	(8)	(8)	—	(8)
Balance at September 30, 2024	137.1	\$ 1	\$ 6,615	\$ 3,988	\$ (112)	(101.5)	\$ (10,730)	\$ (238)	\$ 9	\$ (229)
Balance at June 30, 2023	137.1	\$ 1	\$ 6,625	\$ 3,326	\$ (90)	(98.0)	\$ (9,991)	\$ (129)	\$ 4	\$ (125)
Comprehensive income (loss):										
Net income	—	—	—	626	—	—	—	626	1	627
Other comprehensive income (loss)	—	—	—	—	(40)	—	—	(40)	—	(40)
Total comprehensive income (loss)				626	(40)			586	1	587
Net activity related to restricted stock units	—	—	1	—	—	—	—	1	—	1
Repurchases of common stock ^(a)	—	—	—	—	—	(2.2)	(491)	(491)	—	(491)
Balance at September 30, 2023	137.1	\$ 1	\$ 6,626	\$ 3,952	\$ (130)	(100.2)	\$ (10,482)	\$ (33)	\$ 5	\$ (28)

^(a) Amount includes excise taxes due under the Inflation Reduction Act of 2022.

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Stockholders' Equity Attributable to Avis Budget Group, Inc.	Non-controlling Interests	Total Stockholders' Equity
	Shares	Amount				Shares	Amount			
Balance at December 31, 2023	137.1	\$ 1	\$ 6,634	\$ 3,854	\$ (96)	(101.6)	\$ (10,742)	\$ (349)	\$ 6	\$ (343)
Comprehensive income (loss):										
Net income	—	—	—	137	—	—	—	137	3	140
Other comprehensive income (loss)	—	—	—	—	(16)	—	—	(16)	—	(16)
Total comprehensive income (loss)				137	(16)			121	3	124
Net activity related to restricted stock units	—	—	(19)	(3)	—	0.2	20	(2)	—	(2)
Repurchases of common stock	—	—	—	—	—	(0.1)	(8)	(8)	—	(8)
Balance at September 30, 2024	137.1	\$ 1	\$ 6,615	\$ 3,988	\$ (112)	(101.5)	\$ (10,730)	\$ (238)	\$ 9	\$ (229)
Balance at December 31, 2022	137.1	\$ 1	\$ 6,666	\$ 2,579	\$ (101)	(97.6)	\$ (9,848)	\$ (703)	\$ 3	\$ (700)
Comprehensive income (loss):										
Net income	—	—	—	1,373	—	—	—	1,373	2	1,375
Other comprehensive income (loss)	—	—	—	—	(29)	—	—	(29)	—	(29)
Total comprehensive income (loss)				1,373	(29)			1,344	2	1,346
Net activity related to restricted stock units	—	—	(40)	—	—	0.3	3	(37)	—	(37)
Repurchases of common stock ^(a)	—	—	—	—	—	(2.9)	(637)	(637)	—	(637)
Balance at September 30, 2023	137.1	\$ 1	\$ 6,626	\$ 3,952	\$ (130)	(100.2)	\$ (10,482)	\$ (33)	\$ 5	\$ (28)

^(a) Amount includes excise taxes due under the Inflation Reduction Act of 2022.

See Notes to Consolidated Condensed Financial Statements (Unaudited).

Avis Budget Group, Inc.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)
(Unless otherwise noted, all dollar amounts are in millions, except per share amounts)

1. Basis of Presentation

Avis Budget Group, Inc. provides mobility solutions to businesses and consumers worldwide. The accompanying unaudited Consolidated Condensed Financial Statements include the accounts and transactions of Avis Budget Group, Inc. and its subsidiaries, as well as entities in which Avis Budget Group, Inc. directly or indirectly has a controlling financial interest (collectively, “we,” “our,” “us,” or the “Company”), and have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission for interim financial reporting.

We operate the following reportable business segments:

- **Americas** - consisting primarily of (i) vehicle rental operations in North America, South America, Central America and the Caribbean, (ii) car sharing operations in certain of these markets, and (iii) licensees in the areas in which we do not operate directly.
- **International** - consisting primarily of (i) vehicle rental operations in Europe, the Middle East, Africa, Asia and Australasia, (ii) car sharing operations in certain of these markets, and (iii) licensees in the areas in which we do not operate directly.

The operating results of acquired businesses are included in the accompanying Consolidated Condensed Financial Statements from the dates of acquisition. Differences between the preliminary allocation of purchase price and the final allocation for our 2023 acquisitions of various licensees were not material. We consolidate joint venture activities when we have a controlling interest and record non-controlling interests within stockholders’ equity and the statement of comprehensive income equal to the percentage of ownership interest retained in such entities by the respective non-controlling party.

In presenting the Consolidated Condensed Financial Statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”), management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ from those estimates. In management’s opinion, the Consolidated Condensed Financial Statements contain all adjustments necessary for a fair presentation of interim results reported. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These financial statements should be read in conjunction with our 2023 Annual Report on Form 10-K (the “2023 Form 10-K”).

Summary of Significant Accounting Policies

Our significant accounting policies are fully described in Note 2 – Summary of Significant Accounting Policies in our 2023 Form 10-K.

Cash and cash equivalents, Program cash and Restricted cash. The following table provides a detail of cash and cash equivalents, program and restricted cash reported within the Consolidated Condensed Balance Sheets to the amounts shown in the Consolidated Condensed Statements of Cash Flows.

	As of September 30,	
	2024	2023
Cash and cash equivalents	\$ 602	\$ 572
Program cash	44	146
Restricted cash ^(a)	3	3
Total cash and cash equivalents, program and restricted cash	\$ 649	\$ 721

^(a) Included within other current assets.

Vehicle Programs. We present separately the financial data of our vehicle programs. These programs are distinct from our other activities since the assets under vehicle programs are generally funded through the issuance of debt that is collateralized by such assets. The income generated by these assets is used, in part, to repay the principal and interest associated with the debt. Cash inflows and outflows relating to the acquisition of such assets and the principal debt repayment or financing of such assets are classified as activities of our vehicle programs. We believe it is appropriate to segregate the financial data of our vehicle programs because, ultimately, the source of repayment of such debt is the realization of such assets.

Transaction-related costs, net. Transaction-related costs, net are classified separately in the Consolidated Condensed Statements of Comprehensive Income. These costs are comprised of expenses primarily related to acquisition-related activities such as due diligence and other advisory costs, expenses related to the integration of the acquiree's operations with those of our operations, including the implementation of best practices and process improvements, non-cash gains and losses related to re-acquired rights, expenses related to pre-acquisition contingencies and contingent consideration related to acquisitions.

Currency Transactions. We record the gain or loss on foreign currency transactions on certain intercompany loans and the gain or loss on intercompany loan hedges within interest expense related to corporate debt, net.

Variable Interest Entity ("VIE"). We review our investments to determine if they are VIEs. A VIE is an entity in which either (i) the equity investors as a group lack the power through voting or similar rights to direct the activities of such entity that most significantly impact such entity's economic performance or (ii) the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support. Entities that are determined to be VIEs are consolidated if we are the primary beneficiary of the entity. The primary beneficiary possesses the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that are significant to it. We will reconsider our original assessment of a VIE upon the occurrence of certain events such as contributions and redemptions, either by us, or third parties, or amendments to an entity's governing documents. On an ongoing basis, we reconsider whether we are deemed to be a VIE's primary beneficiary. See Note 14 – Related Party Transactions for our VIE investment in our former subsidiary.

Investments. As of September 30, 2024 and December 31, 2023, we had equity method investments with a carrying value of \$104 million and \$93 million, respectively, which are included in other non-current assets. Earnings from our equity method investments are included within operating expenses. For the three months ended September 30, 2024 and 2023, we recorded income of \$7 million related to our equity method investments, in each period. For the nine months ended September 30, 2024 and 2023 we recorded income of \$13 million and \$11 million related to our equity method investments, respectively. In July 2024, we received a \$7 million dividend from our equity method investment in our Greece licensee. See Note 14 – Related Party Transactions for our equity method investment in our former subsidiary.

Revenues. Revenues are recognized under "Leases (Topic 842)," with the exception of royalty fee revenue derived from our licensees and revenue related to our customer loyalty program, which were approximately \$88 million and \$53 million during the three months ended September 30, 2024 and 2023, respectively, and \$184 million and \$139 million during the nine months ended September 30, 2024 and 2023, respectively.

The following table presents our revenues disaggregated by geography:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Americas	\$ 2,640	\$ 2,736	\$ 6,994	\$ 7,180
Europe, Middle East and Africa	689	672	1,615	1,582
Asia and Australasia	151	156	470	482
Total revenues	\$ 3,480	\$ 3,564	\$ 9,079	\$ 9,244

The following table presents our revenues disaggregated by brand:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Avis	\$ 2,011	\$ 2,043	\$ 5,218	\$ 5,206
Budget	1,263	1,314	3,301	3,471
Other ^(a)	206	207	560	567
Total revenues	\$ 3,480	\$ 3,564	\$ 9,079	\$ 9,244

^(a) Other includes Zipcar and other operating brands.

Recently Issued Accounting Pronouncements

Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, "Improvements to Income Tax Disclosures," which amends Topic 740 primarily through enhanced disclosures about an entity's tax risks and tax planning. The amendments are effective for public business entities in annual periods beginning after December 15, 2024, with early adoption permitted on a prospective or retrospective basis. ASU 2023-09 will become effective for us on January 1, 2025. We are currently evaluating the impact of the adoption of this accounting pronouncement on our Consolidated Financial Statements.

Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07, "Improvements to Reportable Segment Disclosures," which amends Topic 280 primarily through enhanced disclosures about significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. ASU 2023-07 became effective for us on January 1, 2024. We are currently evaluating the impact of the adoption of this accounting pronouncement on our Consolidated Condensed Financial Statements.

Reference Rate Reform

In January 2021, the FASB issued ASU 2021-01, "Reference Rate Reform (Topic 848)," which amends ASU 2020-04 and clarifies the scope and guidance of Topic 848 to allow derivatives impacted by the reference rate reform to qualify for certain optional expedients and exceptions for contract modifications and hedge accounting. The guidance is optional and is effective for a limited period of time. In December 2022, the FASB also issued ASU 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848," to defer the sunset date of ASC 848 from December 31, 2022 to December 31, 2024. As of September 30, 2024, this guidance had no impact on our Consolidated Condensed Financial Statements, and we will continue to evaluate this guidance.

2. Leases

Lessor

The following table presents our lease revenues disaggregated by geography:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Americas	\$ 2,587	\$ 2,715	\$ 6,891	\$ 7,120
Europe, Middle East and Africa	660	646	1,548	1,518
Asia and Australasia	145	150	456	467
Total lease revenues	\$ 3,392	\$ 3,511	\$ 8,895	\$ 9,105

The following table presents our lease revenues disaggregated by brand:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Avis	\$ 1,953	\$ 2,011	\$ 5,097	\$ 5,120
Budget	1,247	1,298	3,261	3,430
Other ^(a)	192	202	537	555
Total lease revenues	\$ 3,392	\$ 3,511	\$ 8,895	\$ 9,105

^(a) Other includes Zipcar and other operating brands.

Lessee

We have operating and finance leases for rental locations, corporate offices, vehicle rental fleet and equipment. Many of our operating leases for rental locations contain concession agreements with various airport authorities that allow us to conduct our vehicle rental operations on site. In general, concession fees for airport locations are based on a percentage of total commissionable revenue as defined by each airport authority, some of which are subject to minimum annual guaranteed amounts. Concession fees other than minimum annual guaranteed amounts are not included in the measurement of operating lease right of use ("ROU") assets and operating lease liabilities and are recorded as variable lease expense as incurred. Our operating leases for rental locations often also require us to pay or reimburse operating expenses.

The components of lease expense are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Property leases ^(a)				
Operating lease expense	\$ 229	\$ 212	\$ 691	\$ 631
Variable lease expense	117	136	279	327
Total property lease expense	\$ 346	\$ 348	\$ 970	\$ 958

^(a) Primarily within operating expenses.

Supplemental balance sheet information related to leases is as follows:

	<u>As of September 30, 2024</u>	<u>As of December 31, 2023</u>
Property leases		
Operating lease ROU assets	\$ 2,886	\$ 2,654
Short-term operating lease liabilities ^(a)	\$ 583	\$ 576
Long-term operating lease liabilities	2,351	2,117
Operating lease liabilities	<u>\$ 2,934</u>	<u>\$ 2,693</u>
Weighted average remaining lease term	7.9 years	8.1 years
Weighted average discount rate	5.01 %	4.83 %

^(a) Included in accounts payable and other current liabilities.

Supplemental cash flow information related to leases is as follows:

	<u>Nine Months Ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash payments for lease liabilities within operating activities:		
Property operating leases	\$ 710	\$ 645
Non-cash activities - increase (decrease) in ROU assets in exchange for lease liabilities:		
Property operating leases	\$ 945	\$ 914

3. Restructuring and Other Related Charges

During the first quarter of 2024, we initiated a global restructuring plan to further right size our operations (“Global Rightsizing”). The costs associated with this initiative are primarily related to the operational scaling of processes, locations, and lines of business. We expect further restructuring expense of approximately \$10 million related to this initiative to be incurred this year and for this initiative to continue into 2025.

During the second quarter of 2022, we initiated a restructuring plan to focus on consolidating our global operations by designing new processes and implementing new systems (“Cost Optimization”). We expect this initiative to be completed this year.

The following tables summarize the change to our restructuring-related liabilities and identifies the amounts recorded within our reporting segments for restructuring charges and corresponding payments and utilizations:

	Personnel Related	Other ^(a)	Total
Balance as of January 1, 2024	\$ 4	\$ —	\$ 4
Restructuring expense:			
Global Rightsizing	9	13	22
Cost Optimization	—	1	1
Restructuring payments and utilization:			
Global Rightsizing	(6)	(4)	(10)
Cost Optimization	(1)	(1)	(2)
Balance as of September 30, 2024	<u>\$ 6</u>	<u>\$ 9</u>	<u>\$ 15</u>

^(a) Includes expenses primarily related to the disposition of vehicles.

	Americas	International	Total
Balance as of January 1, 2024	\$ 2	\$ 2	\$ 4
Restructuring expense:			
Global Rightsizing	16	6	22
Cost Optimization	1	—	1
Restructuring payments and utilization:			
Global Rightsizing	(7)	(3)	(10)
Cost Optimization	(1)	(1)	(2)
Balance as of September 30, 2024	<u>\$ 11</u>	<u>\$ 4</u>	<u>\$ 15</u>

4. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share ("EPS") (shares in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income attributable to Avis Budget Group, Inc. for basic and diluted EPS	\$ 237	\$ 626	\$ 137	\$ 1,373
Basic weighted average shares outstanding	35.5	36.9	35.6	39.1
Non-vested stock ^(a)	0.2	0.4	0.2	0.4
Diluted weighted average shares outstanding	35.7	37.3	35.8	39.5
Earnings per share				
Basic	\$ 6.67	\$ 16.96	\$ 3.86	\$ 35.11
Diluted	\$ 6.65	\$ 16.78	\$ 3.84	\$ 34.71

^(a) For the three months ended September 30, 2024 and 2023, 0.2 million and an immaterial amount of non-vested stock awards, respectively, would have had an anti-dilutive effect and therefore were excluded from the computation of diluted weighted average shares outstanding. For the nine months ended September 30, 2024 and 2023, 0.2 million and 0.1 million non-vested stock awards, respectively, would have had an anti-dilutive effect and therefore were excluded from the computation of diluted weighted average shares outstanding.

5. Other Current Assets

Other current assets consisted of:

	As of September 30, 2024	As of December 31, 2023
Sales and use taxes	\$ 292	\$ 192
Prepaid expenses	266	239
Other	242	253
Other current assets	\$ 800	\$ 684

6. Intangible Assets

Intangible assets consisted of:

	As of September 30, 2024			As of December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<i>Amortized Intangible Assets</i>						
License agreements	\$ 317	\$ 248	\$ 69	\$ 316	\$ 234	\$ 82
Customer relationships	255	228	27	253	221	32
Other	56	50	6	56	46	10
Total	\$ 628	\$ 526	\$ 102	\$ 625	\$ 501	\$ 124
<i>Unamortized Intangible Assets</i>						
Goodwill	\$ 1,109			\$ 1,099		
Trademarks	\$ 545			\$ 546		

For the three months ended September 30, 2024 and 2023, amortization expense related to amortizable intangible assets was approximately \$7 million and \$6 million, respectively. For the nine months ended September 30, 2024 and 2023, amortization expense related to amortizable intangible assets was approximately \$22 million and \$20 million, respectively.

Based on our amortizable intangible assets at September 30, 2024, we expect amortization expense of approximately \$7 million for the remainder of 2024, \$23 million for 2025, \$22 million for 2026, \$16 million for 2027, \$9 million for 2028 and \$7 million for 2029, excluding effects of currency exchange rates.

7. Vehicle Rental Activities

The components of vehicles, net within assets under vehicle programs are as follows:

	As of September 30, 2024	As of December 31, 2023
Rental vehicles	\$ 23,633	\$ 23,114
Less: Accumulated depreciation	(2,982)	(2,639)
	<u>20,651</u>	<u>20,475</u>
Vehicles held for sale	602	734
Vehicles, net investment in lease ^(a)	99	31
Vehicles, net	<u>\$ 21,352</u>	<u>\$ 21,240</u>

^(a) See Note 14 – Related Party Transactions.

The components of vehicle depreciation and lease charges, net are summarized below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Depreciation expense	\$ 723	\$ 614	\$ 1,940	\$ 1,631
Lease charges	41	48	115	126
(Gain) loss on sale of vehicles, net	42	(145)	120	(600)
Vehicle depreciation and lease charges, net	<u>\$ 806</u>	<u>\$ 517</u>	<u>\$ 2,175</u>	<u>\$ 1,157</u>

At September 30, 2024 and 2023, we had payables related to vehicle purchases included in liabilities under vehicle programs - other of \$152 million and \$206 million, respectively, and receivables related to vehicle sales included in assets under vehicle programs - receivables from vehicle manufacturers and other of \$284 million and \$252 million, respectively.

8. Income Taxes

Our effective tax rate for the nine months ended September 30, 2024 was a provision of 34.6%. Such rate differed from the Federal Statutory rate of 21.0% primarily due to foreign taxes and U.S. taxes on our International operations.

Our effective tax rate for the nine months ended September 30, 2023 was a provision of 21.5%. Such rate differed from the Federal Statutory rate of 21.0% primarily due to foreign taxes on our International operations and state taxes, partially offset by the effect of certain tax credits and favorable adjustments related to stock-based compensation.

The Organisation for Economic Cooperation and Development (“OECD”) published a proposal for the establishment of a global minimum tax rate of 15% (the “Pillar Two rule”), effective for fiscal 2024. We are closely monitoring developments of the Pillar Two rule as the OECD continues to refine its technical guidance and member states implement tax laws and regulations based on Pillar Two proposals. Based on our preliminary analysis, we do not expect Pillar Two to have a material impact on our financial statements for 2024.

9. Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities consisted of:

	As of September 30, 2024	As of December 31, 2023
Short-term operating lease liabilities	\$ 583	\$ 576
Accounts payable	516	487
Accrued sales and use taxes	392	251
Accrued advertising and marketing	280	276
Deferred lease revenues - current	201	168
Public liability and property damage insurance liabilities – current	180	181
Accrued payroll and related	148	188
Other	486	500
Accounts payable and other current liabilities	<u>\$ 2,786</u>	<u>\$ 2,627</u>

10. Long-term Corporate Debt and Borrowing Arrangements

Long-term corporate debt and borrowing arrangements consisted of:

	Maturity Date	As of September 30, 2024	As of December 31, 2023
4.750% euro-denominated Senior Notes	January 2026	\$ —	\$ 386
5.750% Senior Notes	July 2027	739	736
4.750% Senior Notes	April 2028	500	500
7.000% euro-denominated Senior Notes	February 2029	668	—
5.375% Senior Notes	March 2029	600	600
8.250% Senior Notes	January 2030	700	—
7.250% euro-denominated Senior Notes	July 2030	669	441
8.000% Senior Notes	February 2031	497	497
Floating Rate Term Loan ^(a)	August 2027	1,156	1,164
Floating Rate Term Loan ^(b)	March 2029	522	524
Other ^(c)		24	30
Deferred financing fees		(70)	(55)
Total		<u>6,005</u>	<u>4,823</u>
Less: Short-term debt and current portion of long-term debt		540	32
Long-term debt		<u>\$ 5,465</u>	<u>\$ 4,791</u>

^(a) The floating rate term loan is part of our senior revolving credit facility, which is secured by pledges of capital stock of certain of our subsidiaries, and liens on substantially all of our intellectual property and certain other real and personal property. As of September 30, 2024, the floating rate term loan due 2027 bears interest at one-month Secured Overnight Financing Rate ("SOFR") plus 1.75%, for an aggregate rate of 6.71%. We have entered into a swap to hedge \$750 million of interest rate exposure related to the floating rate term loan at an aggregate rate of 3.26%.

^(b) The floating rate term loan is part of our senior revolving credit facility, which is secured by pledges of capital stock of certain of our subsidiaries, and liens on substantially all of our intellectual property and certain other real and personal property. As of September 30, 2024, the floating rate term loan due 2029 bears interest at one-month SOFR plus 3.00%, for an aggregate rate of 7.95%. In October 2024, the floating rate term loan due 2029 was fully repaid. See Note 18 – Subsequent Events.

^(c) Primarily includes finance leases, which are secured by liens on the related assets.

In February 2024, we issued €600 million of 7.000% euro-denominated Senior Notes due February 2029, at par, with interest payable semi-annually. In April 2024, we used the net proceeds from the offering to redeem all of our outstanding 4.750% euro-denominated Senior Notes due January 2026 plus accrued interest, with the remainder being used for general corporate purposes.

In May 2024, we issued an additional €200 million of 7.250% euro-denominated Senior notes due July 2030, at 100.25% of their face value, with interest payable semi-annually.

In September 2024, we issued \$700 million of 8.250% Senior Notes due January 2030, at par, with interest payable semi-annually. Net proceeds from the offering will be used to repay all of the outstanding borrowings under our floating rate term loan due 2029, with the remainder being used for general corporate purposes.

Committed Credit Facilities and Available Funding Arrangements

As of September 30, 2024, the committed corporate credit facilities available to us and/or our subsidiaries were as follows:

	<u>Total Capacity</u>	<u>Outstanding Borrowings</u>	<u>Letters of Credit Issued</u>	<u>Available Capacity</u>
Senior revolving credit facility maturing 2028 ^(a)	\$ 2,000	\$ —	\$ 1,464	\$ 536

^(a) The senior revolving credit facility bears interest at one-month SOFR plus 2.00% and is part of our senior credit facilities, which include the floating rate term loan and the senior revolving credit facility, and which are secured by pledges of capital stock of certain of our subsidiaries, liens on substantially all of our intellectual property and certain other real and personal property.

As of September 30, 2024, we had other uncommitted standby letter of credit facilities (“SBLC facilities”) with an additional letter of credit capacity of up to \$400 million. As of September 30, 2024, letters of credit totaling \$288 million have been issued on our SBLC facilities.

Debt Covenants

The agreements governing our indebtedness contain restrictive covenants, including restrictions on dividends paid to us by certain of our subsidiaries, the incurrence of additional indebtedness and/or liens by us and certain of our subsidiaries, acquisitions, mergers, liquidations, and sale and leaseback transactions. Our senior credit facility also contains a maximum leverage ratio requirement. As of September 30, 2024, we were in compliance with the financial covenants governing our indebtedness.

11. Debt Under Vehicle Programs and Borrowing Arrangements

Debt under vehicle programs, including related party debt due to Avis Budget Rental Car Funding (AESOP) LLC (“Avis Budget Rental Car Funding”), consisted of:

	As of September 30, 2024	As of December 31, 2023
Americas - Debt due to Avis Budget Rental Car Funding ^(a)	\$ 13,903	\$ 15,502
Americas - Debt borrowings ^(b)	1,213	1,075
International - Debt borrowings ^(c)	2,672	2,203
International - Finance leases	179	172
Other	10	55
Deferred financing fees ^(d)	(84)	(70)
Total	\$ 17,893	\$ 18,937

^(a) Includes approximately \$726 million and \$841 million of Class R notes as of September 30, 2024 and December 31, 2023, respectively, which are held by us.

^(b) Includes our Repurchase Facility.

^(c) In February 2024, we amended our European rental fleet securitization program to increase its capacity to approximately €1.9 billion and extend the maturity of the program to September 2026. We also added £200 million to our capacity within the program.

^(d) Deferred financing fees related to Debt due to Avis Budget Rental Car Funding as of September 30, 2024 and December 31, 2023 were \$66 million and \$61 million, respectively.

The following table provides a summary of debt issued by Avis Budget Rental Car Funding during the nine months ended September 30, 2024:

Issuance Date	Maturity Date	Weighted Average Interest Rate	Amount Issued
January 2024	June 2029	5.51 %	\$ 1,200
February 2024	April 2026	6.24 %	53
February 2024	October 2026	6.18 %	37
February 2024	April 2028	6.23 %	52
March 2024	October 2027	5.26 %	400
March 2024	December 2029	5.35 %	700
		5.46 %	\$ 2,442

In September 2024, we entered into a repurchase agreement (the “Repurchase Facility”), whereby we may sell our Class D notes issued by Avis Budget Rental Car Funding to the Repurchase Facility counterparty and repurchase such notes. Transactions under the Repurchase Facility have a 180-day tenor. As of September 30, 2024, \$116 million was outstanding under the Repurchase Facility, which bears interest at a rate of 6.64%. As of September 30, 2024, we had \$195 million of securities pledged as collateral for the Repurchase Facility, included within investment in Avis Budget Rental Car Funding (AESOP) LLC—related party on our Consolidated Condensed Balance Sheets.

Debt Maturities

The following table provides the contractual maturities of our debt under vehicle programs, including related party debt due to Avis Budget Rental Car Funding, at September 30, 2024:

	Debt under Vehicle Programs ^(a)
Within 1 year ^(b)	\$ 2,606
Between 1 and 2 years ^(c)	4,546
Between 2 and 3 years ^(d)	5,666
Between 3 and 4 years ^(e)	2,199
Between 4 and 5 years	2,533
Thereafter	427
Total	<u>\$ 17,977</u>

^(a) Vehicle-backed debt primarily represents asset-backed securities.

^(b) Includes \$0.6 billion of bank and bank-sponsored facilities.

^(c) Includes \$1.6 billion of bank and bank-sponsored facilities.

^(d) Includes \$2.1 billion of bank and bank-sponsored facilities.

^(e) Includes \$0.1 billion of bank and bank-sponsored facilities.

Committed Credit Facilities and Available Funding Arrangements

As of September 30, 2024, available funding under our debt arrangements related to our vehicle programs, including related party debt due to Avis Budget Rental Car Funding, consisted of:

	Total Capacity ^(a)	Outstanding Borrowings ^(b)	Available Capacity
Americas - Debt due to Avis Budget Rental Car Funding	\$ 16,848	\$ 13,903	\$ 2,945
Americas - Debt borrowings	1,486	1,213	273
International - Debt borrowings	3,357	2,672	685
International - Finance leases	263	179	84
Other	10	10	—
Total	<u>\$ 21,964</u>	<u>\$ 17,977</u>	<u>\$ 3,987</u>

^(a) Capacity is subject to maintaining sufficient assets to collateralize debt. The total capacity for Americas - Debt due to Avis Budget Rental Car Funding includes increases from amendments and restatements of our asset-backed variable-funding financing facilities, which were most recently amended and restated in April 2024.

^(b) The outstanding debt is collateralized by vehicles and related assets of \$17.0 billion for Americas - Debt due to Avis Budget Rental Car Funding; \$1.9 billion for Americas - Debt borrowings; \$3.4 billion for International - Debt borrowings; and \$0.2 billion for International - Finance leases.

Debt Covenants

The agreements under our vehicle-backed funding programs contain restrictive covenants, including restrictions on dividends paid to us by certain of our subsidiaries and restrictions on indebtedness, mergers, liens, liquidations, and sale and leaseback transactions and in some cases also require compliance with certain financial requirements. As of September 30, 2024, we are not aware of any instances of non-compliance with any of the financial or restrictive covenants contained in the debt agreements under our vehicle-backed funding programs.

12. Commitments and Contingencies

Contingencies

In 2006, we completed the spin-offs of our Realogy and Wyndham subsidiaries (now known as Anywhere Real Estate, Inc., and Wyndham Hotels and Resorts, Inc. and Travel + Leisure Co., respectively). We do not believe that the impact of any resolution of pre-existing contingent liabilities in connection with the spin-offs should result in a material liability to us in relation to our consolidated financial position or liquidity, as Anywhere Real Estate, Inc., Wyndham Hotels and Resorts, Inc. and Travel + Leisure Co. have agreed to assume responsibility for these liabilities.

In March 2023, the California Office of Tax Appeals (“OTA”) issued an opinion in a case involving notices of proposed assessment of California corporation franchise tax for tax year 1999 issued to us. The case involves whether (i) the notices of proposed assessment were barred by the statute of limitations; and (ii) a transaction undertaken by us in tax year 1999 constituted a tax-free reorganization under the Internal Revenue Code (“IRC”). The OTA concluded that the notices of proposed assessment were not barred by the statute of limitations and that the 1999 transaction was not a tax-free reorganization under the IRC. Anywhere Real Estate, Inc. has assumed 62.5%, and Wyndham Hotels and Resorts, Inc. and Travel + Leisure Co. have assumed 37.5% of the potential tax liability in this matter, respectively. We filed a petition for rehearing, which was denied in April 2024, and the tax assessment is expected to become payable, even if judicial relief is sought.

We are also named in litigation that is primarily related to the businesses of our former subsidiaries, including Realogy and Wyndham. We are entitled to indemnification from such entities for any liability resulting from such litigation.

In September 2014, Dawn Valli et al. v. Avis Budget Group Inc., et al. was filed in U.S. District Court for the District of New Jersey. The plaintiffs seek to represent a purported nationwide class of certain renters of vehicles from our Avis and Budget subsidiaries from September 30, 2008 through the present. The plaintiffs seek damages in connection with claims relating to alleged misrepresentations and omissions concerning charging customers for traffic infractions and related administrative fees. On October 10, 2023, plaintiffs’ motion for class certification was denied as to their proposed nationwide class and granted as to a subclass, created at the Court’s discretion, of Avis Preferred and Budget Fastbreak members. We have been named as a defendant in other purported consumer class action lawsuits, including two class actions filed against us in New Jersey, one seeking damages in connection with a breach of contract claim and another related to ancillary charges at our Payless subsidiary. However, the Company intends to vigorously defend them.

We are currently involved, and in the future may be involved, in claims and/or legal proceedings, including class actions, and governmental inquiries that are incidental to our vehicle rental and car sharing operations, including, among others, contract and licensee disputes, competition matters, employment and wage-and-hour claims, insurance and liability claims, intellectual property claims, business practice disputes and other regulatory, environmental, commercial and tax matters.

We are a defendant in a number of legal proceedings for personal injury arising from the operation of our vehicles. In June 2023, two of our subsidiaries were named as defendants in a lawsuit filed in Dallas, Texas alleging that one of our employees caused the death of an individual with one of our vehicles: Peggy Dawson Edwards, Individually and as Anticipated Representative of the Estate of Michael Edwards, Sr., et. al. v. Avis Budget Car Rental, LLC; PV Holding Corp.; and Kevin Barnes, Cause No. CC-23-03188-E, pending in County Court at Law No. 5 for Dallas County, Texas. The complaint alleges that our subsidiaries are responsible for Mr. Edwards’ death and seeks compensatory and punitive damages in an unspecified amount exceeding \$1 million. The court has set a trial date in May 2025 for this lawsuit. Given the early stages of the legal proceedings, it is not possible to predict the outcome of the claim. However, the Company intends to vigorously defend it.

Litigation is inherently unpredictable and, although we believe that our accruals are adequate and/or that we have valid defenses in these matters, unfavorable resolutions could occur. We estimate that the potential exposure resulting from adverse outcomes of current legal proceedings in which it is reasonably possible that a loss may be incurred could, in the aggregate, be up to approximately \$40 million in excess of amounts accrued as of September 30, 2024. We do not believe that the impact should result in a material liability to us in relation to our consolidated financial condition or results of operations.

Commitments to Purchase Vehicles

We maintain agreements with vehicle manufacturers under which we have agreed to purchase approximately \$3.9 billion of vehicles from manufacturers over the next 12 months, a \$2.9 billion decrease compared to December 31, 2023, financed primarily through the issuance of vehicle-backed debt and cash received upon the disposition of vehicles. Certain of these commitments are subject to the vehicle manufacturers satisfying their obligations under their respective repurchase and guaranteed depreciation agreements.

Concentrations

Concentrations of credit risk as of September 30, 2024 include (i) risks related to our repurchase and guaranteed depreciation agreements with domestic and foreign car manufacturers and primarily with respect to receivables for program cars that have been disposed but for which we have not yet received payment from the manufacturers and (ii) risks related to Realogy and Wyndham, including receivables of \$38 million and \$23 million, respectively, related to certain contingent, income tax and other corporate liabilities assumed by Realogy and Wyndham in connection with their disposition.

13. Stockholders' Equity

Share Repurchases

Our Board of Directors has authorized the repurchase of up to approximately \$8.1 billion of our common stock under a plan originally approved in 2013 and subsequently expanded, most recently in February 2023 (the "Stock Repurchase Program"). During the nine months ended September 30, 2024, we repurchased approximately 0.1 million shares of common stock at a cost of approximately \$8 million (excluding excise taxes due under the Inflation Reduction Act of 2022) under the Stock Repurchase Program. During the nine months ended September 30, 2023, we repurchased approximately 2.9 million shares of common stock at a cost of approximately \$633 million (excluding excise taxes due under the Inflation Reduction Act of 2022) under the Stock Repurchase Program. As of September 30, 2024, approximately \$794 million of authorization remained available to repurchase common stock under the Stock Repurchase Program.

Common stock repurchases under the Stock Repurchase Program do not include shares withheld to satisfy employees' income tax liabilities attributable to the vesting of restricted stock unit awards.

Total Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other gains and losses affecting stockholders' equity that, under GAAP, are excluded from net income (loss).

The components of other comprehensive income (loss) were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 238	\$ 627	\$ 140	\$ 1,375
Less: net income attributable to non-controlling interests	1	1	3	2
Net income attributable to Avis Budget Group, Inc.	237	626	137	1,373
Other comprehensive income (loss):				
Currency translation adjustments (net of tax of \$13, \$(8), \$5 and \$(3), respectively) ^(a)	38	(43)	(7)	(41)
Net unrealized gain (loss) on cash flow hedges (net of tax of \$5, \$(1), \$4 and \$(3), respectively)	(16)	2	(12)	9
Minimum pension liability adjustment (net of tax of \$(1), \$(1), \$(1), and \$(1), respectively)	1	1	3	3
	23	(40)	(16)	(29)
Comprehensive income attributable to Avis Budget Group, Inc.	\$ 260	\$ 586	\$ 121	\$ 1,344

^(a) Currency translation adjustments exclude income taxes related to indefinite investments in foreign subsidiaries.

Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) were as follows:

	Currency Translation Adjustments	Net Unrealized Gains (Losses) on Cash Flow Hedges ^(a)	Minimum Pension Liability Adjustment ^(b)	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2024	\$ (3)	\$ 37	\$ (130)	\$ (96)
Other comprehensive income (loss) before reclassifications	(7)	4	—	(3)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(16)	3	(13)
Net current-period other comprehensive income (loss)	(7)	(12)	3	(16)
Balance, September 30, 2024	\$ (10)	\$ 25	\$ (127)	\$ (112)
Balance, January 1, 2023	\$ (30)	\$ 45	\$ (116)	\$ (101)
Other comprehensive income (loss) before reclassifications	(41)	17	—	(24)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(8)	3	(5)
Net current-period other comprehensive income (loss)	(41)	9	3	(29)
Balance, September 30, 2023	\$ (71)	\$ 54	\$ (113)	\$ (130)

All components of accumulated other comprehensive income (loss) are net of tax, except currency translation adjustments, which exclude income taxes related to indefinite investments in foreign subsidiaries and include \$79 million gain, net of tax, as of September 30, 2024 related to our hedge of our investment in euro-denominated foreign operations (see Note 16 – Financial Instruments).

^(a) For the three months ended September 30, 2024 and 2023, amounts reclassified from accumulated other comprehensive income (loss) into corporate interest expense were gains of \$8 million (\$5 million, net of tax) and gains of \$2 million (\$2 million, net of tax), respectively. For the nine months ended September 30, 2024 and 2023, the amounts reclassified from accumulated other comprehensive income (loss) into corporate interest expense were gains of \$22 million (\$16 million, net of tax) and gains of \$10 million (\$8 million, net of tax), respectively.

^(b) For the three months ended September 30, 2024 and 2023, amounts reclassified from accumulated other comprehensive income (loss) into selling, general and administrative expenses were losses of \$1 million (\$1 million, net of tax) in each period. For the nine months ended September 30, 2024 and 2023, amounts reclassified from accumulated other comprehensive income (loss) into selling, general and administrative expenses were losses of \$4 million (\$3 million, net of tax) in each period.

14. Related Party Transactions

SRS Mobility Ventures, LLC

In 2021, SRS Mobility Ventures, LLC acquired a 33 1/3% Class A Membership Interest in one of our subsidiaries at fair value of \$37.5 million. SRS Mobility Ventures, LLC is an affiliate of our largest shareholder, SRS Investment Management, LLC.

On September 1, 2022, through the issuance of Class B Preferred Voting Membership Interests, SRS Mobility Ventures, LLC increased their ownership in this subsidiary to 51% at fair value of \$62 million. In accordance with ASC Topic 810-10-40, we must deconsolidate a subsidiary as of the date we cease to have a controlling interest in that subsidiary and recognize the gain or loss in net income at that time. The fair value of our retained investment was determined utilizing a discounted cash flow methodology based on various assumptions, including projections of future cash flows, which include forecast of future revenue and EBITDA. As a result, we deconsolidated our former subsidiary, Avis Mobility Ventures LLC ("AMV"), from our financial statements and began to report our proportional share of the former subsidiary's income or loss within other (income) expense, net in our Consolidated Condensed Statements of Comprehensive Income as we do not have the ability to direct the significant activities of the former subsidiary and are therefore no longer primary beneficiary of the VIE. Upon deconsolidation, our former subsidiary had a net asset carrying amount of \$49 million resulting in a gain of \$10 million. In August and October 2023, SRS Mobility Ventures, LLC made capital contributions to AMV, increasing their ownership to approximately 65%. In June 2024, SRS Mobility Ventures, LLC made a capital contribution of approximately \$22.2 million to AMV, and we simultaneously settled approximately \$11.7 million in receivables from AMV related to services we provided. SRS Mobility Ventures, LLC's ownership percentage remained at approximately 65% following these transactions.

We continue to provide vehicles, related fleet services, and certain administrative services to AMV to support their operations. The following table provides amounts reported within our Consolidated Condensed Balance Sheets related to our equity method investment in AMV and these services.

	As of September 30, 2024	As of December 31, 2023
Receivables from AMV ^(a)	\$ 2	\$ 2
Equity method investment in AMV ^(b)	29	24
Vehicles, net investment in lease with AMV ^(c)	99	31

^(a) Included within other current assets.

^(b) Included within other non-current assets.

^(c) Included within vehicles, net. See Note 7 – Vehicle Rental Activities.

The components of other (income) expense, net are summarized below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(Income) expense for services to AMV, net	\$ 1	\$ (6)	\$ (1)	\$ (20)
(Income) loss on equity method investment in AMV, net	2	7	7	23
Other (income) expense, net	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 6</u>	<u>\$ 3</u>

15. Stock-Based Compensation

We recorded stock-based compensation expense of \$1 million (\$1 million, net of tax) and \$7 million (\$5 million, net of tax) during the three months ended September 30, 2024 and 2023, respectively. We recorded stock-based compensation expense of \$14 million (\$11 million, net of tax) and \$23 million (\$16 million, net of tax) during the nine months ended September 30, 2024 and 2023, respectively.

As part of our declaration and payment of a special cash dividend in December 2023, we granted additional restricted stock units ("RSUs") to our award holders with unvested shares as a dividend equivalent, which has been deferred until, and will not be paid unless, the shares of stock underlying the award vest.

The activity related to RSUs consisted of (in thousands of shares):

	Number of Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Time-based RSUs				
Outstanding at January 1, 2024	290	\$ 161.87		
Granted ^(a)	134	111.39		
Vested ^(b)	(120)	137.08		
Forfeited	(23)	163.81		
Outstanding and expected to vest at September 30, 2024 ^(c)	281	\$ 148.16	1.4	\$ 25
Performance-based RSUs				
Outstanding at January 1, 2024	411	\$ 128.77		
Granted ^(a)	150	112.44		
Vested ^(b)	(222)	68.54		
Forfeited	(25)	175.36		
Outstanding at September 30, 2024	314	\$ 159.74	1.6	\$ 28
Outstanding and expected to vest at September 30, 2024 ^(c)	64	\$ 192.77	1.6	\$ 6

^(a) Reflects the maximum number of stock units assuming achievement of all performance- and time-vesting criteria and does not include those for non-employee directors. The weighted-average fair value of time-based RSUs and performance-based RSUs granted during the nine months ended September 30, 2023 was \$209.08 and \$208.64, respectively.

^(b) The total fair value of RSUs vested during the nine months ended September 30, 2024 and 2023 was \$32 million and \$21 million, respectively.

^(c) Aggregate unrecognized compensation expense related to time-based and performance-based RSUs amounted to \$28 million and will be recognized over a weighted average vesting period of 1.4 years.

16. Financial Instruments

Derivative Instruments and Hedging Activities

Currency Risk. We use currency exchange contracts to manage our exposure to changes in currency exchange rates associated with certain of our non-U.S.-dollar denominated receivables and forecasted royalties, forecasted earnings of non-U.S. subsidiaries and forecasted non-U.S.-dollar denominated acquisitions. We primarily hedge a portion of our current-year currency exposure to the Australian, Canadian and New Zealand dollars, the euro and the British pound sterling. The majority of forward contracts do not qualify for hedge accounting treatment. The fluctuations in the value of these forward contracts do, however, largely offset the impact of changes in the value of the underlying risk they economically hedge. We have designated our euro-denominated notes as a hedge of our investment in euro-denominated foreign operations.

The estimated net amount of existing gains or losses we expect to reclassify from accumulated other comprehensive income (loss) to earnings for cash flow and net investment hedges over the next 12 months is not material.

Interest Rate Risk. We use various hedging strategies including interest rate swaps and interest rate caps to create what we deem an appropriate mix of fixed and floating rate assets and liabilities. We use interest rate swaps and interest rate caps to manage the risk related to our floating rate corporate debt and our floating rate vehicle-backed debt. We record the changes in the fair value of our cash flow hedges to other comprehensive income (loss), net of tax, and subsequently reclassify these amounts into earnings in the period during which the hedged transaction affects earnings and is presented in the same income statement line item as the earnings effect of the hedged item. We record the gains or losses related to freestanding derivatives, which are not designated as a hedge for accounting purposes, currently in earnings and are presented in the same line of the income statement expected for the hedged item. We estimate that approximately \$18 million of gain currently recorded in accumulated other comprehensive income (loss) will be recognized in earnings over the next 12 months.

Commodity Risk. We periodically enter into derivative commodity contracts to manage our exposure to changes in the price of fuel. These instruments were designated as freestanding derivatives and the changes in fair value are recorded in earnings and are presented in the same line of the income statement expected for the hedged item.

We held derivative instruments with absolute notional values as follows:

	As of September 30, 2024
Foreign exchange contracts	\$ 1,665
Interest rate caps ^(a)	15,954
Interest rate swaps	750

^(a) Represents \$10.6 billion of interest rate caps sold, partially offset by approximately \$5.4 billion of interest rate caps purchased. These amounts exclude \$5.8 billion of interest rate caps purchased by our Avis Budget Rental Car Funding subsidiary as it is not consolidated by us.

Estimated fair values (Level 2) of derivative instruments are as follows:

	As of September 30, 2024		As of December 31, 2023	
	Fair Value, Asset Derivatives	Fair Value, Derivative Liabilities	Fair Value, Derivative Assets	Fair Value, Derivative Liabilities
Derivatives designated as hedging instruments				
Interest rate swaps ^(a)	\$ 33	\$ —	\$ 50	\$ —
Derivatives not designated as hedging instruments				
Foreign exchange contracts ^(b)	4	3	5	4
Interest rate caps ^(c)	4	13	19	74
Total	<u>\$ 41</u>	<u>\$ 16</u>	<u>\$ 74</u>	<u>\$ 78</u>

Amounts in this table exclude derivatives issued by Avis Budget Rental Car Funding, as it is not consolidated by us; however, certain amounts related to the derivatives held by Avis Budget Rental Car Funding are included within accumulated other comprehensive income (loss), as discussed in Note 13 – Stockholders' Equity.

^(a) Included in other non-current assets or other non-current liabilities.

^(b) Included in other current assets or other current liabilities.

^(c) Included in assets under vehicle programs or liabilities under vehicle programs.

The effects of derivatives recognized in our Consolidated Condensed Financial Statements are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Derivatives designated as hedging instruments ^(a)				
Interest rate swaps ^(b)	\$ (16)	\$ 2	\$ (12)	\$ 9
Euro-denominated notes ^(c)	(37)	23	(14)	9
Derivatives not designated as hedging instruments ^(d)				
Foreign exchange contracts ^(e)	(15)	3	(34)	(12)
Interest rate caps ^(f)	—	—	—	(1)
Total	<u>\$ (68)</u>	<u>\$ 28</u>	<u>\$ (60)</u>	<u>\$ 5</u>

^(a) Recognized, net of tax, as a component of accumulated other comprehensive income (loss) within stockholders' equity.

^(b) Classified as a net unrealized gain (loss) on cash flow hedges in accumulated other comprehensive income (loss). Refer to Note 13 – Stockholders' Equity for amounts reclassified from accumulated other comprehensive income (loss) into earnings.

^(c) Classified as a net investment hedge within currency translation adjustment in accumulated other comprehensive income (loss).

^(d) Gains (losses) related to derivative instruments are expected to be largely offset by (losses) gains on the underlying exposures being hedged.

^(e) Included in interest expense.

^(f) Primarily included in vehicle interest, net.

Debt Instruments

The carrying amounts and estimated fair values (Level 2) of debt instruments are as follows:

	As of September 30, 2024		As of December 31, 2023	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Corporate debt				
Short-term debt and current portion of long-term debt	\$ 540	\$ 546	\$ 32	\$ 32
Long-term debt	5,465	5,517	4,791	4,812
Debt under vehicle programs				
Vehicle-backed debt due to Avis Budget Rental Car Funding	\$ 13,837	\$ 13,981	\$ 15,441	\$ 15,238
Vehicle-backed debt	4,043	4,075	3,422	3,435
Interest rate swaps and interest rate caps ^(a)	13	13	74	74

^(a) Derivatives in a liability position.

17. Segment Information

Our chief operating decision-maker assesses performance and allocates resources based upon the separate financial information of our operating segments. In identifying our reportable segments, we also consider the nature of services provided by our operating segments, the geographical areas in which the segments operate and other relevant factors. We aggregate certain of our operating segments into our reportable segments.

Management evaluates the operating results of each of our reportable segments based upon revenues and "Adjusted EBITDA," which we define as 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; legal matters, which includes amounts recorded in excess of \$5 million related to class action lawsuits and personal injury matters; non-operational charges related to shareholder activist activity, which includes third-party advisory, legal and other professional fees; COVID-19 charges, net; cloud computing costs; other (income) expense, net; and income taxes.

We believe Adjusted EBITDA is useful as a supplemental measure in evaluating the performance of our operating businesses and in comparing our results from period to period. We also believe that Adjusted EBITDA is useful to investors because it allows them to assess our results of operations and financial condition on the same basis that management uses internally. Our presentation of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies.

	Three Months Ended September 30,			
	2024		2023	
	Revenues	Adjusted EBITDA	Revenues	Adjusted EBITDA
Americas	\$ 2,640	\$ 384	\$ 2,736	\$ 740
International	840	139	828	196
Corporate and Other ^(a)	—	(20)	—	(29)
Total Company	<u>\$ 3,480</u>	<u>\$ 503</u>	<u>\$ 3,564</u>	<u>\$ 907</u>
Reconciliation of Adjusted EBITDA to Income before income taxes:				
	2024		2023	
Adjusted EBITDA	\$ 503		\$ 907	
Less: Non-vehicle related depreciation and amortization	58		55	
Interest expense related to corporate debt, net:				
Interest expense	95		80	
Early extinguishment of debt	—		1	
Restructuring and other related charges	6		2	
Transaction-related costs, net	—		3	
Other (income) expense, net ^(b)	3		1	
Reported within operating expenses:				
Cloud computing costs	12		8	
Income before income taxes	<u>\$ 329</u>		<u>\$ 757</u>	

^(a) Includes unallocated corporate overhead which is not attributable to a particular segment.

^(b) Primarily consists of gains or losses related to our equity investment in a former subsidiary, offset by fleet related and certain administrative services provided to the same former subsidiary.

	Nine Months Ended September 30,			
	2024		2023	
	Revenues	Adjusted EBITDA	Revenues	Adjusted EBITDA
Americas	\$ 6,994	\$ 614	\$ 7,180	\$ 1,887
International	2,085	172	2,064	372
Corporate and Other ^(a)	—	(57)	—	(80)
Total Company	<u>\$ 9,079</u>	<u>\$ 729</u>	<u>\$ 9,244</u>	<u>\$ 2,179</u>

Reconciliation of Adjusted EBITDA to Income before income taxes:

	2024	2023
Adjusted EBITDA	\$ 729	\$ 2,179
Less: Non-vehicle related depreciation and amortization	177	163
Interest expense related to corporate debt, net:		
Interest expense	266	221
Early extinguishment of debt	1	1
Restructuring and other related charges	23	7
Transaction-related costs, net	2	3
Other (income) expense, net ^(b)	6	3
Reported within operating expenses:		
Cloud computing costs	33	24
Legal matters, net	7	5
Income before income taxes	<u>\$ 214</u>	<u>\$ 1,752</u>

^(a) Includes unallocated corporate overhead which is not attributable to a particular segment.

^(b) Primarily consists of gains or losses related to our equity investment in a former subsidiary, offset by fleet related and certain administrative services provided to the same former subsidiary.

Since December 31, 2023, there have been no significant changes in segment assets exclusive of assets under vehicle programs. As of September 30, 2024 and December 31, 2023, International's segment assets under vehicle programs were approximately \$4.1 billion and \$3.7 billion, respectively. This increase in assets under vehicle programs is directly correlated to the size and cost of our vehicle fleet.

18. Subsequent Events

In October 2024, we repaid the outstanding borrowings under our floating rate term loan due 2029 which had an aggregate outstanding balance of \$535 million plus accrued interest.

In October 2024, we repurchased approximately 422 thousand shares of common stock at a cost of approximately \$34.5 million under the Stock Repurchase Program.

In November 2024, we reduced the capacity under our asset-backed variable-funding financing facilities by \$770 million.

* * * *

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our Consolidated Condensed Financial Statements and accompanying Notes included in this Quarterly Report on Form 10-Q and with our 2023 Form 10-K. Our actual results of operations may differ materially from those discussed in forward-looking statements as a result of various factors, including those discussed in "Forward-Looking Statements." See "Forward-Looking Statements" and "Risk Factors" for additional information. Unless otherwise noted, all dollar amounts in tables are in millions.

OVERVIEW

Our Company

We operate three of the most globally recognized brands in mobility solutions, Avis, Budget and Zipcar, together with several other brands well recognized in their respective markets. We are a leading vehicle rental operator in North America, Europe, Australasia and certain other regions we serve, with an average rental fleet of approximately 736,000 vehicles in third quarter 2024. We also license the use of our trademarks to licensees in the areas in which we do not operate directly. We and our licensees operate our brands in approximately 180 countries throughout the world.

Our Segments

We categorize our operations into two reportable business segments: *Americas*, consisting primarily of (i) vehicle rental operations in North America, South America, Central America and the Caribbean, (ii) car sharing operations in certain of these markets, and (iii) licensees in certain areas in which we do not operate directly; and *International*, consisting primarily of (i) vehicle rental operations in Europe, the Middle East, Africa, Asia and Australasia, (ii) car sharing operations in certain of these markets, and (iii) licensees in certain areas in which we do not operate directly.

Business and Trends

Our strategy continues to primarily focus on customer experience and costs to strengthen our Company, maximize profitability, and deliver stakeholder value. During the three months ended September 30, 2024, we generated revenues of \$3.5 billion, net income of \$238 million and Adjusted EBITDA of \$503 million. These results were primarily driven by consistent year-over-year volume, decreased revenue per day, and increased fleet and interest costs.

We continue to be susceptible to a number of industry-specific and global macroeconomic factors that may cause our actual results of operations to differ from our historical results of operations or current expectations. The factors and trends that we currently believe are or will be most impactful to our results of operations and financial condition include the following: interest rates, inflationary impact on items such as commodity prices and wages, cost of new vehicles, used car values, and an economic downturn that may impact travel demand, all of which may be exacerbated by the ongoing military conflicts in the Middle East and Eastern Europe. We continue to monitor the potential favorable or unfavorable impacts of these and other factors on our business, operations, financial condition, and future results of operations.

RESULTS OF OPERATIONS

We measure performance principally using the following key metrics: (i) rental days, which represent the total number of days (or portion thereof) a vehicle was rented, (ii) revenue per day, which represents revenues divided by rental days, (iii) vehicle utilization, which represents rental days divided by available rental days, with available rental days being defined as average rental fleet times the number of days in the period, and (iv) per-unit fleet costs, which represent vehicle depreciation, lease charges and gain or loss on vehicle sales, divided by average rental fleet. Our rental days, revenue per day and vehicle utilization metrics are all calculated based on the actual rental of the vehicle during a 24-hour period. We believe that this methodology provides management with the most relevant metrics in order to effectively manage the performance of the business. Our calculation may not be comparable to the calculation of similarly titled metrics by other companies. We present currency exchange rate effects to provide a method of assessing how our business performed excluding the effects of foreign currency rate fluctuations. Currency exchange rate effects are calculated by translating the current period results at the prior period average exchange rate plus any related gains and losses on currency hedges.

We assess performance and allocate resources based upon the separate financial information of our operating segments. In identifying our reportable segments, we also consider the nature of services provided by our operating segments, the geographical areas in which our segments operate and other relevant factors. Management evaluates the operating results of each of our reportable segments based upon revenues and "Adjusted EBITDA," which we define as 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; legal matters, which includes amounts recorded in excess of \$5 million related to class action lawsuits and personal injury matters; non-operational charges related to shareholder activist activity, which includes third-party advisory, legal and other professional fees; COVID-19 charges, net; cloud computing costs; other (income) expense, net; and income taxes.

We believe Adjusted EBITDA is useful as a supplemental measure in evaluating the performance of our operating businesses and in comparing our results from period to period. We also believe that Adjusted EBITDA is useful to investors because it allows them to assess our results of operations and financial condition on the same basis that management uses internally. Adjusted EBITDA is a non-GAAP measure and should not be considered in isolation or as a substitute for net income or other income statement data prepared in accordance with U.S. GAAP. Our presentation of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies.

During the nine months ended September 30, 2024:

- Our revenues totaled \$9.1 billion, a decrease of \$165 million year-over-year, primarily due to decreased revenue per day, partially offset by an increase in volume.
- Our net income was \$137 million, representing a decrease of \$1.2 billion year-over-year, primarily due to increased fleet and interest costs.
- Our Adjusted EBITDA was \$729 million, representing a decrease of \$1.5 billion year-over-year.

Three Months Ended September 30, 2024 vs. Three Months Ended September 30, 2023

Our consolidated condensed results of operations comprised of the following:

	Three Months Ended September 30,			
	2024	2023	\$ Change	% Change
Revenues	\$ 3,480	\$ 3,564	\$ (84)	(2 %)
Expenses				
Operating	1,575	1,543	32	2 %
Vehicle depreciation and lease charges, net	806	517	289	56 %
Selling, general and administrative	367	397	(30)	(8 %)
Vehicle interest, net	241	208	33	16 %
Non-vehicle related depreciation and amortization	58	55	3	5 %
Interest expense related to corporate debt, net:				
Interest expense	95	80	15	19 %
Early extinguishment of debt	—	1	(1)	n/m
Restructuring and other related charges	6	2	4	n/m
Transaction-related costs, net	—	3	(3)	n/m
Other (income) expense, net	3	1	2	n/m
Total expenses	3,151	2,807	344	12 %
Income before income taxes	329	757	(428)	(57 %)
Provision for income taxes	91	130	(39)	(30 %)
Net income	238	627	(389)	(62 %)
Less: net income attributable to non-controlling interests	1	1	—	n/m
Net income attributable to Avis Budget Group, Inc.	\$ 237	\$ 626	\$ (389)	(62 %)

n/m - Not Meaningful

Revenues decreased \$84 million, or 2%, during the three months ended September 30, 2024 compared to the similar period in 2023, primarily due to a 2% decrease in revenue per day, excluding exchange rate effects, partially offset by a \$6 million positive impact from currency exchange rate movements. Total expenses increased 12% during the three months ended September 30, 2024 compared to the similar period in 2023, primarily due to increased fleet and interest costs. Our effective tax rates were a provision of 27.7% and 17.2% for the three months ended September 30, 2024 and 2023, respectively. As a result of these items, our net income decreased by \$389 million compared to the similar period in 2023. For the three months ended September 30, 2024 and 2023, we reported earnings per diluted share of \$6.65 and \$16.78, respectively.

Operating expenses increased to 45.2% of revenue during the three months ended September 30, 2024 compared to 43.3% during the similar period in 2023, primarily due to an increase in fleet costs. Vehicle depreciation and lease charges increased to 23.2% of revenue during the three months ended September 30, 2024 compared to 14.5% during the similar period in 2023, primarily due to increased per unit fleet costs, excluding exchange rate effects, driven by increased depreciation rates and a decrease in the gain on sale of vehicles. Selling, general and administrative costs decreased to 10.5% of revenue during the three months ended September 30, 2024 compared to 11.1% during the similar period in 2023, primarily due to decreased commissions and other selling, general and administrative costs. Vehicle interest costs increased to 6.9% of revenue during the three months ended September 30, 2024, compared to 5.8% during the similar period in 2023, primarily due to rising interest rates.

Following is a more detailed discussion of the results of each of our reportable segments and reconciliation of net income to Adjusted EBITDA:

	Three Months Ended September 30,			
	2024		2023	
	Revenues	Adjusted EBITDA	Revenues	Adjusted EBITDA
Americas	\$ 2,640	\$ 384	\$ 2,736	\$ 740
International	840	139	828	196
Corporate and Other ^(a)	—	(20)	—	(29)
Total Company	<u>\$ 3,480</u>	<u>\$ 503</u>	<u>\$ 3,564</u>	<u>\$ 907</u>

Reconciliation of Net income to Adjusted EBITDA:

	2024	2023
Net income	\$ 238	\$ 627
Provision for income taxes	91	130
Income before income taxes	<u>329</u>	<u>757</u>
Add: Non-vehicle related depreciation and amortization	58	55
Interest expense related to corporate debt, net:		
Interest expense	95	80
Early extinguishment of debt	—	1
Restructuring and other related charges	6	2
Transaction-related costs, net	—	3
Other (income) expense, net ^(b)	3	1
Reported within operating expenses:		
Cloud computing costs	12	8
Adjusted EBITDA	<u>\$ 503</u>	<u>\$ 907</u>

^(a) Includes unallocated corporate overhead which is not attributable to a particular segment.

^(b) Primarily consists of gains or losses related to our equity investment in a former subsidiary, offset by fleet related and certain administrative services provided to the same former subsidiary.

Americas

	Three Months Ended September 30,		
	2024	2023	% Change
Revenues	\$ 2,640	\$ 2,736	(4 %)
Adjusted EBITDA	384	740	(48 %)

Revenues decreased during the three months ended September 30, 2024 compared to the similar period in 2023, primarily due to a 2% decrease in volume, a 1% decrease in revenue per day and a \$4 million negative impact from currency exchange rate movements.

Operating expenses increased to 45.9% of revenue during the three months ended September 30, 2024 compared to 44.1% during the similar period in 2023, primarily due to an increase in fleet costs. Vehicle depreciation and lease charges increased to 23.2% of revenue during the three months ended September 30, 2024 compared to 13.2% during the similar period in 2023, primarily due to increased per-unit fleet costs, driven by increased depreciation rates and a decrease in the gain on sale of vehicles. Selling, general and administrative costs decreased to 9.0% of revenue during the three months ended September 30, 2024 compared to 9.3% during the similar period in 2023, primarily due to decreased commissions and other selling, general and administrative costs. Vehicle interest costs increased to 7.5% of revenue during the three months ended September 30, 2024 compared to 6.4% during the similar period in 2023, primarily due to rising interest rates.

Adjusted EBITDA decreased during the three months ended September 30, 2024 compared to the similar period in 2023, primarily due to higher per-unit fleet and interest costs.

International

	Three Months Ended September 30,		
	2024	2023	% Change
Revenues	\$ 840	\$ 828	1 %
Adjusted EBITDA	139	196	(29 %)

Revenues increased during the three months ended September 30, 2024, compared to the similar period in 2023, primarily due to a 5% increase in volume and a \$10 million positive impact from currency exchange rate movements, partially offset by a 5% decrease in revenue per day, excluding exchange rate effects.

Operating expenses increased to 41.4% of revenue during the three months ended September 30, 2024 compared to 39.4% during the similar period in 2023, primarily due to an increase in volume. Vehicle depreciation and lease charges increased to 23.1% of revenue during the three months ended September 30, 2024 compared to 18.7% during the similar period in 2023, primarily due to increased per-unit fleet costs, excluding exchange rate effects, driven by increased fleet levels, increased depreciation rates, and a decrease in the gain on sale of vehicles. Selling, general and administrative costs decreased to 13.8% of revenue during the three months ended September 30, 2024 compared to 14.2% during the similar period in 2023 primarily due to decreased other selling, general and administrative costs. Vehicle interest costs increased to 5.2% of revenue during the three months ended September 30, 2024 compared to 4.1% during the similar period in 2023, primarily due to rising interest rates.

Adjusted EBITDA decreased during the three months ended September 30, 2024 compared to the similar period in 2023, primarily due to higher per-unit fleet and interest costs and a \$3 million negative impact from currency exchange rate movements.

Nine Months Ended September 30, 2024 vs. Nine Months Ended September 30, 2023

Our consolidated condensed results of operations comprised of the following:

	Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change
Revenues	\$ 9,079	\$ 9,244	\$ (165)	(2 %)
Expenses				
Operating	4,451	4,325	126	3 %
Vehicle depreciation and lease charges, net	2,175	1,157	1,018	88 %
Selling, general and administrative	1,040	1,099	(59)	(5 %)
Vehicle interest, net	724	513	211	41 %
Non-vehicle related depreciation and amortization	177	163	14	9 %
Interest expense related to corporate debt, net:				
Interest expense	266	221	45	20 %
Early extinguishment of debt	1	1	—	n/m
Restructuring and other related charges	23	7	16	n/m
Transaction-related costs, net	2	3	(1)	n/m
Other (income) expense, net	6	3	3	n/m
Total expenses	8,865	7,492	1,373	18 %
Income before income taxes	214	1,752	(1,538)	(88 %)
Provision for income taxes	74	377	(303)	(80 %)
Net income	140	1,375	(1,235)	(90 %)
Less: net income attributable to non-controlling interests	3	2	1	n/m
Net income attributable to Avis Budget Group, Inc.	\$ 137	\$ 1,373	\$ (1,236)	(90 %)

n/m - Not Meaningful

Revenues decreased \$165 million or 2% during the nine months ended September 30, 2024 compared to the similar period in 2023, primarily due to a 4% decrease in revenue per day, excluding exchange rate effects, and a \$4 million negative impact from currency exchange rate movements, partially offset by a 2% increase in volume. Total expenses increased 18% during the nine months ended September 30, 2024, compared to the similar period in 2023, primarily due to increased fleet and interest costs. Our effective tax rates were a provision of 34.6% and 21.5% for the nine months ended September 30, 2024 and 2023, respectively. As a result of these items, our net income decreased by \$1.2 billion compared to the similar period in 2023. For the nine months ended September 30, 2024 and 2023, we reported earnings per diluted share of \$3.84 and \$34.71, respectively.

Operating expenses increased to 49.0% of revenue during the nine months ended September 30, 2024 compared to 46.8% during the similar period in 2023, primarily due to an increase in volume. Vehicle depreciation and lease charges increased to 24.0% of revenue during the nine months ended September 30, 2024 compared to 12.5% during the similar period in 2023, primarily due to increased per unit fleet costs, excluding exchange rate effects, driven by increased fleet levels, increased depreciation rates, and a decrease in the gain on sale of vehicles. Selling, general and administrative costs decreased to 11.5% of revenue during the nine months ended September 30, 2024, compared to 11.9% during the similar period in 2023, primarily due to decreased marketing costs and other selling, general and administrative costs. Vehicle interest costs increased to 8.0% of revenue during the nine months ended September 30, 2024 compared to 5.5% during the similar period in 2023, primarily due to rising interest rates.

Following is a more detailed discussion of the results of each of our reportable segments and reconciliation of Net income to Adjusted EBITDA:

	Nine Months Ended September 30,			
	2024		2023	
	Revenues	Adjusted EBITDA	Revenues	Adjusted EBITDA
Americas	\$ 6,994	\$ 614	\$ 7,180	\$ 1,887
International	2,085	172	2,064	372
Corporate and Other ^(a)	—	(57)	—	(80)
Total Company	<u>\$ 9,079</u>	<u>\$ 729</u>	<u>\$ 9,244</u>	<u>\$ 2,179</u>

Reconciliation of Net income to Adjusted EBITDA:

	2024	2023
Net income	\$ 140	\$ 1,375
Provision for income taxes	74	377
Income before income taxes	214	1,752
Add: Non-vehicle related depreciation and amortization	177	163
Interest expense related to corporate debt, net:		
Interest expense	266	221
Early extinguishment of debt	1	1
Restructuring and other related charges	23	7
Transaction-related costs, net	2	3
Other (income) expense, net ^(b)	6	3
Reported within operating expenses:		
Cloud computing costs	33	24
Legal matters, net	7	5
Adjusted EBITDA	<u>\$ 729</u>	<u>\$ 2,179</u>

^(a) Includes unallocated corporate overhead which is not attributable to a particular segment.

^(b) Primarily consists of gains or losses related to our equity investment in a former subsidiary, offset by fleet related and certain administrative services provided to the same former subsidiary.

Americas

	Nine Months Ended September 30,		
	2024	2023	% Change
Revenues	\$ 6,994	\$ 7,180	(3 %)
Adjusted EBITDA	614	1,887	(67 %)

Revenues decreased during the nine months ended September 30, 2024 compared to the similar period in 2023, primarily due to a 3% decrease in revenue per day and a \$6 million negative impact from currency exchange rate movements, partially offset by a 1% increase in volume.

Operating expenses increased to 49.3% of revenue during the nine months ended September 30, 2024 compared to 47.1% during the similar period in 2023, primarily due to an increase in volume. Vehicle depreciation and lease charges increased to 23.7% of revenue during the nine months ended September 30, 2024 compared to 11.0% during the similar period in 2023, primarily due to increased per-unit fleet costs, driven by increased fleet levels, increased depreciation rates, and a decrease in the gain on sale of vehicles. Selling, general and administrative costs were approximately 9.5% of revenue during the nine months ended September 30, 2024 compared to 9.7% during the similar period in 2023, primarily due to decreased marketing costs and other selling, general and administrative costs. Vehicle interest costs increased to 8.7% of revenue during the nine months ended September 30, 2024 compared to 6.0% during the similar period in 2023, primarily due to rising interest rates.

Adjusted EBITDA decreased during the nine months ended September 30, 2024 compared to the similar period in 2023, primarily due to higher per-unit fleet and interest costs, and approximately \$2 million negative impact from currency exchange rate movements.

International

	Nine Months Ended September 30,		
	2024	2023	% Change
Revenues	\$ 2,085	\$ 2,064	1 %
Adjusted EBITDA	172	372	(54 %)

Revenues increased during the nine months ended September 30, 2024 compared to the similar period in 2023, primarily due to a 5% increase in volume, a \$2 million positive impact from currency exchange rate movements, partially offset by a 4% decrease in revenue per day, excluding exchange rate effects.

Operating expenses increased to 46.4% of revenue during the nine months ended September 30, 2024 compared to 44.8% during the similar period in 2023, primarily due to an increase in volume. Vehicle depreciation and lease charges increased to 24.8% of revenue during the nine months ended September 30, 2024 compared to 17.7% during the similar period in 2023, primarily due to increased per-unit fleet costs, excluding exchange rate effects, driven by increased fleet levels, increased depreciation rates, and a decrease in the gain on sale of vehicles. Selling, general and administrative costs were approximately 15.5% of revenue during the nine months ended September 30, 2024 compared to 15.6% during the similar period in 2023. Vehicle interest costs increased to 5.6% of revenue during the nine months ended September 30, 2024 compared to 3.9% during the similar period in 2023, primarily due to rising interest rates.

Adjusted EBITDA decreased during the nine months ended September 30, 2024 compared to the similar period in 2023, primarily due to higher per-unit fleet and interest costs, and approximately \$11 million negative impact from currency exchange rate movements.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

We present separately the financial data of our vehicle programs. These programs are distinct from our other activities as the assets under vehicle programs are generally funded through the issuance of debt that is collateralized by such assets. The income generated by these assets is used, in part, to repay the principal and interest associated with the debt. Cash inflows and outflows relating to the generation or acquisition of such assets and the principal debt repayment or financing of such assets are classified as activities of our vehicle programs. We believe it is appropriate to segregate the financial data of our vehicle programs because, ultimately, the source of repayment of such debt is the realization of such assets.

FINANCIAL CONDITION

	September 30, 2024	December 31, 2023	Change
Total assets exclusive of assets under vehicle programs	\$ 9,647	\$ 9,590	\$ 57
Total liabilities exclusive of liabilities under vehicle programs	11,651	10,095	1,556
Assets under vehicle programs	23,102	22,979	123
Liabilities under vehicle programs	21,327	22,817	(1,490)
Total stockholders' equity	(229)	(343)	114

The increase in liabilities exclusive of liabilities under vehicle programs is primarily due to the increase in corporate indebtedness from the issuance of senior notes. See "Liquidity and Capital Resources," and Note 10 – Long-term Corporate Debt and Borrowing Arrangements to our Consolidated Condensed Financial Statements.

The decrease in liabilities under vehicle programs is primarily due to the repayment of debt.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are cash on hand and our ability to generate cash through operations and financing activities, as well as available funding arrangements and committed credit facilities, each of which is discussed below.

In February 2024, we issued €600 million of 7.000% euro-denominated Senior Notes due February 2029, at par, with interest payable semi-annually. In April 2024, we used net proceeds from the offering to redeem all of our outstanding 4.750% euro-denominated Senior Notes due January 2026 plus accrued interest, with the remainder being used for general corporate purposes.

In May 2024, we issued an additional €200 million 7.250% euro-denominated Senior Notes due July 2030, at 100.25% of their face value, with interest payable semi-annually. Net proceeds from the offering were used for general corporate purposes.

In September 2024, we issued \$700 million of 8.250% Senior Notes due January 2030, at par, with interest payable semi-annually. In October 2024, we used net proceeds from the offering to repay the outstanding borrowings under our floating rate term loan due 2029, with the remainder being used for general corporate purposes.

During 2024, our Avis Budget Rental Car Funding (AESOP) subsidiary issued approximately \$2.4 billion of asset-backed notes with expected final payment dates ranging from April 2026 to December 2029, and a weighted average interest rate of 5.46%. In March and April 2024, AESOP amended and restated its asset-backed variable-funding financing facilities. The proceeds from these borrowings will be used to repay maturing vehicle-backed debt and the acquisition of rental cars in the United States. In February 2024, we amended our European rental fleet securitization program to increase its capacity to approximately €1.9 billion and extend its maturity to September 2026. We also added £200 million to our capacity under the program. The program is used to finance fleet purchases for certain of our European operations.

Our Board of Directors has authorized the repurchase of up to approximately \$8.1 billion of our common stock under a plan originally approved in 2013 and subsequently expanded, most recently in February 2023. Our stock repurchases may occur through open market purchases, privately negotiated transactions or trading plans pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. The amount and timing of specific repurchases are subject to market conditions, applicable legal requirements, restricted payment capacity under our debt instruments and other factors. The Stock Repurchase Program may be suspended, modified or discontinued at any time without prior notice. The Stock Repurchase Program has no set expiration or termination date. During the nine months ended September 30, 2024, we repurchased approximately 0.1 million shares of common stock at a cost of approximately \$8 million (excluding excise taxes due under the Inflation Reduction Act of 2022) under the Stock Repurchase Program. As of September 30, 2024, approximately \$794 million of authorization remained available to repurchase common stock under the Stock Repurchase Program.

CASH FLOWS

The following table summarizes our cash flows:

	Nine Months Ended September 30,		
	2024	2023	Change
Cash provided by (used in):			
Operating activities	\$ 2,746	\$ 3,035	\$ (289)
Investing activities	(2,696)	(6,930)	4,234
Financing activities	(43)	3,978	(4,021)
Effect of changes in exchange rates on cash and cash equivalents, program and restricted cash	(2)	(4)	2
Net increase in cash and cash equivalents, program and restricted cash	5	79	(74)
Cash and cash equivalents, program and restricted cash, beginning of period	644	642	2
Cash and cash equivalents, program and restricted cash, end of period	\$ 649	\$ 721	\$ (72)

The decrease in cash provided by operating activities during the nine months ended September 30, 2024 compared with the similar period in 2023 is primarily due to the decrease in our net income.

The decrease in cash used in investing activities during the nine months ended September 30, 2024 compared with the similar period in 2023 is primarily due to the decrease in our investment in vehicles.

The decrease in cash provided by financing activities during the nine months ended September 30, 2024 compared with the similar period in 2023 is primarily due to the increase in our payments under vehicle programs, partially offset by the increase in our net corporate borrowings.

DEBT AND FINANCING ARRANGEMENTS

At September 30, 2024, we had approximately \$23.9 billion of indebtedness, including corporate indebtedness of approximately \$6.0 billion and debt under vehicle programs of approximately \$17.9 billion. For information regarding our debt and borrowing arrangements, see Notes 1, 10 and 11 to our Consolidated Condensed Financial Statements.

LIQUIDITY RISK

Our primary liquidity needs include the procurement of rental vehicles to be used in our operations, servicing of corporate and vehicle-related debt and the payment of operating expenses. The present intention of management is to reinvest the undistributed earnings of our foreign subsidiaries indefinitely into our foreign operations. Our primary sources of funding are operating revenue, cash received upon the sale of vehicles, borrowings under our vehicle-backed borrowing arrangements and our senior revolving credit facility, and other financing activities.

Our liquidity has in the past been, and could in the future be, negatively affected by any financial market disruptions or a worsening of the United States and worldwide economies, or by increases in interest rates, which may result in unfavorable conditions in the mobility industry, in the asset-backed financing market and in the credit markets generally. We believe these factors have affected and could further affect the debt ratings assigned to us by credit rating agencies and the cost of our borrowings. Additionally, a worsening or prolonged downturn in the worldwide economy or a disruption in the credit markets could further impact our liquidity due to (i) decreased demand and pricing for vehicles in the used-vehicle market, (ii) increased costs associated with, and/or reduced capacity or increased collateral needs under, our financings, (iii) the adverse impact of vehicle manufacturers being unable or unwilling to honor their obligations to repurchase or guarantee the depreciation on the related program vehicles and (iv) disruption in our ability to obtain financing due to negative credit events specific to us or affecting the overall debt market.

As of September 30, 2024, we had \$602 million of available cash and cash equivalents and access to available borrowings under our revolving credit facility of approximately \$536 million, providing us with access to approximately \$1.1 billion of total liquidity.

Our liquidity position could also be negatively impacted if we are unable to remain in compliance with the consolidated first lien leverage ratio requirement and other covenants associated with our senior credit facilities and other borrowings. As of September 30, 2024, we were in compliance with the financial covenants governing our indebtedness. For additional information regarding our liquidity risks, see Part I, Item 1A, "Risk Factors" of our 2023 Form 10-K.

CONTRACTUAL OBLIGATIONS

Our future contractual obligations have not changed significantly from the amounts reported within our 2023 Form 10-K with the exception of our commitment to purchase vehicles, which decreased by approximately \$2.9 billion from December 31, 2023, to approximately \$3.9 billion as of September 30, 2024 due to existing fleet levels. Changes to our obligations related to corporate indebtedness and debt under vehicle programs are presented above within the section titled "Liquidity and Capital Resources—Debt and Financing Arrangements" and also within Notes 10 and 11 to our Consolidated Condensed Financial Statements.

CRITICAL ACCOUNTING ESTIMATES

Accounting Policies

The results of the majority of our recurring operations are recorded in our financial statements using accounting policies that are not particularly subjective, nor complex. However, in presenting our financial statements in conformity with generally accepted accounting principles (GAAP), we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they relate to future events and/or events that are outside of our control. If there is a significant unfavorable change to current conditions, it could result in a material adverse impact to our consolidated results of operations, financial position and liquidity. We believe that the estimates and assumptions we used when preparing our financial statements were the most appropriate at that time. Presented within the section titled "Critical Accounting Estimates" of our 2023 Form 10-K are the accounting policies (related to goodwill and other indefinite-lived intangible assets, vehicles, income taxes and public liability, property damage and other insurance liabilities) that we believe require subjective and complex judgments that could potentially affect reported results. There have been no significant changes to those accounting policies or our assessment of which accounting policies we would consider to be critical accounting policies.

New Accounting Standards

For detailed information regarding new accounting standards and their impact on our business, see Note 1 to our Consolidated Condensed Financial Statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to a variety of market risks, including changes in currency exchange rates, interest rates and fuel prices. We assess our market risks based on changes in interest and currency exchange rates utilizing a sensitivity analysis that measures the potential impact on earnings, fair values and cash flows based on a hypothetical 10% change (increase and decrease) in interest and foreign currency exchange rates. We used September 30, 2024 market rates to perform a sensitivity analysis separately for each of these market risk exposures. We have determined, through such analyses, that the impact of a 10% change in interest or currency exchange rates on our results of operations, balance sheet and cash flows would not be material. Additionally, we have commodity price exposure related to fluctuations in the price of unleaded fuel. We anticipate that such commodity risk will remain a market risk exposure for the foreseeable future. We determined that a 10% change in the price of unleaded fuel would not have a material impact on our earnings for the period ended September 30, 2024. For additional information regarding our long-term borrowings and financial instruments, see Notes 10, 11 and 16 to our Consolidated Condensed Financial Statements.

Item 4. Controls and Procedures

- (a) *Disclosure Controls and Procedures.* Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, our management conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2024.
- (b) *Changes in Internal Control Over Financial Reporting.* During the third quarter of 2024, there was no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding our legal proceedings, see Note 12 – Commitments and Contingencies to our Consolidated Condensed Financial Statements and refer to our 2023 Form 10-K.

SEC regulations require us to disclose certain information about proceedings arising under federal, state or local environmental provisions if we reasonably believe that such proceedings may result in monetary sanctions above a stated threshold. In accordance with these regulations, we use a threshold of \$1 million for purposes of determining whether disclosure of any such proceedings is required pursuant to this item.

Item 1A. Risk Factors

During the quarter ended September 30, 2024, we had no material developments to report with respect to our risk factors. For additional information regarding our risk factors, please refer to our 2023 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

	Total Number of Shares Purchased (in millions) ^(a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (in millions)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (\$ in millions)
July 2024	0.0	\$ —	0.0	\$ 802
August 2024	0.0	\$ —	0.0	\$ 802
September 2024	0.1	\$ 81.97	0.1	\$ 794
	0.1	\$ 81.97	0.1	\$ 794

^(a) Excludes shares which were withheld by the Company to satisfy employees' income tax liabilities attributable to the vesting of restricted stock unit awards.

Our Board of Directors has authorized the repurchase of up to approximately \$8.1 billion of our common stock under a plan originally approved in 2013 and subsequently expanded, most recently in February 2023. Under our Stock Repurchase Program, the Company may repurchase shares from time to time in open market transactions, and may also repurchase shares in accelerated share repurchases, tender offers, privately negotiated transactions or by other means. Repurchases may also be made under a plan pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The timing and amount of repurchase transactions will be determined by the Company's management based on its evaluation of market conditions, the Company's share price, legal requirements, restricted payment capacity under its debt instruments and other factors. The Stock Repurchase Program may be suspended, modified or discontinued without prior notice.

Item 5. Other Information

During the quarter ended September 30, 2024, no director or Section 16 officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

See Exhibit Index.

SIGNATURES

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.

AVIS BUDGET GROUP, INC.

Date: November 1, 2024

/s/ Cathleen DeGenova

Cathleen DeGenova
Senior Vice President and
Chief Accounting Officer

Exhibit Index

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of Avis Budget Group, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated September 5, 2006).
3.2	Amended and Restated Bylaws of Avis Budget Group, Inc., dated as of August 10, 2020 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K dated August 13, 2020).
4.1	Indenture, dated as of September 13, 2024, by and among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., together as issuers, the guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated September 13, 2024).
31.1	Certification of Chief Executive Officer pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	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	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
104	Cover Page Interactive Data File - (formatted as Inline XBRL and contained in Exhibit 101)

SECTION 302 CERTIFICATION

I, Joseph A. Ferraro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avis Budget Group, Inc.;
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: November 1, 2024

/s/ Joseph A. Ferraro

President and Chief Executive Officer

SECTION 302 CERTIFICATION

I, Izilda P. Martins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avis Budget Group, Inc.;
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: November 1, 2024

/s/ Izilda P. Martins

Executive Vice President and Chief Financial Officer

**CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Avis Budget Group, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Joseph A. Ferraro, as Chief Executive Officer of the Company, and Izilda P. Martins, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOSEPH A. FERRARO

Joseph A. Ferraro
President and Chief Executive Officer
November 1, 2024

/s/ IZILDA P. MARTINS

Izilda P. Martins
Executive Vice President and Chief Financial Officer
November 1, 2024