Custom Truck One Source

4^{th} Quarter 2023 Investor Presentation

March 7, 2024

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," "plans," "intends," "believes," "seeks," "may," "will," "should," "future," "propose" 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, 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 recruit and retain the experienced personnel, including skilled technicians, we need to compete in our industries; our inability to attract and retain highly skilled personnel and our inability to retain or plan for succession of our senior management; 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; potential impairment charges; 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 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; difficulty in integrating acquired businesses and fully realizing the anticipated benefits and cost savings of the acquired businesses, as well as additional transaction and transition costs that we will continue to incur following acquisitions; the interest of our majority stockholder, which may not be consistent with the other stockholders; 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; material weakness in our internal control over financial reporting which, if not remediated, could result in material misstatements in our financial statements; 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, 2023, 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.

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

$1.87B+
LTM Revenue

$427M
LTM Adj. EBITDA[1]

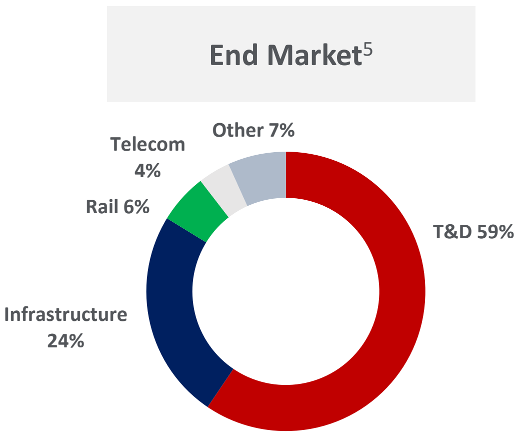
2,500+
Employees[2]

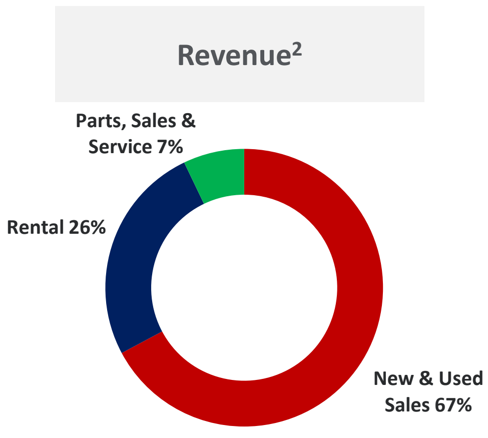
10,300+
Fleet Units[2]

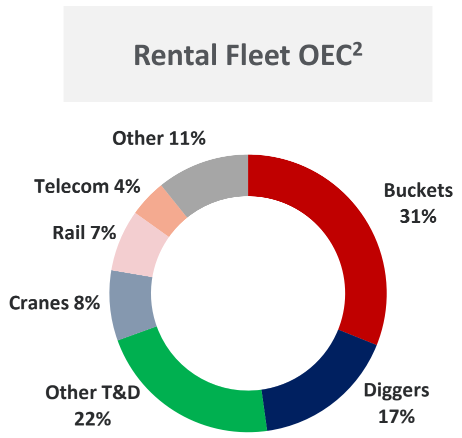
$1.46B
Fleet OEC[3]

38
Locations[4]

End Market & Business Mix







(1) **Adjusted EBITDA** is a non-GAAP measure. Please refer to the supplemental information provided in Appendix for reconciliations to the most comparable GAAP measure.
(2) As of, or for the twelve-month period ended, December 31, 2023.
(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. December 31, 2023.
(4) Excludes third-party service locations. As of March 7, 2024.
(5) Based on FY23.

2023 – A Year of Record Financial Results

- Delivered strong year-over-year growth, taking advantage of improved inventory flows, record levels of production and strong customer demand
  - Revenue of $1,865M, +19% vs. 2022
  - Adjusted Gross Profit(1) of $625M, +13% vs. 2022
  - Adjusted EBITDA(1) of $427M , +9% vs. 2022
- Results reflect continued strong end-market fundamentals driving solid demand in all three business segments
  - ERS revenue +10% vs. 2022
  - TES revenue +29% vs. 2022
    - New truck sales record with continued strong backlog
  - APS revenue +5% vs. 2022
- Improved supply chain flow and inventory levels continue to drive investment in our ERS fleet, as well as significant growth in new equipment sales for TES
- Capital investment projects in Union Grove, WI and Kansas City, MO are complete and new capacity is operational
- Three new branch openings in early 2024
- Established record of conservative balance sheet management
  - Net leverage at December 31st of 3.5x

(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.

Q4 2023 – Continued Growth & Strong Financial Results

- Delivered record quarterly Revenue and Adjusted Gross Profit[1]
  - Revenue of $522M
  - Adjusted Gross Profit of $171M
  - Adjusted EBITDA[1] of $118M
- TES business segment delivered record performance
  - Revenue of $299M, +21% vs. Q4 ‘22
    - New quarterly revenue record
    - Fourth consecutive quarter of record production
  - New sales backlog of $689M stands at just over 8 months
    - Record levels of production and new equipment sales allowed us to make progress reducing backlog to a more normalized level
    - Down from a peak of over 12 months, but well above the historical average of 4 to 6 months
- Continued strategic investment in inventory
  - Supports continued strong demand for new equipment sales for TES
  - Catalyst for further investment in our ERS fleet in 2024

(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	38 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 need for grid upgrades and renewable energy investment, coupled with frequent, often government mandated, maintenance

T&D Capex

~$88B — *Annual Total Spend ’23E*

10.5% — *‘20-’23E CAGR*

IIJA Impact: $79B

INFRASTRUCTURE

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

Infrastructure Capex

~$268B — *Annual Total Spend ’23E*

7.1% — *‘20-’23E 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

~$12B — *Annual Total Spend ’23*

8.1% — *‘20-’23 CAGR*

IIJA Bill Impact: $66B

TELECOM

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

Telecom Capex

~$102B — *Annual Total Spend ’22*

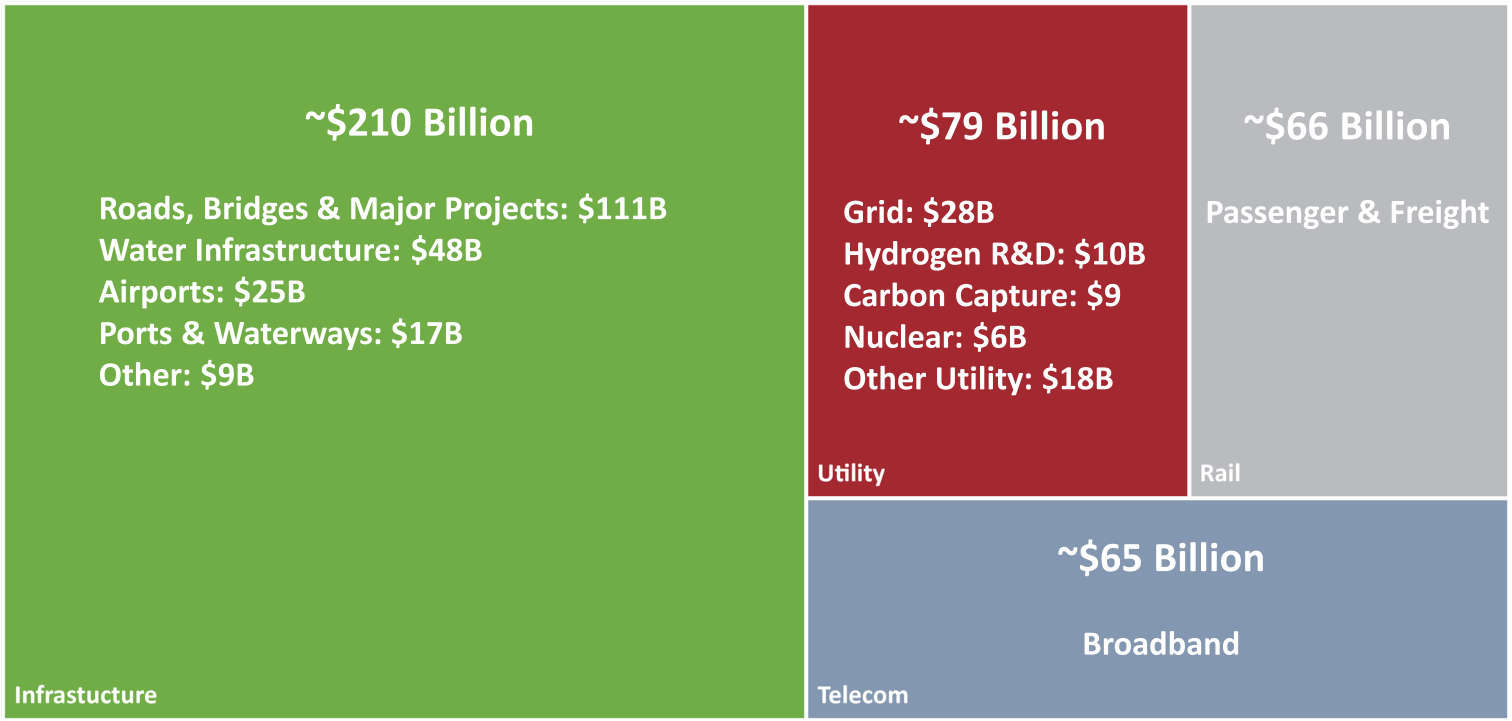
8.2% — *‘19-’22 CAGR*

IIJA Bill Impact: $65B

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

Infrastructure Spending Bills Extend End-Market Growth

Infrastructure Investment and Jobs Act Allocates ~$420 Billion of Funding to Our End Markets



Source: White House & US Chamber of Commerce

The CHIPS & Science Act and the Inflation Reduction Act both result in significant additional funding that will indirectly impact our end markets through:

- The expansion of US manufacturing capacity (Utility & Infrastructure)
- Certain conservation efforts (Infrastructure)
- The promotion of growth and adoption of electric vehicles, electrification and renewable energy (Utility & Infrastructure)

Diverse, Highly Loyal Customer Base

Highlights

- Serve more than 8,000 customers, with the top 15 customers representing ~16% 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

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)
- 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

- 38 locations in the U.S. and Canada, with recently announced additions:
  - Casa Grande, AZ
  - Sacramento, CA
  - Salt Lake City, UT
- 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

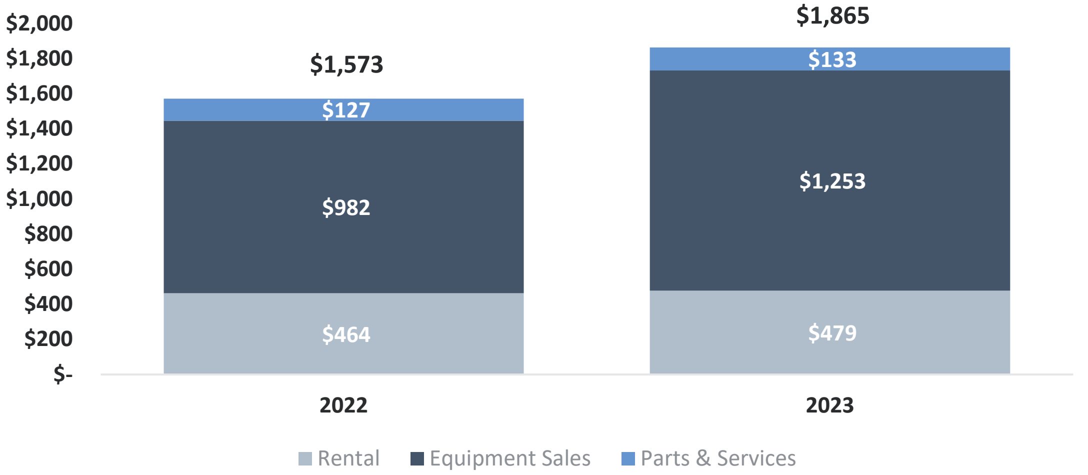
- We issued our inaugural ESG report last year
- Our ESG plan is driven by our shared Purpose, Vision and Values
- We are committed to staying at the forefront of technological innovations in our industry as the energy transition continues and adapting our products and services to align with our ESG 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
- 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 – 2023

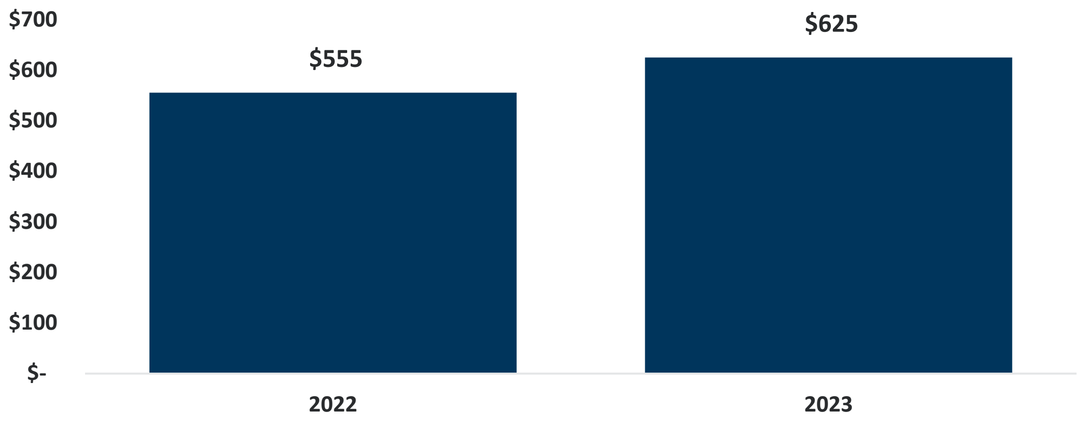
($ millions, except where indicated)

2023 Revenue, Adjusted Gross Profit(1) and Adjusted EBITDA(1) grew 19%, 13% and 9% vs. 2022

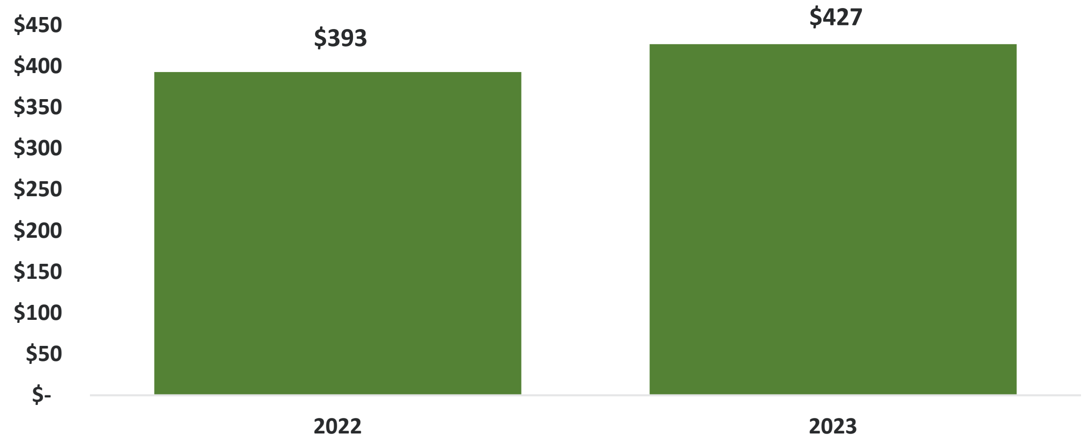
Revenue



Adjusted Gross Profit(1)



Adjusted EBITDA(1)



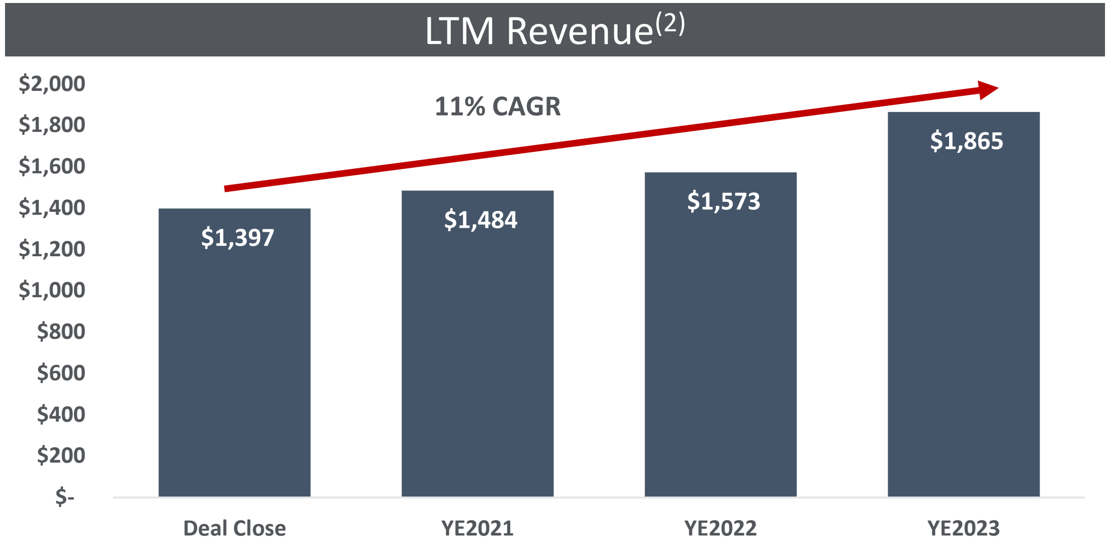
- Revenue increased 19% in 2023 vs. 2022, driven by consistent strong demand across our end markets, with notable strength in our Infrastructure end market
- Adjusted Gross Profit improved by ~$70M (+13%) in 2023 vs. 20222, and Adjusted Gross Margin for the year was 33.5%
- Adjusted EBITDA was up 9% in 2023 vs. 2022
- SG&A, excluding stock-based compensation, of $218M, or 11.7% of revenue in 2023, a more than 90bp improvement vs. 2022
- Increased inventory by $389M in 2023, which will drive expected fleet investment and new equipment sales growth in 2024

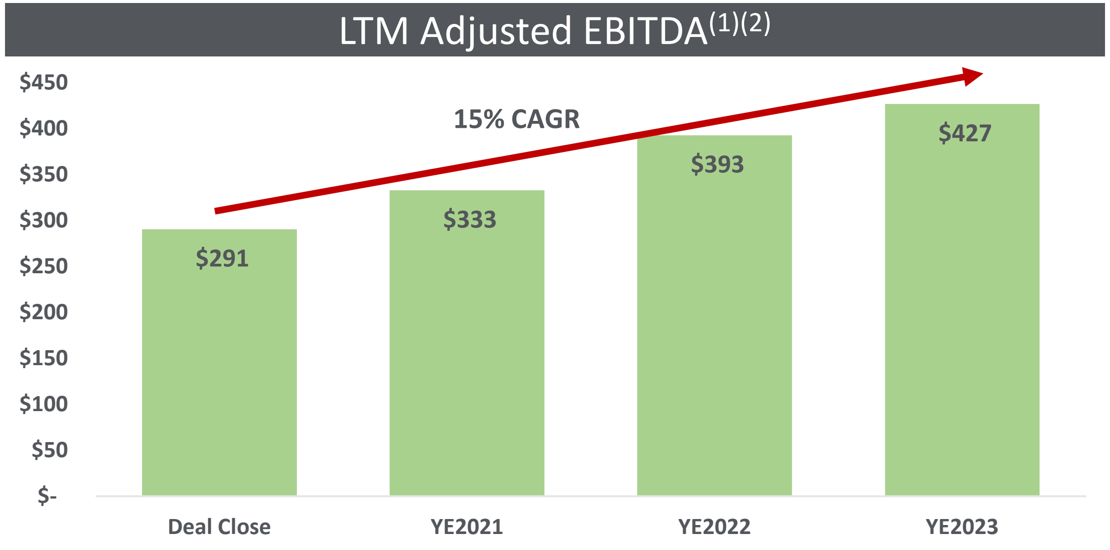
(1) **Adjusted Gross Profit and Adjusted EBITDA** are non-GAAP measures. Refer to the supplemental information provided in the Appendix for reconciliations to the most comparable GAAP measures.

Consistent Revenue and Adjusted EBITDA(1) Growth

($ millions, except where indicated)

Produced strong and consistent Revenue and Adjusted EBITDA(1) growth since the closing of the combination with Nesco, resulting in Revenue and Adjusted EBITDA(1) CAGRs through the LTM period of 11% and 15%, 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)

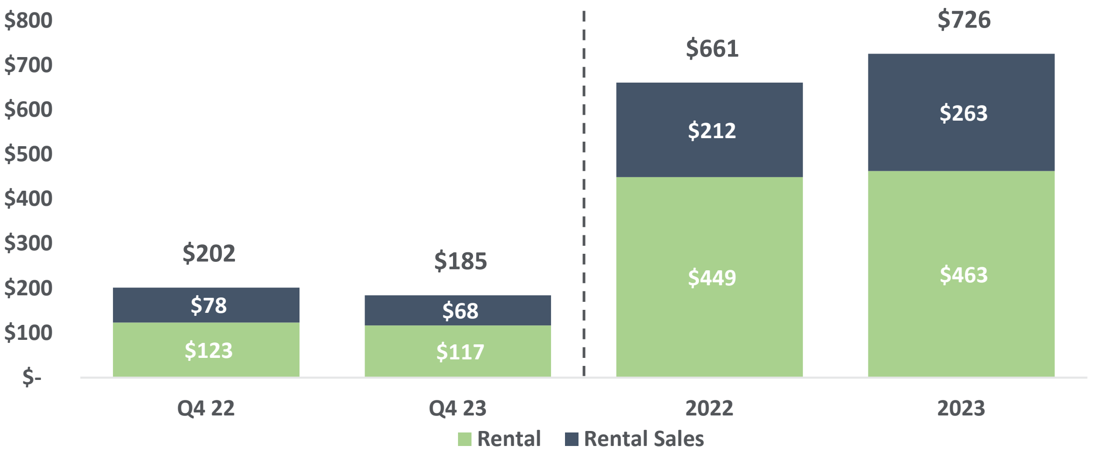
➢ Includes results from core rental revenues, sale of rental assets, and related ancillary fees revenues and expenses
➢ Key Metrics
    ➢ Utilization
    ➢ OEC on Rent
    ➢ On Rent Yield (ORY)
	➢ Includes results from new and used (non-rental) sales, as well as the impacts from our production and manufacturing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

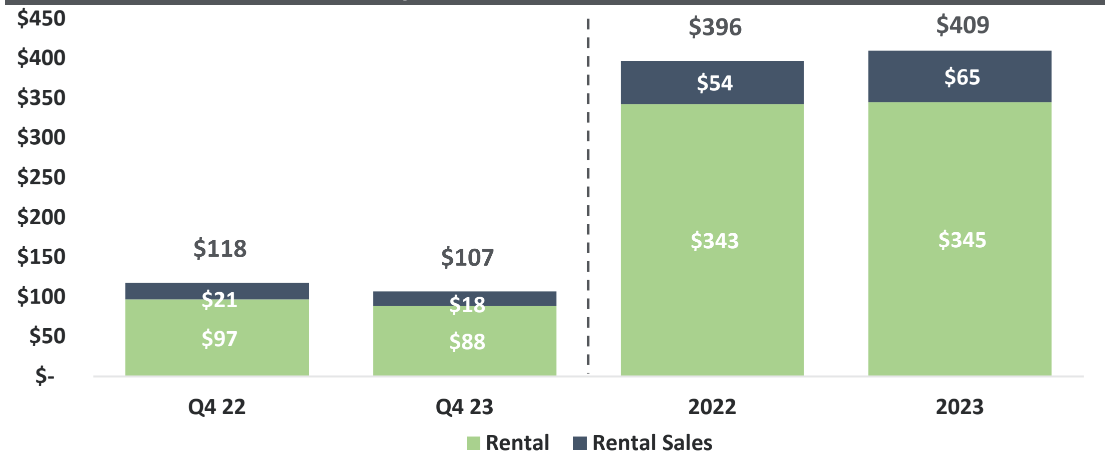
($ millions, except where indicated)

Strong Revenue and Adjusted Gross Profit(1) growth vs. 2022, driven by strong utilization, sustained pricing and strong used equipment sales

Revenue



Adjusted Gross Profit(1)



- ***Total Revenue*** increased $65M, or 10%, in 2023 vs. 2022
  - *Rental*: +$14M in 2023, or +3%, vs. 2022
  - *Rental Sales*: +$51M in 2023, or +24%, vs. 2022
- ***Adjusted Gross Profit(1)*** increased $13M, or 3%, in 2023 vs. 2022
  - *Rental*: +$2M in 2023, or +1%, vs. 2022
  - *Rental Sales*: +$11M in 2023, or +20%, vs. 2022
- ***Adjusted Gross Margin*** was 56% in 2023, down from 2022 as a result of revenue mix and the impact of lower utilization

Please refer to the appendix for Q4 2023 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.

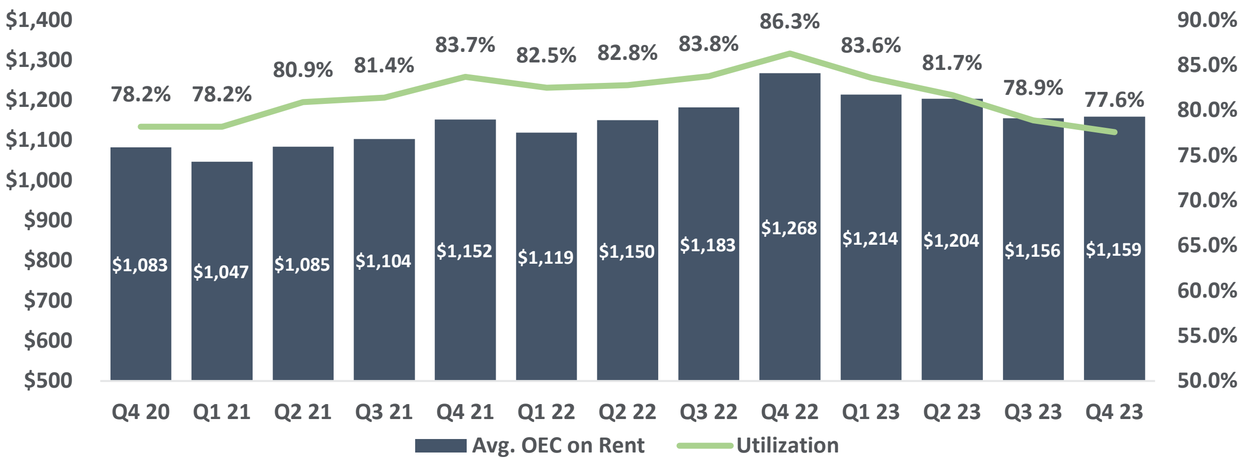
CUSTOM TRUCK ONE SOURCE

Equipment Rental Solutions (ERS)

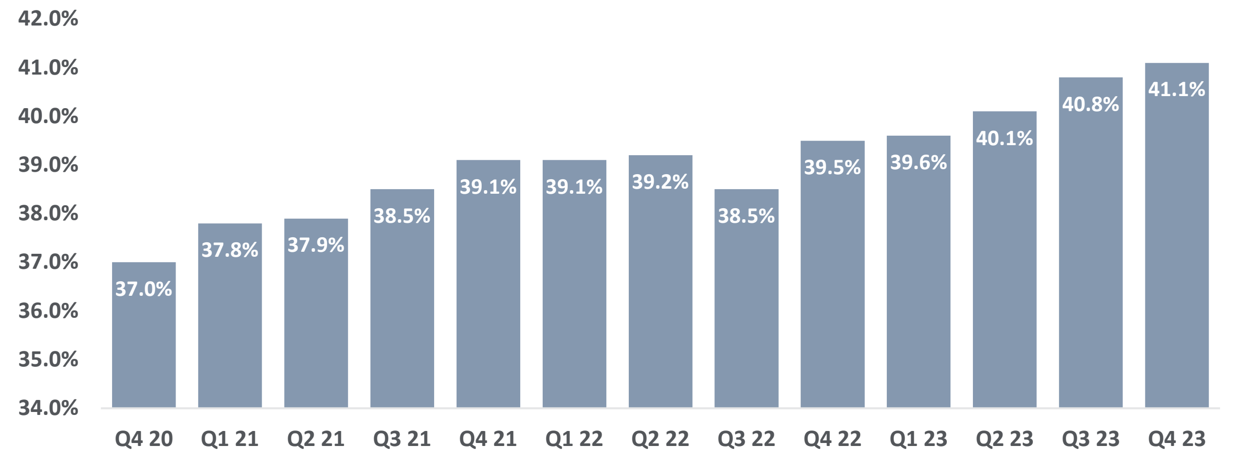
($ millions, except where indicated)

Utilization remains historically strong, with ORY at a record level

Utilization & Average OEC on Rent



On Rent Yield



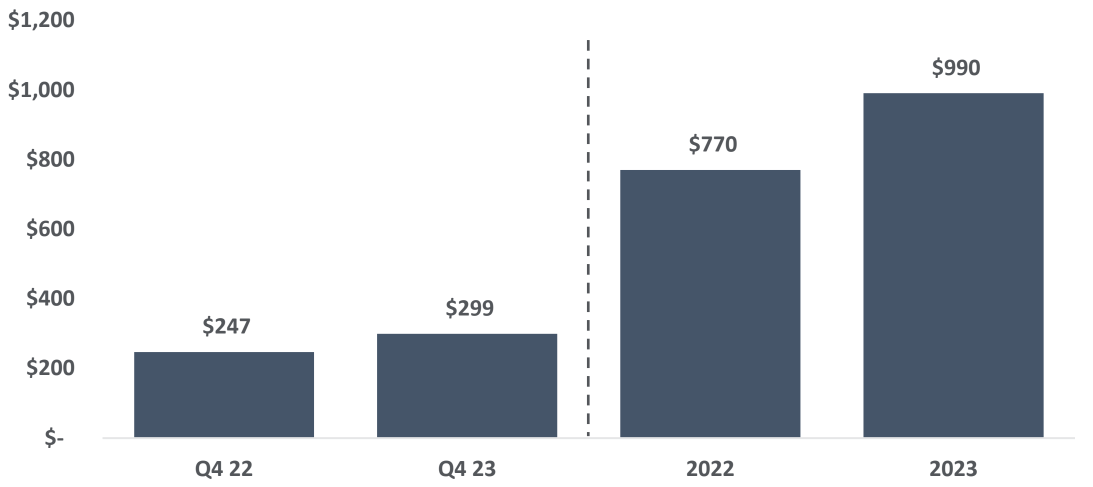
- ERS continues to perform at a high level, with utilization at just under 78% for Q4 ’23 and just over 80% for 2023
  - A slowdown in transmission work during Q4 was the primary driver of the utilization decrease
  - Expect delayed transmission work to accelerate throughout 2024 as our customers’ supply chain issue and project-related regulatory approvals and funding delays are resolved
- Average OEC on Rent remained steady relative to Q3’23 but is down compared to Q4’22, reflecting lower utilization
- On Rent Yield was 41.1% for Q4 ’23 and 40.4% for 2023, up from 39.5% in Q4 ’22 and 39.1% in 2022
  - We continue to benefit from previously announced pricing actions implemented since the beginning of 2022

Truck & Equipment Sales (TES)

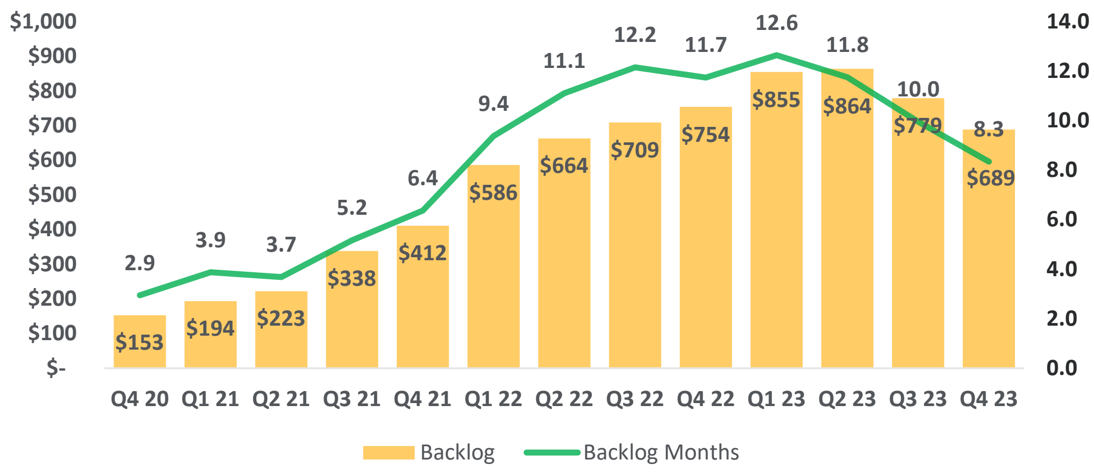
($ millions, except where indicated)

Revenue up 29% vs. 2022; Backlog continues to normalize

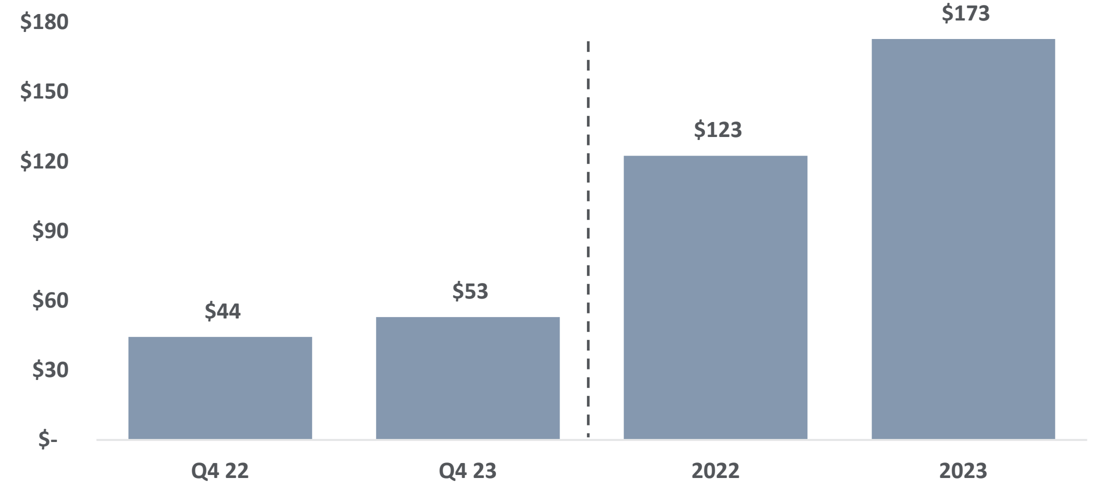
Revenue



New Sales Backlog



Gross Profit



- ***Revenue:***
  - +$220M in 2023, or +29%, vs. 2022
    - Record quarterly and annual revenue
    - Improved inventory flows and record production levels drove record 2023 revenue
- ***Gross Profit:***
  - +$50M in 2023, or +41%, vs. 2022
- ***Gross Margin:***
  - 17.4% for 2023, an improvement of 150bp vs. 2022
    - Very strong 2023 gross margins reflect continued focus on pricing discipline and ongoing improvement in production efficiency

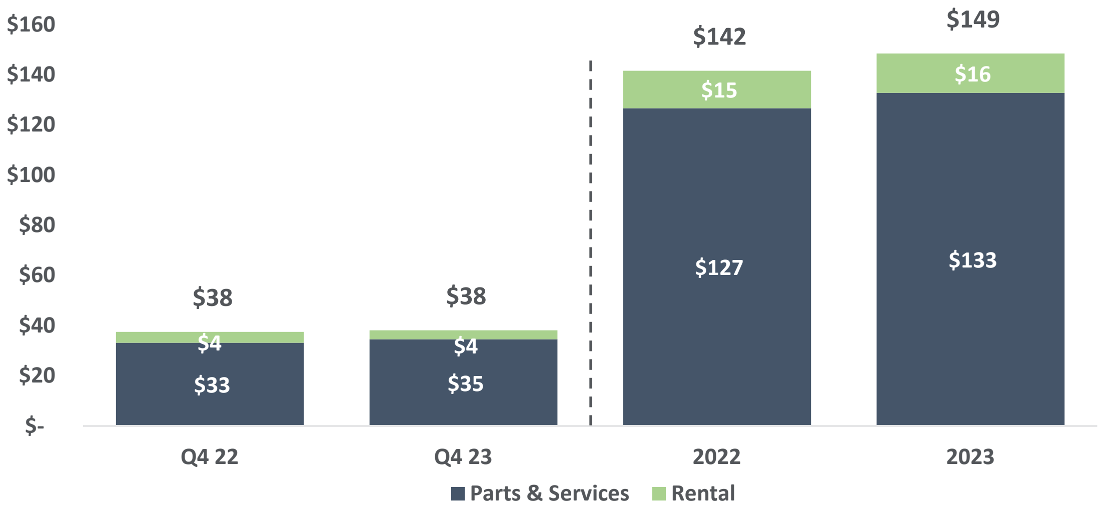
Please refer to the appendix for Q4 2023 TES results

Aftermarket Parts & Service (APS)

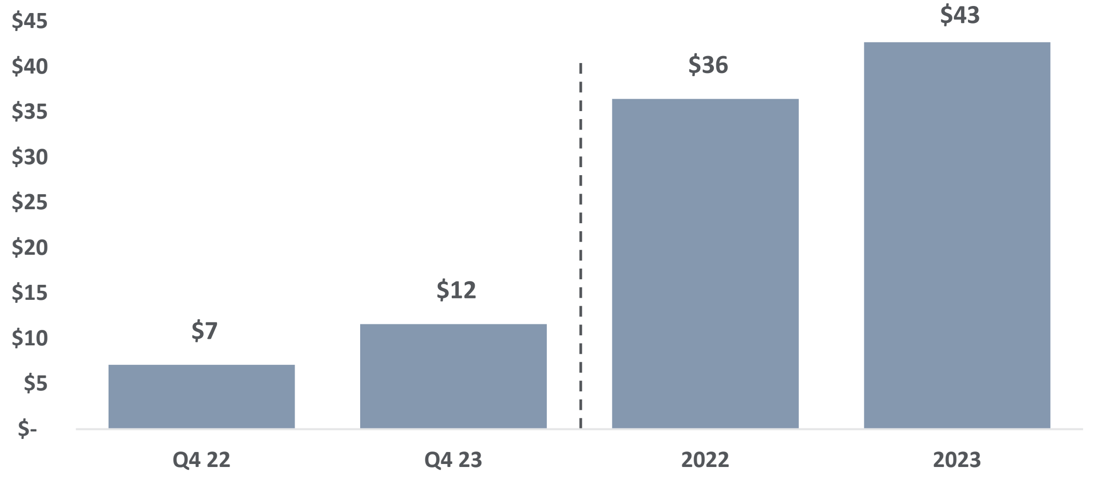
($ millions, except where indicated)

APS revenue up 5% vs. 2022 – Consistent year-over-year growth

Revenue



Adjusted Gross Profit[(1)]



- ***Total Revenue*** increased 5% in 2023 vs.2022
  - Parts & Services revenue increased 5% in 2023 vs. 2022
  - Rental revenue increased 6% in 2023 vs. 2022
- ***Adjusted Gross Margin*** remained strong for 2023 at 29%, up more than 300bp vs. 2022
- 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 2023 APS results

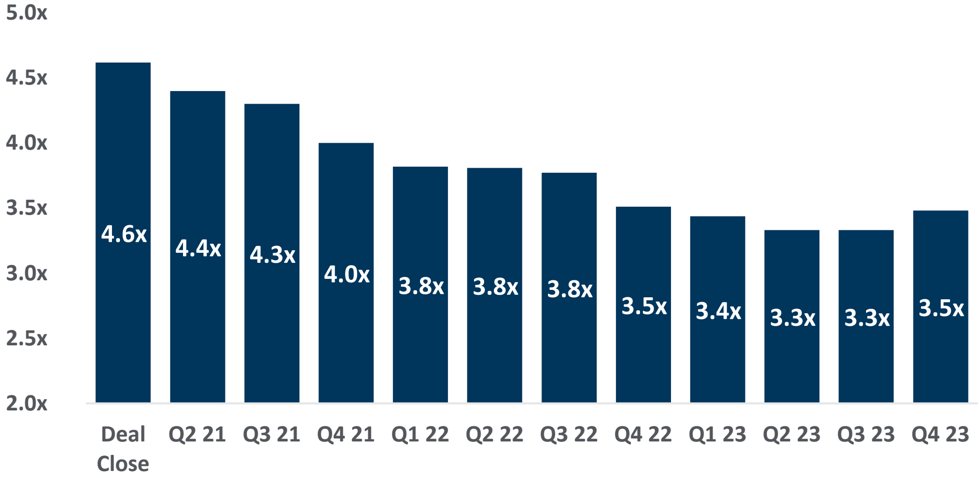
(1) **Adjusted Gross Profit** is a non-GAAP financial measure, which the Company calculates as segment gross profit plus depreciation of rental equipment.

Balance Sheet & Capex

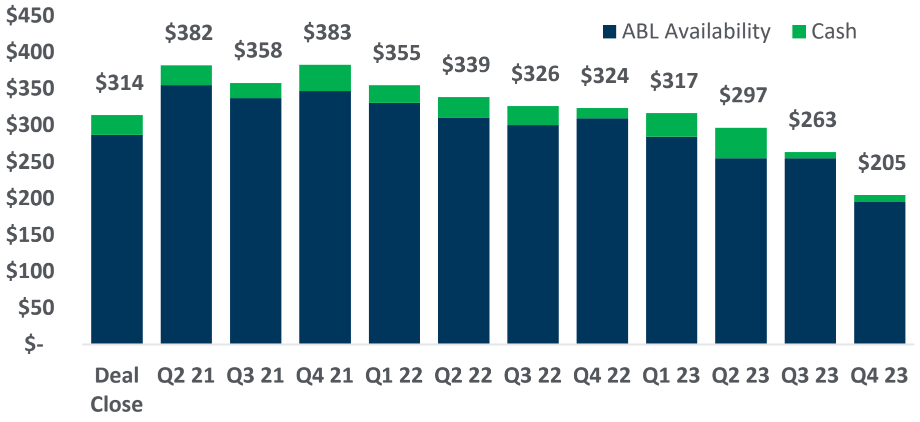
($ millions, except where indicated)

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

Reduced leverage by 1.1x since the combination



Available liquidity steady since the combination with significant suppressed availability under the ABL facility



	Deal Close	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Suppressed ABL Availability	*---*	*$41*	*$50*	*$32*	*$70*	*$127*	*$189*	*$245*	*$296*	*$287*	*$324*	
Liquidity & Supp. Availability	*$382*	*$399*	*$433*	*$387*	*$409*	*$453*	*$513*	*$561*	*$593*	*$551*	*$529*	

Net Rental Capex of $22M in Q4 2023 and $135M in 2023

	Q1 23	Q2 23	Q3 23	Q4 23	2023
Gross Rental Asset Additions	$109	$101	$80	$74	$364
Proceeds From Sale of Assets	($79)	($52)	($47)	($52)	($230)
Net Capex	**$31**	**$50**	**$32**	**$22**	**$135**

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

- Net leverage at the end of 2023 was 3.5x LTM Adjusted EBITDA
- Record production in 2023 resulted in $364M in gross OEC additions to the fleet and allowed for strong used rental sales during the year particularly of older equipment, resulting in $135M of net rental capex
- Total available liquidity was $205M at the end of 2023
- Based on the current borrowing base, we could increase availability under the ABL facility by almost $324M

2024 Outlook

	2023	2024 Outlook	Growth
Consolidated Revenue	$1.865 billion	$2.0 - $2.18 billion	7% - 17%
ERS	*$726 million*	*$730 - $760 million*	*1% - 5%*
TES	*$990 million*	*$1.115 - $1.255 billion*	*13% - 27%*
APS	*$149 million*	*$155 - $165 million*	*4% - 11%*
Adjusted EBITDA(1)	$427 million	$440 - $470 million	3% - 10%

- Expect 2024 to be another year of growth
- ERS will continue to benefit from strong rental demand, as well as for purchases of used rental units, particularly older equipment
  - Assume pace of transmission work will improve during 2024, but we remain attentive to our customers' supply chain issues and the timing of the commencement of certain transmission projects
- Expect to grow our net OEC in 2024 by mid-single digits vs. 2023, with gross rental capex of ~$400M
- TES will benefit from continued supply chain improvements, improved inventory levels, and strong backlog levels, which should improve our ability to produce and deliver more units in 2024
- Significant working capital investment in 2023 should result in meaningful free cash flow generation in 2024, setting a target of more than $100M of levered free cash flow
- Committed to achieve our 3.0x net leverage target during 2024

(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 & Margin Expansion
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 22	Q1 23	Q2 23	Q3 23	Q4 23	Q4 22	Q4 23
(in $ millions)							
Net income (loss)	$ 31	$ 14	$ 12	$ 9	$ 16	$ 39	$ 51
Interest expense	21	22	24	24	25	76	95
Income tax expense (benefit)	1	1	1	—	5	8	7
Depreciation and amortization	52	52	55	55	57	223	219
EBITDA	105	89	92	88	102	346	372
Adjustments:							
Non-cash purchase accounting impact (1)	8	7	—	6	6	23	20
Transaction and integration costs (2)	9	3	4	3	4	26	14
Sales-type lease adjustment (3)	1	3	3	2	3	5	10
Share-based payments (4)	3	3	4	3	3	12	13
Change in fair value of derivative and warrants (5)	(2)	(1)	(1)	(1)	—	(20)	(2)
Adjusted EBITDA	124	105	103	100	118	393	427

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.
(3) 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.
(4) Represents non-cash share-based compensation expense associated with the issuance of stock options and restricted stock units.
(5) 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

	Quarter					Year to Date	
	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q4 22	Q4 23
(in $ millions)							
Revenue:							
Rental	$ 128	$ 118	$ 122	$ 118	$ 120	$ 464	$ 479
Equipment sales	326	301	302	283	367	982	1,253
Parts sales and services	33	33	33	33	35	127	133
Total revenue	487	452	457	434	522	1,573	1,865
Cost of Revenue:							
Cost of revenue	318	302	303	285	351	1,018	1,240
Depreciation of rental equipment	41	40	44	42	44	172	171
Total cost of revenue	358	343	346	327	395	1,189	1,411
Less: Depreciation of rental equipment	(41)	(40)	(44)	(42)	(44)	(172)	(171)
Cost of revenue excluding depreciation	318	302	303	285	351	1,018	1,240
Adjusted gross profit	169	150	154	150	171	555	625
Less: Depreciation of rental equipment	(41)	(40)	(44)	(42)	(44)	(172)	(171)
Gross profit - GAAP	$ 128	$ 110	$ 111	$ 107	$ 127	$ 384	$ 454

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 22	Q1 23	Q2 23	Q3 23	Q4 23	Q4 22	Q4 23
(in $ millions)							
Revenue:							
Rental revenue	$ 123	$ 114	$ 118	$ 115	$ 117	$ 449	$ 463
Equipment sales	78	92	51	52	68	212	263
Total revenue	202	206	169	167	185	661	726
Cost of revenue:							
Cost of rental revenue	27	29	31	30	28	107	118
Cost of equipment sales	58	71	40	38	50	158	199
Depreciation of rental equipment	40	40	43	42	43	168	167
Total cost of revenue	124	140	114	109	121	433	484
Gross profit	78	66	55	58	63	229	242
Depreciation of rental equipment	40	40	43	42	43	168	167
Gross profit excluding depreciation of rental equipment	$ 118	$ 106	$ 97	$ 100	$ 107	$ 396	$ 409

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

Supplementary Segment Data — TES

	Quarter					Year to Date	
	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q4 22	Q4 23
(in $ millions)							
Equipment sales	$ 247	$ 209	$ 251	$ 231	$ 299	$ 770	$ 990
Cost of equipment sales	203	175	205	191	246	648	818
Gross profit	$ 44	$ 34	$ 46	$ 40	$ 53	$ 123	$ 173

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

Supplementary Segment Data — APS

	Quarter					Year to Date	
	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q4 22	Q4 23
(in $ millions)							
Revenue:							
Rental revenue	$ 4	$ 5	$ 4	$ 3	$ 4	$ 15	$ 16
Parts sales and services	33	33	33	33	35	127	133
Total revenue	38	37	37	36	38	142	149
Cost of revenue:							
Cost of parts sales and services	30	27	26	26	27	105	106
Depreciation of rental equipment	1	1	1	1	1	4	3
Total cost of revenue	31	28	27	27	28	109	109
Gross profit	6	9	10	9	11	33	39
Depreciation of rental equipment	1	1	1	1	1	4	3
Gross profit excluding depreciation of rental equipment	$ 7	$ 10	$ 11	$ 10	$ 12	$ 36	$ 43

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

Leverage Ratio Calculation

	Q4 22	Q4 23
(in $ millions)		
Net Debt and Finance Leases (As of Period End):		
Current Maturities of Long-Term Debt	$ 7	$ 8
Current Portion of Finance Leases	2	—
Long-Term Debt, Net	1,355	1,487
Finance Leases	3	—
Add: Deferred Financing Costs	28	22
Total Debt and Finance Leases	1,394	1,518
Less: Cash and Cash Equivalents	(14)	(10)
Net Debt and Finance Leases	$ 1,380	$ 1,507
Adjusted EBITDA:		
LTM Adjusted EBITDA	$ 393	$ 427
Leverage Ratio	3.51	3.53

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.