Custom Truck One Source

4th Quarter & Full-Year 2021 Investor Presentation

March 10, 2022









CUSTOM TRUCK ONE SOURCE™



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This presentation includes certain financial measures that have not been prepared in a manner that complies with generally accepted accounting principles in the United States ("GAAP"), including, without limitation, EBITDA, Adjusted EBITDA, and Pro Forma Adjusted EBITDA (collectively, the "non-GAAP financial measures"). These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing the Company's financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income, net revenue, net cash provided by operating activities, earnings per fully-diluted share or other measures of profitability, liquidity or performance under GAAP. Management believes that these non-GAAP financial measures provide meaningful information to investors because they provide insight into how effectively we operate our business. You should be aware that these non-GAAP financial measures may not be comparable to similarly-titled measures used by other companies. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the appendix of this presentation.

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Strong Q4 and Full-Year 2021 Financial Results

- Delivered record quarterly Gross Profit and Adj. EBITDA despite continued supply chain constraints
  - Strong pro forma revenue growth vs. 2020
- Results reflect continued robust end-market fundamentals driving increased demand in all three business segments
- Strong rental revenue growth and continued solid demand for new truck sales
  - Rental revenue increased 5% vs. Q3 ‘21 and new sales remained strong despite supply chain constraints
  - New sales backlog up 22% vs. Q3 ‘21 to $412 million and up 169% vs. Q4 ‘20
- Avg. OEC on Rent increased ~$48 million vs. Q3 ’21, to $1.15 billion
- Integration remains ahead of schedule
- Established record of conservative balance sheet management
  - Positive free cash flow generation and Adj. EBITDA growth combined to reduce pro forma leverage to under 4.0x from 4.6x at the close of the merger



Unique Business Model = Strong Value Creation

Attractive end markets with long-term secular growth drivers	Recently passed Infrastructure Bill will further supercharge end-market tailwinds
Differentiated one-stop shop business model with strong unit economics for rent or buy	Best-in-class asset level returns: Rental Asset ROICs of 19%+ and New Sales margins of 13%+
Market leading specialty rental fleet	Youngest, highest quality equipment in the industry
Long-term relationships with blue-chip customer base	Demonstrated ability to grow with our customers and win new logos
Coast to coast footprint provides superior customer service and flexibility	37 branches and 350 technicians, with ability to expand even further
CTOS/Nesco merger is creating multiple operating synergy opportunities	$55M+ of cost synergies identified and in-process of being realized
Executing on a well-defined growth strategy	Value creation for shareholders
Solid balance sheet and consistent cash flow generation	Financial flexibility to invest for growth

Favorable End-Market Dynamics

Strong, Multi-Year End Market Tailwinds With Upside From 2021 Infrastructure Bill

T&D

Rapidly increasing major projects driven by need for grid upgrades and renewable energy investment, coupled with frequent, often government mandated, maintenance

T&D Capex

~$70B	6.8%
Annual Total Spend	*'17-'19 CAGR*

Infrastructure Bill Impact: $73B

TELECOM

Build-out and implementation of 5G technology driving investments over next decade while significant recurring maintenance of existing networks required

Telecom Capex

~$80B	3.0%
Annual Total Spend	*'17-'19 CAGR*

Infrastructure Bill Impact: $65B

RAIL

Aging rail infrastructure drives extensive replacement / refurbishment spend, while increasing consumer usage and freight transportation needs are driving investment

Rail Capex

~$10B	5.4%
Annual Total Spend	*'17-'19 CAGR*

Infrastructure Bill Impact: $66B

INFRASTRUCTURE

Large and growing pent-up demand in North America with growing bipartisan support to address

Infrastructure Capex

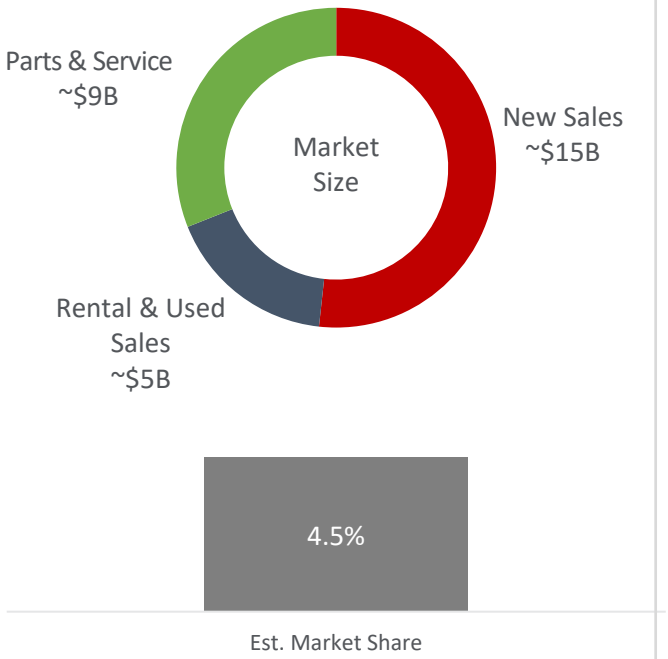
~$200B	6.8%
Annual Total Spend	*'17-'19 CAGR*

Infrastructure Bill Impact: $200B

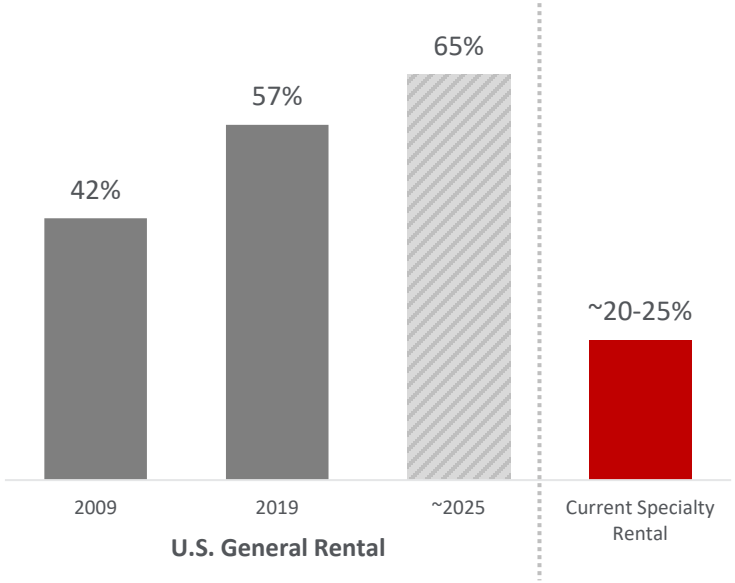
Source: FactSet, FMI, and Wall Street research.

Large Addressable Market with Strong Secular Growth

~$30B Total Addressable Market[1]



Rental Penetration[2]



General Rental Penetration in Other Markets

60%	65%	80%	80%
Australia	*Europe*	*Japan*	*UK*

Key Drivers of Rental

- Improved asset utilization with significantly reduced storage and maintenance costs
- Better risk management with dedicated customer care
- Capital allocation flexibility for end users
- Wider range of modern productive equipment in rental fleets
- Health & safety regulations have increased implicit cost of ownership & maintenance
- Increased outsourcing by utilities to comparably asset-light contractors

(1) Market size based on management estimates. Market share calculated based on 2019 revenue as a percentage of total addressable market.
(2) Rental percentage of equipment fleet.

Diverse, Highly Loyal Customer Base

Highlights

- Serve more than 3,000 customers, with the top 15 customers representing ~19% of revenue
- No customer represents more than 3% of company revenue
- Strong brand recognition and awareness among industry-leading customers
- 15+ year tenure with top customers
- Breadth of equipment and geographic reach enables servicing of largest national customers with recurring business tied to long-term engagements

Diverse Customer Base



Note: Metrics are as of and for the year ended 12/31/21, unless otherwise noted.

Differentiated “One-Stop-Shop” Business Model

Integrated Production Capabilities and Rental + Sales Model Provides Unique Value Proposition

Integrated Production Capabilities

Unit Economic Advantages

Chassis OEM



Body OEM



Attachment OEM



Boom



Cable Placer



Bucket

Completed Unit







One-Stop-Shop Value Proposition

Multiple Revenue Streams

Service Offering

- Production and Customization
- Rental
- New and Used Sales
- Aftermarket Parts and Service
- Financing
- Disposal

End Markets Served

- TRANSMISSION & DISTRIBUTION (T&D)
- RAIL
- INFRASTRUCTURE
- TELECOM
- Waste

Strong, Consistent Returns

Customer Benefits

- ✓ End-to-end customer solution
- ✓ Single point of contact for customer
- ✓ Ability to customize equipment to meet customer needs

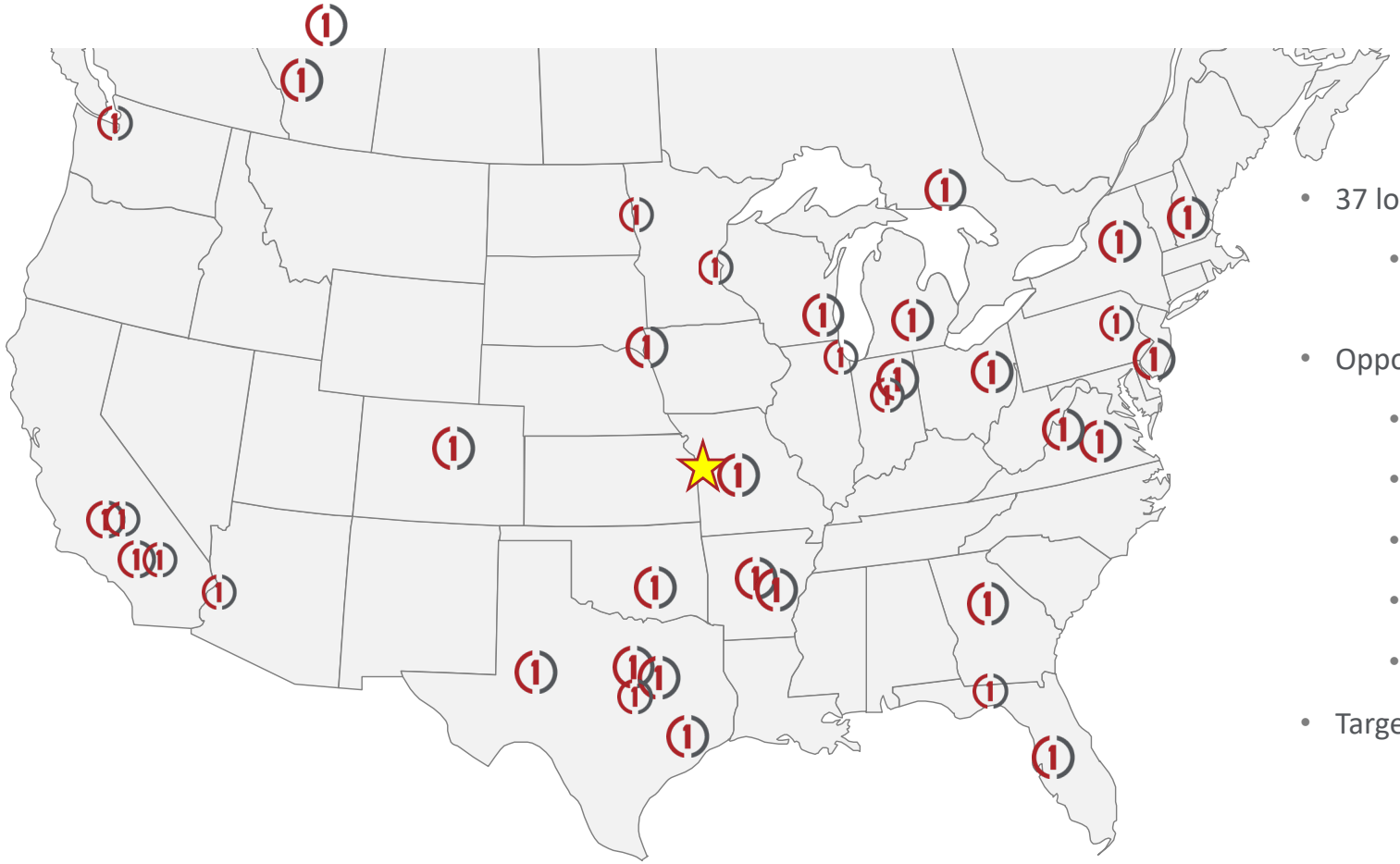
CTOS Benefits

- ✓ Superior unit economics
- ✓ Size and Scale
- ✓ Production efficiencies and cost leverage
- ✓ Increased opportunity for customer share-of-wallet

Note: Graphic shows representative components and is not intended to be exhaustive.

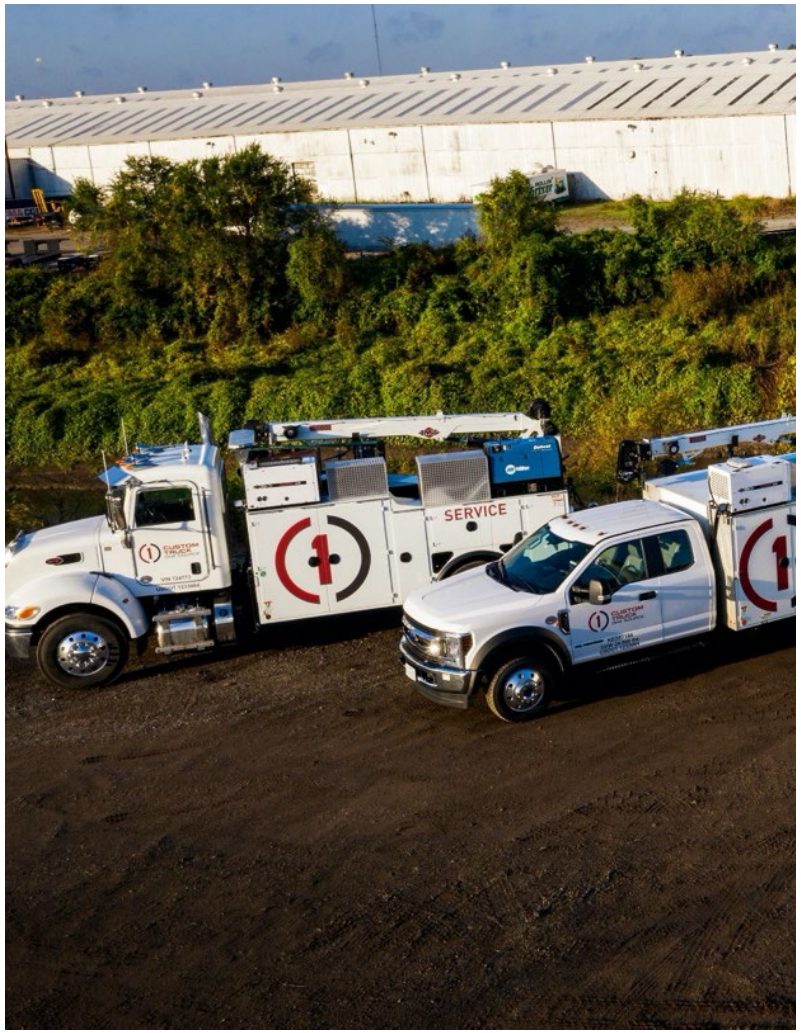
National Branch Network

National footprint provides flexibility in managing the rental fleet and superior customer service for rental and sales customers



- 37 locations and 350 technicians in the U.S. and Canada
  - 80 mobile technicians capable of being deployed across the country
- Opportunity remains to invest in under served regions
  - Pacific Northwest
  - Northern California
  - NY/NJ Metro
  - Carolinas
  - Southwest
- Targeting several new sites over the next 3 years

Our ESG Strategy



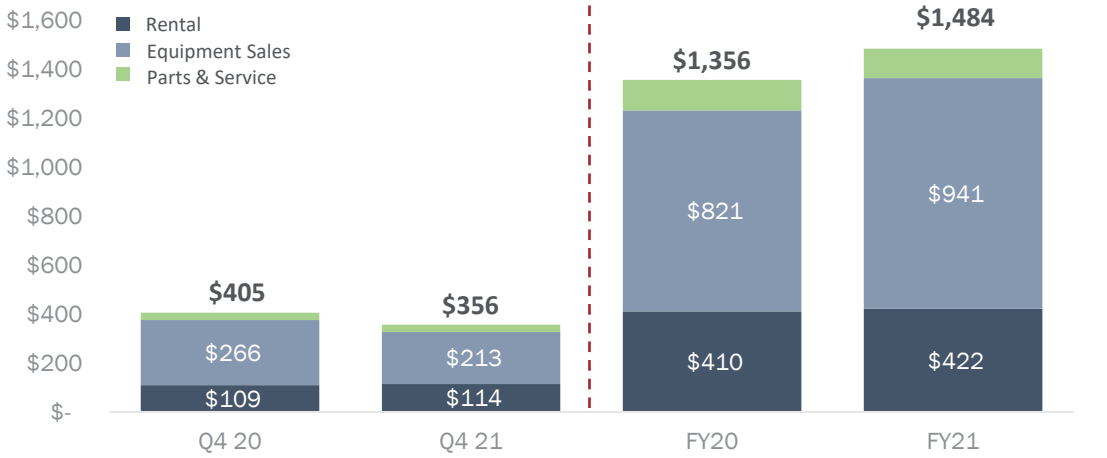
- With the integration largely complete, we have begun developing our Environmental, Social and Governance (ESG) strategy
- Our Board is dedicated to, and actively involved in, the process
- Our ESG plan will:
  - Build upon the core values shared across our organization
  - Highlight the sustainable nature of our end markets
  - Become an essential aspect of our culture and how we do business



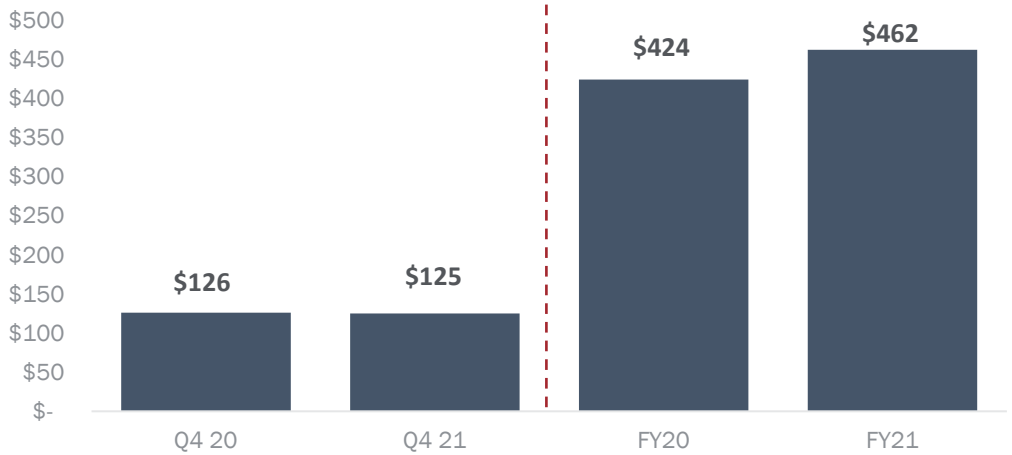
Consolidated Pro Forma Operating Performance(1)(2)

Revenue and Adjusted EBITDA grew 9% and 13%, respectively, for the full year

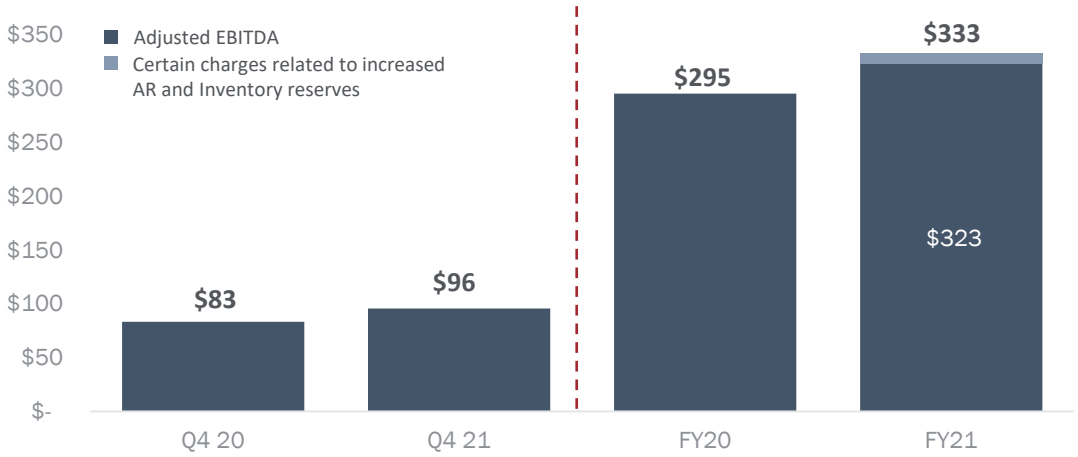
Pro Forma Revenue



Pro Forma Adjusted Gross Profit



Pro Forma Adjusted EBITDA excl. certain charges



- Revenue grew 9% in 2021 vs. 2020, driven by 15% equipment sales growth and continue strength in rentals, despite supply chain constraints
- Rental revenue grew 3% compared to 2020, driven by improved utilization and ORY but offset due to smaller fleet size
- Adjusted gross profit improved $38M (+9%) in 2021 vs. 2020, and margins for Q4 ‘21 were 35% vs. 31% for Q4 ‘20 due to improved pricing and revenue mix shift
- Q4 ‘21 SG&A, excluding stock compensation, was $39M, a decrease of $5M vs. Q3 ‘21

(1) Pro forma combined information is as if Nesco Holdings’ acquisition of Custom Truck LP occurred on January 1, 2020
(2) **Adjusted EBITDA** and **Adjusted Gross Profit** are non-GAAP measures. Refer to the supplemental information provided in the Appendix for reconciliations to the most comparable GAAP measures.

CTOS Reporting Segments

Reporting segments align with our go-to market strategies and capital allocation decisions

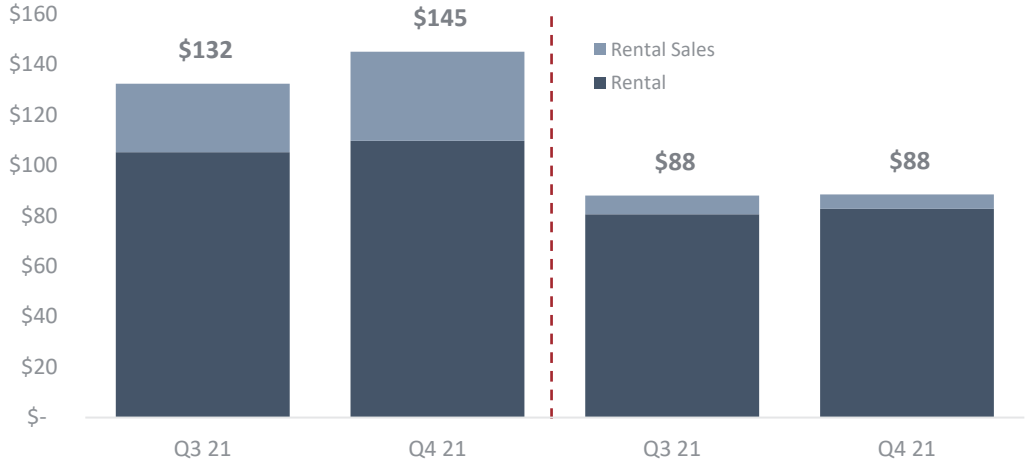
Equipment Rental Solutions (ERS)	Truck & Equipment Sales (TES)	Aftermarket Parts & Service (APS)

➢ Includes results from core rental revenues, sale of rental assets, and related ancillary fees revenues and expenses
➢ Key Metrics
  ➢ Utilization
  ➢ OEC on Rent
  ➢ On Rent Yield (ORY)
	➢ Includes results from new and used (non-rental) sales, as well as the impacts from our production and manufacturing activities
	➢ Key Metrics
	  ➢ New Sales Backlog
		➢ Includes results from sales of external parts and services, as well as the rental activity associated with the accessories business

Equipment Rental Solutions (ERS)

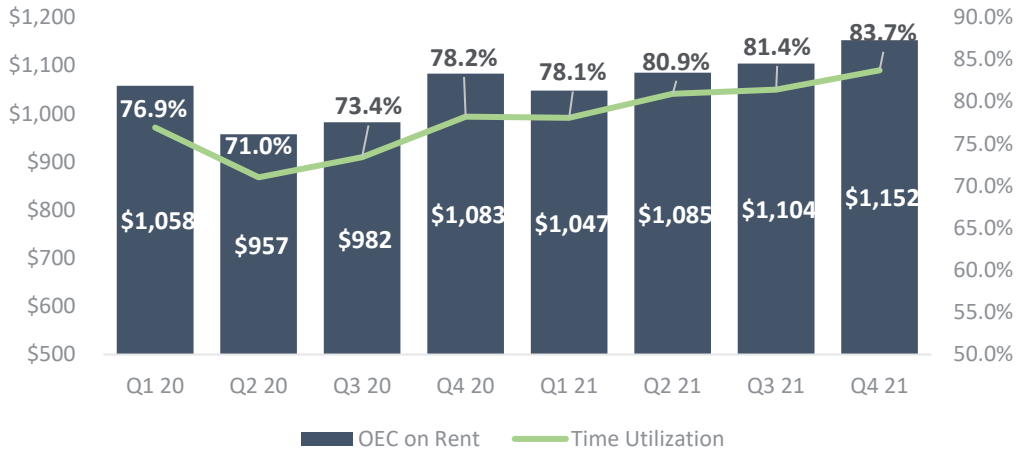
Revenue up 9.6% vs. Q3 2021, driven by improved utilization

Revenue & Adjusted Gross Profit

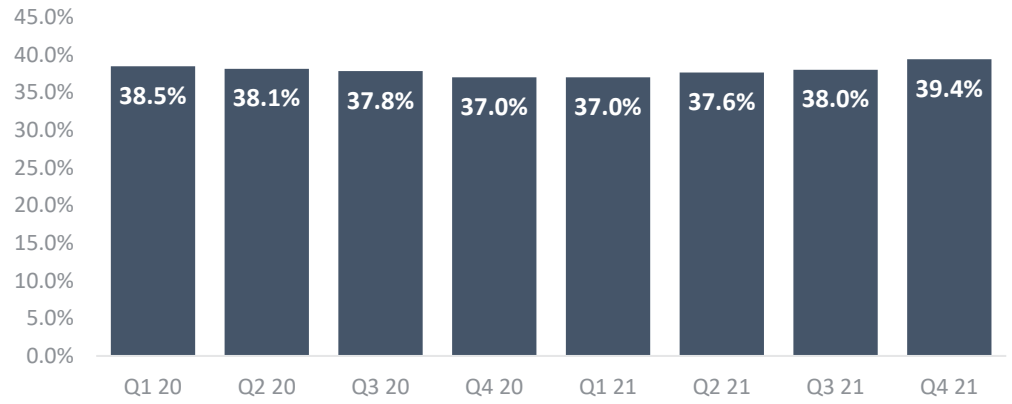


- ERS performance continues to perform at a high level, with utilization improving to ~84% and OEC on rent at record levels
- Rental gross margins continued to be strong at 75% for Q4 ‘21 and 73% for the full year, driven by lower bad debt charges and lower repair & maintenance costs
- *Refer to the appendix for Q4 2021 ERS results*

Utilization & OEC on Rent



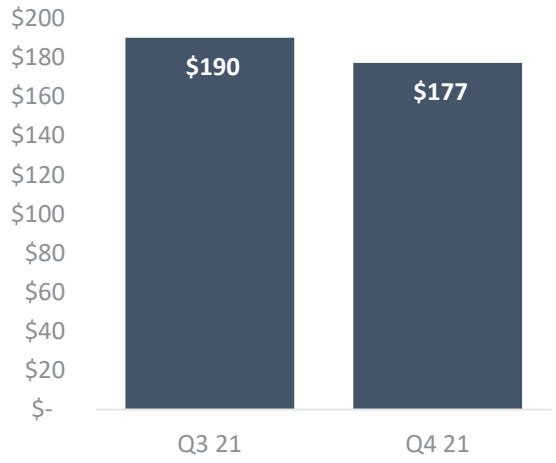
On Rent Yield



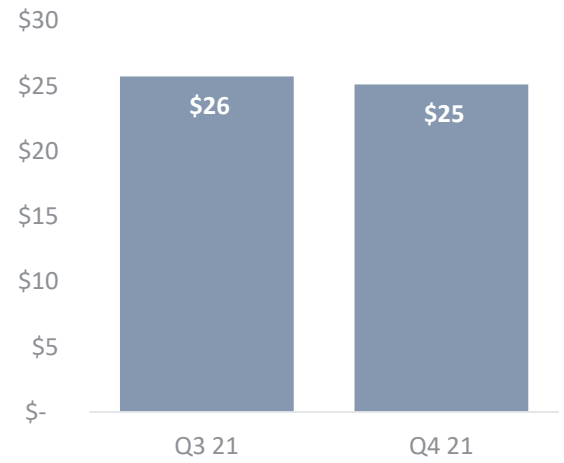
Truck & Equipment Sales (TES)

New sales order backlog grew by 22% in Q4 2021

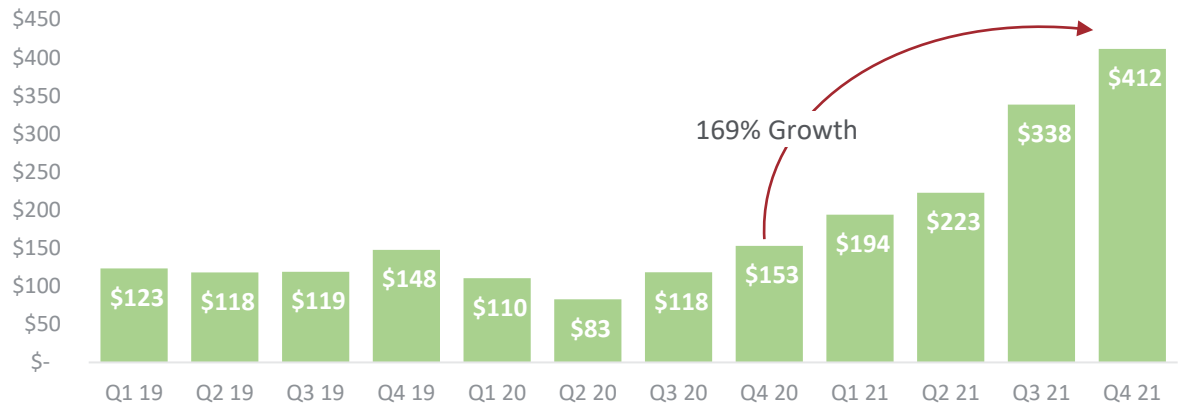
Revenue



Adjusted Gross Profit[1]



New Sales Backlog



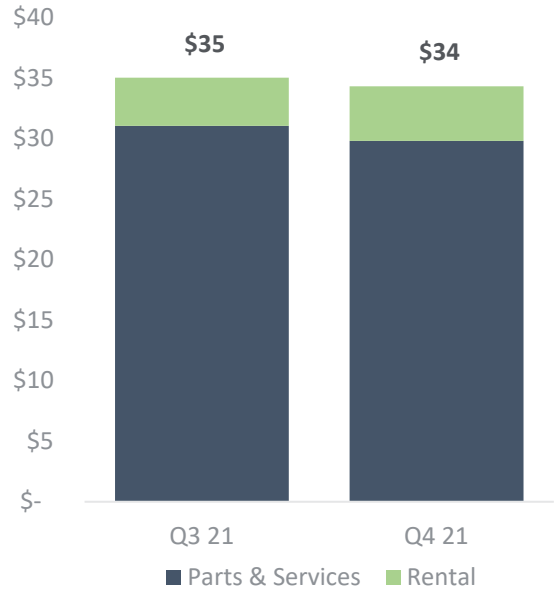
- Revenue declined $13M in Q4 ‘21 due mainly to continued supply chain constraints
- New sales backlog grew by $73M, or 22%, in Q4 ‘21 and is up 169% since the end of 2020; backlog growth was strong across all key product segments
- Gross margins were 14.2% in Q4 ‘21, up from 13.5% in Q3 ‘21
  - *Gross margin in Q4 ‘20 for standalone Custom Truck LP was 11.9%*
- Adjusted Gross Profit excludes the impact of purchase accounting of $8.1M in Q3 ‘21 and $1.7M in Q4 ‘21
- Margin expansion reflects impact of focused pricing strategies, continuous improvement in production efficiency, and reduction on inventory reserve charges
- *Refer to the appendix for Q4 2021 TES results*

(1) Gross profit excludes the impact of purchase accounting

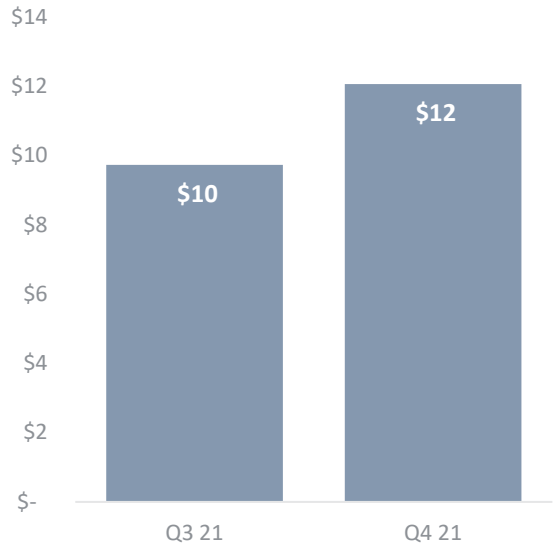
Aftermarket Parts & Service (APS)

APS margins improved ~740 bps to 35% in Q4 2021, driven by continued focus on cost improvements

Revenue



Adjusted Gross Profit[1]



- Q4 '21 results reflect continued focus on improving cost structure and operational execution of the aftermarket rental business
- Service-related revenues continue to be negatively impacted by incremental rental related service performed in house
- Gross margins in Q4 '21 were 35.2%, up from 27.8% in Q3 '21; margin improvement driven by realized cost synergies at legacy Nesco sites and reduction in inventory reserve charges
- *Refer to the appendix for Q4 2021 APS results*

APS Next Steps

- Leverage the large installed based on rental and sales customers with clear go-to market strategy and product offering
- Additional investment to increase market share of captive and specialized parts business, which have margins of 50%+
- Invest in footprint expansion and capabilities
- Continued focus on cost reductions through operational efficiencies
- Enhance digital consumer experience to accelerate growth

(1) Gross profit excluding depreciation is a non-GAAP financial measure, which the Company calculates as segment gross profit plus depreciation of rental equipment.

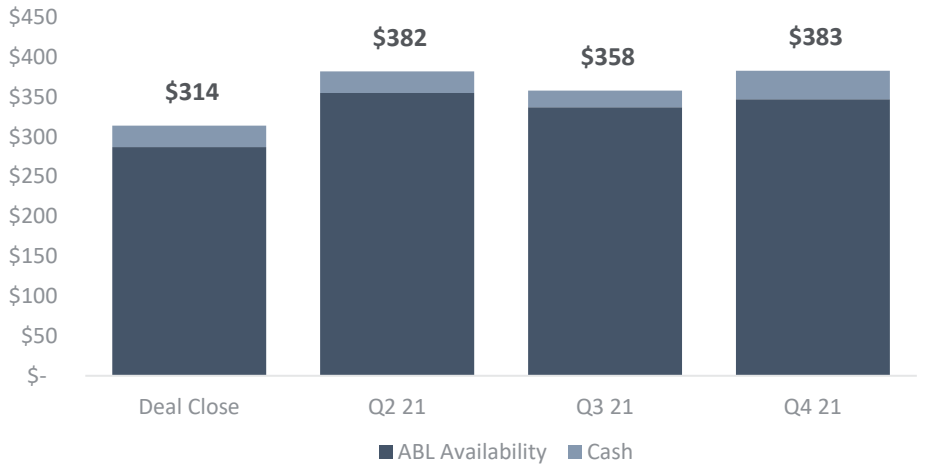
Balance Sheet & Capex

Continue to strengthen the balance sheet and demonstrated ability to de-lever quickly through cash flow generation and Adjusted EBITDA growth

Improved leverage by 0.6x since the merger



Available liquidity up $69MM since the merger



Net Capital Expenditures[1] were $11 million in Q4 '21

($ in millions)	Q4 2021	FY 2021
Gross Rental Asset Additions	$47	$237
Non-Rental Asset Additions	-	4
Gross Capex	**$47**	**$242**
Proceeds From Sale of Assets	(36)	(141)
Net Capex	**$11**	**$100**

(1) FY 2021 figures are pro forma combined

Sum of individual line items may not equal subtotal and total amounts due to rounding.

- Leverage at the end of Q4 '21 was under 4.0x 2021 Pro Forma Adjusted EBITDA and continues to improve compared to the leverage at deal close
- Net capex was $11M compared to $55M in Q3 '21; driven by continued to demand for equipment but limited by supply chain constraints
- Total available liquidity was $383M at the end of Q4 '21, up from Q3 '21 as result of lower capex

2022 Outlook

	FY21 Pro Forma	FY22 Outlook	Growth
Consolidated Revenue	$1.48 billion	$1.57 - $1.75 billion	6% - 18%
ERS		*$610 - $650 million*	
TES		*$825 - $950 million*	
APS		*$130 - $150 million*	
Adjusted EBITDA	$333 million	$385 - $410 million	16% - 23%

Highlights

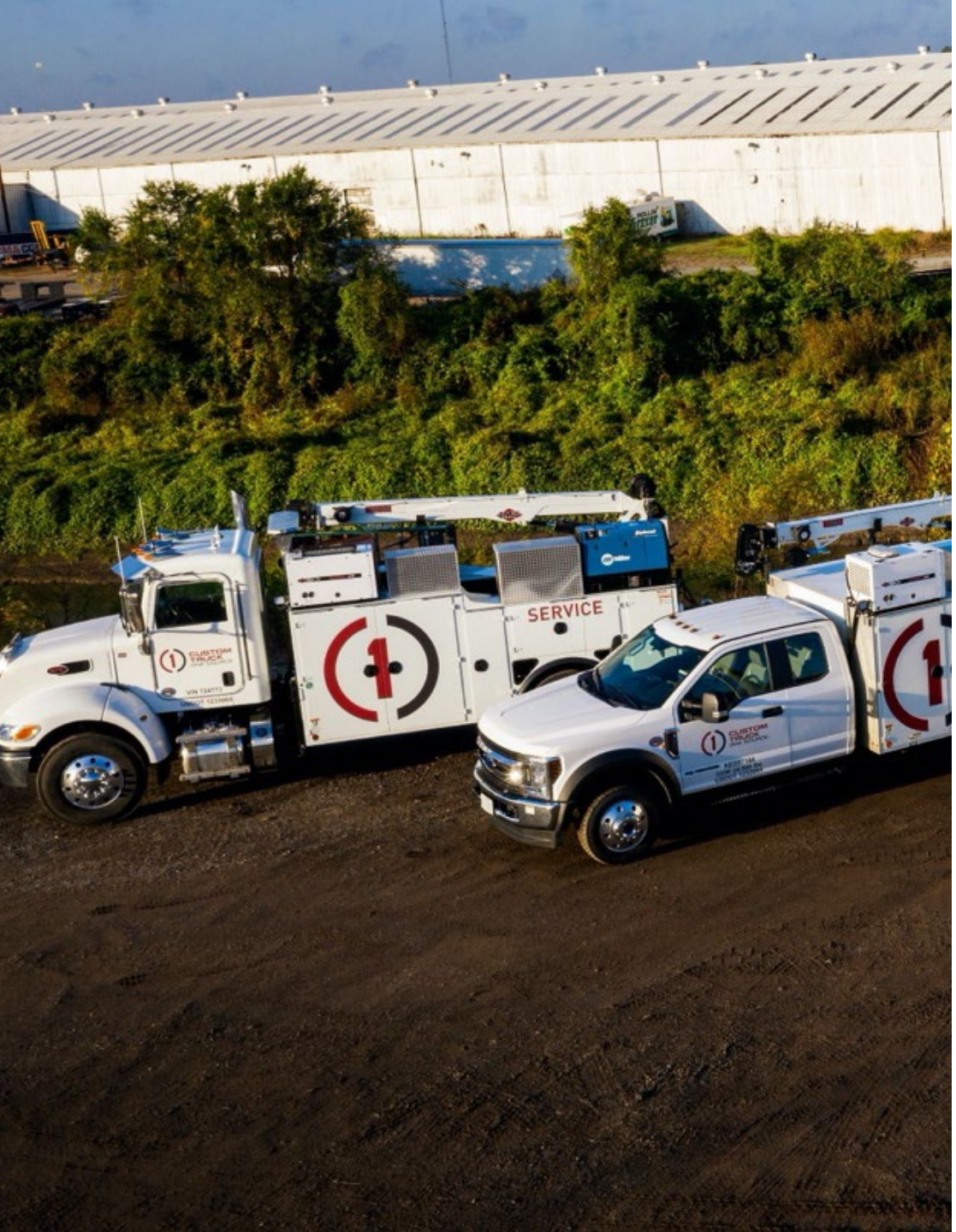
- Reflects continued strength in our end markets, with minimal impact from the Infrastructure Investment and Jobs Act
  - Adequately considers impacts from continued supply chain challenges through at least the first half of 2022
- Continued focus on improving margins across all three segments
- Includes full year benefit from the recent HiRail acquisition
- Expect to be free cash flow positive for the year

Summary

1. Favorable End-Market Dynamics with Secular Growth Drivers
2. Differentiated “One-Stop-Shop” Business Model
3. CTOS Well-Positioned for Continued Growth & Margin Expansion
4. Integration is Largely Complete and Driving Cost Efficiencies
5. Demonstrated Performance and Financial Profile Support Growth Opportunities



CTOS is Well Positioned to Deliver Significant Value Creation



Appendix

Adjusted EBITDA Reconciliation

	Actual					Pro Forma			
	Three Months Ended September 30, 2021	Three Months Ended December 31,		Twelve Months Ended December 31,		Three Months Ended December 31,		Twelve Months Ended December 31,	
(in $ millions)		2020	2021	2020	2021	2020	2021	2020	2021
Net income (loss)	$ (21)	$ (7)	$ (4)	$ (21)	$ (182)	$ 11	$ (3)	$ (96)	$ (91)
Interest expense	17	15	18	63	68	15	18	75	71
Income tax expense (benefit)	—	(4)	(6)	(30)	4	(3)	(6)	(58)	34
Depreciation and amortization	67	21	63	85	209	55	63	223	244
EBITDA	63	25	71	97	100	78	73	143	258
Adjustments:									
Non-cash purchase accounting impact (1)	6	1	6	3	34	1	5	22	16
Transaction and integration costs (2)	8	7	9	12	52	2	9	53	17
Loss on extinguishment of debt (3)	—	—	—	—	62	—	—	64	—
Sales-type lease adjustment (4)	4	—	4	—	7	1	4	3	8
Share-based payments (5)	5	1	5	2	17	1	5	4	18
Change in fair value of derivative and warrants (6)	(1)	(1)	1	5	6	(1)	1	5	6
Adjusted EBITDA	$ 84	$ 32	$ 96	$ 119	$ 278	$ 83	$ 96	$ 295	$ 323

Adjusted EBITDA is defined as net income (loss) plus interest expense, provision for income taxes, depreciation and amortization, and further adjusted for non-cash purchase accounting impact, transaction and process improvement costs, including business integration expenses, share-based payments, the change in fair value of derivative instruments, sales-type lease adjustment, and other special charges that are not expected to recur. This non-GAAP measure is subject to certain limitations.

(1) Represents the non-cash impact of purchase accounting, net of accumulated depreciation, on the cost of equipment and inventory sold. The equipment and inventory acquired received a purchase accounting step-up in basis, which is a non-cash adjustment to the equipment cost pursuant to our credit agreement.
(2) Represents transaction costs related to acquisitions of businesses, including post-acquisition integration costs. These expenses are comprised of professional consultancy, legal, tax and accounting fees. Also included are expenses associated with the integration of acquired businesses.
(3) Loss on extinguishment of debt represents a special charge, which is not expected to recur. Such charges are adjustments pursuant to our credit agreement.
(4) Represents the adjustment for the impact of sales-type lease accounting for certain leases containing rental purchase options (or "RPOs"), as the application of sales-type lease accounting is not deemed to be representative of the ongoing cash flows of the underlying rental contracts. This adjustment is made pursuant to our credit agreement.
(5) Represents non-cash share-based compensation expense associated with the issuance of stock options and restricted stock units.
(6) Represents the charge to earnings for our interest rate collar and the change in fair value of the liability for warrants.

Sum of individual line items may not equal subtotal and total amounts due to rounding.

Adjusted Gross Profit Reconciliation

(in $ millions)	Actual					Pro Forma			
	Three Months Ended September 30, 2021	Three Months Ended December 31,		Twelve Months Ended December 31,		Three Months Ended December 31,		Twelve Months Ended December 31,	
		2020	2021	2020	2021	2020	2021	2020	2021
Revenue									
Rental revenue	$ 109	$ 51	$ 114	$ 195	$ 370	$ 109	$ 114	$ 410	$ 422
Equipment sales	217	18	213	57	695	266	213	821	941
Parts sales and services	31	14	30	51	102	30	30	125	120
Total Revenue	357	83	356	303	1,167	405	356	1,356	1,484
Cost of revenue	242	41	233	148	800	279	231	932	1,022
Depreciation of rental equipment	50	19	46	79	157	46	46	185	184
Total cost of revenue	292	60	279	226	957	325	277	1,117	1,205
Less: Depreciation of rental equipment	(50)	(19)	(46)	(79)	(157)	(46)	(46)	(185)	(184)
Cost of revenue excluding depreciation	242	41	233	148	800	279	231	932	1,022
Adjusted Gross Profit	115	42	124	155	367	126	125	424	462
Less: Depreciation of rental equipment	(50)	(19)	(46)	(79)	(157)	(46)	(46)	(185)	(184)
Gross Profit - GAAP	$ 65	$ 23	$ 78	$ 76	$ 210	$ 80	$ 79	$ 239	$ 278

Adjusted Gross Profit is defined as Gross Profit excluding depreciation of rental equipment and is a financial performance measure that we use to monitor our results from operations. We believe the exclusion of depreciation expense of the rental fleet provides a meaningful measure of financial performance because it provides useful information relating to profitability that reflects ongoing and direct operating expenses, such as freight costs and fleet maintenance costs, related to our rental fleet. Although management evaluates and presents this non-GAAP measure for the reasons described herein, please be aware that this non-GAAP measure has limitations and should not be considered in isolation or as a substitute for revenue, gross profit or any other comparable operating measure prescribed by GAAP. In addition, we may calculate and/or present this non-GAAP financial measure differently than measures with the same or similar names that other companies report, and as a result, the non-GAAP measure we report may not be comparable to those reported by others.

Sum of individual line items may not equal subtotal and total amounts due to rounding.

Supplementary Segment Data — ERS

(in $ millions)	Three Months Ended September 30, 2021 CTOS Inc.	Three Months Ended December 31, 2021 CTOS Inc.
Rental revenue	$ 105	$ 110
Equipment sales	27	35
Total revenue	132	145
Cost of revenue:		
Cost of rental revenue	25	27
Cost of equipment sales	20	30
Depreciation of rental equipment	49	44
Total cost of revenue	93	100
Gross profit	$ 39	$ 45

Sum of individual line items may not equal subtotal and total amounts due to rounding.

Supplementary Segment Data — TES

(in $ millions)	Three Months Ended September 30, 2021 CTOS Inc.	Three Months Ended December 31, 2021 CTOS Inc.
Equipment sales	$ 190	$ 177
Cost of equipment sales	172	154
Gross profit	$ 18	$ 23

Sum of individual line items may not equal subtotal and total amounts due to rounding.

Supplementary Segment Data — APS

(in $ millions)	Three Months Ended September 30, 2021 CTOS Inc.	Three Months Ended December 31, 2021 CTOS Inc.
Rental revenue	$ 4	$ 5
Parts and services revenue	31	30
Total revenue	35	34
Cost of revenue:		
Cost of revenue	25	22
Depreciation of rental equipment	1	2
Total cost of revenue	26	24
Gross profit	$ 9	$ 10

Sum of individual line items may not equal subtotal and total amounts due to rounding.

Net Capex Reconciliation

(in $ millions)	Actual				Pro Forma		
	Three Months Ended December 31,		Twelve Months Ended December 31,		CTOS Inc. Twelve Months Ended December 31, 2021	Custom Truck LP Three Months Ended March 31, 2021	Pro Forma Combined Twelve Months Ended December 31, 2021
	2020	2021	2020	2021			
Purchases of rental equipment	$ 8	$ 47	$ 68	$ 188	$ 188	$ 49	$ 237
Purchase of other property and equipment	—	—	1	3	3	1	4
Total Capital Expenditures	9	47	68	192	192	50	242
Less:					—		
Proceeds from sale of rental equipment	(9)	(36)	(39)	(98)	(98)	(43)	(141)
Net Capital Expenditures	$ (1)	$ 11	$ 29	$ 93	$ 93	$ 7	$ 100

Net Capital Expenditures is defined as cash purchases of rental equipment and property and other equipment, less proceeds from sales of rental equipment. Net capital expenditures is a financial performance measure that we use to monitor our investing cash flows related to our rental fleet. Although management evaluates and presents this non-GAAP measure for the reasons described herein, please be aware that this non-GAAP measure has limitations and should not be considered in isolation or as a substitute for cash flow from operating activities, investing activities or any other comparable measure prescribed by GAAP. In addition, we may calculate and/or present this non-GAAP financial measure differently than measures with the same or similar names that other companies report, and as a result, the non-GAAP measure we report may not be comparable to those reported by others.

Sum of individual line items may not equal subtotal and total amounts due to rounding.

Leverage Ratio Calculation

(in $ millions) (As of Period End)	September 30, 2021	December 31, 2021
Current Maturities of Long-Term Debt	$ 5	$ 6
Current Portion of Finance Leases	4	4
Long-Term Debt, Net	1,324	1,308
Finance Leases	5	5
Add: Deferred Financing Costs	34	33
Total Debt and Finance Leases	1,373	1,357
Less: Cash and Cash Equivalents	(21)	(36)
Net Debt and Finance Leases	$ 1,352	$ 1,321
Pro Forma Combined Adjusted EBITDA (Current Year to Date Period)	$ 228	$ 323
Less: Pro Forma Combined Adjusted EBITDA (Prior Year to Date Period)	(206)	N/A
Add: Nesco Holdings Adjusted EBITDA (Fiscal Year 2020)	119	N/A
Add: Custom Truck LP Adjusted EBITDA (Fiscal Year 2020)	176	N/A
LTM Adjusted EBITDA	$ 317	$ 323
Leverage Ratio	4.27	4.09
Charges taken during the second quarter primarily related to increased reserves of leasing receivables and inventories	N/A	$ 9.8
LTM Adj EBITDA Less Charges	N/A	332.9
Leverage Ratio	4.27	3.97

Leverage Ratio is defined as current maturities and long-term debt and finance lease obligations, net of cash and cash equivalents ("net debt") divided by Adjusted EBITDA for the previous twelve-month period ("last twelve months," or "LTM").

Sum of individual line items may not equal subtotal and total amounts due to rounding.