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, 2025

OR

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

Commission File Number 001-33139

HERC HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-3530539**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

27500 Riverview Center Blvd.
Bonita Springs, Florida 34134
(239) 301-1000
(Address, including Zip Code, and telephone number, including area code, of registrant's principal executive offices)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, par value $0.01 per share	HRI	New York Stock Exchange

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 an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of October 24, 2025, there were 33,269,714 shares of the registrant's common stock, $0.01 par value, outstanding.

HERC HOLDINGS INC. AND SUBSIDIARIES

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the period ended September 30, 2025 (this "Report") includes "forward-looking statements", within the meaning of Section 21E of the Securities Exchange Act, as amended, and the Private Securities Litigation Reform Act of 1995. Forward looking statements are generally identified by the words "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "forecasts," "looks," and future or conditional verbs, such as "will," "should," "could" or "may," as well as variations of such words or similar expressions. All forward-looking statements are based upon our current expectations and various assumptions and apply only as of the date of this Report. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that our expectations, beliefs and projections will be achieved. You should not place undue reliance on the forward-looking statements.

Factors that could cause actual results to differ materially from those projected include, but are not limited to, the following:

- *the cyclical nature of our industry and our dependence on the levels of capital investment and maintenance expenditures by our customers;*
- *the competitiveness of our industry, including the potential downward pricing pressures or the inability to increase prices;*
- *our dependence on relationships with key suppliers;*
- *our heavy reliance on communication networks, centralized information technology systems and third party technology and services and our ability to maintain, upgrade or replace our information technology systems;*
- *our ability to respond adequately to changes in technology and customer demands;*
- *our ability to attract and retain key management, sales and trades talent;*
- *our rental fleet is subject to residual value risk upon disposition;*
- *the impact of climate change and the legal and regulatory responses to such change;*
- *our ability to execute our strategy to grow through strategic transactions;*
- *our ability to integrate H&E Equipment Services, Inc. into our business and realize all the anticipated benefits of the transaction; and*
- *our significant indebtedness.*

There are a number of risks, uncertainties and other important factors that could cause our actual results to differ materially from those suggested by our forward-looking statements, including those set forth in our Annual Report on Form 10-K for the year ended December 31, 2024 under Item 1A "Risk Factors," in Part II, Item 1A of this Report, and in our other filings with the Securities and Exchange Commission. All forward-looking statements are expressly qualified in their entirety by such cautionary statements. We undertake no obligation to update or revise forward-looking statements that have been made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

PART I—FINANCIAL INFORMATION

ITEM l. FINANCIAL STATEMENTS

HERC HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except par value)

	September 30, 2025	December 31, 2024
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 61	$ 83
Receivables, net of allowances of $24 and $22, respectively	810	589
Prepaid expenses	77	47
Other current assets	26	40
Assets held for sale	—	17
Total current assets	**974**	**776**
Rental equipment, net	6,020	4,225
Property and equipment, net	873	554
Right-of-use lease assets	1,456	852
Intangible assets, net	1,626	572
Goodwill	2,931	670
Other long-term assets	47	8
Assets held for sale	—	220
Total assets	**$ 13,927**	**$ 7,877**
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt and financing obligations	$ 31	$ 21
Current maturities of operating lease liabilities	55	39
Accounts payable	355	248
Accrued liabilities	360	239
Liabilities held for sale	—	15
Total current liabilities	**801**	**562**
Long-term debt, net	8,164	4,069
Financing obligations, net	97	101
Operating lease liabilities	1,437	842
Deferred tax liabilities	1,431	800
Other long-term liabilities	68	47
Liabilities held for sale	—	60
Total liabilities	**11,998**	**6,481**
Commitments and contingencies (Note 13)		
Equity:		
Preferred stock, $0.01 par value, 13.3 shares authorized, no shares issued and outstanding	—	—
Common stock, $0.01 par value, 133.3 shares authorized, 38.1 and 33.3 shares issued and 33.2 and 28.4 shares outstanding	—	—
Additional paid-in capital	2,440	1,832
Retained earnings	547	633
Accumulated other comprehensive loss	(131)	(142)
Treasury stock, at cost, 4.9 shares and 4.9 shares	(927)	(927)
Total equity	**1,929**	**1,396**
Total liabilities and equity	**$ 13,927**	**$ 7,877**

The accompanying notes are an integral part of these financial statements.

HERC HOLDINGS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited

(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenues:				
Equipment rental	$ 1,122	$ 866	$ 2,731	$ 2,350
Sales of rental equipment	151	81	362	215
Sales of new equipment, parts and supplies	18	9	46	28
Service and other revenue	13	9	28	24
Total revenues	**1,304**	**965**	**3,167**	**2,617**
Expenses:				
Direct operating	467	334	1,173	967
Depreciation of rental equipment	246	174	613	499
Cost of sales of rental equipment	134	66	296	157
Cost of sales of new equipment, parts and supplies	12	6	30	18
Selling, general and administrative	166	120	411	349
Transaction expenses	38	3	185	9
Non-rental depreciation and amortization	70	33	148	92
Interest expense, net	134	69	282	193
(Gain) loss on assets held for sale	(1)	—	48	—
Other income, net	—	—	(3)	(1)
Total expenses	**1,266**	**805**	**3,183**	**2,283**
Income (loss) before income taxes	**38**	**160**	**(16)**	**334**
Income tax provision	(8)	(38)	(7)	(77)
Net income (loss)	**$ 30**	**$ 122**	**$ (23)**	**$ 257**
Weighted average shares outstanding:				
Basic	33.2	28.4	30.6	28.4
Diluted	33.3	28.5	30.6	28.5
Earnings (loss) per share:				
Basic	$ 0.90	$ 4.30	$ (0.75)	$ 9.05
Diluted	$ 0.90	$ 4.28	$ (0.75)	$ 9.02

The accompanying notes are an integral part of these financial statements.

HERC HOLDINGS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited

(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income (loss)	**$ 30**	**$ 122**	**$ (23)**	**$ 257**
Other comprehensive income (loss):				
Foreign currency translation adjustments	(7)	3	10	(6)
Amortization of net losses included in net periodic pension cost	1	1	1	1
Total other comprehensive income (loss)	(6)	4	11	(5)
Total comprehensive income (loss)	**$ 24**	**$ 126**	**$ (12)**	**$ 252**

The accompanying notes are an integral part of these financial statements.

HERC HOLDINGS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited

(In millions)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity
	Shares	Amount					
Balance at December 31, 2024	**28.4**	**$ —**	**$ 1,832**	**$ 633**	**$ (142)**	**$ (927)**	**$ 1,396**
Net loss	—	—	—	(18)	—	—	(18)
Stock-based compensation charges	—	—	6	—	—	—	6
Dividends declared, $0.70 per share	—	—	—	(20)	—	—	(20)
Net settlement on vesting of equity awards	0.1	—	(7)	—	—	—	(7)
Employee stock purchase plan	—	—	1	—	—	—	1
Balance at March 31, 2025	**28.5**	**—**	**1,832**	**595**	**(142)**	**(927)**	**1,358**
Net loss	—	—	—	(35)	—	—	(35)
Other comprehensive income	—	—	—	—	17	—	17
Stock-based compensation charges	—	—	6	—	—	—	6
Dividends declared, $0.70 per share	—	—	—	(20)	—	—	(20)
Employee stock purchase plan	—	—	1	—	—	—	1
Issuance of common stock for H&E acquisition	4.7	—	584	—	—	—	584
Balance at June 30, 2025	**33.2**	**—**	**2,423**	**540**	**(125)**	**(927)**	**1,911**
Net income	—	—	—	30	—	—	30
Other comprehensive loss	—	—	—	—	(6)	—	(6)
Stock-based compensation charges	—	—	16	—	—	—	16
Dividends declared, $0.70 per share	—	—	—	(23)	—	—	(23)
Net settlement on vesting of equity awards	—	—	(1)	—	—	—	(1)
Employee stock purchase plan	—	—	2	—	—	—	2
Balance at September 30, 2025	**33.2**	**$ —**	**$ 2,440**	**$ 547**	**$ (131)**	**$ (927)**	**$ 1,929**

The accompanying notes are an integral part of these financial statements.

HERC HOLDINGS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

Unaudited

(In millions)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity
	Shares	Amount					
Balance at December 31, 2023	**28.2**	**$ —**	**$ 1,820**	**$ 498**	**$ (118)**	**$ (927)**	**$ 1,273**
Net income	—	—	—	65	—	—	65
Other comprehensive loss	—	—	—	—	(6)	—	(6)
Stock-based compensation charges	—	—	5	—	—	—	5
Dividends declared, $0.665 per share	—	—	—	(19)	—	—	(19)
Net settlement on vesting of equity awards	0.1	—	(12)	—	—	—	(12)
Employee stock purchase plan	—	—	1	—	—	—	1
Exercise of stock options	—	—	1	—	—	—	1
Balance at March 31, 2024	**28.3**	**—**	**1,815**	**544**	**(124)**	**(927)**	**1,308**
Net income	—	—	—	70	—	—	70
Other comprehensive loss	—	—	—	—	(3)	—	(3)
Stock-based compensation charges	—	—	4	—	—	—	4
Dividends declared, $0.665 per share	—	—	—	(19)	—	—	(19)
Employee stock purchase plan	—	—	1	—	—	—	1
Exercise of stock options	0.1	—	1	—	—	—	1
Balance at June 30, 2024	**28.4**	**—**	**1,821**	**595**	**(127)**	**(927)**	**1,362**
Net income	—	—	—	122	—	—	122
Other comprehensive income	—	—	—	—	4	—	4
Stock-based compensation charges	—	—	7	—	—	—	7
Dividends declared, $0.665 per share	—	—	—	(19)	—	—	(19)
Employee stock purchase plan	—	—	1	—	—	—	1
Balance at September 30, 2024	**28.4**	**$ —**	**$ 1,829**	**$ 698**	**$ (123)**	**$ (927)**	**$ 1,477**

The accompanying notes are an integral part of these financial statements.

HERC HOLDINGS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited

(In millions)

	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Cash flows from operating activities:		
Net income (loss)	$ (23)	$ 257
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation of rental equipment	613	499
Depreciation of property and equipment	77	60
Amortization of intangible assets	71	32
Amortization of deferred debt and financing obligations costs	6	3
Stock-based compensation charges	28	16
Provision for receivables allowances	58	48
Loss on assets held for sale	48	—
Deferred taxes	2	57
Gain on sale of rental equipment	(66)	(58)
Other	11	10
Changes in assets and liabilities, net of effects from acquisitions:		
Receivables	(59)	(76)
Other assets	(19)	(5)
Accounts payable	10	17
Accrued liabilities and other long-term liabilities	13	34
Net cash provided by operating activities	**770**	**894**
Cash flows from investing activities:		
Rental equipment expenditures	(835)	(753)
Proceeds from disposal of rental equipment	306	198
Non-rental capital expenditures	(123)	(127)
Proceeds from disposal of property and equipment	15	6
Acquisitions, net of cash acquired	(4,256)	(567)
Proceeds from disposal of business, net	99	—
Net cash used in investing activities	**(4,794)**	**(1,243)**

The accompanying notes are an integral part of these financial statements.

HERC HOLDINGS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

Unaudited

(In millions)

	Nine Months Ended September 30,	
	2025	2024
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	3,467	800
Proceeds from revolving lines of credit and securitization	3,928	1,530
Repayments on revolving lines of credit and securitization	(3,299)	(1,821)
Principal payments under finance lease and financing obligations	(16)	(15)
Payment of debt issuance costs	(10)	(9)
Dividends paid	(64)	(58)
Net settlement on vesting of equity awards	(8)	(12)
Proceeds from employee stock purchase plan	4	3
Proceeds from exercise of stock options	—	2
Net cash provided by financing activities	**4,002**	**420**
Effect of foreign exchange rate changes on cash and cash equivalents	—	—
Net change in cash and cash equivalents during the period	**(22)**	**71**
Cash and cash equivalents at beginning of period	83	71
Cash and cash equivalents at end of period	**$ 61**	**$ 142**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 202	$ 194
Cash paid for income taxes, net	$ 18	$ 12
Supplemental disclosure of non-cash investing activity:		
Purchases of rental equipment in accounts payable	$ 66	$ 126
Non-rental capital expenditures in accounts payable	$ 2	$ 5
Disposal of rental equipment in accounts receivable	$ 31	$ 4
Supplemental disclosure of non-cash investing and financing activity:		
Issuance of common stock for H&E acquisition	$ 584	$ —
Equipment acquired through finance lease	$ 10	$ 4

The accompanying notes are an integral part of these financial statements.

HERC HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

Note 1—Organization and Description of Business

Herc Holdings Inc. ("we," "us," "our," "Herc Holdings," or "the Company") is one of the leading equipment rental suppliers with 612 locations in North America as of September 30, 2025. The Company conducts substantially all of its operations through subsidiaries, including Herc Rentals Inc. ("Herc"). With over 60 years of experience, the Company is a full-line equipment rental supplier offering a broad portfolio of equipment for rent. In addition to its principal business of equipment rental, the Company sells used equipment and contractor supplies such as construction consumables, tools, small equipment and safety supplies; provides repair, maintenance, equipment management services and safety training to certain of its customers; offers equipment re-rental services and provides on-site support to its customers; and provides ancillary services such as equipment transport, rental protection, cleaning, refueling and labor.

The Company's fleet includes aerial, earthmoving, material handling, trucks and trailers, air compressors, compaction, lighting, and trench shoring. The Company's equipment rental business is supported by ProSolutions®, its industry-specific solutions-based services, which includes power generation, climate control, remediation and restoration, and pumps, and its ProContractor professional grade tools.

Note 2—Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The Company prepares its condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In the opinion of management, the condensed consolidated financial statements reflect all adjustments of a normal recurring nature that are necessary for a fair statement of the results for the interim periods presented. Interim results are not necessarily indicative of results for a full year. The year-end condensed consolidated balance sheet data was derived from audited financial statements, however, these condensed consolidated financial statements do not include all of the disclosures required for complete annual financial statements and, accordingly, certain information, footnotes and disclosures normally included in annual financial statements, prepared in accordance with U.S. GAAP, have been condensed or omitted in accordance with Securities and Exchange Commission ("SEC") rules and regulations. The Company believes that the disclosures made are adequate to make the information not misleading. Accordingly, the condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 13, 2025.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes. Actual results could differ materially from those estimates.

Significant estimates inherent in the preparation of the condensed consolidated financial statements include receivables allowances, depreciation of rental equipment, the recoverability of long-lived assets, useful lives and impairment of long-lived tangible and intangible assets including goodwill and trade name, valuation of acquired intangible assets, pension and postretirement benefits, valuation of stock-based compensation, reserves for litigation and other contingencies, accounting for income taxes, and valuation of an earnout receivable, among others.

Reclassifications

Certain prior year amounts have been reclassified for consistency with current year presentation. These reclassifications had no effect on the previously reported net income, cash flows, or shareholder's equity.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Herc Holdings and its wholly owned subsidiaries. In the event that the Company is a primary beneficiary of a variable interest entity, the assets, liabilities and results of operations of the variable interest entity are included in the Company's condensed consolidated financial statements. The Company accounts for investments in joint ventures using the equity method when it has significant influence but not control and is not the primary beneficiary. All significant intercompany transactions have been eliminated in consolidation.

Recently Issued Accounting Pronouncements and Disclosure Rules

Not Yet Adopted

Improvements to Income Tax Disclosures

In December 2023, the FASB issued Accounting Standards Update No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"), which modifies the rules on income tax disclosures to require entities to disclose (i) specific categories in the rate reconciliation, (ii) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (iii) income tax expense or benefit from continuing operations (separated by federal, state and foreign). ASU 2023-09 also requires entities to disclose their income tax payments to international, federal, state and local jurisdictions, among other changes. The guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. ASU 2023-09 should be applied on a prospective basis, but retrospective application is permitted. The Company will adopt this new disclosure guidance in accordance with the effective date.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued Accounting Standards Update No. 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)" ("ASU 2024-03"), which is intended to improve the disclosures about a public entity's expenses and address requests from investors for more detailed information about the types of expenses in commonly presented expense captions. The guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. ASU 2024-03 should be applied either on a prospective or retrospective basis. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements and related disclosures.

Improvements to Accounting for Internal-Use Software

In September 2025, the FASB issued Accounting Standards Update No. 2025-06, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 250-40)" ("ASU 2025-06"), which is intended to modernize the accounting for internal-use software costs by removing the previous "development stage" model and introducing a model that aligns with current software development methods, such as the agile approach. Capitalization of eligible costs will begin when management has authorized and committed to funding the software project and it is probable the project will be completed and the software will be used for the function intended. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2027. Early adoption is permitted as of the beginning of an annual reporting period. ASU 2025-06 should be applied either prospectively, retrospectively, or utilizing a modified transition approach. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements and related disclosures.

Note 3—Revenue Recognition

The Company is principally engaged in the business of renting equipment. Ancillary to the Company’s principal equipment rental business, the Company also sells used rental equipment, new equipment and parts and supplies and offers certain services to support its customers. The Company operates in North America with revenue from the United States representing approximately 95.1% and 94.2% of total revenue for the three and nine months ended September 30, 2025, respectively, compared to 93.0% and 92.7% for the same period in 2024.

The Company’s rental transactions are accounted for under Accounting Standards Codification ("ASC") Topic 842, *Leases* ("Topic 842"). The Company’s sale of rental and new equipment, parts and supplies along with certain services provided to customers are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606"). The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The amount of revenue recognized reflects the consideration the Company expects to be entitled to in exchange for such products or services.

The following summarizes the applicable accounting guidance for the Company's revenues for the three and nine months ended September 30, 2025 and 2024 (in millions):

	Three Months Ended September 30,					
	2025			2024		
	Topic 842	Topic 606	Total	Topic 842	Topic 606	Total
Revenues:						
Equipment rental	$ 1,000	$ —	$ 1,000	$ 777	$ —	$ 777
Other rental revenue:						
Delivery and pick-up	—	77	77	—	58	58
Other	45	—	45	31	—	31
Total other rental revenues	45	77	122	31	58	89
Total equipment rental	**1,045**	**77**	**1,122**	**808**	**58**	**866**
Sales of rental equipment	—	151	151	—	81	81
Sales of new equipment, parts and supplies	—	18	18	—	9	9
Service and other revenues	—	13	13	—	9	9
Total revenues	**$ 1,045**	**$ 259**	**$ 1,304**	**$ 808**	**$ 157**	**$ 965**

	Nine Months Ended September 30,					
	2025			2024		
	Topic 842	Topic 606	Total	Topic 842	Topic 606	Total
Revenues:						
Equipment rental	$ 2,443	$ —	$ 2,443	$ 2,110	$ —	$ 2,110
Other rental revenue:						
Delivery and pick-up	—	185	185	—	156	156
Other	103	—	103	84	—	84
Total other rental revenues	103	185	288	84	156	240
Total equipment rental	**2,546**	**185**	**2,731**	**2,194**	**156**	**2,350**
Sales of rental equipment	—	362	362	—	215	215
Sales of new equipment, parts and supplies	—	46	46	—	28	28
Service and other revenues	—	28	28	—	24	24
Total revenues	**$ 2,546**	**$ 621**	**$ 3,167**	**$ 2,194**	**$ 423**	**$ 2,617**

Topic 842 Revenues

Equipment Rental Revenue

The Company offers a broad portfolio of equipment for rent on daily, weekly or monthly basis, with substantially all rental agreements cancellable upon the return of the equipment. Virtually all customer contracts can be canceled by the customer with no penalty by returning the equipment within one day; therefore, the Company does not allocate the transaction price between the different contract elements.

Equipment rental revenue includes revenue generated from renting equipment to customers and is recognized on a straight-line basis over the length of the rental contract. As part of this straight-line methodology, when the equipment is returned, the

Company recognizes as incremental revenue the excess, if any, between the amount the customer is contractually required to pay, which is based on the rental contract period applicable to the actual number of days the equipment was out on rent, over the cumulative amount of revenue recognized to date. In any given accounting period, the Company will have customers return equipment and be contractually required to pay more than the cumulative amount of revenue recognized to date under the straight-line methodology. Also included in equipment rental revenue is re-rent revenue in which the Company will rent specific pieces of equipment from vendors and then re-rent that equipment to its customers. Provisions for discounts, rebates to customers and other adjustments are provided for in the period the related revenue is recorded.

Other

Other equipment rental revenue is primarily comprised of fees for the Company's rental protection program and environmental charges. Fees paid for the rental protection program allow customers to limit the risk of financial loss in the event the Company's equipment is damaged or lost. Fees for the rental protection program and environmental recovery fees are recognized on a straight-line basis over the length of the rental contract.

Topic 606 Revenues

Delivery and Pick-up

Delivery and pick-up revenue associated with renting equipment is recognized when the services are performed.

Sales of Rental Equipment, New Equipment, Parts and Supplies

The Company sells its used rental equipment, new equipment, parts and supplies. Revenues recorded for each category are as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Sales of rental equipment	$ 151	$ 81	$ 362	$ 215
Sales of new equipment	5	2	17	8
Sales of parts and supplies	13	7	29	20
Total	**$ 169**	**$ 90**	**$ 408**	**$ 243**

The Company recognizes revenue from the sale of rental equipment, new equipment, parts and supplies when control of the asset transfers to the customer, which is typically when the asset is picked up by or delivered to the customer and when significant risks and rewards of ownership have passed to the customer. Sales and other tax amounts collected from customers and remitted to government authorities are accounted for on a net basis and, therefore, excluded from revenue.

The Company routinely sells its used rental equipment in order to manage repair and maintenance costs, as well as the composition, age and size of its fleet. The Company disposes of used equipment through a variety of channels including retail sales to customers and other third parties, sales to wholesalers, brokered sales and auctions.

The Company also sells new equipment, parts and supplies. The types of new equipment that the Company sells vary by location and include a variety of ProContractor tools and supplies, small equipment (such as work lighting, generators, pumps, compaction equipment and power trowels), safety supplies and expendables.

Under Topic 606, the accounts receivable balance, prior to allowances for credit losses, for the sale of rental equipment, new equipment, parts and supplies, was approximately $48 million and $17 million as of September 30, 2025 and December 31, 2024, respectively.

Service and Other Revenues

Service and other revenues primarily include revenue earned from equipment management and similar services for rental customers which includes providing customer support functions such as dedicated in-plant operations, plant management services, equipment and safety training, and repair and maintenance services particularly to industrial customers who request such services.

The Company recognizes revenue for service and other revenues as the services are provided. Service and other revenues are typically invoiced together with a customer’s rental amounts and, therefore, it is not practical for the Company to separate the accounts receivable amount related to services and other revenues that are accounted for under Topic 606; however, such amount is not considered material.

Receivables and Contract Assets and Liabilities

Most of the Company's equipment rental revenue is accounted for under Topic 842. The customers that are responsible for the remaining equipment rental revenue that is accounted for under Topic 606 are generally the same customers that rent the Company's equipment. Concentration of credit risk with respect to the Company's accounts receivable is limited because a large number of geographically diverse customers makes up its customer base. The Company manages credit risk associated with its accounts receivable at the customer level through credit approvals, credit limits and other monitoring procedures. The Company maintains allowances for credit losses that reflect the Company's estimate of the amount of receivables that the Company will be unable to collect based on its historical write-off experience.

The Company does not have material contract assets or contract liabilities associated with customer contracts. The Company's contracts with customers do not generally result in material amounts billed to customers in excess of recognizable revenue. The Company did not recognize material revenue during the three and nine months ended September 30, 2025 and 2024 that was included in the contract liability balance as of the beginning of each period.

Performance Obligations

Most of the Company's revenue recognized under Topic 606 is recognized at a point-in-time, rather than over time. Accordingly, in any particular period, the Company does not generally recognize a significant amount of revenue from performance obligations satisfied (or partially satisfied) in previous periods, and the amount of such revenue recognized during the three and nine months ended September 30, 2025 and 2024 was not material. We also do not expect to recognize material revenue in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as of September 30, 2025.

Contract Estimates and Judgments

The Company's revenues accounted for under Topic 606 generally do not require significant estimates or judgments, primarily for the following reasons:

- The transaction price is generally fixed and stated on the Company's contracts;
- As noted above, the Company's contracts generally do not include multiple performance obligations, and accordingly do not generally require estimates of the standalone selling price for each performance obligation;
- The Company's revenues do not include material amounts of variable consideration; and
- Most of the Company's revenue is recognized as of a point-in-time and the timing of the satisfaction of the applicable performance obligations is readily determinable. As noted above, the revenue recognized under Topic 606 is generally recognized at the time of delivery to, or pick-up by, the customer.

The Company monitors and reviews its estimated standalone selling prices on a regular basis.

Note 4—Rental Equipment

Rental equipment consists of the following (in millions):

	September 30, 2025	December 31, 2024
Rental equipment	$ 8,422	$ 6,423
Less: Accumulated depreciation	(2,402)	(2,198)
Rental equipment, net	**$ 6,020**	**$ 4,225**

Note 5—Business Combinations

The Company accounts for business combinations using the acquisition method as defined in ASC Topic 805, *Business Combinations* ("Topic 805"). Under this method of accounting, the purchase price allocations below reflect the estimated fair values, net of tax, of the respective assets acquired and liabilities assumed.

2025 Business Combinations

On June 2, 2025, the Company completed the acquisition of H&E Equipment Services, Inc. ("H&E") pursuant to the Agreement and Plan of Merger, dated as of February 19, 2025 (the "Merger Agreement"). H&E was a full-service equipment rental company that provided its customers with a mix of high-quality general rental fleet including aerial work platforms, earthmoving equipment, material handling equipment, and other lines of equipment. H&E served a diverse mix of customers across both construction and industrial markets through its network of approximately 160 branches in over 30 U.S. states. The acquisition (i) added scale and density in key rental regions, particularly in several of the largest rental regions in North America; (ii) created cross-sell opportunities of specialty equipment to an expanded customer base and (iii) increased availability of aerial, material handling and earthmoving equipment for the Company's customers.

The Company acquired all of the outstanding common stock of H&E in exchange for $78.75 in cash and 0.1287 shares of Company common stock on a per-H&E share basis. The total purchase price for the acquisition was $4.8 billion including cash payment of $2.9 billion and the issuance of approximately 4.7 million of the Company's common shares to H&E's shareholders, valued at $584 million. Additionally, the Company paid cash to extinguish $1.4 billion of outstanding H&E debt that was not assumed as part of the acquisition. The acquisition was funded by issuance of new debt consisting of $2.8 billion in senior unsecured notes, a $750 million term loan facility and $2.5 billion of borrowings on a new asset based revolving credit facility, of which approximately $1.6 billion was used to repay borrowings on the prior asset based revolving credit facility. See Note 15, "Equity and Earnings (Loss) Per Share" and Note 9, "Debt" for additional information on the equity issued and financing associated with the H&E acquisition, respectively.

The following table summarizes the purchase price allocation of the assets acquired and liabilities assumed (in millions):

	H&E
Cash	$ 5
Accounts receivable	188
Other current assets	22
Rental equipment	1,782
Property and equipment	288
Right-of-use lease assets	567
Customer relationships intangible	1,110
Total identifiable assets acquired	**3,962**
Current liabilities	187
Operating lease liabilities	567
Finance lease liabilities	7
Deferred tax liabilities	628
Net identifiable assets acquired	**2,573**
Goodwill	2,243
Net assets acquired	**$ 4,816**

The acquired intangible assets in this acquisition were customer relationships that have an expected life of 10 years. The level of goodwill that resulted from the acquisition is primarily reflective of operational synergies the Company expects to achieve that are not associated with identifiable assets, the value of H&E's assembled workforce and new customer relationships expected to arise from the acquisition. The goodwill is not expected to be deductible for income tax purposes.

Certain estimated fair values for the acquisition, including goodwill, intangible assets, right-of-use lease assets, lease liabilities and income taxes, are not yet finalized. The purchase price was preliminarily allocated based on information available at the acquisition date and is subject to change as we complete our analysis of the fair values at the date of the acquisition during the measurement period not to exceed one year as permitted under Topic 805. During the third quarter, management continued to assess the opening balance sheet and recorded measurement period adjustments to various accounts, which resulted in an increase to goodwill of $32 million.

The assets and liabilities for H&E were recorded as of June 2, 2025 and the results of operations have been included in the Company's consolidated results of operations since that date. It is not practicable to reasonably estimate the amount of revenue and earnings of H&E since acquisition date, primarily due to the movement of fleet between Herc locations and the acquired H&E locations, as well as the corporate structure and the allocation of corporate costs.

The Company has incurred $179 million of transaction expenses during the nine months ended September 30, 2025, associated with the acquisition of H&E. Expenses incurred primarily consisted of the one-time termination fee paid on behalf of H&E of $64 million, advisory fees of $27 million, commitment fees related to the Bridge Facility (as defined in Note 9, "Debt") of $21 million and various other financial consulting, professional and legal fees.

2024 Business Combinations

On July 16, 2024, the Company completed the acquisition of substantially all of the assets of Otay Mesa Sales ("Otay"). Otay was a full-service general equipment rental company comprised of approximately 135 employees and four locations serving construction and industrial customers throughout the metropolitan areas of San Diego, California and Phoenix and Yuma, Arizona. The aggregate consideration for the acquisition was approximately $273 million. The acquisition and related fees and expenses were funded through available cash and drawings on the senior secured asset-based revolving credit facility.

The following table summarizes the purchase price allocation of the assets acquired and liabilities assumed (in millions) as of the acquisition date. The excess of consideration paid over the estimated fair value of the net identifiable assets acquired was initially recorded at $56 million, however, in accordance with Topic 805, the Company recorded a measurement period adjustment and increased goodwill by $11 million during the first quarter of 2025. The adjustment was primarily related to additional information obtained regarding the valuation of rental equipment as of the acquisition date.

	Otay
Accounts receivable	$ 14
Rental equipment	120
Property and equipment	8
Intangibles[(a)]	65
Total identifiable assets acquired	207
Current liabilities	1
Net identifiable assets acquired	206
Goodwill[(b)]	67
Net assets acquired	**$ 273**

(a) The following table reflects the fair values and useful lives of the acquired intangible assets identified (in millions):

	Otay	Life (years)
Customer relationships	$ 61	14
Non-compete agreements	4	5
Total acquired intangible assets	**$ 65**	

(b) The level of goodwill that resulted from the acquisition is primarily reflective of operational synergies that the Company expects to achieve that are not associated with identifiable assets, the value of Otay's assembled workforce and new customer relationships expected to arise from the acquisition. All of the goodwill is expected to be deductible for income tax purposes.

HERC HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Unaudited

Pro Forma Supplementary Data

The unaudited pro forma supplementary data presented in the table below (in millions) gives effect to the acquisitions of H&E and Otay as if they had been included in the Company's condensed consolidated results for the entire period reflected. The unaudited pro forma supplementary data is provided for informational purposes only and is not indicative of the Company's results of operations had the acquisitions been included for the period presented, nor is it indicative of the Company's future results. H&E's results of operations for the three months ended September 30, 2025 are entirely included in the Company's results of operations.

	Three Months Ended September 30, 2025		
	Herc	H&E	Total
Historic/pro forma equipment rental revenues	$ 1,122	$ —	$ 1,122
Historic/pro forma total revenues	1,304	—	1,304
Historic/combined pretax income	38	—	38
Pro forma adjustments to consolidated pretax income:			
Transaction expenses[e]		35	35
Pro forma pretax income			**$ 73**

	Nine Months Ended September 30, 2025		
	Herc	H&E	Total
Historic/pro forma equipment rental revenue	$ 2,731	$ 455	$ 3,186
Historic/pro forma total revenues	3,167	536	3,703
Historic/combined pretax loss	(16)	(44)	(60)
Pro forma adjustments to consolidated pretax loss:			
Impact of fair value adjustments/useful life changes on depreciation[a]		33	33
Intangible asset amortization[b]		(46)	(46)
Interest expense[c]		(104)	(104)
Elimination of historic interest[d]		26	26
Transaction expenses[e]		230	230
Pro forma pretax income			**$ 79**

	Three Months Ended September 30, 2024			
	Herc	Otay	H&E	Total
Historic/pro forma equipment rental revenue	$ 866	$ 3	$ 326	$ 1,195
Historic/pro forma total revenues	965	3	385	1,353
Historic/combined pretax income	160	1	43	204
Pro forma adjustments to consolidated pretax income:				
Impact of fair value adjustments/useful life changes on depreciation[a]		—	20	20
Intangible asset amortization[b]		—	(28)	(28)
Interest expense[c]		(1)	(72)	(73)
Elimination of historic interest[d]		—	19	19
Transaction expenses[e]		1	—	1
Pro forma pretax income				**$ 143**

	Nine Months Ended September 30, 2024			
	Herc	Otay	H&E	Total
Historic/pro forma equipment rental revenue	$ 2,350	$ 39	$ 934	$ 3,323
Historic/pro forma total revenues	2,617	41	1,133	3,791
Historic/combined pretax income	334	4	124	462
Pro forma adjustments to consolidated pretax income:				
Impact of fair value adjustments/useful life changes on depreciation(a)		3	55	58
Intangible asset amortization(b)		(5)	(83)	(88)
Interest expense(c)		(10)	(226)	(236)
Elimination of historic interest(d)		3	55	58
Transaction expenses(e)		2	(47)	(45)
Pro forma pretax income				**$ 209**

(a) Depreciation of rental equipment was adjusted for the fair value at acquisition and changes in useful lives of equipment acquired.
(b) Intangible asset amortization was adjusted to include amortization of the acquired intangible assets.
(c) As discussed above, the Company funded in part the Otay and H&E acquisitions with borrowings under various long-term debt instruments. Interest expense was adjusted to reflect interest on such borrowings.
(d) Historic interest on debt that is not part of the combined entity was eliminated.
(e) Transaction expenses associated with the Otay and H&E acquisitions that were contingent upon closing, whether incurred by the Company or the acquiree, were assumed to have been recognized as of the beginning of the earliest period disclosed. Non-contingent transaction expenses were assumed to have been recognized prior to the earliest period presented and were excluded from the periods presented.

Note 6—Goodwill and Intangible Assets

Goodwill

The following summarizes the Company's goodwill (in millions):

	September 30, 2025	December 31, 2024
Balance at the beginning of the period:		
Goodwill, gross	$ 1,334	$ 1,154
Accumulated impairment losses	(664)	(671)
Goodwill	**670**	**483**
Additions	2,260	190
Currency translation	1	(3)
Balance at the end of the period:		
Goodwill, gross	3,598	1,334
Accumulated impairment losses	(667)	(664)
Goodwill	**$ 2,931**	**$ 670**

Intangible Assets

Intangible assets, net, consisted of the following major classes (in millions):

	September 30, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Finite-lived intangible assets:			
Customer-related and non-compete agreements	$ 1,492	$ (171)	$ 1,321
Internally developed software[(a)]	50	(16)	34
Total	**1,542**	**(187)**	**1,355**
Indefinite-lived intangible assets:			
Trade name	271	—	271
Total intangible assets, net	**$ 1,813**	**$ (187)**	**$ 1,626**

(a) Includes capitalized costs of $19 million yet to be placed into service.

	December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Finite-lived intangible assets:			
Customer-related and non-compete agreements	$ 382	$ (106)	$ 276
Internally developed software[(a)]	39	(14)	25
Total	**421**	**(120)**	**301**
Indefinite-lived intangible assets:			
Trade name	271	—	271
Total intangible assets, net	**$ 692**	**$ (120)**	**$ 572**

(a) Includes capitalized costs of $14 million yet to be placed into service.

Amortization of intangible assets was $40 million and $71 million for the three and nine months ended September 30, 2025, respectively, and $12 million and $32 million for the three and nine months ended September 30, 2024, respectively.

Note 7—Assets Held for Sale

During the fourth quarter of 2023, the Company reclassified the Cinelease studio entertainment and lighting and grip equipment rental business ("Cinelease") as assets held for sale and started exploring strategic alternatives to divest of this business as the film and studio entertainment industry had shifted to a studio centric model that was a departure from the Company's business model.

On July 31, 2025, the Company completed the sale of Cinelease for initial cash consideration of $100 million, subject to customary post-closing adjustments, and agreed upon earnouts pursuant to the purchase and sale agreement. During the third quarter of 2025, the Company recognized a pre-tax gain on the divestiture of $1 million based on net cash proceeds received at closing of $97 million plus the fair value of the Cinelease earnout receivable of $32 million less the net assets of Cinelease of $128 million as of July 31, 2025. See Note 14, "Fair Value Measurements" for additional information regarding the earnout receivable.

Note 8—Leases

The Company leases real estate, office equipment and service vehicles. The Company's leases have remaining lease terms of up to 22 years, some of which include options to extend the leases for up to 25 years. The Company determines the lease term used to record each lease by including the initial lease term and, in the case where there are options to extend, will include the option to extend if it has determined that it is reasonably certain that the Company would exercise those options.

The Company also leases certain equipment that it rents to its customers where the payments vary based upon the amount of time the equipment is on rent. There are no fixed payments on these leases and, therefore, no lease liability or ROU assets have been recorded. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense for these leases is recognized on a straight-line basis over the lease term.

The components of lease expense consist of the following (in millions):

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Classification	2025	2024	2025	2024
Operating lease cost[(a)]	Direct operating	$ 54	$ 40	$ 138	$ 117
Finance lease cost:					
Amortization of ROU assets	Depreciation and amortization	5	4	14	12
Interest on lease liabilities	Interest expense, net	1	1	2	2
Sublease income	Equipment rental revenue	(16)	(19)	(50)	(58)
Net lease cost		**$ 44**	**$ 26**	**$ 104**	**$ 73**

(a) Includes short-term leases of $13 million and $38 million for the three and nine months ended September 30, 2025 respectively, and $15 million and $47 million for the three and nine months ended September 30, 2024, respectively, and variable lease costs of $2 million and $6 million for the three and nine months ended September 30, 2025, respectively, and $2 million and $4 million for the three and nine months ended September 30, 2024, respectively.

Note 9—Debt

The Company's debt consists of the following (in millions):

	Weighted Average Effective Interest Rate at September 30, 2025	Weighted Average Stated Interest Rate at September 30, 2025	Fixed or Floating Interest Rate	Maturity	September 30, 2025	December 31, 2024
Senior Notes						
2027 Notes	5.61%	5.50%	Fixed	2027	$ 1,200	$ 1,200
2029 Notes	6.91%	6.63%	Fixed	2029	800	800
2030 Notes	7.25%	7.00%	Fixed	2030	1,650	—
2033 Notes	7.43%	7.25%	Fixed	2033	1,100	—
Other Debt						
New ABL Credit Facility	N/A	5.34%	Floating	2030	2,258	—
Prior ABL Credit Facility	N/A	N/A	N/A	N/A	—	1,621
Term Loan Facility	6.52%	6.25%	Floating	2032	750	—
AR Facility	N/A	5.11%	Floating	2026	400	400
Finance lease liabilities	4.46%	N/A	Fixed	2025-2044	81	77
Unamortized debt issuance costs and debt discount[(a)]					(49)	(12)
Total debt					**8,190**	**4,086**
Less: Current maturities of long-term debt					(26)	(17)
Total long-term debt, net					**$ 8,164**	**$ 4,069**

(a) Unamortized debt issuance costs totaling $12 million related to the New ABL Credit Facility and AR Facility (as each is defined below) as of September 30, 2025 and $6 million related to the Prior ABL Credit Facility and AR Facility (as each is defined below) as of December 31, 2024, are included in "Other long-term assets" in the condensed consolidated balance sheets.

The effective interest rates for the fixed rate 2027 Notes, 2029 Notes, 2030 Notes, and 2033 Notes (as each is defined below) includes the stated interest on the notes and the amortization of any debt issuance costs. The effective interest rate for the variable rate Term Loan Facility (as defined below) includes the stated interest on the loan and the amortization of debt discount and debt issuance costs.

Senior Notes—2027 Notes

On July 9, 2019, the Company issued $1.2 billion aggregate principal amount of its 5.50% Senior Notes due 2027 (the "2027 Notes"). Interest on the 2027 Notes accrues at the rate of 5.50% per annum and is payable semi-annually in arrears on January 15 and July 15. The 2027 Notes will mature on July 15, 2027. Additional information about the 2027 Notes is included in Note 11, "Debt" to the Company's financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2024.

Senior Notes—2029 Notes

On June 7, 2024, the Company issued $800 million aggregate principal amount of its 6.625% Senior Notes due 2029 (the "2029 Notes"). Interest on the 2029 Notes accrues at the rate of 6.625% per annum and will be payable semi-annually in arrears on June 15 and December 15 of each year. The 2029 Notes will mature on June 15, 2029. Additional information about the 2029 Notes is included in Note 11, "Debt" to the Company's financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2024.

Senior Notes—2030 Notes

On June 2, 2025, the Company issued $1.65 billion aggregate principal amount of its 7.000% Senior Notes due 2030 (the "2030 Notes"). The net proceeds were used to finance, in part, the H&E acquisition and to pay related fees and expenses. Interest on the 2030 Notes accrues at the rate of 7.00% per annum and will be payable semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2025. The 2030 Notes will mature on June 15, 2030.

Ranking; Guarantees

The 2030 Notes are the Company's senior unsecured obligations, ranking equally in right of payment with all of the Company's existing and future senior indebtedness, effectively junior to any of the Company's existing and future secured indebtedness, including the New ABL Credit Facility and Term Loan Facility (as defined below), to the extent of the value of the assets securing such indebtedness, and senior in right of payment to any of the Company's existing and future subordinated indebtedness. The 2030 Notes are guaranteed on a senior unsecured basis, subject to limited exceptions including special purpose securitization subsidiaries, by the Company's current and future domestic subsidiaries.

Redemption

The Company may, at its option, redeem the 2030 Notes, in whole or in part, at any time prior to June 15, 2027, at a price equal to 100% of the aggregate principal amount of the 2030 Notes, plus the applicable make-whole premium and accrued and unpaid interest, if any, to, but excluding, the redemption date. The Company may, at its option, redeem the 2030 Notes, in whole or in part, at any time (i) on or after June 15, 2027 and prior to June 15, 2028, at a price equal to 103.500% of the principal amount of the 2030 Notes, (ii) on or after June 15, 2028 and prior to June 15, 2029, at a price equal to 101.750% of the principal amount of the 2030 Notes and (iii) on or after June 15, 2029, at a price equal to 100.000% of the principal amount of the 2030 Notes, in each case, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. In addition, at any time on or prior to June 15, 2027, the Company may, at its option, redeem up to 40% of the aggregate principal amount of the 2030 Notes with the net cash proceeds of one or more equity offerings at a redemption price equal to 107.000% of the principal amount of the 2030 Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Covenants

The indenture governing the 2030 Notes contains certain covenants applicable to the Company and its restricted subsidiaries, including limitations on: indebtedness; restricted payments; liens; dispositions of proceeds from asset sales; transactions with affiliates; dividends and other payment restrictions affecting restricted subsidiaries; designations of unrestricted subsidiaries; and mergers, consolidations and sale of assets. Upon the occurrence of certain events constituting a change of control triggering event, the Company is required to make an offer to repurchase all of the 2030 Notes (unless otherwise redeemed) at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. If the Company sells assets under certain circumstances, it must use the proceeds to make an offer to purchase the 2030 Notes at a price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date.

Events of Default

The indenture also provides for customary events of default, including the following (subject to any applicable cure period): nonpayment, breach of covenants in the indenture, payment defaults under or acceleration of certain other indebtedness, failure to discharge certain judgments and certain events of bankruptcy, insolvency and reorganization. If an event of default occurs or is continuing, the trustee or the holders of at least 30% in aggregate principal amount of the 2030 Notes then outstanding may declare the principal of, premium, if any, and accrued and unpaid interest, if any, to be due and payable immediately.

Senior Notes—2033 Notes

On June 2, 2025, the Company issued $1.1 billion aggregate principal amount of its 7.250% Senior Notes due 2033 (the "2033 Notes" and, together with the 2027 Notes, 2029 Notes and 2030 Notes, the "Notes"). The net proceeds were used to finance, in part, the H&E acquisition and to pay related fees and expenses. Interest on the 2033 Notes accrues at the rate of 7.250% per annum and will be payable semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2025. The 2033 Notes will mature on June 15, 2033.

Ranking; Guarantees

The 2033 Notes are the Company's senior unsecured obligations, ranking equally in right of payment with all of the Company's existing and future senior indebtedness, effectively junior to any of the Company's existing and future indebtedness, including the New ABL Credit Facility and Term Loan Facility (both as defined below), to the extent of the value of the assets securing such indebtedness, and senior in right of payment to any of the Company's existing and future subordinated indebtedness. The 2033 Notes are guaranteed on a senior unsecured basis, subject to limited exceptions including special purpose securitization subsidiaries, by the Company's current and future domestic subsidiaries.

Redemption

The Company may, at its option, redeem the 2033 Notes, in whole or in part, at any time prior to June 15, 2028, at a price equal to 100% of the aggregate principal amount of the 2033 Notes, plus the applicable make-whole premium and accrued and unpaid interest, if any, to, but excluding, the redemption date. The Company may, at its option, redeem the 2033 Notes, in whole or in part, at any time (i) on or after June 15, 2028 and prior to June 15, 2029, at a price equal to 103.625% of the principal amount of the 2033 Notes, (ii) on or after June 15, 2029 and prior to June 15, 2030, at a price equal to 101.813% of the principal amount of the 2033 Notes and (iii) on or after June 15, 2030, at a price equal to 100.000% of the principal amount of the 2033 Notes, in each case, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. In addition, at any time on or prior to June 15, 2028, the Company may, at its option, redeem up to 40% of the aggregate principal amount of the 2033 Notes with the net cash proceeds of one or more equity offerings at a redemption price equal to 107.250% of the principal amount of the 2033 Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Covenants

The indenture governing the 2033 Notes contains certain covenants applicable to the Company and its restricted subsidiaries, including limitations on: indebtedness; restricted payments; liens; dispositions of proceeds from asset sales; transactions with affiliates; dividends and other payment restrictions affecting restricted subsidiaries; designations of unrestricted subsidiaries; and mergers, consolidations and sale of assets. Upon the occurrence of certain events constituting a change of control triggering event, the Company is required to make an offer to repurchase all of the 2033 Notes (unless otherwise redeemed) at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. If the Company sells assets under certain circumstances, it must use the proceeds to make an offer to purchase the 2033 Notes at a price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date.

Events of Default

The indenture also provides for customary events of default, including the following (subject to any applicable cure period): nonpayment, breach of covenants in the indenture, payment defaults under or acceleration of certain other indebtedness, failure to discharge certain judgments and certain events of bankruptcy, insolvency and reorganization. If an event of default occurs or is continuing, the trustee or the holders of at least 30% in aggregate principal amount of the 2033 Notes then outstanding may declare the principal of, premium, if any, and accrued and unpaid interest, if any, to be due and payable immediately.

New ABL Credit Facility

On June 2, 2025, Herc Holdings, Herc, Matthews Equipment Limited and certain other subsidiaries of Herc Holdings entered into a credit agreement with respect to a new senior secured asset-based revolving credit facility (the "New ABL Credit Facility"), which refinanced in full and replaced the then existing asset-based credit facility entered into on July 31, 2019 ("Prior ABL Credit Facility") and related collateral/security agreements. The Company borrowed $2.5 billion under the New ABL Credit Facility to repay all amounts outstanding under the Prior ABL Credit Facility and fund, in part, the H&E acquisition.

The New ABL Credit Facility provides for aggregate maximum borrowings of up to $4.0 billion (subject to availability under a borrowing base). Up to $250 million of the revolving loan facility is available for the issuance of letters of credit, subject to certain conditions including issuing lender participation. Subject to the satisfaction of certain conditions and limitations, the New ABL Credit Facility allows for the addition of incremental revolving commitments and/or incremental term loans.

Maturity

The New ABL Credit Facility matures on June 2, 2030.

Guarantees; Collateral/Security

The obligations of each of the borrowers under the New ABL Credit Facility are guaranteed by each of Herc Holdings' direct and indirect U.S. and Canadian subsidiaries, with certain exceptions, including special purpose securitization subsidiaries. The obligations of the borrowers under the New ABL Credit Facility and the guarantees thereof are secured by security interests in substantially all of the assets of each borrower and guarantor, including pledges of all the capital stock of all of their direct subsidiaries, with certain exceptions. The security interests under the New ABL Credit Facility rank *pari passu* with the security interests granted to the Term Loan Facility. The liens securing the New ABL Credit Facility are subject to certain exceptions. Also, subject to certain limitations and conditions, the New ABL Credit Facility permits the incurrence of future secured debt on a basis either *pari passu* with, or subordinated to, the liens securing the New ABL Credit Facility.

On June 2, 2025, in connection with the New ABL Credit Facility, the Company and certain of its U.S. subsidiaries of entered into an Amended and Restated U.S. Guarantee and Collateral Agreement, and Matthews Equipment Limited and certain Canadian subsidiaries entered into an Amended and Restated Canadian Guarantee and Collateral Agreement.

Interest

The interest rates applicable to any loans under the New ABL Credit Facility are based, at the option of the borrowers, on (i) a floating rate based on Term SOFR (for loans denominated in U.S. dollars) or Term CORRA (for loans denominated in Canadian dollars) plus an initial margin of 1.375% per annum or (ii) a base rate plus an initial margin of 0.375%, in each case, where margin is adjusted under the New ABL Credit Facility based on the quarterly average excess availability under the New ABL Credit Facility.

Covenants

The New ABL Credit Facility contains a number of covenants that, among other things, limit or restrict the ability of the borrowers and their subsidiaries to incur additional indebtedness, prepay other indebtedness, make dividends and other restricted payments, create or incur liens, make acquisitions and other investments, engage in mergers, consolidations or sales of assets, engage in certain transactions with affiliates, and enter into certain restrictive agreements limiting the ability to create or incur liens. In addition, under the New ABL Credit Facility, upon excess availability falling below certain levels, the borrowers will be required to comply with a minimum fixed charge coverage ratio of no less than 1.00:1.00.

Events of Default

The New ABL Credit Facility provides that the occurrence of any of the following events will constitute an event of default: payment default, breach of representation or warranty, covenant breach, cross default to other material indebtedness, certain bankruptcy events, dissolution, invalidity of the credit agreement or any intercreditor agreement (if any), judgment in excess of a certain monetary threshold, any security or guarantee documents cease to be in effect, an ERISA event, pension event or a change of control. Upon the occurrence and during the continuation of an event of default, the agent may exercise remedies on behalf of the lenders, including accelerating the repayment of outstanding loans under the New ABL Credit Facility.

Prior ABL Credit Facility

The Company's Prior ABL Credit Facility, executed by Herc Holdings, Herc and certain other subsidiaries of Herc Holdings, provided a senior secured asset-based revolving credit facility with aggregate maximum borrowings of up to $3.5 billion (subject to availability under a borrowing base) that had a maturity date of July 5, 2027. Up to $250 million of the revolving loan facility was available for the issuance of letters of credit, subject to certain conditions including issuing lender participation. Additional information about the Prior ABL Credit Facility is included in Note 11, "Debt" to the Company's financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2024.

As discussed above, the Company used borrowings under the New ABL Credit Facility to repay all amounts outstanding under the Prior ABL Credit Facility.

Term Loan Facility

On June 2, 2025, the Company and certain other subsidiaries of the Company entered into a credit agreement (the "Term Loan Credit Agreement") with respect to a senior secured term loan facility (the "Term Loan Facility") of $750 million.

The Company and each existing and future direct or indirect U.S. subsidiary of the Company (the "Guarantors") provide unconditional guarantees of the obligations of the Company. In addition, the obligations of the Company under the Term Loan Facility and the guarantees of the Guarantors are secured by first priority security interests in substantially all of the tangible and intangible assets of the Company and the Guarantors, including pledges of all stock or other equity interests in direct subsidiaries owned by the Company and the Guarantors (but only up to 65% of the voting stock of each direct foreign subsidiary owned by the Company or any Guarantor). The security interests under the Term Loan Facility rank *pari passu* with the security interests granted pursuant to the New ABL Credit Facility. The security interests and pledges are subject to certain exceptions.

The principal obligations under the Term Loan Facility are to be repaid in quarterly installments, beginning with the quarter ended December 31, 2025, in an aggregate amount equal to 1.00% per annum, with the balance due at the maturity of the Term Loan Facility. The Term Loan Facility matures on June 2, 2032. Amounts drawn under the Term Loan Facility bear annual interest at either the Term SOFR rate plus a margin of 2.00% or at a base rate (equal to the highest of Wells Fargo Bank, National Association's prime rate, the federal funds rate plus 0.5%, or one month Term SOFR plus 1.0%) plus a margin of 1.00%.

The Term Loan Facility contains covenants that, among other things, limit or restrict the ability of the Company and its subsidiaries to incur additional indebtedness; incur additional liens; make dividends and other restricted payments; and engage in mergers, acquisitions and dispositions. The Term Loan Facility does not include any financial covenants. The Term Loan Credit Agreement contains customary events of default. If an event of default occurs, the lenders are entitled to accelerate the loans made thereunder and exercise rights against the collateral.

On June 2, 2025, in connection with the credit agreement, the Company and certain of its U.S. subsidiaries entered into a U.S. Guarantee and Collateral Agreement, and Matthews Equipment Limited and certain Canadian subsidiaries entered into a Canadian Guarantee and Collateral Agreement.

The Company used the proceeds of the Term Loan Facility to finance, in part, the H&E acquisition and to pay related fees and expenses.

Accounts Receivable Securitization Facility

The accounts receivable securitization facility (the "AR Facility") has aggregate commitments up to $400 million and was amended in August 2025 to extend the maturity date to August 31, 2026. In connection with the AR Facility, Herc sells its accounts receivables on an ongoing basis to Herc Receivables U.S. LLC, a wholly-owned special-purpose entity (the "SPE"). The SPE's sole business consists of the purchase by the SPE of accounts receivable from Herc and borrowing by the SPE against the eligible accounts receivable from the lenders under the facility. The borrowings are secured by liens on the accounts receivable and other assets of the SPE. Collections on the accounts receivable are used to service the borrowings. The SPE is a separate legal entity that is consolidated in the Company's financial statements. The SPE assets are owned by the SPE and are not available to settle the obligations of the Company or any of its other subsidiaries. Herc is the servicer of the accounts receivable under the AR Facility. All of the obligations of the servicer and certain indemnification obligations of the SPE under the agreements governing the AR Facility are guaranteed by Herc pursuant to a performance guarantee. The AR Facility is excluded from current maturities of long-term debt as the Company has the intent and ability to fund the AR Facility's borrowings on a long-term basis either by further extending the maturity date of the AR Facility or by utilizing the capacity available at the balance sheet date under the New ABL Credit Facility.

Bridge Facility

In February 2025, the Company entered into a commitment letter for a senior secured 364-day term loan bridge facility (the "Bridge Facility") for an aggregate principal amount of up to $4.5 billion that provided committed financing for the acquisition of H&E. No balances were drawn against this facility, as the commitment letter was terminated after entering into the 2030 Notes and 2033 Notes offering, Term Loan Facility and refinancing of the Prior ABL Credit Facility and subsequent borrowings under the New ABL Credit Facility.

Borrowing Capacity and Availability

After outstanding borrowings, the following was available to the Company under the New ABL Credit Facility and AR Facility as of September 30, 2025 (in millions):

	Remaining Capacity	Availability Under Borrowing Base Limitation
New ABL Credit Facility	$ 1,689	$ 1,689
AR Facility	—	—
Total	**$ 1,689**	**$ 1,689**

Letters of Credit

As of September 30, 2025, $53 million of standby letters of credit were issued and outstanding, none of which have been drawn upon. The New ABL Credit Facility had $197 million available under the letter of credit facility sublimit, subject to borrowing base restrictions.

Note 10—Financing Obligations

In prior years, Herc entered into sale-leaseback transactions pursuant to which it sold 44 properties located in the U.S. and certain service vehicles. The sale of the properties and service vehicles did not qualify for sale-leaseback accounting; therefore, the book value of the assets remain on the Company's consolidated balance sheet. The Company's financing obligations consist of the following (in millions):

	Weighted Average Effective Interest Rate at September 30, 2025	Maturities	September 30, 2025	December 31, 2024
Financing obligations	5.45%	2026-2038	$ 104	$ 107
Unamortized financing issuance costs			(2)	(2)
Total financing obligations			**102**	**105**
Less: Current maturities of financing obligations			(5)	(4)
Financing obligations, net			**$ 97**	**$ 101**

Note 11—Income Taxes

Income tax provision was $8 million, with an effective tax rate of 21%, for the three months ended September 30, 2025 compared to $38 million and 24% in the same period of 2024. The income tax provision in the current period was primarily driven by the level of pre-tax income, non-deductible transaction costs and tax credits.

Income tax provision was $7 million, with an effective tax rate of 44%, for the nine months ended September 30, 2025 compared to $77 million and 23% in the same period of 2024. The provision in the current period was driven by the level of pre-tax loss offset by non-deductible transaction costs, tax credits and a benefit related to stock-based compensation.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act and the restoration of favorable tax treatment for certain business provisions, particularly with respect to allowing accelerated tax deductions for qualified property and equipment expenditures and the business interest expense limitation. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. While the Company expects certain provisions of the OBBBA to change the timing of cash tax payments in the current fiscal year and future year periods, the provisions are not expected to have a material impact on the effective tax rate.

Note 12—Accumulated Other Comprehensive Income (Loss)

The changes in the accumulated other comprehensive income (loss) balance by component (net of tax) for the nine months ended September 30, 2025 are presented in the table below (in millions).

	Pension and Other Post-Employment Benefits	Foreign Currency Items	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2024	**$ (19)**	**$ (123)**	**$ (142)**
Other comprehensive loss	—	10	10
Amounts reclassified from accumulated other comprehensive loss	1	—	1
Net current period other comprehensive loss	1	10	11
Balance at September 30, 2025	**$ (18)**	**$ (113)**	**$ (131)**

Note 13—Commitments and Contingencies

Legal Proceedings

The Company is subject to a number of claims and proceedings that generally arise in the ordinary conduct of its business. These matters include, but are not limited to, claims arising from the operation of rented equipment and workers' compensation claims. The Company does not believe that the liabilities arising from such ordinary course claims and proceedings will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

The Company has established reserves for matters where the Company believes the losses are probable and can be reasonably estimated. For matters where a reserve has not been established, the ultimate outcome or resolution cannot be predicted at this time, or the amount of ultimate loss, if any, cannot be reasonably estimated. Litigation is subject to many uncertainties and there can be no assurance as to the outcome of the individual litigated matters. It is possible that certain of the actions, claims, inquiries or proceedings could be decided unfavorably to the Company or any of its subsidiaries involved. Accordingly, it is possible that an adverse outcome from such a proceeding could exceed the amount accrued in an amount that could be material to the Company's consolidated financial condition, results of operations or cash flows in any particular reporting period.

Off-Balance Sheet Commitments

Indemnification Obligations

In the ordinary course of business, the Company executes contracts involving indemnification obligations customary in the relevant industry and indemnifications specific to a transaction such as the sale of a business or assets or a financial transaction. These indemnification obligations might include claims relating to the following: accuracy of representations; compliance with covenants and agreements by the Company or third parties; environmental matters; intellectual property rights; governmental regulations; employment-related matters; customer, supplier and other commercial contractual relationships; condition of assets; and financial or other matters. Performance under these indemnification obligations would generally be triggered by a breach of terms of the contract or by a third-party claim. The Company regularly evaluates the probability of having to incur costs associated with these indemnification obligations and has accrued for expected losses that are probable and estimable. The types of indemnification obligations for which payments are possible include the following:

The Spin-Off

In connection with the Spin-Off, pursuant to the separation and distribution agreement (agreements and defined terms are discussed in Note 16, "Arrangements with New Hertz"), the Company has assumed the liability for, and control of, all pending and threatened legal matters related to its equipment rental business and related assets, as well as assumed or retained liabilities, and will indemnify New Hertz for any liability arising out of or resulting from such assumed legal matters. The separation and distribution agreement also provides for certain liabilities to be shared by the parties. The Company is responsible for a portion of these shared liabilities (typically 15%), as set forth in that agreement. New Hertz is responsible for managing the settlement or other disposition of such shared liabilities. Pursuant to the tax matters agreement, the Company has agreed to indemnify New Hertz for any resulting taxes and related losses if the Company takes or fails to take any action (or permits any of its affiliates to take or fail to take any action) that causes the Spin-Off and related transactions to be taxable, or if there is an acquisition of the equity securities or assets of the Company or of any member of the Company’s group that causes the Spin-Off and related transactions to be taxable.

Note 14—Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or, if none exists, the most advantageous market, for the specific asset or liability at the measurement date (referred to as the "exit price"). Fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability, including consideration of nonperformance risk.

The Company assesses the inputs used to measure fair value using the three-tier hierarchy promulgated under U.S. GAAP. This hierarchy indicates the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Inputs that reflect quoted prices for identical assets or liabilities in active markets that are observable.

Level 2: Inputs other than quoted prices included in Level 1 that are observable either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3: Inputs that are unobservable to the extent that observable inputs are not available for the asset or liability at the measurement date and include management's judgment about assumptions that market participants would use in pricing the asset or liability.

The fair value of cash, accounts receivable, accounts payable and accrued liabilities, to the extent the underlying liability will be settled in cash, approximates the carrying values because of the short-term nature of these instruments.

Cash Equivalents

Cash equivalents primarily consist of money market accounts which are classified as Level 1 assets which the Company measures at fair value on a recurring basis. The Company measures the fair value of cash equivalents using a market approach based on quoted prices in active markets. The Company had $17 million in cash equivalents at September 30, 2025 and $27 million at December 31, 2024.

Debt Obligations

The fair values of the Company's New ABL Credit Facility, Prior ABL Credit Facility, AR Facility and finance lease liabilities approximated their book values as of September 30, 2025 and December 31, 2024. The fair value of the Company's Notes and Term Loan Facility are estimated based on quoted market rates as well as borrowing rates currently available to the Company for loans with similar terms and average maturities (Level 2 inputs) (in millions).

	September 30, 2025		December 31, 2024	
	Nominal Unpaid Principal Balance	Aggregate Fair Value	Nominal Unpaid Principal Balance	Aggregate Fair Value
2027 Notes	$ 1,200	$ 1,197	$ 1,200	$ 1,182
2029 Notes	800	822	800	809
2030 Notes	1,650	1,714	—	—
2033 Notes	1,100	1,148	—	—
Term Loan Facility	750	755	—	—
Total Notes and Term Loan	**$ 5,500**	**$ 5,636**	**$ 2,000**	**$ 1,991**

Cinelease Earnout Receivable

The Company made an accounting policy election to record the earnout receivable related to the Cinelease divestiture at fair value at inception, and it is categorized as Level 3 within the fair value hierarchy. In addition, any subsequent fair value adjustments to the earnout receivable will be recorded within operating income in the Company's condensed consolidated statement of operations.

The earnout receivable of $32 million is recorded within other long-term assets in the Company's condensed consolidated balance sheet as of September 30, 2025. The earnout is based on eligible Cinelease revenue reported during 2027 and 2028 that will primarily be paid in 2028 and 2029, with deferrals available into 2031 if certain earnout thresholds are met. The earnout receivable has been recorded at fair value using a probability-weighted discounted cash flow model. This model incorporated the contractual terms regarding timing of payment and the significant unobservable inputs of revenue forecasts for Cinelease, the discount rate, and the probability outcome percentage assigned to each scenario. The estimated fair value is based upon assumptions believed to be reasonable but which are uncertain and involve significant judgment by management. Favorable or unfavorable changes in expectations of achieving the performance metrics would result in corresponding increases or decreases in the fair value measurement, while increases or decreases in the discount rate would have inverse impacts on the fair value measurement.

Note 15—Equity and Earnings (Loss) Per Share

Equity

On June 2, 2025, the Company completed the acquisition of H&E, and as a result, approximately 4.7 million shares of common stock were issued valued at $584 million as part of the cash and stock offer price as described in Note 5, "Business Combinations." The fair value of the shares issued were based on the closing stock price of the Company's common shares on May 30, 2025, the last trading day preceding the close of the acquisition.

Earnings (Loss) Per Share

Basic earnings (loss) per share has been computed based upon the weighted average number of common shares outstanding. Diluted earnings per share has been computed based upon the weighted average number of common shares outstanding plus the effect of all potentially dilutive common stock equivalents, except when the effect would be anti-dilutive.

The following table sets forth the computation of basic and diluted earnings (loss) per share (in millions, except per share data).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Basic and diluted earnings (loss) per share:				
Numerator:				
Net income (loss), basic and diluted	$ 30	$ 122	$ (23)	$ 257
Denominator:				
Basic weighted average common shares	33.2	28.4	30.6	28.4
Stock options, RSUs and PSUs	0.1	0.1	—	0.1
Weighted average shares used to calculate diluted earnings per share	33.3	28.5	30.6	28.5
Earnings (loss) per share:				
Basic	$ 0.90	$ 4.30	$ (0.75)	$ 9.05
Diluted	$ 0.90	$ 4.28	$ (0.75)	$ 9.02
Antidilutive RSUs and PSUs	0.1	—	0.2	—

Note 16—Arrangements with New Hertz

On June 30, 2016, the Company, in its previous form as the holding company of both the existing equipment rental operations as well as the former vehicle rental operations (in its form prior to the Spin-Off, "Hertz Holdings"), completed a spin-off (the "Spin-Off") of its global vehicle rental business through a dividend to stockholders of all of the issued and outstanding common stock of Hertz Rental Car Holding Company, Inc., which was re-named Hertz Global Holdings, Inc. ("New Hertz") in connection with the Spin-Off. New Hertz is an independent public company and continues to operate its global vehicle rental business through its operating subsidiaries including The Hertz Corporation ("THC").

In connection with the Spin-Off, the Company entered into a separation and distribution agreement (the "Separation Agreement") with New Hertz. In connection therewith, the Company also entered into various other ancillary agreements with New Hertz to effect the Spin-Off and provide a framework for its relationship with New Hertz. The following summarizes some of the most significant agreements and relationships that Herc Holdings continues to have with New Hertz.

Separation and Distribution Agreement

The Separation Agreement sets forth the Company's agreements with New Hertz regarding the principal actions taken in connection with the Spin-Off. It also sets forth other agreements that govern aspects of the Company's relationship with New Hertz following the Spin-Off including (i) the manner in which legal matters and claims are allocated and certain liabilities are shared between the Company and New Hertz; (ii) other matters including transfers of assets and liabilities, treatment or termination of intercompany arrangements and releases of certain claims between the parties and their affiliates; (iii) mutual indemnification clauses; and (iv) allocation of Spin-Off expenses between the parties.

Tax Matters Agreement

The Company entered into a tax matters agreement with New Hertz that governs the parties' rights, responsibilities and obligations after the Spin-Off with respect to tax liabilities and benefits, tax attributes, tax contests and other tax matters regarding income taxes, other taxes and related tax returns.

Note 17—Segment Information

The Company has used the management approach in determining its reportable segments, and has determined that it has two operating segments that are aggregated into one reportable segment: equipment rental. The equipment rental segment derives revenues from customers by renting equipment from the Company's fleet, which includes aerial, earthmoving, material handling, trucks and trailers, air compressors, compaction, lighting, and trench shoring. The Company’s broad portfolio of equipment for rent is fungible and can be deployed throughout the geographies where the Company does business.

The Company's Chief Operating Decision Maker (“CODM”) has been identified as its chief executive officer ("CEO"). Performance and resource allocation, particularly the amount and timing of new equipment purchases, are evaluated by the CODM using net income. Net income is also used when determining other capital allocation priorities such as completing acquisitions, paying dividends or repurchasing Company shares. Net income of the equipment rental segment is reported on the consolidated statement of operations as consolidated net income. Additionally, the measures of segment assets are reported on the consolidated balance sheet as total consolidated assets and rental equipment, which is also disclosed in Note 4, "Rental Equipment."

There are no significant segment expenses other than those presented on the consolidated statement of operations and the Company does not have intra-entity sales.

HERC HOLDINGS INC. AND SUBSIDIARIES

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

Management's discussion and analysis of financial condition and results of operations ("MD&A") should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Report, which include additional information about our accounting policies, practices and the transactions underlying our financial results. The preparation of our unaudited condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires us to make estimates and assumptions that affect the reported amounts in our unaudited condensed consolidated financial statements and the accompanying notes including receivables allowances, depreciation of rental equipment, the recoverability of long-lived assets, useful lives and impairment of long-lived tangible and intangible assets including goodwill and trade name, pension and postretirement benefits, valuation of stock-based compensation, reserves for litigation and other contingencies, accounting for income taxes and other matters arising during the normal course of business. We apply our best judgment, our knowledge of existing facts and circumstances and our knowledge of actions that we may undertake in the future in determining the estimates that will affect our condensed consolidated financial statements. We evaluate our estimates on an ongoing basis using our historical experience, as well as other factors we believe appropriate under the circumstances, such as current economic conditions, and adjust or revise our estimates as circumstances change. As future events and their effects cannot be determined with precision, actual results may differ from these estimates.

OVERVIEW OF OUR BUSINESS AND OPERATING ENVIRONMENT

We are engaged principally in the business of renting equipment. Ancillary to our principal business of equipment rental, we also sell used rental equipment, sell new equipment and consumables and offer certain services and support to our customers. Our profitability is dependent upon a number of factors including the volume, mix and pricing of rental transactions and the utilization of equipment. Significant changes in the purchase price or residual values of equipment or interest rates can have a significant effect on our profitability depending on our ability to adjust pricing for these changes. Our business requires significant expenditures for equipment, and consequently we require substantial liquidity to finance such expenditures. See "Liquidity and Capital Resources" below.

Our revenues primarily are derived from rental and related charges and consist of:

- Equipment rental (includes all revenue associated with the rental of equipment including ancillary revenue from delivery, rental protection programs and fueling charges);
- Sales of rental equipment and sales of new equipment, parts and supplies; and
- Service and other revenue (primarily relating to training and labor provided to customers).

Our operating expenses primarily consist of:

- Direct operating expenses (primarily wages and related benefits, facility costs and other costs relating to the operation and rental of rental equipment, such as delivery, maintenance and fuel costs);
- Cost of sales of rental equipment, new equipment, parts and supplies;
- Depreciation expense relating to rental equipment;
- Selling, general and administrative expenses;
- Transaction expenses;
- Non-rental depreciation and amortization; and
- Interest expense.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Recent Developments and Economic Conditions

Local markets continue to be impacted by the elevated interest rate environment and continued economic uncertainty. Our diversification across industries and project types have contributed to the resiliency of our business and we believe the operating environment continues to favor equipment rental companies of scale. We actively monitor the impact of the dynamic macroeconomic environment and manage our business to adjust to such conditions. During the second quarter of 2025, we financed the acquisition of H&E, in part, with a combination of fixed and floating rate debt. The weighted average effective interest rate on our new debt instruments combined is 6.8%. We monitor our exposure to floating rate debt and reevaluate our capital allocation strategy, as necessary.

We have returned to a more normalized cadence of rental equipment expenditures and disposals, remaining mindful of the possibility we may experience supply chain disruptions in the future. Although inflation appears to have stabilized, we have experienced and expect to continue to experience inflationary pressures, potentially as a result of tariffs imposed, a portion of which may be passed on to customers. Currently, we do not expect any direct impact of tariffs on our procurement costs in 2025. There are also costs for which the pass through to customers is less direct, such as repairs and maintenance, and labor. We cannot predict the extent to which our financial condition, results of operations or cash flows will ultimately be impacted by these ongoing economic conditions, however, we believe we are well-positioned to operate effectively through the present environment.

Acquisition of H&E Equipment Services, Inc.

On June 2, 2025, we completed the acquisition of H&E by acquiring all of the outstanding common stock of H&E in exchange for $78.75 in cash and 0.1287 shares of our common stock on a per-H&E share basis for a total purchase price of $4.8 billion The acquisition was funded by issuance of new debt consisting of $2.75 billion in Senior Notes, a $750 million Term Loan Facility and $2.5 billion of borrowings on the New ABL Credit Facility, of which approximately $1.6 billion was used to repay borrowings on the Prior ABL Credit Facility.

H&E was a full-service equipment rental company that provided its customers with a mix of high-quality general rental fleet including aerial work platforms, earthmoving equipment, material handling equipment, and other lines of equipment. H&E served a diverse mix of customers across both construction and industrial markets through its network of approximately 160 branches in over 30 U.S. states.

Divestiture of Cinelease

On July 31, 2025, the Company completed the divestiture of the Cinelease studio entertainment business for initial cash consideration of $100 million, subject to customary post-closing adjustments, and agreed upon earnouts pursuant to the purchase and sale agreement. The Company recognized a pre-tax gain on the divestiture of $1 million and used the net proceeds from the sale of Cinelease to repay a portion of the New ABL Credit Facility.

Seasonality

Our business is seasonal, with demand for our rental equipment tending to be lower in the winter months, particularly in the northern United States and Canada. Our equipment rental business, especially in the construction industry, has historically experienced decreased levels of business from December until late spring and heightened activity during our third and fourth quarters until December. We have the ability to manage certain costs to meet market demand, such as fleet capacity, the most significant portion of our cost structure. For instance, to accommodate increased demand, we increase our available fleet and staff during the second and third quarters of the year. A number of our other major operating costs vary directly with revenues or transaction volumes; however, certain operating expenses, including rent, insurance and administrative overhead, remain fixed and cannot be adjusted for seasonal demand, typically resulting in higher profitability in periods when our revenues are higher, and lower profitability in periods when our revenues are lower. To reduce the impact of seasonality, we are focused on expanding our customer base through products that serve different industries with less seasonality and different business cycles.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

RESULTS OF OPERATIONS

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025	2024	$ Change	% Change	2025	2024	$ Change	% Change
Equipment rental	$ 1,122	$ 866	$ 256	30 %	$ 2,731	$ 2,350	$ 381	16 %
Sales of rental equipment	151	81	70	86	362	215	147	68
Sales of new equipment, parts and supplies	18	9	9	100	46	28	18	64
Service and other revenue	13	9	4	44	28	24	4	17
Total revenues	**1,304**	**965**	**339**	**35**	**3,167**	**2,617**	**550**	**21**
Direct operating	467	334	133	40	1,173	967	206	21
Depreciation of rental equipment	246	174	72	41	613	499	114	23
Cost of sales of rental equipment	134	66	68	103	296	157	139	89
Cost of sales of new equipment, parts and supplies	12	6	6	100	30	18	12	67
Selling, general and administrative	166	120	46	38	411	349	62	18
Transaction expenses	38	3	35	NM	185	9	176	NM
Non-rental depreciation and amortization	70	33	37	112	148	92	56	61
Interest expense, net	134	69	65	94	282	193	89	46
(Gain) loss on assets held for sale	(1)	—	(1)	NM	48	—	48	NM
Other income, net	—	—	—	NM	(3)	(1)	(2)	200
Income (loss) before income taxes	**38**	**160**	**(122)**	**(76)**	**(16)**	**334**	**(350)**	**(105)**
Income tax provision	(8)	(38)	30	(79)	(7)	(77)	70	(91)
Net income (loss)	**$ 30**	**$ 122**	**$ (92)**	**(75)%**	**$ (23)**	**$ 257**	**$ (280)**	**(109)%**

NM - not meaningful

Three Months Ended September 30, 2025 Compared with Three Months Ended September 30, 2024

Equipment rental revenue increased $256 million, or 30%, during the third quarter of 2025 reflecting an increase in average OEC on rent, which includes the impact of the June 2025 acquisition of H&E. On a pro forma basis including the standalone, pre-acquisition results of H&E, equipment rental revenue decreased 6% year-over-year partially resulting from ongoing moderation in certain local markets where H&E's customer base was heavily concentrated. In addition, acquisition disruption at H&E, particularly within the salesforce, prior to the close of the acquisition has contributed to the year-over-year decline, however, through initiatives post-close, this has stabilized in the third quarter. The divestiture of Cinelease on July 31, 2025 also contributed to the year-over-year decline.

Sales of rental equipment increased $70 million, or 86%, during the third quarter of 2025 when compared to the third quarter of 2024 as we increased the volume of sales to improve the equipment mix and utilization focusing on acquisition fleet during the third quarter of 2025. The margin on sales of rental equipment was 11% in 2025 compared to 19% in 2024. The decrease in margin on sale of rental equipment in 2025 was due to the fair value markup of the acquisition fleet sold and a larger proportion of overall volume of sales through the lower margin auction channel.

Direct operating expenses in the third quarter of 2025 increased $133 million, or 40%, when compared to the third quarter of 2024. Direct operating expenses were 41.6% of equipment rental revenue in 2025, compared to 38.6% in the prior-year period. The increase as a percent of rental revenue related to lower fixed cost absorption due to the ongoing moderation of certain local markets and the impact of the H&E acquisition, primarily with respect to facilities expense, maintenance, delivery and fuel. Total company maintenance expense increased $26 million as total fleet size has increased, facilities expense increased $20 million as we have added more locations through acquisitions and opening greenfield locations, delivery expense increased $13 million and fuel increased $8 million on increased volume of rentals.

Depreciation of rental equipment increased $72 million, or 41%, during the third quarter of 2025 when compared to the third quarter of 2024 due to an increase in average fleet size primarily as a result of the H&E acquisition. Non-rental depreciation and amortization increased $37 million, or 112%, primarily due to amortization of intangible assets related to the H&E acquisition

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

and non-rental asset depreciation resulting from the growth of the business.

Selling, general and administrative expenses increased $46 million, or 38%, in the third quarter of 2025 when compared to the third quarter of 2024. Selling, general and administrative expenses were 14.8% and 13.9% of equipment rental revenue in 2025 compared to 2024, respectively, as a result of increased stock compensation expense and various other general administrative costs.

Transaction expenses were $35 million during the third quarter of 2025 compared to $3 million in the prior year due to costs incurred related to the acquisition of H&E, primarily registration fees for acquired fleet, consulting and professional fees.

Interest expense, net increased $65 million, or 94%, during the third quarter of 2025 when compared with the third quarter of 2024 due to the new debt facilities issued to fund the H&E acquisition at a weighted average effective interest rate of 6.8%.

Income tax provision was $8 million, with an effective tax rate of 21% during the third quarter of 2025 compared to $38 million and 24% in the same period of 2024. The effective tax rate in the current period was primarily driven by certain non-deductible costs and tax credits.

Nine Months Ended September 30, 2025 Compared with Nine Months Ended September 30, 2024

Equipment rental revenue increased $381 million, or 16%, during the nine months ended of 2025 reflecting an increase in average OEC on rent, which includes the impact of the June 2025 acquisition of H&E. On a pro forma basis including the standalone, pre-acquisition results of Otay and H&E, equipment rental revenue decreased 4.1% year-over-year partially resulting from ongoing moderation in certain local markets where H&E's customer base was heavily concentrated. In addition, acquisition disruption at H&E, particularly within the salesforce, prior to the close of the acquisition has contributed to the year-over-year decline, however, through initiatives post-close, this has stabilized in the third quarter. The divestiture of Cinelease on July 31, 2025 also contributed to the year-over-year decline.

Sales of rental equipment increased $147 million, or 68%, during the nine months ended of 2025 when compared to the nine months ended of 2024 as we increased the volume of sales to improve the equipment mix and utilization focusing on acquisition fleet. The margin on sales of rental equipment was 18% in 2025 compared to 27% in 2024. The decrease in margin on sale of rental equipment in 2025 resulted from the fair value markup of the acquisition fleet sold, a larger volume of sales through the lower margin auction channel and continued normalization of used equipment pricing in the market.

Direct operating expenses in the nine months ended of 2025 increased $206 million, or 21%, when compared to the nine months ended of 2024. Direct operating expenses were 43.0% of equipment rental revenue in 2025, compared to 41.1% in the prior-year period. The increase as a percent of rental revenue related to lower fixed cost absorption due to the impact of the ongoing moderation in certain local markets and the H&E acquisition, primarily with respect to facilities expense, maintenance and fuel. Total company facilities expense increased $40 million as we have added more locations through acquisitions and opening greenfield locations, maintenance expense increased $43 million as total fleet size has increased, and fuel increased $15 million.

Depreciation of rental equipment increased $114 million, or 23%, during the nine months ended of 2025 when compared to the nine months ended of 2024 due to an increase in average fleet size primarily the result of the H&E acquisition. Non-rental depreciation and amortization increased $56 million, or 61%, primarily due to amortization of intangible assets related to the H&E and Otay acquisitions and an increase in non-rental asset depreciation resulting from the growth of the business.

Selling, general and administrative expenses increased $62 million, or 18%, in the nine months ended of 2025 when compared to the nine months ended of 2024. Selling, general and administrative expenses were 15.0% and 14.9% of equipment rental revenue in 2025 compared to 2024, respectively. The slight increase as a percent of equipment rental revenue was primarily related to an increase in stock compensation expense and other general administrative costs, partially offset by initial cost synergies related to reduction of H&E corporate overhead as well as overall cost control measures introduced to mitigate the impact of ongoing moderation in certain local markets.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Transaction expenses were $185 million during the nine months ended of 2025 compared to $9 million in the prior year due to costs incurred related to the acquisition of H&E, primarily the one-time termination fee paid on behalf of H&E of $64 million, advisory fees of $27 million, commitment fees related to the Bridge Facility of $21 million, and various other consulting and legal fees.

Interest expense, net increased $89 million, or 46%, during the nine months ended of 2025 when compared with the nine months ended of 2024 due to the new debt facilities issued to fund the H&E acquisition at a weighted average effective interest rate of 6.8%.

Loss on assets held for sale was $48 million during the nine months ended of 2025 to adjust the carrying value of Cinelease net assets to its fair value less estimated costs to sell prior to its divestiture on July 31, 2025.

Income tax provision was $7 million, with an effective tax rate of 44% during the nine months ended of 2025 compared to $77 million and 23% in the same period of 2024. The effective tax rate in the current period was primarily driven the level of pre-tax loss, offset by non-deductible transaction costs, tax credits and a benefit related to stock-based compensation.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of liquidity include the payment of operating expenses, purchases of rental equipment to be used in our operations, servicing of debt, funding acquisitions, payment of dividends, and share repurchases. Our primary sources of funding are operating cash flows, cash received from the disposal of equipment and borrowings under our debt arrangements. As of September 30, 2025, we had approximately $8.2 billion of total nominal indebtedness outstanding.

Our liquidity as of September 30, 2025 consisted of cash and cash equivalents of $61 million and unused commitments of approximately $1.7 billion under our New ABL Credit Facility and AR Facility (together, the "Facilities"). See "Borrowing Capacity and Availability" below for further discussion. Our practice is to maintain sufficient liquidity through cash from operations and our Facilities to mitigate the impacts of any adverse financial market conditions on our operations. We believe that cash generated from operations and cash received from the disposal of equipment, together with amounts available under the Facilities or other financing arrangements will be sufficient to meet working capital requirements, anticipated capital expenditures, payment of dividends, and debt payments, if any, over the next twelve months.

In conjunction with the acquisition of H&E, we issued new debt consisting of $2.8 billion in senior unsecured notes, a $750 million term loan facility and $2.5 billion of borrowings on a new asset based revolving credit facility, of which approximately $1.6 billion was used to repay borrowings on the prior asset based revolving credit facility. The combined weighted average interest rate on the new debt instruments at September 30, 2025 was 6.8%. The term loan facility requires quarterly payments in an aggregate amount equal to 1.00% per annum beginning in December 2025, with the balance due at the maturity of the facility in June 2032. The remaining debt instruments issued during the quarter do not have any principal payment requirements prior to their maturity dates in 2030 and 2033. See Note 9, "Debt" included in Part I, Item 1 "Financial Statements" of this Report for more information.

Cash Flows

Significant factors driving our liquidity position include cash flows generated from operating activities and capital expenditures. Historically, we have generated and expect to continue to generate positive cash flow from operations. Our ability to fund our capital needs will be affected by our ongoing ability to generate cash from operations and access to capital markets.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

The following table summarizes the change in cash and cash equivalents for the periods shown (in millions):

	Nine Months Ended September 30,		
	2025	2024	$ Change
Cash provided by (used in):			
Operating activities	$ 770	$ 894	$ (124)
Investing activities	(4,794)	(1,243)	(3,551)
Financing activities	4,002	420	3,582
Effect of exchange rate changes	—	—	—
Net change in cash and cash equivalents	**$ (22)**	**$ 71**	**$ (93)**

Operating Activities

During the nine months ended September 30, 2025, we generated $124 million less cash from operating activities compared with the same period in 2024. The decrease was primarily related to decreased profitability driven by transaction expenses incurred and additional interest expense payments related to additional borrowings for the acquisition of H&E.

Investing Activities

Cash used in investing activities increased $3,551 million during the nine months ended September 30, 2025 when compared with the prior-year period. Our primary use of cash in investing activities is for the acquisition of rental equipment, non-rental capital expenditures and acquisitions. Generally, we rotate our equipment and manage our fleet of rental equipment in line with customer demand and continue to invest in our information technology, service vehicles and facilities. Changes in our net capital expenditures are described in more detail in the "Capital Expenditures" section below. Acquisition expenditures of $4,256 million were related to the cash portion of the H&E acquisition.

Financing Activities

Financing cash flows increased $3,582 million during the nine months ended September 30, 2025 when compared with the prior-year period. Financing activities primarily represents our changes in debt. During the current period, we issued $2.75 billion in senior unsecured notes, a $750 million term loan facility and borrowed $3,928 million on our revolving lines of credit and securitization which were used primarily to fund the acquisition of H&E and invest in rental equipment. This was offset by repayments of $3,299 million through borrowings on the new revolving line of credit to extinguish the prior revolving line of credit, the proceeds from the Cinelease divestiture and through operations. Net repayments in the prior year period were $291 million.

In order to reduce future cash interest payments, as well as future amounts due at maturity or upon redemption, we may from time to time repurchase our debt, including our notes, bonds, loans or other indebtedness, in privately negotiated, open market or other transactions and upon such terms and at such prices as we may determine. We will evaluate any such transactions in light of then-existing market conditions, taking into account our current liquidity and prospects for future access to capital. The repurchases may be material and could relate to a substantial proportion of a particular class or series, which could reduce the trading liquidity of such class or series.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Capital Expenditures

Our capital expenditures relate largely to purchases of rental equipment, with the remaining portion representing purchases of property, equipment, and information technology. The table below sets forth the capital expenditures related to our rental equipment and related disposals for the periods noted (in millions).

	Nine Months Ended September 30,	
	2025	2024
Rental equipment expenditures	$ 835	$ 753
Disposals of rental equipment	(306)	(198)
Net rental equipment expenditures	**$ 529**	**$ 555**

Net capital expenditures for rental equipment decreased $26 million during the nine months ended September 30, 2025 compared to the same period in 2024. Rental equipment expenditures and disposals have increased in the current year to shift the mix of fleet, drive revenue synergies and improve utilization.

Borrowing Capacity and Availability

Our Facilities provide our borrowing capacity and availability. Creditors under the Facilities have a claim on specific pools of assets as collateral as identified in each credit agreement. Our ability to borrow under the Facilities is a function of, among other things, the value of the assets in the relevant collateral pool. We refer to the amount of debt we can borrow given a certain pool of assets as the "Borrowing Base."

In connection with the AR Facility, we sell accounts receivable on an ongoing basis to a wholly-owned special-purpose entity (the "SPE"). The accounts receivable and other assets of the SPE are encumbered in favor of the lenders under our AR Facility. The SPE assets are owned by the SPE and are not available to settle the obligations of the Company or any of its other subsidiaries. Substantially all of the remaining assets of Herc and certain of its U.S. and Canadian subsidiaries are encumbered in favor of our lenders under our New ABL Credit Facility. None of such assets are available to satisfy the claims of our general creditors. See Note 11, "Debt" to the notes to our consolidated financial statements included in Part II, Item 8 "Financial Statements" included in our Annual Report on Form 10-K for the year ended December 31, 2024, and Note 9, "Debt" included in Part I, Item 1 "Financial Statements" of this Report for more information.

With respect to the Facilities, we refer to "Remaining Capacity" as the maximum principal amount of debt permitted to be outstanding under the Facilities (i.e., the amount of debt we could borrow assuming we possessed sufficient assets as collateral) less the principal amount of debt then-outstanding under the Facility. We refer to "Availability Under Borrowing Base Limitation" as the lower of Remaining Capacity or the Borrowing Base less the principal amount of debt then-outstanding under the Facility (i.e., the amount of debt we could borrow given the collateral we possess at such time).

As of September 30, 2025, the following was available to us (in millions):

	Remaining Capacity	Availability Under Borrowing Base Limitation
New ABL Credit Facility	$ 1,689	$ 1,689
AR Facility	—	—
Total	**$ 1,689**	**$ 1,689**

As of September 30, 2025, $53 million of standby letters of credit were issued and outstanding, none of which have been drawn upon. The New ABL Credit Facility had $197 million available under the letter of credit facility sublimit, subject to borrowing base restrictions.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Covenants

Our New ABL Credit Facility, our AR Facility, our Term Loan Facility and our Notes contain a number of covenants that, among other things, limit or restrict our ability to dispose of assets, incur additional indebtedness, incur guarantee obligations, prepay certain indebtedness, make certain restricted payments (including paying dividends, redeeming stock or making other distributions), create liens, make investments, make acquisitions, engage in mergers, fundamentally change the nature of our business, make capital expenditures, or engage in certain transactions with certain affiliates.

Under the terms of our New ABL Credit Facility, our AR Facility, our Term Loan Facility and our Notes, we are not subject to ongoing financial maintenance covenants; however, under the New ABL Credit Facility, failure to maintain certain levels of liquidity will subject us to a contractually specified fixed charge coverage ratio of not less than 1:1 for the four quarters most recently ended. As of September 30, 2025, the appropriate levels of liquidity have been maintained, therefore this financial maintenance covenant is not applicable.

Additional information on the terms of our Notes, Prior ABL Credit Facility, and AR Facility is included in Note 11, "Debt" to the notes to our consolidated financial statements included in Part II, Item 8 "Financial Statements" included in our Annual Report on Form 10-K for the year ended December 31, 2024. For a discussion of the risks associated with our indebtedness, see Part I, Item 1A "Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2024.

Dividends

On August 8, 2025, we declared a quarterly dividend of $0.70 per share to record holders as of August 22, 2025, with payment date of September 5, 2025. The declaration of dividends on our common stock is discretionary and will be determined by our board of directors in its sole discretion and will depend on our business conditions, financial condition, earnings, liquidity and capital requirements, contractual restrictions and other factors. The amounts available to pay cash dividends are restricted by our debt agreements.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of September 30, 2025, there have been no material changes to our indemnification obligations as disclosed in Note 17, “Commitments and Contingencies” in our Annual Report on Form 10-K for the year ended December 31, 2024. For further information, see the discussion on indemnification obligations included in Note 13, "Commitments and Contingencies" in Part I, Item 1 "Financial Statements" of this Report.

For information concerning contingencies, see Note 13, "Commitments and Contingencies" in Part I, Item 1 "Financial Statements" of this Report.

RECENT ACCOUNTING PRONOUNCEMENTS

For a discussion of recent accounting pronouncements, see Note 2, "Basis of Presentation and Significant Accounting Policies" in Part I, Item 1 "Financial Statements" of this Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of market risks, including the effects of changes in interest rates (including credit spreads), foreign currency exchange rates, and fluctuations in fuel prices. We manage our exposure to these market risks through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. Derivative financial instruments are viewed as risk management tools and have not been used for speculative or trading purposes. In addition, derivative financial instruments are entered into with a diversified group of major financial institutions in order to manage our exposure to counterparty nonperformance on such instruments.

As of September 30, 2025, there has been no material change in the information reported under Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," in our Annual Report on Form 10-K for the year ended December 31, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our senior management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined under Exchange Act Rules 13a-15(e) and 15d-15(e), as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2025, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

On June 2, 2025, we completed the acquisition of H&E. We are in the process of evaluating the existing controls and procedures of H&E and integrating H&E into our internal control over financial reporting. In accordance with SEC guidance, companies are permitted to exclude an acquired business from their assessment of internal control over financial reporting during the first year of an acquisition while integrating the acquired company, and we have excluded the H&E acquisition from our evaluation of disclosure controls and procedures as of and for the nine months ended September 30, 2025.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

HERC HOLDINGS INC. AND SUBSIDIARIES

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of certain pending legal proceedings see Note 13, "Commitments and Contingencies" to the notes to our condensed consolidated financial statements in Part I, Item 1 "Financial Statements" of this Report.

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes to our risk factors from those previously disclosed under Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024.

We may fail to realize all of the anticipated benefits of the acquisition of H&E or those benefits may take longer to realize than expected.

We believe that there are significant benefits and synergies from the acquisition that may be realized through leveraging the complementary footprint and fleet mix of Herc and H&E. However, the efforts to realize these benefits and synergies will be a complex process and may disrupt our operations if not implemented in a timely and efficient manner. The full benefits of the acquisition, including the anticipated cost and revenue synergies, may not be realized as expected or may not be achieved within the anticipated timeframe, or at all. Failure to achieve the anticipated benefits of the acquisition could adversely affect our results of operation or cash flows, cause dilution to our earnings per share, decrease or delay any accretive effect of the acquisition and negatively impact the price of our common stock.

Integration of H&E into our business may be difficult, costly and time-consuming, and the anticipated benefits and cost savings of the acquisition may not be realized.

Our ability to realize the anticipated benefits of the acquisition will depend, to a large extent, on our ability to integrate H&E into our business. We cannot assure you that we will be able to successfully integrate H&E into our business or, if the integration is successfully accomplished, that the integration will not be more costly or take longer than presently contemplated. If we cannot successfully integrate H&E within the anticipated timeframe following the acquisition, we may not be able to realize the potential and anticipated benefits of the acquisition, which could have a material adverse effect on our business, financial condition and operating results.

Our ability to realize the expected synergies and benefits of the acquisition is subject to a number of risk and uncertainties, many of which are outside of our control. These risks and uncertainties could adversely impact our business, financial condition and operating results, and include, among other things:

- our ability to complete the timely integration of operations and systems, organizations, standards, controls, procedures, policies and technologies, as well as the harmonization of differences in the business cultures;
- our ability to minimize the diversion of management attention from our ongoing business concerns during the process of integration;
- our ability to retain the service of key management and other key personnel of both us and H&E;
- our ability to preserve customer and other important relationships and resolve potential conflicts that may arise;
- the risk that certain customers will opt to discontinue business with us;
- the risk that H&E may have liabilities that we failed to or were unable to discover in the course of performing due diligence;
- the risks associated with current macroeconomic trends (such as potential trade wars and rising energy costs) that could have a negative effect on the potential synergies associated with the combination;
- the risk that integrating H&E into our business may be more difficult, costly or time-consuming than anticipated;
- difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from the combination; and
- difficulties in managing the expanded operations of the combined company and related difficulties in managing the financial accounting and reporting processes associated with a larger combined company.

We may encounter additional integration-related costs, fail to realize all of the benefits anticipated, or be subject to other factors that adversely affect our preliminary estimates regarding the combined company.

In addition, even if the operations of H&E are integrated successfully, the full benefits of the acquisition may not be realized, including the synergies and cost savings that we expect. The occurrence of any of these events, individually or in combination, could have a material adverse effect on our business, financial condition and operating results.

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

Share Repurchase Program

In March 2014, we announced a $1 billion share repurchase program (the "Share Repurchase Program"), which replaced an earlier program. The Share Repurchase Program permits us to purchase shares through a variety of methods, including in the open market or through privately negotiated transactions, in accordance with applicable securities laws. We are not obligated to make any repurchases at any specific time or in any specific amount and our repurchases may be subject to certain predetermined price/volume guidelines, set from time-to-time, by our board of directors. The timing and extent to which we repurchase shares will depend upon, among other things, strategic priorities, market conditions, share price, liquidity targets, contractual restrictions, regulatory requirements and other factors. Share repurchases may be commenced or suspended at any time or from time-to-time, subject to legal and contractual requirements, without prior notice. There were no share repurchases during the nine months ended September 30, 2025. As of September 30, 2025, the approximate dollar value that remains available for share purchases under the Share Repurchase Program is $161 million.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	
2.1	Agreement and Plan of Merger, dated as of February 19, 2025, by and among H&E Equipment Services, Inc., Herc Holdings Inc. and HR Merger Sub Inc. (Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Herc Holdings (File No. 001-33139), as filed on February 20, 2025).
3.1.1	Amended and Restated Certificate of Incorporation of Herc Holdings (Incorporated by reference to Exhibit 3.1 to the Annual Report on Form 10-K of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on March 30, 2007).
3.1.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Herc Holdings, effective as of May 14, 2014 (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Hertz Global Holdings, Inc. (File No. 001-33139), as filed on May 14, 2014).
3.1.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Herc Holdings, dated June 30, 2016 (reflecting the registrant's name change to "Herc Holdings Inc.") (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Herc Holdings (File No. 001-33139), as filed on July 6, 2016).
3.1.4	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Herc Holdings, dated June 30, 2016 (Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K of Herc Holdings (File No. 001-33139), as filed on July 6, 2016).
3.2	Amended and Restated By-Laws of Herc Holdings Inc., effective May 11, 2023 (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Herc Holdings Inc. (File No. 001-33139), as filed on May 15, 2023).
10.1	Amendment No. 6 to the Receivables Financing Agreement (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Herc Holdings (File No. 001-33139), as filed on September 4, 2025).
10.2*	Amendment No. 2 to Purchase and Contribution Agreement, dated as of August 29, 2025, among Herc Rentals Inc., as the Seller; Herc Receivables US LLC, as the Purchaser; and Herc Rentals Inc., as the Collection Agent.
31.1*	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002 of 2002
31.2*	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities and Exchange Act of 1934, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002
32.1**	18 U.S.C. Section 1350 Certifications of Principal Executive Officer and the Principal Financial Officer
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Filed herewith
**Furnished herewith

SIGNATURE

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

Date: October 28, 2025	HERC HOLDINGS INC. (Registrant)
	By: /s/ MARK HUMPHREY
	Mark Humphrey *Senior Vice President and Chief Financial Officer*