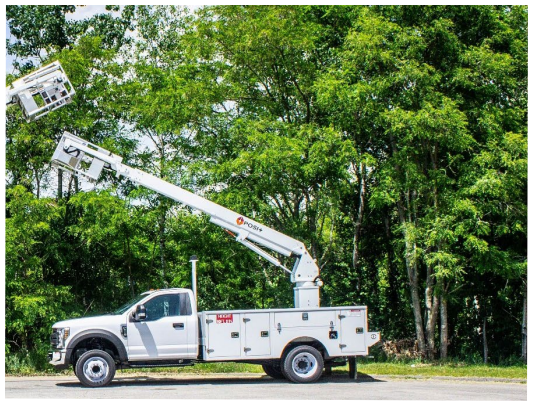
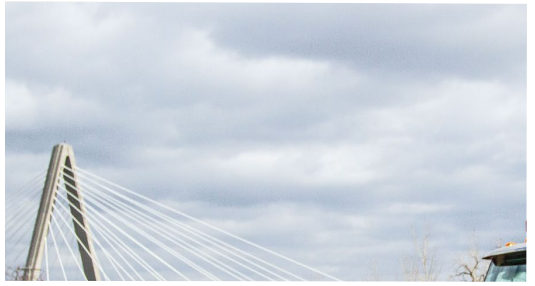
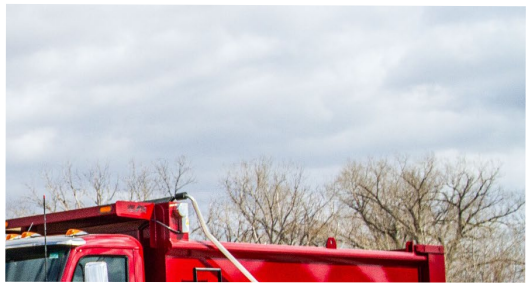
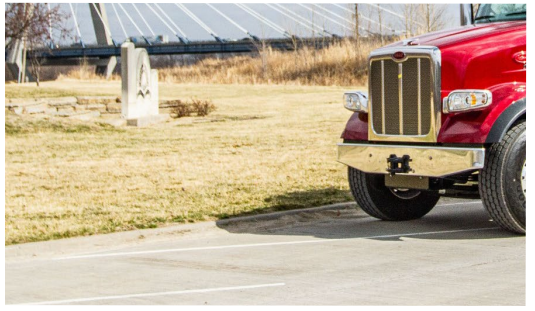



Custom Truck One Source

4th Quarter 2024 Investor Presentation

March 4, 2025










Safe Harbor

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, Adjusted Gross Profit, Adjusted Gross Margin, EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA (collectively, the "non-GAAP financial measures"). These non-GAAP financial measures 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 measures of financial performance in accordance with 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.

This presentation includes market data and other statistical information from third-party sources. Although CTOS believes these third-party sources are reliable as of their respective dates, CTOS has not independently verified the accuracy or completeness of this information

Forward-Looking Statements

This presentation includes "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995, as amended, and within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, that are based on certain assumptions that management has made in light of its experience in the industry, as well as the Company's perceptions of historical trends, current conditions, expected future developments and other factors the Company believes are appropriate in these circumstances. When used in this presentation, the words "estimates," "projected," "expects," "anticipates," "forecasts," "suggests," "plans," "targets," "intends," "believes," "seeks," "may," "will," "should," "future," "propose," "could," "would," and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside management's control, that could cause actual results or outcomes to differ materially from those discussed in this presentation. Important factors, among others, that may affect actual results or outcomes include: increases in labor costs, changes in U.S. trade policy, our inability to obtain raw materials, component parts and/or finished goods in a timely and cost-effective manner, and our inability to manage our rental equipment in an effective manner; competition in the equipment dealership and rental industries; our sales order backlog may not be indicative of the level of our future revenues; increases in unionization rate in our workforce; our inability to attract and retain key personnel, including our management and skilled technicians; material disruptions to our operation and manufacturing locations as a result of public health concerns, equipment failures, natural disasters, work stoppages, power outages or other reasons; any further increase in the cost of new equipment that we purchase for use in our rental fleet or for sale as inventory; aging or obsolescence of our existing equipment, and the fluctuations of market value thereof; disruptions in our supply chain; our business may be impacted by government spending; we may experience losses in excess of our recorded reserves for receivables; uncertainty relating to macroeconomic conditions, unfavorable conditions in the capital and credit markets and our and our customers' inability to obtain additional capital as required; increases in price of fuel or freight; regulatory technological advancement, or other changes in our core end-markets may affect our customers' spending; our strategic initiatives including acquisitions and divestitures may not be successful and may divert our management's attention away from operations and could create general customer uncertainty; the interest of our majority stockholder, which may not be consistent with the other stockholders; volatility of our common stock market price; our significant indebtedness, which may adversely affect our financial position, limit our available cash and our access to additional capital, prevent us from growing our business and increase our risk of default; our inability to generate cash, which could lead to a default; significant operating and financial restrictions imposed by our debt agreements; changes in interest rates, which could increase our debt service obligations on the variable rate indebtedness and decrease our net income and cash flows; disruptions or security compromises affecting our information technology systems or those of our critical services providers could adversely affect our operating results by subjecting us to liability, and limiting our ability to effectively monitor and control our operations, adjust to changing market conditions or implement strategic initiatives; we are subject to complex laws and regulations, including environmental and safety regulations that can adversely affect cost, manner or feasibility of doing business; we are subject to a series of risks related to climate change; and increased attention to, and evolving expectations for, sustainability and environmental, social and governance initiatives. For a more complete description of these and other possible risks and uncertainties, please refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, and its subsequent reports filed with the Securities and Exchange Commission. All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the foregoing cautionary statements.

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CTOS at a Glance

Leading Integrated Provider of Specialty Equipment

- True “One-Stop-Shop” platform, focused on rental and sales
- Deep product knowledge and truck expertise
- Strong track record of consistent growth
- Favorable end markets with positive tailwinds
- Proven integration experience and operational focus
- Nationwide footprint, with recent expansion in underserved regions
- Established track record of conservative balance sheet management and de-levering

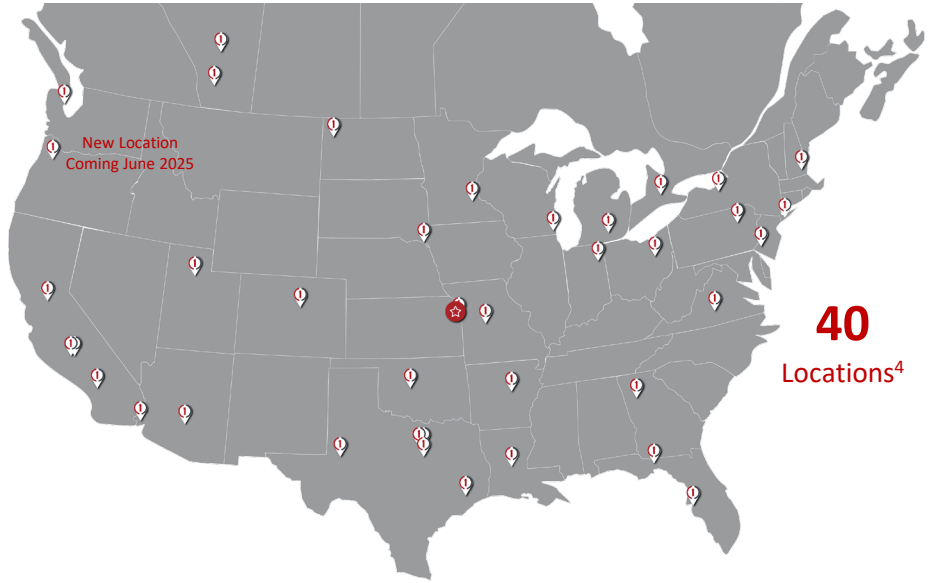
$1.8B+
LTM Revenue

$340M
LTM Adj. EBITDA[1]

2,600+
Employees[2]

10,000+
Fleet Units[2]

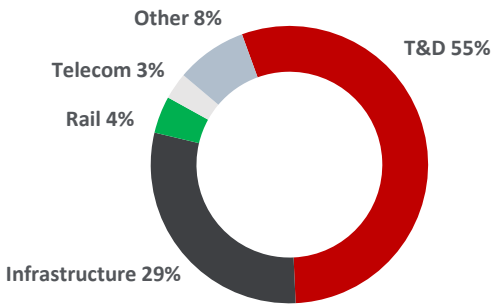
$1.52B
Fleet OEC[3]



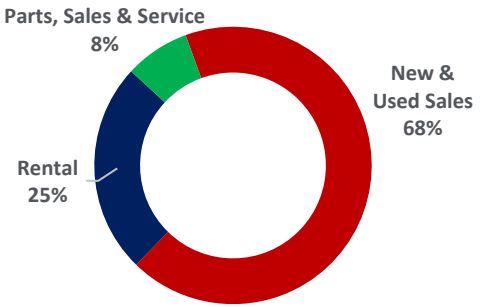
40
Locations[4]

End Market & Business Mix

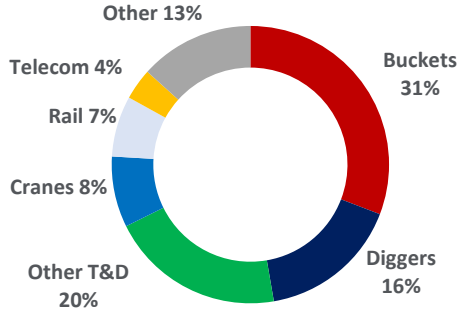
End Market[5]



Revenue[2]



Rental Fleet OEC[2]



(1) **Adjusted EBITDA** is a non-GAAP measure. Please refer to the supplemental information provided in the Appendix for reconciliations to the most comparable GAAP measure.
(2) As of, or for the twelve-month period ended, December 31, 2024.
(3) OEC represents the original equipment cost exclusive of the effect of purchase accounting adjustments applied to rental equipment acquired in business combinations and any rental equipment held for sale. As of December 31, 2024.
(4) Excludes third-party service locations. As of March 4, 2025.
(5) Based on FY24.

Q4 2024 – Ended the Year with Strong Performance

- Continued improved Utility utilization and strong demand from Infrastructure, Rail and Telecom end markets, resulted in excellent sequential growth in Q4:
  - Revenue of $521M, +16% vs. Q3 ‘24
  - Adjusted Gross Profit(1) of $168M , +22% vs. Q3 ‘24
  - Adjusted EBITDA(1) of $102M , +27% vs. Q3 ‘24
- ERS saw the Q3 gains in OEC on Rent and Utilization levels hold through Q4
  - Average OEC On Rent of over $1.2B, +16% from Q2 ’24
  - Average Utilization of 79%, +720 basis points from Q2 ’24
  - Sequential growth in rental revenue and rental asset sales in Q4 resulted in the 3rd consecutive quarter of segment revenue growth
- TES delivered record quarterly performance, with over $300M of revenue for the first time
  - Q4 Revenue of $308M, +18% vs. Q3 ‘24
  - New sales backlog of $369M at year, stands at just over 4 months of TES sales
  - Strong pace of net new orders in Q4 of over $280M, up 35% vs. Q4 ‘23
- Focused efforts to reduce inventory to more normalized levels in Q4
  - Inventory down $150M+ from the end of Q3 and $170M+ from peak levels at the end of August 2024
  - Expect to continue to reduce inventory into 2025



(1) **Adjusted Gross Profit and Adjusted EBITDA** are non-GAAP measures. Refer to the supplemental information provided in the Appendix for reconciliations to the most comparable GAAP measures.

2024 – Setting up a Year of Growth in 2025

- Strong Q4 performance allowed us to finish the year on a strong note
  - 2024 Revenue of $1.8B+
    - ERS: $598M
    - TES: $1.055B
    - APS: $149M
  - Adjusted Gross Profit(1) of $574M
  - Adjusted EBITDA(1) of $340M
- All three business segments had significant milestones in 2024:
  - ERS – Three consecutive quarters of sequential revenue gains despite challenging conditions
  - TES – Exceeded $1 billion of annual revenue for the first time
  - APS – Third consecutive year of annual revenue growth
- Continue to benefit from previous years' inventory investment
  - Supports continued strong demand for new equipment sales for TES
  - Catalyst for further investment in our ERS fleet in 2025, particularly for specialty vocational trucks that service the Infrastructure end market
- Opening new branch in Portland, OR in June 2025
  - Highlights our confidence in the strength of the rental market
  - Reinforces our commitment to our growth strategy, particularly in underserved markets



(1) **Adjusted Gross Profit and Adjusted EBITDA** are non-GAAP measures. Refer to the supplemental information provided in the Appendix for reconciliations to the most comparable GAAP measures.

Unique Business Model = Strong Value Creation

Attractive end markets with long-term secular growth drivers	Infrastructure Bill and Inflation Reduction Act 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 20%+ and New Sales margins of 15%-18%
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
Nationwide footprint provides superior customer service and operating flexibility	40 branches with more than 300 technicians, with ability to expand further
CTOS/Nesco combination created multiple operating synergy opportunities and scale benefits	Improved operating and production efficiency with increased scale resulting in enhanced vendor relationships
Executing on a well-defined growth strategy	Value creation for shareholders
Solid balance sheet and consistent cash flow generation	Financial flexibility to both reduce leverage and invest for growth

Favorable End-Market Dynamics

Strong, Multi-Year End Market Tailwinds With Upside From 2021 Infrastructure Investment and Jobs Act



T&D

Rapidly increasing major projects driven by AI-driven data center growth, the need for grid upgrades and hardening, renewable energy investment and EV mandates, coupled with frequent, often government mandated, maintenance

T&D Capex

~$95B	10.0%
Annual Total Spend '24E	*'20-'24E CAGR*

IIJA Impact: $79B



INFRASTRUCTURE

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

Infrastructure Capex

~$302B	8.5%
Annual Total Spend '24E	*'20-'24E CAGR*

IIJA Bill Impact: $210B



RAIL

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

Rail Capex

~$13B	7.2%
Annual Total Spend '24	*'20-'24 CAGR*

IIJA Bill Impact: $66B



TELECOM

Greatly expanded nationwide broadband offerings via the IIJA-funded BEAD program, as well as the continued build-out and implementation of 5G technology driving investments over next decade while significant recurring maintenance of existing networks required

Telecom Capex

~$95B	4.0%
Annual Total Spend '23	*'19-'23 CAGR*

IIJA Bill Impact: $65B

Source: Edison Electric Institute, FactSet, FMI and US Telecom

Diverse, Highly Loyal Customer Base

Highlights

- Serve more than 8,000 customers, with the top 15 customers representing ~17% 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

T&D

Infrastructure / Telecom

Rail

Note: Metrics are as of and for the year ended 12/31/23, 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)
- INFRASTRUCTURE
- RAIL
- 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

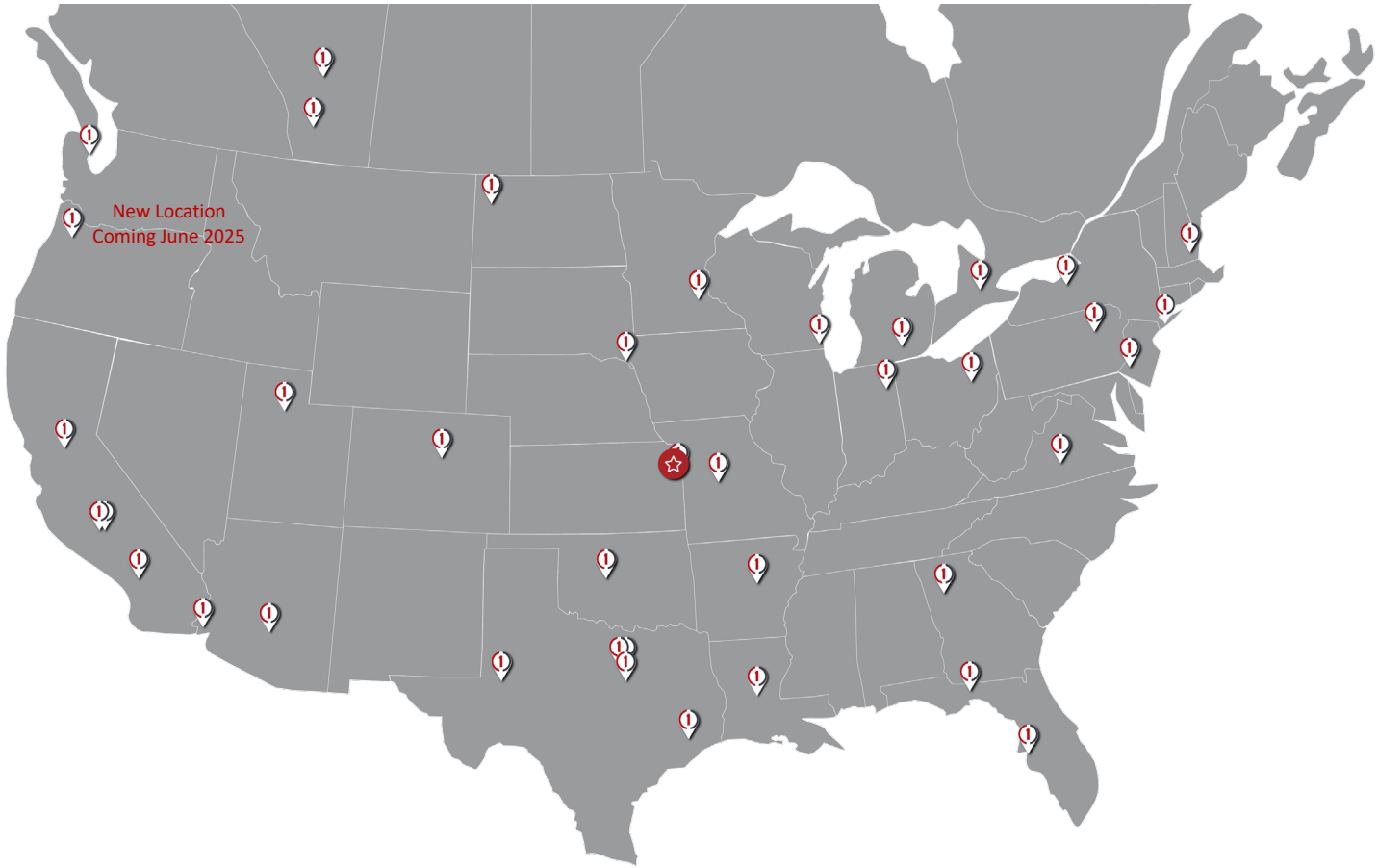
CTOS Benefits

- ✓ 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



- 40 locations in the U.S. and Canada, including a new location in Portland, OR opening in June 2025
  - Highlights our confidence in the strength of the rental market
  - Reinforces our commitment to our growth strategy
- More than 300 technicians located throughout our branches
  - 90+ mobile technicians capable of being deployed across the country
- Opportunity remains to invest in underserved regions
  - Pacific Northwest
  - Northern California
  - NY/NJ Metro
  - Carolinas
- Targeting several additional sites over the next few years

Our ESG Strategy





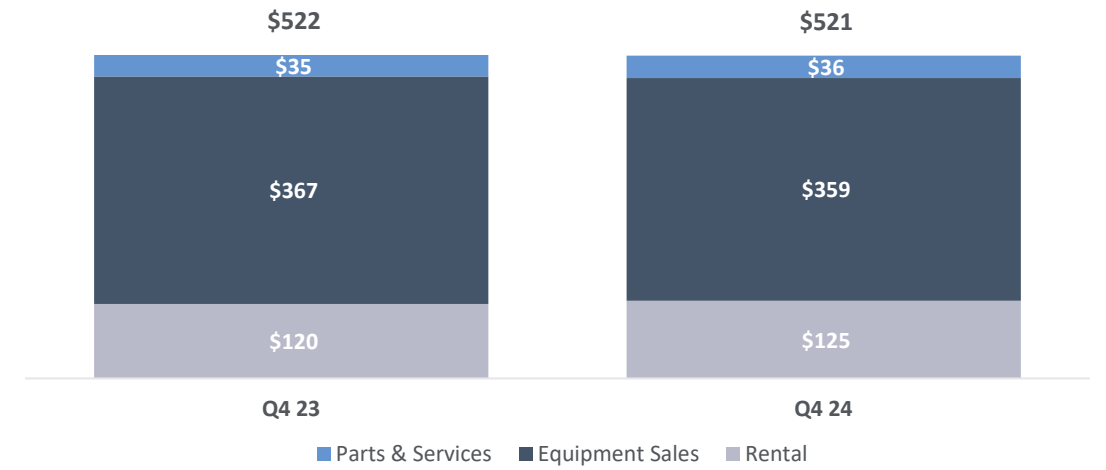
- Our ESG plan is driven by our shared Purpose, Vision and Values
- We are committed to staying at the forefront of technological innovations in our industry as the energy transition continues and adapting our products and services to align with our ESG objectives
  - Developed and deployed the Lightning PTO, an electric power takeoff (ePTO) that allows for auxiliary equipment to operate when the engine is off. Eliminating work site idling results in significant noise reduction, as well as greatly reduced fuel consumption and CO_2 emissions
  - At the forefront of EV chassis utilization in specialty vehicles through our partnerships with Peterbilt and Battle Motors to produce all-electric bucket trucks and digger derricks
- Preparing for the implementation of upcoming CARB and EPA emissions standards
  - Staying up to date on new administration's potential changes to upcoming regulations
- Our ESG efforts will focus on the opportunities, risks and priorities that are particularly relevant to Custom Truck:
  - Environmental Compliance
  - Sustainable Operations
  - Environmental Benefits of Products & Services
  - Human Capital Management
  - Diversity, Equity and Inclusion
  - Employee Health and Safety
  - Enterprise Risk Management
  - Business Ethics
  - Data Privacy and Security
  - Corporate Governance

Consolidated Operating Performance – Q4 2024

($ millions, except where indicated)

Q4 2024 operating results reflect strength across all three segments – 3rd quarter of sequential revenue growth

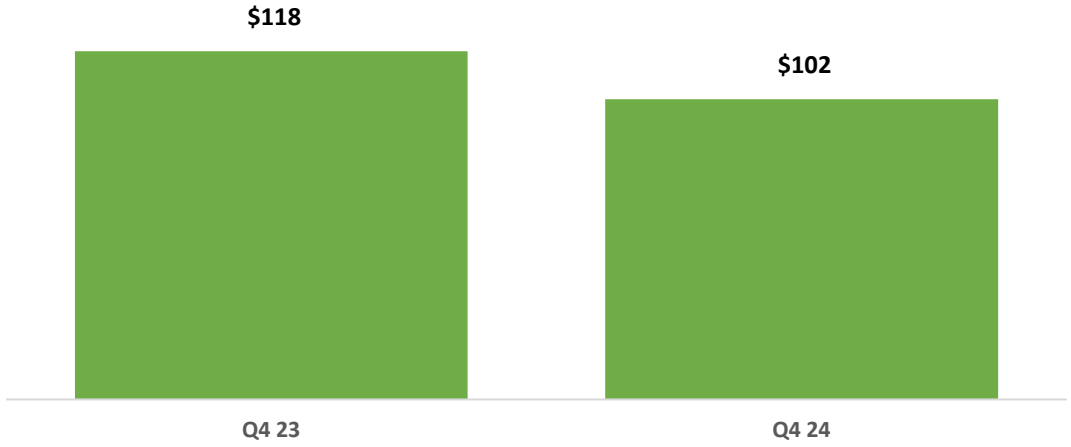
Revenue



Adjusted Gross Profit(1)



Adjusted EBITDA(1)



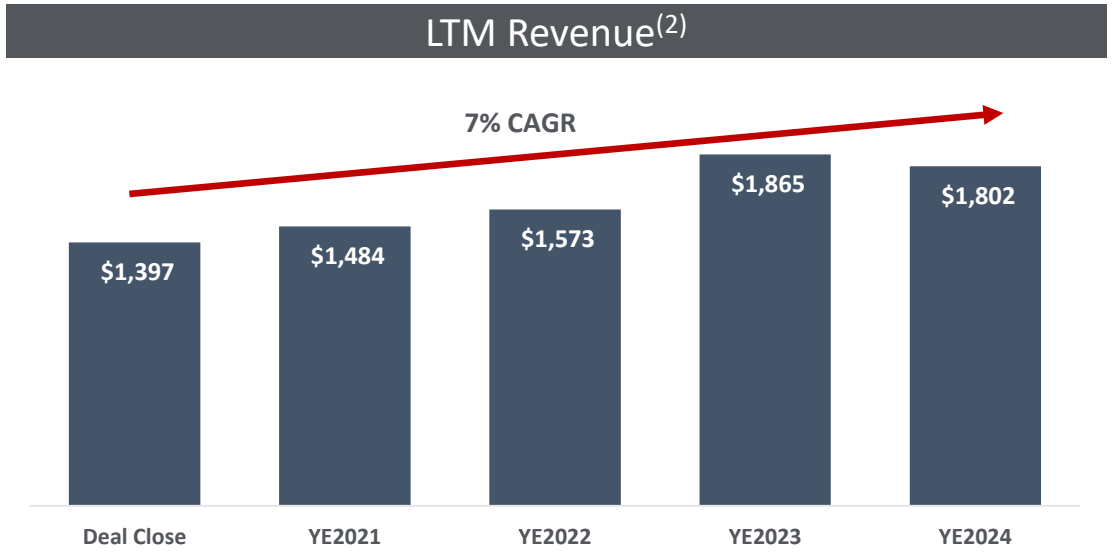
- Revenue down marginally in Q4 ‘24 vs. Q4 ’23
  - Q3 gains in Utility utilization and OEC on Rent held in Q4, resulting in 2nd consecutive quarter of sequential improvement in both rental revenue and used rental sales
  - Record quarterly new equipment sales
- Demand in our Infrastructure end market remains strong and continues to show the benefits of Federal IIJA spending
- Adjusted Gross Profit and Adjusted Gross Margin were down slightly in Q4 ’24 vs. Q4 ‘23, reflecting lower, but improved vs. Q3 ‘24, rental and used rental sales revenue
- Adjusted EBITDA decrease primarily reflects decrease in ERS revenue in Q4 ’24 vs. Q4 ‘23
- Current inventory levels are sufficient to support expected fleet investment and new equipment sales growth in into 2025
  - Expect further inventory reduction in 2025

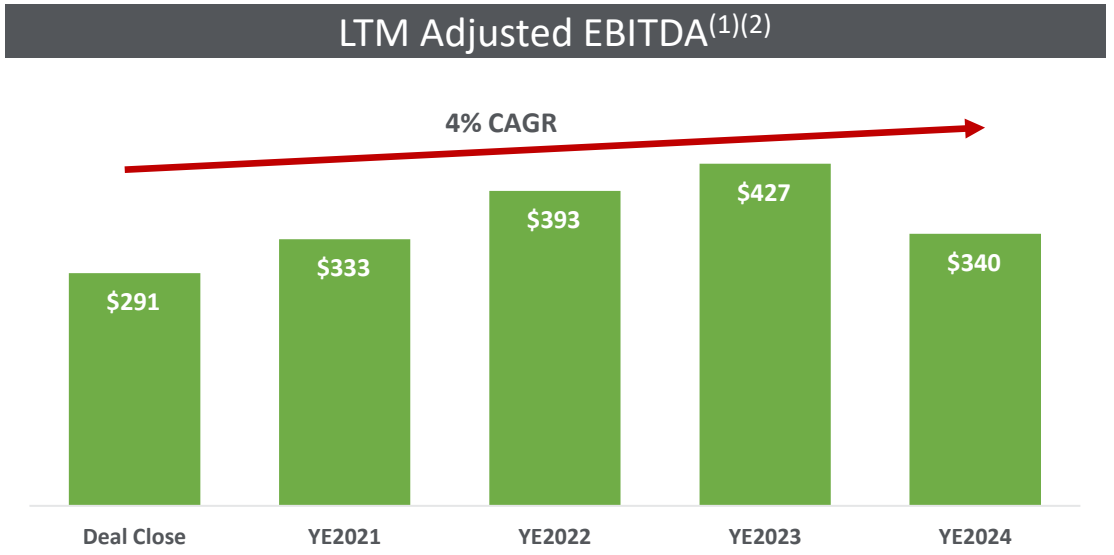
(1) **Adjusted Gross Profit and Adjusted EBITDA** are non-GAAP measures. Refer to the supplemental information provided in the Appendix for reconciliations to the most comparable GAAP measures.

Consistent Revenue and Adjusted EBITDA[(1)] Growth

($ millions, except where indicated)

Produced consistent Revenue and Adjusted EBITDA[(1)] growth since the closing of the combination with Nesco despite softness in Utility demand in 2024, resulting in Revenue and Adjusted EBITDA[(1)] CAGRs through the YE2024 of 7% and 4%, respectively





(1) Adjusted EBITDA is a non-GAAP measure. Refer to the supplemental information provided in the Appendix for reconciliations to the most comparable GAAP measures.
(2) Deal Close and 2021 figures are presented on a pro forma basis as if Nesco Holdings' acquisition of Custom Truck LP occurred on January 1, 2020. Adjusted EBITDA in the fiscal year period 2021 includes $10 million of previously disclosed special charges related to leasing receivables and inventory reserves taken in connection with the CTOS/Nesco business combination in the second quarter of 2021.

CTOS Reporting Segments

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

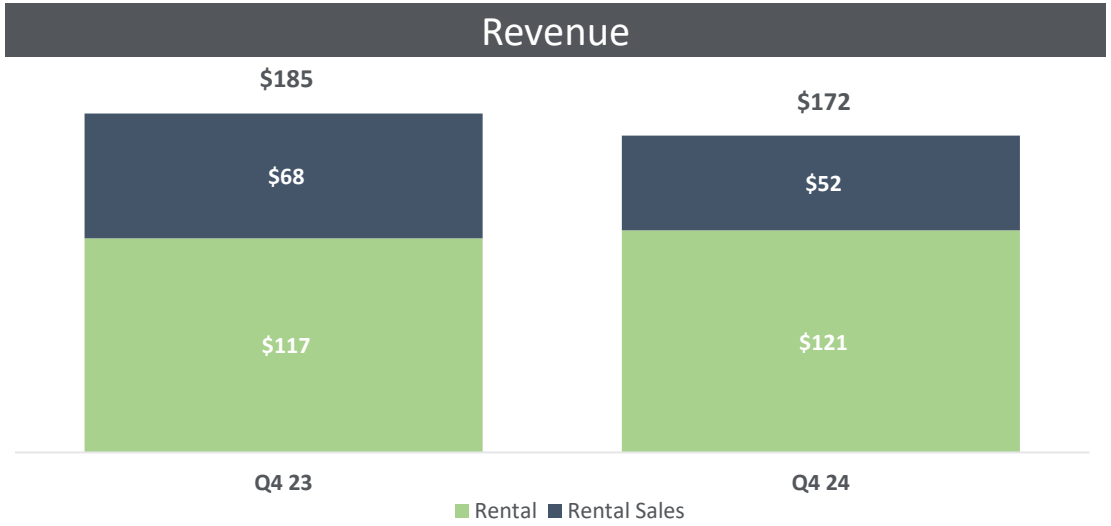
Equipment Rental Solutions (ERS)	Truck & Equipment Sales (TES)	Aftermarket Parts & Service (APS)

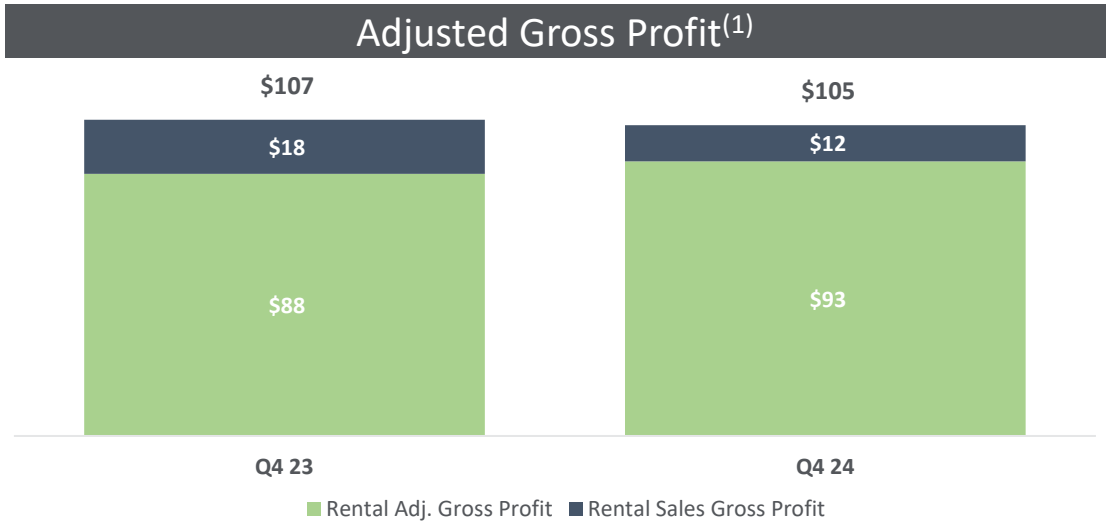
➢ Includes results from core rental revenues, sale of rental assets, and related ancillary fees revenues and expenses
➢ Key Metrics
  ➢ Utilization
  ➢ OEC on Rent
  ➢ On Rent Yield (ORY)
	➢ Includes results from new and used (non-rental) sales, as well as the impacts from our production and manufacturing 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)

($ millions, except where indicated; sum of individual items may not equal total amounts due to rounding)

Q4 2024 showed sequential revenue growth resulting from improved T&D utilization and continued strong utilization in Infrastructure, Telecom and Rail end markets





- ***Total Revenue*** decreased $12M, or 7%, in Q4 '24 vs. Q4 '23, but increased 14% sequentially vs. Q3 '24
  - *Rental*: +$4M in Q4 '24, or 4%, vs. Q4 '23
  - *Rental Sales*: -$16M in Q4 '24, or 24%, vs. Q4 '23
- ***Adjusted Gross Profit***[(1)] decreased $2M, or 2%, in Q4 '24 vs. Q4 '23, but increased 20% sequentially vs. Q3 '24
  - *Rental*: +$4M in Q4 '24, or 5%, vs. Q4 '23
  - *Rental Sales*: -$6M in Q4 '24, or 33%, vs. Q4 '23
- ***Adjusted Gross Margin*** was 61% in Q4 '24, up from 58% in Q3 '23
  - Impacted in the quarter by mix of equipment we put on rent and the market environment more broadly

Please refer to the Appendix for Q4 2024 ERS results

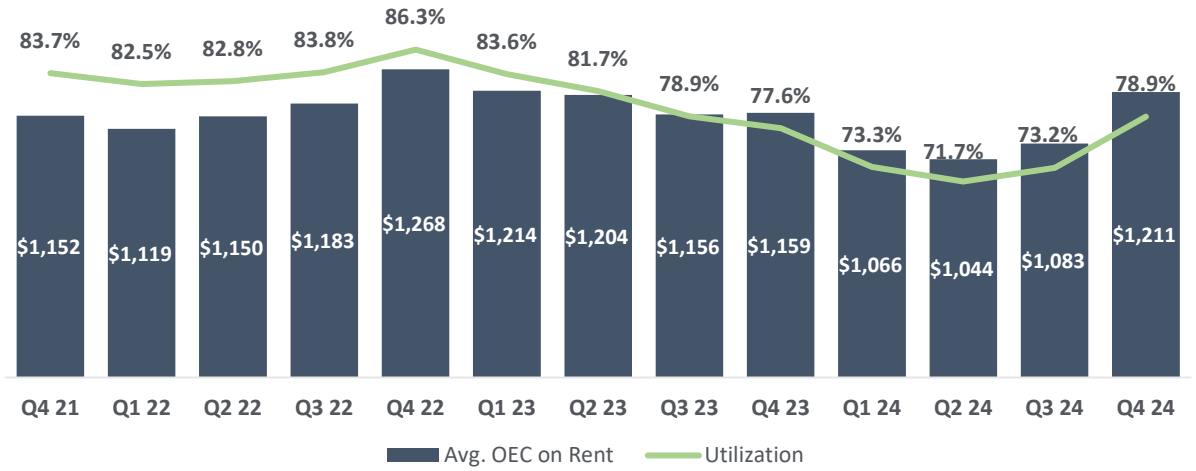
(1) **Adjusted Gross Profit** is a non-GAAP financial measure, which the Company calculates as segment gross profit plus depreciation of rental equipment.

Equipment Rental Solutions (ERS)

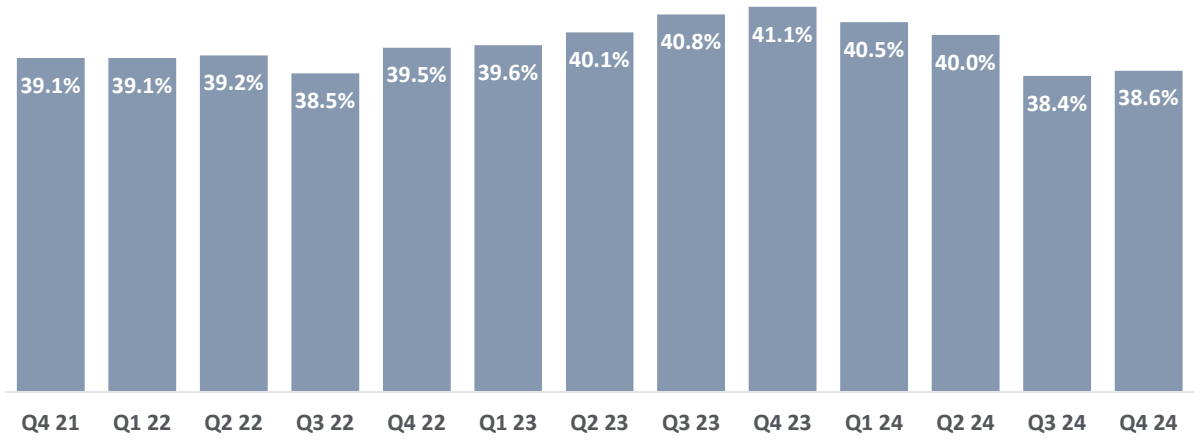
($ millions, except where indicated)

Q4 2024 saw continuation of Q3 recovery in average Utilization & OEC on Rent driven by improvements in T&D end markets

Utilization & Average OEC on Rent



On Rent Yield



- Average utilization at just under 79% for Q4 ’24
  - Utilization in the mid-70% to low-80% range across most of our fleet and end markets
  - Avg. OEC on Rent ↑$128M and Utilization ↑570 basis points in Q4 ‘24 vs. Q3 ‘24
- Experienced typical seasonal reductions in late December, with activity picking up so far in Q1 ‘25
  - OEC on Rent currently stands at more than $1.19B, with Utilization at over 78%
- On Rent Yield was 38.6% in Q4 ‘24, up from Q3 ’24 and in line with our expected upper-30% to low-40% range

Truck & Equipment Sales (TES)

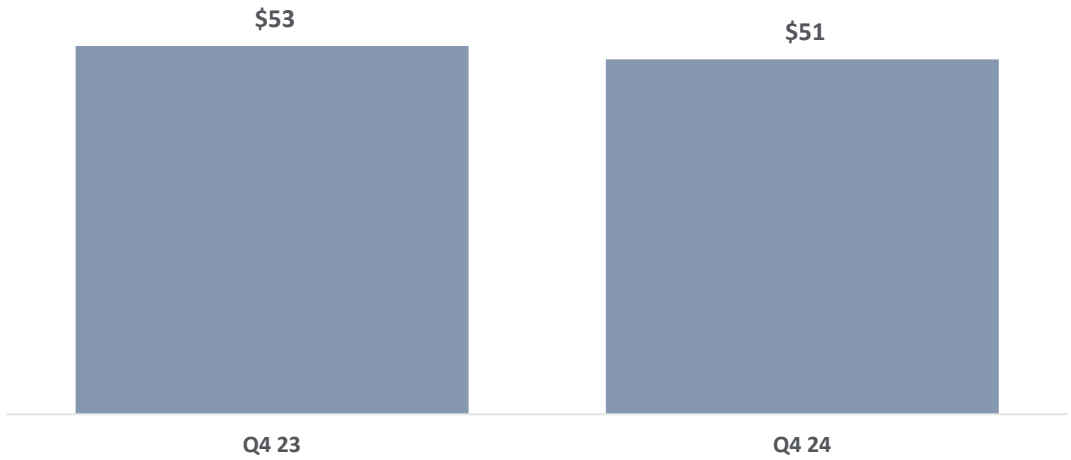
($ millions, except where indicated; sum of individual items may not equal total amounts due to rounding)

Exceeded quarterly revenue of $300M and annual revenue of $1B for the first time

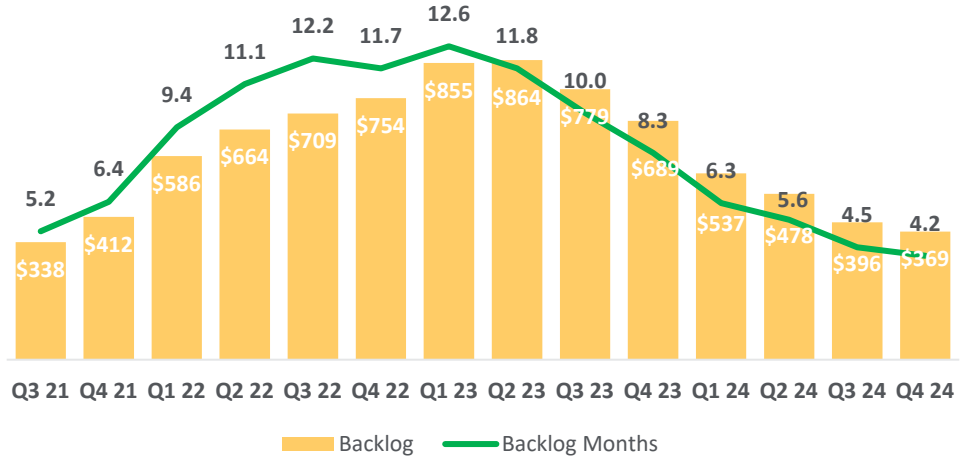
Revenue



Gross Profit



New Sales Backlog



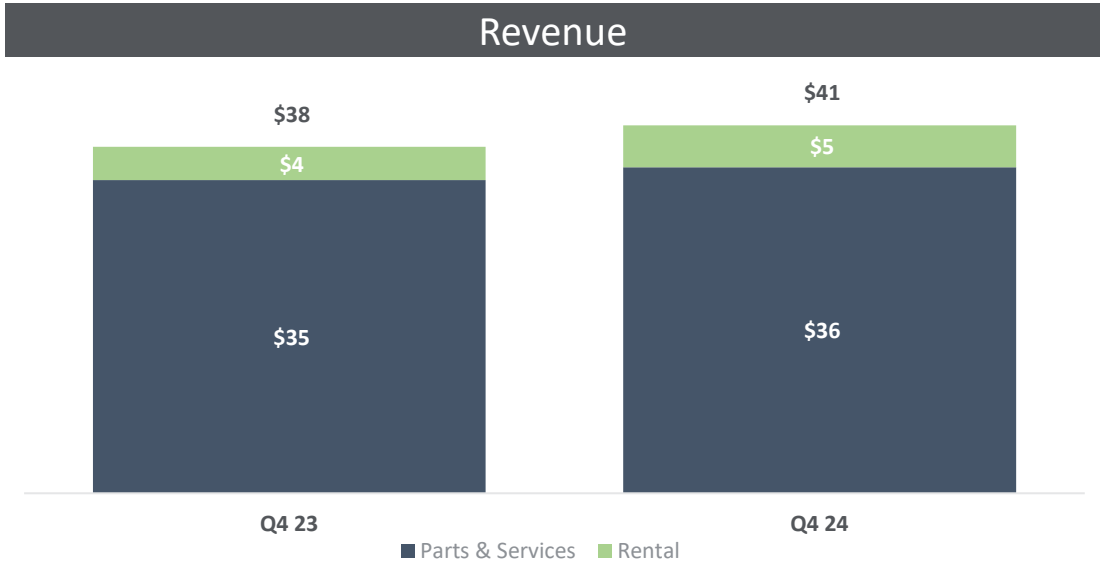
- ***Revenue:*** +3% in Q4 ‘24 vs. Q4 ’23 and +7% in 2024 vs. 2023
  - Highest quarter of TES sales in company history
  - Continued strong momentum, particularly in Infrastructure end market
  - Net orders of over $280M in Q4 ’24, +35% vs. Q4 ‘23
  - Certain customers continued to be impacted by high interest rates
- ***Gross Profit:*** -$2M in Q4 ‘24, or 4%, vs. Q4 ‘23
- ***Gross Margin:*** 16.6% for Q4 ’24, +45 basis points vs. Q3 ’24 and in line with expected range of 16% to 18%
- Strong order flow so far in 2025, with backlog of $445M, up more than 20% YTD

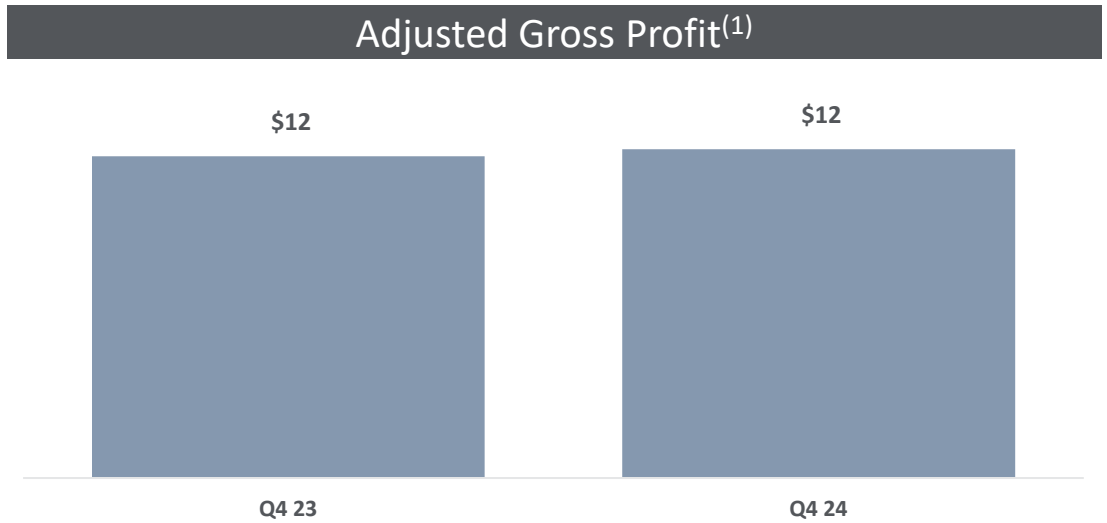
Please refer to the Appendix for Q4 2024 TES results

Aftermarket Parts & Service (APS)

($ millions, except where indicated)

Revenue +6% in Q4 2024 vs. Q4 2023, helped by improved conditions in Utility end market





- ***Total Revenue*** +6% in Q4 '24 vs. Q4 '23
  - Parts & Services and Rental revenue each +$1M in Q3 '24 vs. Q3 '23
- ***Adjusted Gross Margin*** of 29%, up more than 615 basis points vs. Q3 '24
- Next steps for APS include:
  - Continue to 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%+
  - Beginning to see the benefits of significant footprint expansion and capabilities in Kansas City, MO location
  - Continued focus on cost reductions through operational efficiencies
  - Enhance digital consumer experience to accelerate growth

Please refer to the Appendix for Q4 2024 APS results

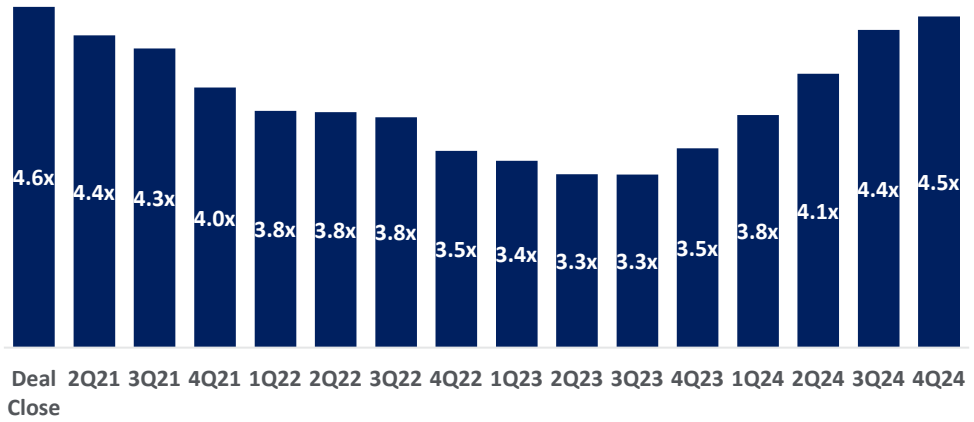
(1) **Adjusted Gross Profit** is a non-GAAP financial measure, which the Company calculates as segment gross profit plus depreciation of rental equipment.

Balance Sheet & Capex

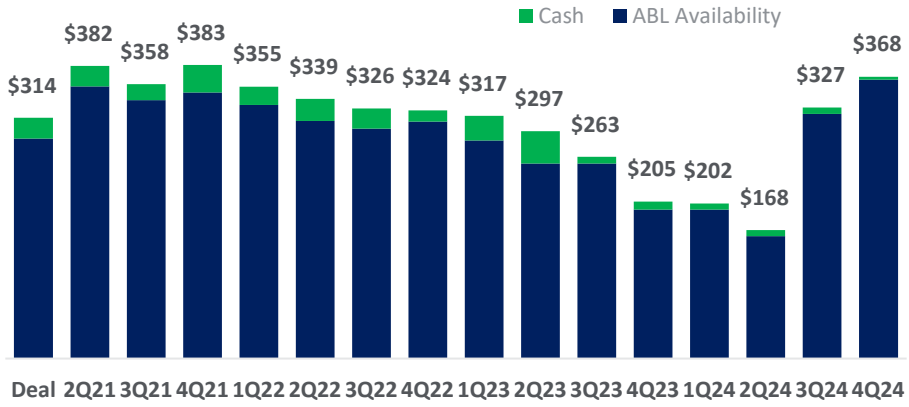
($ millions, except where indicated; sum of individual items may not equal total amounts due to rounding)

Continue to focus on de-levering through cash flow generation and Adjusted EBITDA growth

Remain Committed to 3.0x Net Leverage Target



Strong available liquidity with significant suppressed availability under the ABL facility



	Deal Close	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Supp. ABL Avail.	---	$41	$50	$32	$70	$127	$189	$245	$296	$287	$324	$332	$328	$191	$158	
Liquidity & Supp. Avail.	$382	$399	$433	$387	$409	$453	$513	$561	$593	$551	$528	$534	$496	$518	$526	

Net Rental Capex of $71M in Q4 2024, $194M for 2024

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024
Gross Rental Asset Additions	$ 76	$ 90	$ 113	$ 120	$ 398
Proceeds From Sale of Assets	$ (60)	$ (39)	$ (56)	$ (49)	$ (205)
Net Capex	$ 15	$ 50	$ 57	$ 71	$ 194

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

- Net leverage at the end of Q4 ‘24 of 4.5x LTM Adjusted EBITDA
- Gross OEC additions of $120M in Q4 ‘24, offset by $49M of proceeds from rental sales resulted in $71M of net rental capex during the quarter and $194M for the year
- Increased the availability under the ABL facility by $200M earlier in 2024, with the ability at the end of Q4 ’24 to increase it by almost $160M based on suppressed availability
- Total available liquidity was $368M at the end of Q4 ’24
- Continued focus on inventory reduction in the coming quarters and a return to growth should result in greater levered free cash flow generation available for debt reduction

2025 Outlook

	2024 Actual	2025 Outlook	Growth
Consolidated Revenue	$1.802 billion	$1.97 - $2.06 billion	9% - 14%
ERS	*$598 million*	*$660 - $690 million*	*10% - 15%*
TES	*$1.055 billion*	*$1.16 - $1.21 billion*	*10% - 15%*
APS	*$149 million*	*$150 - $160 million*	*1% - 7%*
Adjusted EBITDA(1)	$340 million	$370 - $390 million	9% – 15%

- The middle of the outlook range would result in ~12% growth in both Revenue and Adjusted EBITDA
- ERS will benefit from improving trends in OEC on Rent and Utilization, driven by increased work by our T&D customers
  - Expect our net OEC to be up mid-single-digits percentage this year, with gross rental capex of $375M to $400M, under $200M net
- TES will benefit from continued supply chain improvements and healthy inventory and backlog levels, which should improve our ability to produce and deliver more units in 2025
- Will work to minimize the impact from changes in U.S. regional and product tariff policy
- Continued benefit from inventory reduction in 2025, as well as Adjusted EBITDA growth, expected to result in $50M to $100M of levered free cash flow generation in 2025
- Anticipate net leverage of less than 4x by the end of fiscal 2025 and to achieve our 3x net leverage target in fiscal 2026

(1) **Adjusted EBITDA** is a non-GAAP measure. Refer to the supplemental information provided in the Appendix for reconciliations to the most comparable GAAP measures.

Investment Highlights

1. Favorable End-Market Dynamics with Outstanding Secular Growth Drivers
2. Differentiated “One-Stop-Shop” Business Model
3. CTOS Well-Positioned for Continued Growth & Free Cash Flow Generation
4. Integration Drives Cost Efficiencies and Creates Scale Benefits
5. Demonstrated Performance and Financial Profile Support Growth Opportunities



Our Purpose:

Power the people who strengthen our nation’s infrastructure



Appendix

Adjusted EBITDA Reconciliation

	Quarter					Year to Date	
	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q4 23	Q4 24
(in $ millions)							
Net income (loss)	$ 16	$ (14)	$ (24)	$ (17)	$ 28	$ 51	$ (29)
Interest expense	25	25	27	27	27	95	106
Income tax expense (benefit)	5	(2)	3	(1)	(1)	7	(1)
Depreciation and amortization	57	56	58	59	63	219	236
EBITDA	102	65	63	68	116	372	313
Adjustments:							
Non-cash purchase accounting impact [1]	6	3	5	4	5	20	17
Transaction and other costs [2]	4	5	6	4	3	14	18
Sales-type lease adjustment [3]	3	2	2	1	(1)	10	5
Gain on sale leaseback transaction [4]	—	—	—	—	(23)	—	(23)
Share-based payments [5]	3	3	4	2	3	13	12
Change in fair value of derivative and warrants [6]	—	(1)	—	—	—	(2)	(1)
Adjusted EBITDA	$ 118	$ 77	$ 80	$ 80	$ 102	$ 427	$ 340

Adjusted EBITDA is defined as net income (loss), as adjusted for provision for income taxes, interest expense, net, depreciation of rental equipment and non-rental depreciation and amortization, and further adjusted for the impact of the fair value mark-up of acquired rental fleet, business acquisition and merger-related costs, including integration, the impact of accounting for certain of our rental contracts with customers that are accounted for under GAAP as sales-type lease and stock compensation expense. 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 ABL credit agreement and Indenture.

(2) Represents transaction and other costs related to acquisitions of businesses; costs associated with closed operations; costs associated with restructuring and business optimization activities (inclusive of systems establishment costs); employee retention and/or severance costs; costs related to start-up/pre-openings and openings of locations; reconfiguration or consolidation of facilities or equipment conversion costs. These adjustments are presented as adjustments to net income (loss) pursuant to our ABL Credit Agreement and Indenture.

(3) Represents 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. The adjustments are made pursuant to our ABL Credit Agreement and Indenture.

(4) During Q4 2024, the Company closed on a sale leaseback transaction with an unrelated third party. The Company sold 8 properties with a combined net book value of $29.0 million for gross proceeds of $53.8 million, which was reduced by transaction costs and other fees of $1.3 million, for net cash proceeds of approximately $52.5 million. Additionally, $3.2 million from the proceeds were used to repay a note payable. The Company recognized a gain of $23.5 million on this transaction.

(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. On July 31, 2024, all of the Company's stock purchase warrants expired and unexercised.

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

Adjusted Gross Profit Reconciliation

	Quarter					Year to Date	
	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q4 23	Q4 24
(in $ millions)							
Revenue:							
Rental	$ 120	$ 106	$ 103	$ 108	$ 125	$ 479	$ 443
Equipment sales	367	273	286	305	359	1,253	1,223
Parts sales and services	35	33	34	33	36	133	136
Total revenue	522	411	423	447	521	1,865	1,802
Cost of Revenue:							
Cost of revenue	351	277	289	309	353	1,240	1,229
Depreciation of rental equipment	44	44	45	46	49	171	183
Total cost of revenue	395	321	334	355	402	1,411	1,412
Less: Depreciation of rental equipment	(44)	(44)	(45)	(46)	(49)	(171)	(183)
Cost of revenue excluding depreciation	351	277	289	309	353	1,240	1,229
Adjusted gross profit	171	134	134	138	168	625	574
Less: Depreciation of rental equipment	(44)	(44)	(45)	(46)	(49)	(171)	(183)
Gross profit - GAAP	$ 127	$ 91	$ 89	$ 92	$ 118	$ 454	$ 390

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

	Quarter					Year to Date	
	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q4 23	Q4 24
(in $ millions)							
Revenue:							
Rental revenue	$ 117	$ 103	$ 101	$ 105	$ 121	$ 463	$ 430
Equipment sales	68	33	38	46	52	263	168
Total revenue	185	136	138	151	172	726	598
Cost of revenue:							
Cost of rental revenue	28	30	29	29	28	118	117
Cost of equipment sales	50	24	26	34	39	199	123
Depreciation of rental equipment	43	43	44	45	48	167	180
Total cost of revenue	121	97	99	108	116	484	420
Gross profit	63	39	40	43	57	242	178
Depreciation of rental equipment	43	43	44	45	48	167	180
Gross profit excluding depreciation of rental equipment	$ 107	$ 82	$ 83	$ 88	$ 105	$ 409	$ 358

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

Supplementary Segment Data — TES

	Quarter					Year to Date	
	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q4 23	Q4 24
(in $ millions)							
Equipment sales	$ 299	$ 240	$ 248	$ 260	$ 308	$ 990	$ 1,055
Cost of equipment sales	246	197	206	218	257	818	877
Gross profit	$ 53	$ 43	$ 42	$ 42	$ 51	$ 173	$ 178

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

Supplementary Segment Data — APS

	Quarter					Year to Date	
	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q4 23	Q4 24
(in $ millions)							
Revenue:							
Rental revenue	$ 4	$ 3	$ 2	$ 3	$ 5	$ 16	$ 13
Parts sales and services	35	33	34	33	36	133	136
Total revenue	38	35	37	36	41	149	149
Cost of revenue:							
Cost of parts sales and services	27	26	29	28	29	106	112
Depreciation of rental equipment	1	1	1	1	1	3	4
Total cost of revenue	28	27	30	29	30	109	116
Gross profit	11	8	7	7	11	39	34
Depreciation of rental equipment	1	1	1	1	1	3	4
Gross profit excluding depreciation of rental equipment	$ 12	$ 9	$ 8	$ 8	$ 12	$ 43	$ 38

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

Leverage Ratio Calculation

	Q4 23	Q4 24
(in $ millions)		
Net Debt and Finance Leases (As of Period End):		
Current Maturities of Long-Term Debt	$ 8	$ 8
Long-Term Debt, Net	1,487	1,520
Add: Deferred Financing Costs	22	20
Total Debt and Finance Leases	1,518	1,548
Less: Cash and Cash Equivalents	(10)	(4)
Net Debt and Finance Leases	$ 1,507	$ 1,544
Adjusted EBITDA:		
LTM Adjusted EBITDA	$ 427	$ 340
Leverage Ratio	3.53	4.55

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.