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DELTA REPORT

10-Q

CTOS - CUSTOM TRUCK ONE SOURCE,

10-Q - SEPTEMBER 30, 2022 COMPARED TO 10-Q - JUNE 30, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	931
CHANGES	218
DELETIONS	139
ADDITIONS	574

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2022 September 30, 2022

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

For the transition period from ______to ______
Commission File Number: 001-38186

____

CUSTOM TRUCK ONE SOURCE, INC.

(Exact name of registrant as specified in its charter)

Delaware	**84-2531628**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

7701 Independence Ave
Kansas City, MO 64125
(Address of principal executive offices, including zip code)
(816) 241-4888
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value	CTOS	New York Stock Exchange
Redeemable warrants, exercisable for Common Stock, $0.0001 par value	CTOS.WS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

The number of shares of common stock outstanding as of August 3, 2022 November 2, 2022 was 248,068,603. 246,590,393.

Custom Truck One Source, Inc. and Subsidiaries

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Custom Truck One Source, Inc.

Condensed Consolidated Balance Sheets (unaudited)

(in $000s, except share data)	*(in $000s, except share data)*	June 30, 2022	December 31, 2021	*(in $000s, except share data)*	September 30, 2022	December 31, 2021
Assets	**Assets**			**Assets**		
Current Assets	**Current Assets**			**Current Assets**		
Cash and cash equivalents	Cash and cash equivalents	$ 28,524	$ 35,902	Cash and cash equivalents	$ 26,174	$ 35,902
Accounts receivable, net	Accounts receivable, net	168,916	168,394	Accounts receivable, net	176,969	168,394
Financing receivables, net	Financing receivables, net	35,496	28,649	Financing receivables, net	32,967	28,649
Inventory	Inventory	536,087	410,542	Inventory	555,811	410,542
Prepaid expenses and other	Prepaid expenses and other	13,800	13,217	Prepaid expenses and other	9,989	13,217

Total current assets	Total current assets	782,823	656,704	Total current assets	801,910	656,704
Property and equipment, net	Property and equipment, net	107,940	108,612	Property and equipment, net	106,721	108,612
Rental equipment, net	Rental equipment, net	834,164	834,325	Rental equipment, net	865,569	834,325
Goodwill	Goodwill	705,973	695,865	Goodwill	703,411	695,865
Intangible assets, net	Intangible assets, net	318,661	327,840	Intangible assets, net	310,888	327,840
Operating lease assets	Operating lease assets	35,316	36,014	Operating lease assets	34,317	36,014
Other assets	Other assets	29,538	24,406	Other assets	30,818	24,406
Total Assets	**Total Assets**	$ 2,814,415	$ 2,683,766	**Total Assets**	$ 2,853,634	$ 2,683,766
Liabilities and Stockholders' Equity	**Liabilities and Stockholders' Equity**			**Liabilities and Stockholders' Equity**		
Current Liabilities	**Current Liabilities**			**Current Liabilities**		
Accounts payable	Accounts payable	$ 127,635	$ 91,123	Accounts payable	$ 102,657	$ 91,123
Accrued expenses	Accrued expenses	52,400	60,337	Accrued expenses	70,569	60,337
Deferred revenue and customer deposits	Deferred revenue and customer deposits	28,820	35,791	Deferred revenue and customer deposits	30,660	35,791
Floor plan payables - trade	Floor plan payables - trade	71,272	72,714	Floor plan payables - trade	81,440	72,714
Floor plan payables - non-trade	Floor plan payables - non-trade	239,514	165,239	Floor plan payables - non-trade	267,480	165,239
Operating lease liabilities - current	Operating lease liabilities - current	5,266	4,987	Operating lease liabilities - current	5,514	4,987
Current maturities of long-term debt	Current maturities of long-term debt	3,177	6,354	Current maturities of long-term debt	1,588	6,354
Current portion of finance lease obligations	Current portion of finance lease obligations	3,175	4,038	Current portion of finance lease obligations	2,471	4,038
Total current liabilities	Total current liabilities	531,259	440,583	Total current liabilities	562,379	440,583
Long-term debt, net	Long-term debt, net	1,349,964	1,308,265	Long-term debt, net	1,362,926	1,308,265
Finance leases	Finance leases	3,335	5,109	Finance leases	3,265	5,109
Operating lease liabilities - noncurrent	Operating lease liabilities - noncurrent	30,623	31,514	Operating lease liabilities - noncurrent	29,630	31,514
Deferred income taxes	Deferred income taxes	24,497	15,621	Deferred income taxes	28,113	15,621
Derivative, warrants and other liabilities	Derivative, warrants and other liabilities	4,612	24,164	Derivative, warrants and other liabilities	5,291	24,164
Total long-term liabilities	Total long-term liabilities	1,413,031	1,384,673	Total long-term liabilities	1,429,225	1,384,673
Commitments and contingencies (see Note 15)	Commitments and contingencies (see Note 15)			Commitments and contingencies (see Note 15)		
Stockholders' Equity	**Stockholders' Equity**			**Stockholders' Equity**		
Common stock — $0.0001 par value, 500,000,000 shares authorized, 248,068,603 and 247,358,412 shares issued and outstanding, at June 30, 2022 and December 31, 2021, respectively		25	25			

Treasury stock, at cost — 490,011 and 318,086 shares at June 30, 2022 and December 31, 2021, respectively		(4,463)	(3,020)			
Common stock — $0.0001 par value, 500,000,000 shares authorized, 248,069,853 and 247,358,412 shares issued and outstanding, at September 30, 2022 and December 31, 2021, respectively				Common stock — $0.0001 par value, 500,000,000 shares authorized, 248,069,853 and 247,358,412 shares issued and outstanding, at September 30, 2022 and December 31, 2021, respectively	25	25
Treasury stock, at cost — 878,837 and 318,086 shares at September 30, 2022 and December 31, 2021, respectively				Treasury stock, at cost — 878,837 and 318,086 shares at September 30, 2022 and December 31, 2021, respectively	(6,903)	(3,020)
Additional paid-in capital	Additional paid-in capital	1,514,339	1,508,995	Additional paid-in capital	1,518,717	1,508,995
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(2,636)	—	Accumulated other comprehensive loss	(10,287)	—
Accumulated deficit	Accumulated deficit	(637,140)	(647,490)	Accumulated deficit	(639,522)	(647,490)
Total stockholders' equity	Total stockholders' equity	870,125	858,510	Total stockholders' equity	862,030	858,510
Total Liabilities and Stockholders' Equity	**Total Liabilities and Stockholders' Equity**	$ 2,814,415	$ 2,683,766	**Total Liabilities and Stockholders' Equity**	$ 2,853,634	$ 2,683,766

See accompanying notes to unaudited condensed consolidated financial statements.

Custom Truck One Source, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (unaudited)

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
(in $000s, except per share data)	*(in $000s, except per share data)*	**2022**	**2021**	**2022**	**2021**	*(in $000s, except per share data)*	**2022**	**2021**	**2022**	**2021**
Revenue	**Revenue**					**Revenue**				
Rental revenue	Rental revenue	$ 112,055	$ 98,539	$ 221,200	$ 146,828	Rental revenue	$ 115,010	$ 109,108	$ 336,210	$ 255,936
Equipment sales	Equipment sales	218,506	247,675	445,692	265,662	Equipment sales	210,903	217,163	656,595	482,825
Parts sales and services	Parts sales and services	31,545	28,897	61,690	40,920	Parts sales and services	31,867	31,034	93,557	71,954
Total revenue	Total revenue	362,106	375,111	728,582	453,410	Total revenue	357,780	357,305	1,086,362	810,715
Cost of Revenue	**Cost of Revenue**					**Cost of Revenue**				
Cost of rental revenue	Cost of rental revenue	28,791	29,013	54,584	45,941	Cost of rental revenue	28,207	25,932	82,791	71,873
Depreciation of rental equipment	Depreciation of rental equipment	43,324	43,179	88,288	61,023	Depreciation of rental equipment	42,612	50,153	130,900	111,176
Cost of equipment sales	Cost of equipment sales	184,595	229,339	371,873	243,004	Cost of equipment sales	173,588	191,991	545,461	434,995
Cost of parts sales and services	Cost of parts sales and services	22,638	26,890	46,586	36,533	Cost of parts sales and services	25,201	23,977	71,787	60,510
Total cost of revenue	Total cost of revenue	279,348	328,421	561,331	386,501	Total cost of revenue	269,608	292,053	830,939	678,554
Gross Profit	**Gross Profit**	82,758	46,690	167,251	66,909	**Gross Profit**	88,172	65,252	255,423	132,161
Operating Expenses	**Operating Expenses**					**Operating Expenses**				

Selling, general and administrative expenses	Selling, general and administrative expenses	48,779	51,264	102,434	63,314	Selling, general and administrative expenses	49,835	48,625	152,269	111,939
Amortization	Amortization	6,871	13,332	20,206	14,086	Amortization	6,794	13,334	27,000	27,420
Non-rental depreciation	Non-rental depreciation	2,317	951	5,364	972	Non-rental depreciation	1,938	873	7,302	1,845
Transaction expenses and other	Transaction expenses and other	6,046	24,575	10,694	35,023	Transaction expenses and other	6,498	7,742	17,192	42,765
Total operating expenses	Total operating expenses	64,013	90,122	138,698	113,395	Total operating expenses	65,065	70,574	203,763	183,969
Operating Income (Loss)	**Operating Income (Loss)**	18,745	(43,432)	28,553	(46,486)	**Operating Income (Loss)**	23,107	(5,322)	51,660	(51,808)
Other Expense	**Other Expense**					**Other Expense**				
Loss on extinguishment of debt	Loss on extinguishment of debt	—	61,695	—	61,695	Loss on extinguishment of debt	—	—	—	61,695
Interest expense, net	Interest expense, net	20,281	19,723	39,437	34,629	Interest expense, net	22,887	19,045	62,324	53,674
Financing and other expense (income)	Financing and other expense (income)	(15,078)	(2,058)	(24,158)	3,799	Financing and other expense (income)	(1,747)	(3,656)	(25,905)	143
Total other expense	Total other expense	5,203	79,360	15,279	100,123	Total other expense	21,140	15,389	36,419	115,512
Income (Loss) Before Income Taxes	**Income (Loss) Before Income Taxes**	13,542	(122,792)	13,274	(146,609)	**Income (Loss) Before Income Taxes**	1,967	(20,711)	15,241	(167,320)
Income Tax Expense (Benefit)	**Income Tax Expense (Benefit)**	(81)	6,564	2,924	10,654	**Income Tax Expense (Benefit)**	4,349	(186)	7,273	10,468
Net Income (Loss)	**Net Income (Loss)**	$ 13,623	$ (129,356)	$ 10,350	$ (157,263)	**Net Income (Loss)**	$ (2,382)	$ (20,525)	$ 7,968	$ (177,788)
Other Comprehensive Income (Loss):	**Other Comprehensive Income (Loss):**					**Other Comprehensive Income (Loss):**				
Unrealized foreign currency translation adjustments	Unrealized foreign currency translation adjustments	$ (2,636)	$ —	$ (2,636)	$ —	Unrealized foreign currency translation adjustments	$ (7,651)	$ —	$ (10,287)	$ —
Other Comprehensive Income (Loss)	Other Comprehensive Income (Loss)	(2,636)	—	(2,636)	—	Other Comprehensive Income (Loss)	(7,651)	—	(10,287)	—
Comprehensive Income (Loss)	**Comprehensive Income (Loss)**	$ 10,987	$ (129,356)	$ 7,714	$ (157,263)	**Comprehensive Income (Loss)**	$ (10,033)	$ (20,525)	$ (2,319)	$ (177,788)
Net Income (Loss) Per Share:	**Net Income (Loss) Per Share:**					**Net Income (Loss) Per Share:**				
Basic	Basic	$ 0.05	$ (0.53)	$ 0.04	$ (1.07)	Basic	$ (0.01)	$ (0.08)	$ 0.03	$ (0.99)
Diluted	Diluted	0.05	$ (0.53)	$ 0.04	$ (1.07)	Diluted	$ (0.01)	$ (0.08)	$ 0.03	$ (0.99)
Weighted-Average Common Shares Outstanding:	**Weighted-Average Common Shares Outstanding:**					**Weighted-Average Common Shares Outstanding:**				
Basic (in thousands)	Basic (in thousands)	247,745	243,752	247,403	146,997	Basic (in thousands)	247,704	244,292	247,448	179,785
Diluted (in thousands)	Diluted (in thousands)	248,614	243,752	248,239	146,997	Diluted (in thousands)	247,704	244,292	247,926	179,785

See accompanying notes to unaudited condensed consolidated financial statements.

Custom Truck One Source, Inc.
Condensed Consolidated Statements of Cash Flows (unaudited)

			Six Months Ended June 30,					Nine Months Ended September 30,				
(in $000s)	*(in $000s)*		**2022**		**2021**	*(in $000s)*		**2022**			**2021**	
Operating Activities	**Operating Activities**					**Operating Activities**						
Net income (loss)	Net income (loss)	$	10,350	$	(157,263)	Net income (loss)	$	7,968		$	(177,788)	
Adjustments to reconcile net income (loss) to net cash flow from operating activities:	Adjustments to reconcile net income (loss) to net cash flow from operating activities:					Adjustments to reconcile net income (loss) to net cash flow from operating activities:						
Depreciation and amortization	Depreciation and amortization		117,120		79,163	Depreciation and amortization		171,121			145,967	
Amortization of debt issuance costs	Amortization of debt issuance costs		2,158		2,239	Amortization of debt issuance costs		3,485			3,416	
Loss on extinguishment of debt	Loss on extinguishment of debt		—		61,695	Loss on extinguishment of debt		—			61,695	
Provision for losses on accounts receivable	Provision for losses on accounts receivable		4,545		6,177	Provision for losses on accounts receivable		5,905			8,391	
Share-based compensation	Share-based compensation		5,148		7,860	Share-based compensation		9,526			12,716	
(Gain) loss on sales and disposals of rental equipment			(22,905)		2,882							
Loss (Gain) on insurance proceeds - damaged equipment			—		(650)							
Gain on sales and disposals of rental equipment									Gain on sales and disposals of rental equipment		(35,064)	(8,636)
Change in fair value of derivative and warrants	Change in fair value of derivative and warrants		(18,822)		6,880	Change in fair value of derivative and warrants		(18,013)			5,453	
Deferred tax expense (benefit)			2,575		9,849							
Deferred tax expense									Deferred tax expense		6,792	10,003
Changes in assets and liabilities:	Changes in assets and liabilities:					Changes in assets and liabilities:						
Accounts and financing receivables	Accounts and financing receivables		(10,744)		(13,141)	Accounts and financing receivables		(17,637)			(33,217)	
Inventories	Inventories		(125,021)		43,553	Inventories		(155,111)			79,040	
Prepaids, operating leases and other	Prepaids, operating leases and other		(1,821)		(2,852)	Prepaids, operating leases and other		2,475			(2,115)	
Operating lease assets and liabilities			85		220							
Accounts payable	Accounts payable		32,480		11,937	Accounts payable		9,900			(2,450)	
Accrued expenses and other liabilities	Accrued expenses and other liabilities		(8,099)		(13)	Accrued expenses and other liabilities		9,397			16,955	

Floor plan payables - trade, net	Floor plan payables - trade, net	(1,441)	(6,927)	Floor plan payables - trade, net	8,726	(12,485)	
Customer deposits and deferred revenue	Customer deposits and deferred revenue	(6,972)	5,616	Customer deposits and deferred revenue	(5,126)	5,810	
Net cash flow from operating activities	Net cash flow from operating activities	(21,364)	57,225	Net cash flow from operating activities	4,344	112,755	
Investing Activities	**Investing Activities**			**Investing Activities**			
Acquisition of business, net of cash acquired	Acquisition of business, net of cash acquired	(49,832)	(1,334,285)	Acquisition of business, net of cash acquired	(49,832)	(1,337,686)	
Purchases of rental equipment	Purchases of rental equipment	(127,237)	(65,873)	Purchases of rental equipment	(224,002)	(141,142)	
Proceeds from sales and disposals of rental equipment	Proceeds from sales and disposals of rental equipment	96,143	41,708	Proceeds from sales and disposals of rental equipment	135,436	62,617	
Other investing activities, net	Other investing activities, net	(11,763)	(1,777)	Other investing activities, net	(15,529)	(3,404)	
Net cash flow from investing activities	Net cash flow from investing activities	(92,689)	(1,360,227)	Net cash flow from investing activities	(153,927)	(1,419,615)	
Financing Activities	**Financing Activities**			**Financing Activities**			
Proceeds from debt	Proceeds from debt	—	947,420	Proceeds from debt	—	947,420	
Proceeds from issuance of common stock	Proceeds from issuance of common stock	—	883,000	Proceeds from issuance of common stock	—	883,000	
Payment of common stock issuance costs	Payment of common stock issuance costs	—	(6,386)	Payment of common stock issuance costs	—	(6,386)	
Payment of premiums on debt extinguishment	Payment of premiums on debt extinguishment	—	(53,469)	Payment of premiums on debt extinguishment	—	(53,469)	
Share-based payments	Share-based payments	(1,247)	(586)	Share-based payments	(1,250)	(652)	
Borrowings under revolving credit facilities	Borrowings under revolving credit facilities	75,000	441,084	Borrowings under revolving credit facilities	87,000	461,084	
Repayments under revolving credit facilities	Repayments under revolving credit facilities	(34,945)	(307,055)	Repayments under revolving credit facilities	(34,945)	(307,056)	
Repayments of notes payable	Repayments of notes payable	(3,791)	(494,220)	Repayments of notes payable	(6,126)	(497,047)	
Finance lease payments	Finance lease payments	(2,639)	(2,579)	Finance lease payments	(3,308)	(4,382)	
Repurchase of common stock					Repurchase of common stock	(1,752)	—
Acquisition of inventory through floor plan payables - non-trade	Acquisition of inventory through floor plan payables - non-trade	293,241	84,619	Acquisition of inventory through floor plan payables - non-trade	451,202	184,950	

Repayment of floor plan payables - non-trade	Repayment of floor plan payables - non-trade	(218,965)	(130,334)	Repayment of floor plan payables - non-trade	(348,961)	(248,234)
Payment of debt issuance costs	Payment of debt issuance costs	—	(34,694)	Payment of debt issuance costs	—	(34,694)
Net cash flow from financing activities	Net cash flow from financing activities	106,654	1,326,800	Net cash flow from financing activities	141,860	1,324,534
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	21	—	Effect of exchange rate changes on cash and cash equivalents	(2,005)	—
Net Change in Cash and Cash Equivalents	**Net Change in Cash and Cash Equivalents**	(7,378)	23,798	**Net Change in Cash and Cash Equivalents**	(9,728)	17,674
Cash and Cash Equivalents at Beginning of Period	**Cash and Cash Equivalents at Beginning of Period**	35,902	3,412	**Cash and Cash Equivalents at Beginning of Period**	35,902	3,412
Cash and Cash Equivalents at End of Period	**Cash and Cash Equivalents at End of Period**	$ 28,524	$ 27,210	**Cash and Cash Equivalents at End of Period**	$ 26,174	$ 21,086

Custom Truck One Source, Inc.
Condensed Consolidated Statements of Cash Flows (unaudited) — Continued

		Six Months Ended June 30,			**Nine Months Ended September 30,**	
(in $000s)	*(in $000s)*	**2022**	**2021**	*(in $000s)*	**2022**	**2021**
Supplemental Cash Flow Information	**Supplemental Cash Flow Information**			**Supplemental Cash Flow Information**		
Interest paid	Interest paid	$ 38,417	$ 40,227	Interest paid	$ 44,414	$ 44,786
Income taxes paid	Income taxes paid	—	122	Income taxes paid	—	217
Non-Cash Investing and Financing Activities	**Non-Cash Investing and Financing Activities**			**Non-Cash Investing and Financing Activities**		
Non-cash consideration - acquisition of business	Non-cash consideration - acquisition of business	—	187,935	Non-cash consideration - acquisition of business	—	187,935
Rental equipment sales in accounts receivable	Rental equipment sales in accounts receivable	1,145	2,077	Rental equipment sales in accounts receivable	747	1,429

See accompanying notes to unaudited condensed consolidated financial statements.

Custom Truck One Source, Inc.
Condensed Consolidated Statements of Stockholders' Equity (Deficit) (unaudited)

		Shares					**Accumulated**			**Shares**	**Total**		
						Additional	**Other**				**Stockholders'**		
(in $000s, except share data)	*(in $000s, except share data)*	**Common**	**Treasury**	**Common Stock**	**Treasury Stock**	**Paid-in Capital**	**Comprehensive Loss**	**Total**	**Accumulated Deficit**	**Common**	**Equity Treasury (Deficit)**		
Balance, December 31, 2021	**Balance, December 31, 2021**	247,358,412	(318,086)	$ 25	$ (3,020)	$1,508,995	$ —	**Stockholders' Equity (Deficit)**		$(647,490)	$ 858,510	**Balance, December 31, 2021**	247,358,412 **Common Stock**
Net income (loss)	Net income (loss)	—	—	—	—	—	—		(3,273)		(3,273)	Net income (loss)	—

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	Shares Common	Shares Treasury	Common Stock	Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)	Shares Common
Share-based payments	102,630	(21,505)	—	(287)	3,559	—	—	3,272	102,630
Balance, March 31, 2022	247,461,042	(339,591)	$ 25	$ (3,307)	$1,512,554	$ —	$ (650,763)	$ 858,509	247,461,042
Net income (loss)	—	—	—	—	—	—	13,623	13,623	—
Other comprehensive loss	—	—	—	—	—	(2,636)	—	(2,636)	—
Share-based payments	607,561	(150,420)	—	(1,156)	1,785	—	—	629	607,561
Balance, June 30, 2022	248,068,603	(490,011)	$ 25	$ (4,463)	$1,514,339	$ (2,636)	$ (637,140)	$ 870,125	248,068,603
Net income (loss)									
Other comprehensive loss									
Common stock repurchases									
Share-based payments									
Balance, September 30, 2022									

(in $000s, except share data)	Shares Common	Shares Treasury	Common Stock	Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)	Shares Common	Shares Treasury	Common Stock
Balance, December 31, 2020	49,156,753	—	$ 5	$ —	$ 434,917	$ —	$(465,989)	$ (31,067)	49,156,753		
Net loss	—	—	—	—	—	—	(27,907)	(27,907)			
Net income (loss)											
Share-based payments	62,630	—	—	—	597	—	—	597	62,630		
Warrants liability	—	—	—	—	(10,290)	—	—	(10,290)	—		
Balance, March 31, 2021	49,219,383	—	$ 5	$ —	$ 425,224	$ —	$ (493,896)	$ (68,667)	49,219,383		
Net loss	—	—	—	—	—	—	(129,356)	(129,356)			
Net income (loss)											
Share-based payments	1,118,846	(235,856)	—	(2,256)	9,618	—	—	7,362	1,118,846		
Shares issued in business combination	196,700,000	—	20	—	1,064,529	—	—	1,064,549	196,700,000		
Balance, June 30, 2021	247,038,229	(235,856)	$ 25	$ (2,256)	$1,499,371	$ —	$ (623,252)	$ 873,888	247,038,229		
Net income (loss)											
Share-based payments											

Balance, September 30, 2021	Balance, September 30, 2021

See accompanying notes to unaudited condensed consolidated financial statements.

Custom Truck One Source, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

Note 1: Business and Organization

Organization

Custom Truck One Source, Inc., formerly Nesco Holdings, Inc., a Delaware corporation, and its wholly owned subsidiaries are engaged in the business of providing a range of products and services to customers through rentals and sales of specialty equipment, rentals and sales of aftermarket parts and services related to the specialty equipment, and repair, maintenance and customization services related to that equipment. Immediately following the acquisition by Nesco Holdings II, Inc. of Custom Truck One Source, L.P. ("Custom Truck LP") as discussed in Note 3: Business Combinations, on April 1, 2021 (the "Acquisition"), Nesco Holdings, Inc. ("Nesco Holdings") changed its name to "Custom Truck One Source, Inc." and changed The New York Stock Exchange ticker for its shares of common stock ("Common Stock") from "NSCO" to "CTOS," and the ticker of its redeemable warrants from "NSCO.WS" to "CTOS.WS." Terms such as, "we," "our," "us," or "the Company" refer to Nesco Holdings prior to the Acquisition, and to the combined company after the Acquisition. Unless the context otherwise requires, the term "Nesco" or "Nesco Holdings" as used in these financial statements means Nesco Holdings and its consolidated subsidiaries prior to the Acquisition, and the term "Custom Truck LP" means Custom Truck LP and its consolidated subsidiaries prior to and on the date of the Acquisition.

We are a specialty equipment provider to the electric utility transmission and distribution, telecommunications, rail and other infrastructure-related industries in North America. Our core business relates to our new equipment inventory and rental fleet of specialty equipment that is utilized by service providers in infrastructure development and improvement work. We offer our specialized equipment to a diverse customer base, including utilities and contractors, for the maintenance, repair, upgrade, and installation of critical infrastructure assets, including distribution and transmission electric lines, telecommunications networks and rail systems, as well as for lighting and signage. We rent, produce, sell and service a broad range of new and used equipment, including bucket trucks, digger derricks, dump trucks, cranes, service trucks, and heavy-haul trailers. Following the Acquisition, we changed our reportable segments to be consistent with how we currently manage the business, representing three reporting segments: Equipment Rental Solutions ("ERS"), Truck and Equipment Sales ("TES") and Aftermarket Parts and Services ("APS").

Equipment Rental Solutions ("ERS") Segment

We own a broad range of new and used specialty equipment, including truck-mounted aerial lifts, cranes, service trucks, dump trucks, trailers, digger derricks and other machinery and equipment. The majority of our rental fleet can be used across a variety of end-markets, which coincides with the needs of many of our customers who operate in multiple end-markets. As is customary for equipment rental companies, we sell used equipment out of our rental fleet to end-user customers. These sales are often made in response to specific customer requests. These sales offer customers an opportunity to buy well-maintained equipment with long remaining useful lives and enable us to effectively manage the age and mix of our rental fleet to match current market demand. We also employ rental purchase options on a select basis, which provide a buyout option with an established purchase price that decreases over time as rental revenue is collected. Customers are given credit against such purchase price for a portion of the amounts paid over the life of the rental, allowing customers the flexibility of a rental with the option to purchase at any time at a known price. Activities in our ERS segment consist of the rental and sale from the rental fleet, of the foregoing products.

Truck and Equipment Sales ("TES") Segment

We offer a broad variety of new equipment for sale to be used across our end-markets, which can be modified to meet our customers' specific needs. We believe that our integrated production capabilities and extensive knowledge gained over a long history of selling equipment have established us as a trusted partner for customers seeking tailored solutions with short lead times. In support of these activities, we primarily employ a direct-to-customer sales model, leveraging our dedicated sales force of industry and product managers, who are focused on driving national and local sales. We also opportunistically engage in the sale of used equipment purchased from third parties or received via trade-ins from new equipment sales customers. In all of these cases, we will sell used equipment directly to customers, rather than relying on auctions. Activities in our TES segment consist of the production and sale of new and used specialty equipment and vocational trucks, which includes equipment from leading original equipment manufacturers ("OEMs") across our end-markets, as well as our Load King™ brand.

Aftermarket Parts and Services ("APS") Segment

The APS segment includes the sale of specialized aftermarket parts, including captive parts related to our Load King™ brand, used in the maintenance and repair of the equipment we sell and rent. Specialized tools, including stringing blocks, insulated hot stick, and rigging equipment, are sold or rented to our customers on an individual basis or in packaged specialty kits. We also provide truck and equipment maintenance and repair services, which are executed throughout our nationwide branch network and fleet of mobile technicians supported by our 24/7 call center based in Kansas City, Missouri.

Supply Chain

The Company purchases raw materials, component parts and finished goods to be used in the manufacturing, sale and rental of its products. Uncertainty remains regarding supply chain disruptions, inflationary pressures, public health crises, and geopolitical risks that have led to issues, broadly, in the global flow of goods and services (the "supply chain"). Changes in the Company's relationships with suppliers, shortages in availability of materials, production delays, regulatory restrictions, public health crises, or other supply chain disruptions, whether due to suppliers or customers, could have a material adverse effect on the Company's ability to timely manufacture and market products. Increases in the costs of shipping and transportation, purchased raw materials, component parts or finished goods could result in manufacturing interruptions, delays, inefficiencies or the Company's inability to market products. The unprecedented nature of the supply chain disruptions continues to make it difficult to predict the Company's future business and financial performance. The Company continues to monitor the impact on its supply chain, including, but not limited to, the commercial vehicle manufacturers that provide the chassis used in the Company's production and manufacturing processes and the ongoing semiconductor shortage, which could potentially limit the ability of these manufacturers to meet demand in future periods.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

Our accompanying condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP") and the accounting policies described below. Our consolidated financial statements include the accounts of all wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The preparation of financial statements in accordance with GAAP requires that these Unaudited Condensed Consolidated Financial Statements and most of the disclosures in these Notes be presented on a historical basis, as of or for the current interim period ended or comparable prior period. The consolidated financial position and results of operations and cash flows (including segment information) presented herein include those of Custom Truck One Source, Inc. as of June 30, 2022 September 30, 2022 and since the date of the Acquisition. Financial information presented for periods prior to the Acquisition represent those of Nesco Holdings and its subsidiaries.

The accompanying interim statements of the Company have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X, and the Condensed Consolidated Balance Sheet at December 31, 2021, has been derived from the audited consolidated financial statements of Custom Truck One Source, Inc. at that date. Accordingly, these interim financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments and disclosures necessary for a fair statement of these interim statements, have been included. The results reported in these interim statements are not necessarily indicative of the results that may be reported for the entire year or for any other period. These interim statements should be read in conjunction with the Custom Truck One Source, Inc. audited consolidated financial statements included in the Custom Truck One Source, Inc. Annual Report on Form 10-K for the year ended December 31, 2021.

Use of Estimates

We prepare our consolidated financial statements in conformity with GAAP, which requires us to use judgment to make estimates that directly affect the amounts reported in our consolidated financial statements and accompanying notes. Significant estimates are used for items including, but not limited to, the useful lives and residual values of our rental equipment, and the allocation of purchase price related to business combinations. In addition, estimates are used to test both long-lived assets, goodwill, and indefinite-lived assets for impairment, and to determine the fair value of impaired assets, if any impairment exists. These estimates are based on our historical experience and on various other assumptions we believe to be reasonable under the circumstances. We review our estimates on an ongoing basis using information currently available, and we revise our recorded estimates as updated information becomes available, facts and circumstances change, or actual amounts become determinable. Actual results could differ from our estimates.

Accounting Pronouncements Issued Not Yet Adopted

Supplier Finance Programs. In September 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2022-04, Liabilities-Supplier Finance Programs ("ASU 2022-04"), which requires that a buyer in a supplier finance program disclose sufficient information about the program to allow a user of financial statements to understand the program's nature and effects of those programs on an entity's working capital, liquidity, and cash flows. ASU 2022-04 is effective for the Company in the first quarter of 2023 and early adoption is permitted. The Company plans to adopt the disclosure requirements of ASU 2022-04 in the first quarter of 2023.

Trade Receivables and Allowance for Credit Losses

We are exposed to credit losses from trade receivables generated through our leasing, sales and service businesses. We assess each customer's ability to pay for the products and services by conducting a credit review. The credit review considers expected billing exposure and timing for payment and the customer's established credit rating. We perform a credit review of new customers at inception of the customer relationship and, for existing customers, when the customer transacts new leases or product orders after a period of dormancy. We also consider contract terms and conditions, country risk and business strategy in the evaluation.

We monitor ongoing credit exposure through an active review of customer balances against contract terms and due dates. We may employ collection agencies and legal counsel to pursue recovery of defaulted receivables. The allowances for credit losses reflect the estimate of the amount of receivables that management assesses will be unable to be collected based on historical write-off experience and, as applicable, current conditions and reasonable and supportable forecasts that affect collectability. This estimate could require change based on changing circumstances, including changes in the economy or in the particular circumstances of individual customers. Accordingly, we may be required to increase or decrease the allowances. We review the adequacy of the allowance on a quarterly basis. The allowance for doubtful accounts was $13.9 million $14.0 million and $10.8 million as of June 30, 2022 September 30, 2022 and December 31, 2021, respectively, and is included in accounts receivable, net on our Condensed Consolidated Balance Sheets.

Note 3: Business Combinations

Acquisition of Custom Truck One Source, L.P.

On December 3, 2020, Nesco Holdings and Nesco Holdings II, Inc., a subsidiary of Nesco Holdings (the "Buyer" or the "Issuer"), entered into a Purchase and Sale Agreement (as amended, the "Purchase Agreement") with certain affiliates of The Blackstone Group ("Blackstone") and other direct and indirect equity holders (collectively, "Sellers") of Custom Truck One Source, L.P., Blackstone Capital Partners VI-NQ L.P., and PE One Source Holdings, LLC, an affiliate of Platinum Equity, LLC ("Platinum"), pursuant to which Buyer agreed to acquire 100% of the partnership interests of Custom Truck LP. In connection with the Acquisition, Nesco Holdings and certain Sellers entered into Rollover and Contribution Agreements (the "Rollover Agreements"), pursuant to which such Sellers agreed to contribute a portion of their equity interests in Custom Truck LP (the "Rollovers") with an aggregate value of $100.5 million in exchange for shares of Common Stock, valued at $5.00 per share. We believe the Acquisition creates a leading, one-stop shop for specialty equipment, serving highly attractive and growing infrastructure end markets, including transmission and distribution, telecom, rail and other national infrastructure initiatives.

Also on December 3, 2020, Nesco Holdings entered into a Common Stock Purchase Agreement (the "Investment Agreement") with Platinum, relating to, among other things, the issuance and sale to Platinum (the "Subscription") of shares of Common Stock, for an aggregate purchase price in the range of $700 million to $763 million, with the specific amount calculated in accordance with the Investment Agreement based upon the total equity funding required to fund the consideration paid pursuant to the terms of the Purchase Agreement. The shares of Common Stock issued and sold to Platinum had a purchase price of $5.00 per share. In accordance with the Investment Agreement, on December 21, 2020, Nesco Holdings entered into Subscription Agreements (the "Subscription Agreements") with certain investors (the "PIPE Investors") to finance, in part, the Acquisition.

Pursuant to the Subscription Agreements, concurrently with the closing of the transactions contemplated by the Investment Agreement, the PIPE Investors agreed to purchase an aggregate of 28,000,000 shares of Common Stock at $5.00 per share for an aggregate purchase price of $140 million (the “Supplemental Equity Financing”).

On April 1, 2021 (the “Closing Date”), in connection with (i) the Rollovers, the Company issued, in the aggregate, 20,100,000 shares of Common Stock to the parties to the Rollover Agreements, (ii) the Subscription, the Company issued 148,600,000 shares of Common Stock to Platinum, and (iii) the Supplemental Equity Financing, the Company issued, in the aggregate, 28,000,000 shares of Common Stock to the PIPE Investors.

Purchase Price

The Company issued 20,100,000 shares of Common Stock to Custom Truck LP equity interest holders, as well as paid cash and repaid debt obligations as consideration for the Acquisition. The trading price of the Common Stock was $9.35 per share on the Closing Date. The purchase price has been determined to be as follows:

(in $000s, except share and per share data)		
Common stock issued		20,100,000
Common stock per share price as of April 1, 2021	$	9.35
Fair value of common stock issued	$	187,935
Cash consideration paid to equity interest holders		790,324
Repayment of debt obligations		552,600
Total purchase price	$	1,530,859

During the year ended December 31, 2021, the Company transferred an additional $3.4 million of cash consideration to the Sellers related to certain customary closing adjustments set forth in the Purchase Agreement.

Opening Balance Sheet

The acquisition of Custom Truck One Source, L.P. has been accounted for using the acquisition method of accounting, and the Company is considered the accounting acquirer. Under the acquisition method of accounting, we are required to assign the purchase price to tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values as of the Closing Date. The excess of the purchase price over those fair values is recorded as goodwill. The total purchase price has been assigned to the underlying assets acquired and liabilities assumed based upon their fair values as of the Closing Date, and the estimated fair values have been recorded based on independent valuations, discounted cash flow analysis, quoted market prices, contributory asset charges, and estimates made by management, which estimates fall under “Level 3” of the fair value hierarchy (as defined in Note 12: Fair Value Measurements).

The following table summarizes the April 1, 2021 fair values of the assets acquired and liabilities assumed. Since the Closing Date, the Company identified and recorded certain measurement period adjustments to the preliminary purchase price allocation, which are reflected in the table below. These adjustments were not significant and related primarily to rental equipment and current liabilities. The measurement period adjustments, coupled with the additional cash consideration discussed above, increased goodwill by approximately $15.6 million during the year ended December 31, 2021. The final assessment of the fair value of the Custom Truck LP assets acquired and liabilities assumed was complete as of March 31, 2022.

(in $000s)		
Accounts and financing receivables (a)	$	115,325
Inventory		431,648
Other current assets		13,201
Property and equipment (b)		104,721
Rental equipment		556,569
Intangible assets (c)		301,018
Operating lease assets		23,793
Other assets		18,223
Total identifiable assets acquired		1,564,498
Current liabilities		(410,276)
Long-term debt		(28,607)
Operating lease liabilities-noncurrent		(21,308)
Deferred tax and other liabilities		(31,261)
Total identifiable liabilities assumed		(491,452)
Total net assets		1,073,046
Goodwill (d)		457,813
Net assets acquired (purchase price)	$	1,530,859

a. The estimated fair value of accounts and financing receivables is $115.3 million, with the gross contractual amount being $122.4 million. The Company estimates approximately $7.0 million to be uncollectible.

b. Acquired property and equipment is primarily comprised of land, buildings and improvements with an estimated fair value of $67.9 million, and machinery, equipment and vehicles, with an estimated fair value of $31.1 million, as well as other property with an estimated fair value of $5.7 million.

c. The acquired identified intangible assets are comprised of trade names, with an estimated fair value of $151.0 million, and customer relationships, with an estimated fair value of $150.0 million. The weighted average useful lives of the trade names and the customer relationships are estimated to be 15 years and 12 years, respectively.

d. The goodwill recognized is attributable primarily to synergies and economies of scale provided by the acquired rental and new equipment sales businesses, as well as the assembled workforce of Custom Truck LP. Approximately $265.4 million of the goodwill is expected to be deductible for income tax purposes.

Goodwill attributable to the Acquisition is assigned to our Segments as follows:

(in $000s)		
ERS	$	261,607
TES		167,307
APS		28,899

Financing Transactions

On the Closing Date, the Issuer issued $920 million in aggregate principal amount of 5.50% senior secured second lien notes due 2029 (the “2029 Secured Notes”). The 2029 Secured Notes were issued pursuant to an indenture, dated as of April 1, 2021, by and among the Issuer, Wilmington Trust, National Association, as trustee, and the guarantors party thereto (the “Indenture”). The Issuer will pay interest on the Notes semi-annually in arrears on April 15 and October 15 of each year, which commenced on October 15, 2021. Unless earlier redeemed, the 2029 Secured Notes will mature on April 15, 2029. The notes were offered pursuant to a private placement exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”), to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to certain non-U.S. persons outside of the United States in reliance on Regulation S under the Securities Act. The proceeds from the issuance and sale of the 2029 Secured Notes were used to consummate the Acquisition and to repay the Senior Secured Notes due 2024 previously issued by Nesco Holdings, repay certain indebtedness of Custom Truck LP and pay certain fees and expenses related to the Acquisition and financing transactions.

Also on the Closing Date, the Buyer, its direct parent, and certain of its direct and indirect subsidiaries entered into a senior secured asset-based revolving credit agreement (the “ABL Credit Agreement”) with Bank of America, N.A., as administrative agent and collateral agent, and certain other lenders party thereto, consisting of a $750.0 million first lien senior secured asset-based revolving credit facility with a maturity of five years (the “ABL Facility”), which includes borrowing capacity for revolving loans (with a swingline sub-facility) and the issuance of letters of credit. Proceeds from the ABL Facility were used to finance the repayment of certain indebtedness of (i) Custom Truck LP under that certain Credit Agreement, dated as of April 18, 2017 (the “Custom Truck LP Credit Facility”), by and among Custom Truck LP, the other entities party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, and (ii) Buyer under that certain Credit Agreement, dated as of July 31, 2019 (the “2019 Credit Facility”), by and among Capitol Investment Merger Sub 2, LLC, the other entities party thereto and JPMorgan Chase Bank, N.A., as administrative agent, as well as to pay fees and expenses related to the Acquisition and the financing transactions.

Pro Forma Information

The below pro forma information is presented for the three and six nine months ended June 30, 2021 September 30, 2021 and uses the estimated fair value of assets and liabilities on the Closing Date, and makes the following assumptions: (1) removes acquisition-related costs and charges that were recognized in the Company's consolidated financial statements in the three and six nine months ended June 30, 2021 September 30, 2021 and applies these costs and charges as if the Acquisition and related financing transactions had occurred on January 1, 2020; (2) removes the loss on the extinguishment of debt that was recognized in the Company’s condensed consolidated financial statements in the three and six nine months ended June 30, 2021 September 30, 2021 related to a special charge, which is not expected to recur; (3) adjusts for the impacts of purchase accounting in the six nine months ended June 30, 2021 September 30, 2021; (4) adjusts interest expense, including amortization of debt issuance costs, to reflect borrowings on the ABL Facility and issuance of the 2029 Secured Notes, as if the funds had been borrowed and the notes had been issued on January 1, 2020 and used to repay Nesco’s 2019 Credit Facility, Nesco’s Senior Secured Notes due 2024 and the Custom Truck LP Credit Facility and term loan; and (5) adjusts for the income tax effect using a tax rate of 25%. The pro forma information is not necessarily indicative of the Company’s results of operations had the Acquisition been completed on January 1, 2020, nor is it necessarily indicative of the Company’s future results. The pro forma information does not reflect any cost savings from operating efficiencies, synergies, or revenue opportunities that could result from the Acquisition.

			Three Months Ended		Six Months Ended			Three Months Ended		Nine Months Ended
(in $000s)	*(in $000s)*		June 30, 2021		June 30, 2021	*(in $000s)*		September 30, 2021		September 30, 2021
Revenue	Revenue	$	375,111	$	769,881	Revenue	$	357,305	$	1,127,186
Net income (loss)	Net income (loss)	$	(57,613)	$	(51,284)	Net income (loss)	$	(14,956)	$	(87,884)

The following presents a summary of the pro forma adjustments that are directly attributable to the business combination:

				Three Months Ended		Six Months Ended				Three Months Ended		Nine Months Ended
(in $000s)	*(in $000s)*			June 30, 2021		June 30, 2021	*(in $000s)*			September 30, 2021		September 30, 2021
Increase (decrease) net income/loss:	Increase (decrease) net income/loss:						Increase (decrease) net income/loss:					
Impact of fair value mark-ups on inventory	Impact of fair value mark-ups on inventory	a	$	9,388	$	1,342	Impact of fair value mark-ups on inventory	a	$	7,426	$	17,752

Impact of fair value mark-ups on rental fleet depreciation	Impact of fair value mark-ups on rental fleet depreciation	b	—	(7,257)	Impact of fair value mark-ups on rental fleet depreciation	b	—	(3,817)
Intangible asset amortization and other depreciation expense	Intangible asset amortization and other depreciation expense	c	—	(8,276)	Intangible asset amortization and other depreciation expense	c	—	(3,377)
Transaction expenses	Transaction expenses	d	24,575	40,277	Transaction expenses	d	—	40,277
Interest expense and amortization of debt issuance costs	Interest expense and amortization of debt issuance costs	e	—	9,042	Interest expense and amortization of debt issuance costs	e	—	3,919
Loss on extinguishment of debt refinanced	Loss on extinguishment of debt refinanced	f	61,695	61,695	Loss on extinguishment of debt refinanced	f	—	61,695
Income tax expense	Income tax expense	g	(23,915)	(24,206)	Income tax expense	g	(1,857)	(29,112)

a. Represents adjustments to cost of revenue for the run-off of the mark-up in fair value of inventory acquired and applied to the three and six nine months ended June 30, 2021 September 30, 2021.

b. Represents the adjustment for depreciation of rental fleet relating to the increase in the value of the rental fleet to its fair value.

c. Represents the differential in amortization and depreciation of non-rental equipment related to the respective fair values of the assets.

d. Represents adjustments for transaction expenses that are applied to the three and six nine months ended June 30, 2021 September 30, 2021.

e. Reflects the differential in interest expense, inclusive of amortization of capitalized debt issuance costs, related to our debt structure after the Acquisition as though the following had occurred on January 1, 2020: (i) borrowings under the ABL Facility; (ii) repayment of the 2019 Credit Facility; (iii) repayment of the Senior Secured Notes due 2024; (iv) repayment of the Custom Truck LP Credit Facility; and (v) the issuance of the 2029 Secured Notes.

f. Loss on extinguishment of debt represents a special charge, which is not expected to recur. Such charges are adjustments pursuant to our credit agreement.

g. Reflects the adjustment to recognize the tax impacts of the pro forma adjustments for which a tax expense is recognized using a statutory tax rate of 25%. This rate may vary from the actual effective rate of the historical and combined businesses.

Transaction Costs

The Company expensed approximately $24.6 million $7.7 million and $35.0 million $42.8 million in transaction costs related to the Acquisition within Transaction expenses during the three and six nine months ended June 30, 2021 September 30, 2021, respectively.

Acquisition of HiRail

On January 14, 2022, a subsidiary of the Company, CTOS Canada, Ltd., closed a Share Purchase Agreement with certain affiliates of Ontario Limited (d/b/a HiRail Leasing), Ontario Inc. (d/b/a Heavy Equipment Repairs), and Ontario Limited (d/b/a Northshore Rail Contracting) (collectively "HiRail") to acquire 100% of the equity interests of HiRail. The acquisition of HiRail expands our presence in our strategic markets and deepens our relationships with key customers. HiRail, including the assignment of purchase accounting goodwill (see below), is included in the Company's ERS segment.

Purchase Price

The Company paid $51.0 million, net of working capital adjustments, to HiRail equity interest holders and to repay debt obligations as consideration for the HiRail acquisition.

Opening Balance Sheet

The Acquisition of HiRail has been accounted for using the acquisition method of accounting. Under the acquisition method of accounting, we are required to assign the purchase price to tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values as of January 14, 2022. The excess of the purchase price over those fair values is recorded as goodwill and is attributable to expanded access to markets for our product and service offering, synergies, and broader product offerings to existing customers of HiRail. The total purchase price has been preliminarily assigned to the underlying assets acquired and liabilities assumed based upon their preliminary fair values as of January 14, 2022, and the estimated fair values have been recorded based on independent valuations, discounted cash flow analysis, quoted market prices, contributory asset charges, and estimates made by management, which estimates fall under "Level 3" of the fair value hierarchy (as defined in Note 12: Fair Value Measurements).

The following table summarizes as of January 14, 2022, fair values of the assets acquired and liabilities assumed. The final assessment of the fair value of the HiRail assets acquired and liabilities assumed, including estimates of fair values for inventory, property and equipment, rental equipment, certain intangible assets and deferred income taxes and the final assignment of goodwill to reporting units, was not complete as of June 30, 2022 September 30, 2022. The preliminary fair values are subject to change, pending a final determination of the fair values of assets acquired and liabilities assumed as more information is received about their respective values. As of June 30, 2022 September 30, 2022, the Company is in the process of determining the value of intangible assets acquired related to customer relationships.

(in $000s)	(in $000s)	January 14, 2022	Changes	June 30, 2022	(in $000s)	January 14, 2022	Changes	September 30, 2022
Current assets	Current assets	$ 2,891	$ (108)	$ 2,783	Current assets	$ 2,891	$ 956	$ 3,847
Property, equipment and other assets	Property, equipment and other assets	819	(681)	138	Property, equipment and other assets	819	—	819

Rental equipment	Rental equipment	34,224	—	34,224	Rental equipment	34,224	—	34,224
Total identifiable assets acquired	Total identifiable assets acquired	37,934	(789)	37,145	Total identifiable assets acquired	37,934	956	38,890
Total identifiable liabilities assumed	Total identifiable liabilities assumed	(6,011)	(1,314)	(7,325)	Total identifiable liabilities assumed	(6,011)	(1,314)	(7,325)
Total net assets	Total net assets	31,923	(2,103)	29,820	Total net assets	31,923	(358)	31,565
Goodwill	Goodwill	8,685	1,422	10,107	Goodwill	8,685	(323)	8,362
Intangible assets	Intangible assets	11,027	—	11,027	Intangible assets	11,027	—	11,027
Net assets acquired (purchase price)	Net assets acquired (purchase price)	51,635	(681)	50,954	Net assets acquired (purchase price)	51,635	(681)	50,954
Less: cash acquired	Less: cash acquired	(1,122)	—	(1,122)	Less: cash acquired	(1,122)	—	(1,122)
Net cash paid	Net cash paid	$ 50,513	$ (681)	$ 49,832	Net cash paid	$ 50,513	$ (681)	$ 49,832

Since January 14, 2022, HiRail has generated $4.1 million $3.8 million and $7.9 million $11.7 million of revenue and $0.1 million $1.6 million and $0.7 million $2.3 million of pre-tax income since January 14, 2022, which are included in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and six nine months ended June 30, 2022 September 30, 2022, respectively. Costs and expenses related to the acquisition were expensed as incurred and were not material. Additionally, pro forma information as if the acquisition of HiRail had occurred on January 1, 2021 is not being presented as the information is not considered material to our consolidated financial statements.

Note 4: Revenue

Revenue Disaggregation

Geographic Areas

The Company had total revenue in the following geographic areas:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
(in $000s)	*(in $000s)*	2022	2021	2022	2021	*(in $000s)*	2022	2021	2022	2021
United States	United States	$ 352,334	$ 369,515	$ 709,231	$ 446,981	United States	$ 347,093	$ 351,391	$ 1,056,324	$ 798,372
Canada	Canada	9,772	5,596	19,351	6,429	Canada	10,687	5,914	30,038	12,343
Total revenue	Total revenue	$ 362,106	$ 375,111	$ 728,582	$ 453,410	Total revenue	$ 357,780	$ 357,305	$ 1,086,362	$ 810,715

Major Product Lines and Services

Equipment leasing and equipment sales are the core businesses of the Company, with leasing complemented by the sale of rental units from the rental fleet. The Company's revenue by major product and service line for the three and six nine months ended June 30, 2022 September 30, 2022 and 2021 are presented in the tables below.

		Three Months Ended June 30,			Three Months Ended June 30,				Three Months Ended September 30,			Three Months Ended September 30,		
		2022			2021				2022			2021		
(in $000s)	*(in $000s)*	Topic 842	Topic 606	Total	Topic 842	Topic 606	Total	*(in $000s)*	Topic 842	Topic 606	Total	Topic 842	Topic 606	Total
Rental:	Rental:							Rental:						
Rental	Rental	$ 107,445	$ —	$ 107,445	$ 94,713	$ —	$ 94,713	Rental	$ 110,054	$ —	$ 110,054	$ 105,165	$ —	$ 105,165
Shipping and handling	Shipping and handling	—	4,610	4,610	—	3,826	3,826	Shipping and handling	—	4,956	4,956	—	3,943	3,943

Total rental revenue	Total rental revenue	107,445	4,610	112,055	94,713	3,826	98,539	Total rental revenue	110,054	4,956	115,010	105,165	3,943	109,108
Sales and services:	Sales and services:							Sales and services:						
Equipment sales	Equipment sales	3,879	214,627	218,506	6,806	240,869	247,675	Equipment sales	4,456	206,447	210,903	6,905	210,258	217,163
Parts and services	Parts and services	5,759	25,786	31,545	2,800	26,097	28,897	Parts and services	970	30,897	31,867	1,940	29,094	31,034
Total sales and services	Total sales and services	9,638	240,413	250,051	9,606	266,966	276,572	Total sales and services	5,426	237,344	242,770	8,845	239,352	248,197
Total revenue	Total revenue	$ 117,083	$ 245,023	$ 362,106	$ 104,319	$ 270,792	$ 375,111	Total revenue	$ 115,480	$ 242,300	$ 357,780	$ 114,010	$ 243,295	$ 357,305

		Six Months Ended June 30,			Six Months Ended June 30,				Nine Months Ended September 30,			Nine Months Ended September 30,		
		2022			2021				2022			2021		
(in $000s)	*(in $000s)*	Topic 842	Topic 606	Total	Topic 842	Topic 606	Total	*(in $000s)*	Topic 842	Topic 606	Total	Topic 842	Topic 606	Total
Rental:	Rental:							Rental:						
Rental	Rental	$ 212,580	$ —	$ 212,580	$ 140,899	$ —	$ 140,899	Rental	$ 322,634	$ —	$ 322,634	$ 246,064	$ —	$ 246,064
Shipping and handling	Shipping and handling	—	8,620	8,620	—	5,929	5,929	Shipping and handling	—	13,576	13,576	—	9,872	9,872
Total rental revenue	Total rental revenue	212,580	8,620	221,200	140,899	5,929	146,828	Total rental revenue	322,634	13,576	336,210	246,064	9,872	255,936
Sales and services:	Sales and services:							Sales and services:						
Equipment sales	Equipment sales	16,116	429,576	445,692	6,806	258,856	265,662	Equipment sales	20,572	636,023	656,595	13,711	469,114	482,825
Parts and services	Parts and services	7,979	53,711	61,690	2,800	38,120	40,920	Parts and services	8,949	84,608	93,557	4,740	67,214	71,954
Total sales and services	Total sales and services	24,095	483,287	507,382	9,606	296,976	306,582	Total sales and services	29,521	720,631	750,152	18,451	536,328	554,779
Total revenue	Total revenue	$ 236,675	$ 491,907	$ 728,582	$ 150,505	$ 302,905	$ 453,410	Total revenue	$ 352,155	$ 734,207	$ 1,086,362	$ 264,515	$ 546,200	$ 810,715

Rental revenue is primarily comprised of revenues from rental agreements and freight charges billed to customers. Equipment sales recognized pursuant to sales-type leases are recorded within equipment sales revenue. Charges to customers for damaged rental equipment are recorded within parts and services revenue.

Receivables, Contract Assets and Liabilities

The Company manages credit risk associated with its accounts receivable at the customer level. Because the same customers generate the revenues that are accounted for under both Topic 606 and Topic 842, the discussions below on credit risk and the Company's allowance for credit losses address the Company's total revenues.

The Company's allowance for credit losses reflects its estimate of the amount of receivables that it will be unable to collect. The estimated losses are based upon a review of outstanding receivables, the related aging, including specific accounts if deemed necessary, and on the Company's historical collection experience. The estimated losses are calculated using the loss rate method based upon a review of outstanding receivables, related aging, and historical collection experience. The Company's estimates reflect changing circumstances, including changes in the economy or in the particular circumstances of individual customers, and, as a result, the Company may be required to increase or decrease its allowance. During the three and six months ended June 30, 2022, the The Company recognized recorded bad debt expense of $0.3 million and $1.7 million, respectively, as reductions of rental revenue in accordance with the collectability provisions of Topic 842. During 842 of $0 million and $0.7 million during the three and six months ended June 30, 2021, September 30, 2022 and 2021, respectively, and $1.7 million and $6.8 million during the Company recognized bad debt expense of $6.0 million as reductions of rental revenue in accordance with Topic 842. During the three and six nine months ended June 30, 2022, the September 30, 2022 and 2021, respectively. The Company recognized $0.7 million and $2.2 million, respectively, recorded changes in its allowances for credit losses within selling, general, and administrative expense in its Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) of $0.4 million and $0.2 million, which included changes in its allowances for credit losses and during the three and six months ended June 30, 2021 September 30, 2022 and 2021, respectively, and $2.6 million and $1.5 million, during the Company recorded $0.2 million nine months ended September 30, 2022 and $1.4 million, 2021, respectively.

When customers are billed for rentals in advance of the rental period, the Company defers recognition of revenue. As of June 30, 2022 September 30, 2022 and December 31, 2021, the Company had approximately $1.8 million $2.1 million and $2.9 million, respectively, of deferred rental revenue.

Additionally, the Company collects deposits from customers for orders placed for equipment and rentals. The Company had approximately $25.9 million $28.6 million and $32.9 million in deposits as of June 30, 2022 September 30, 2022 and December 31, 2021, respectively. Of the $32.9 million $32.9 million deposit liability balance as of December 31, 2021, $29.8 million $31.7 million was recognized recorded as revenue during the six nine months ended June 30, 2022 September 30, 2022 due to performance obligations being satisfied. The Company's remaining performance obligations on its equipment deposit liabilities have original expected durations of one year or less.

The Company does not have material contract assets, and as such did not recognize any material impairments of any contract assets.

The primary costs to obtain contracts for new and rental unit sales with the Company's customers are commissions. The Company pays its sales force commissions related to the sale and rental of new and used units. For new unit and rental unit sales, the period benefited by each commission is less than one year. As a result, the Company has applied the practical expedient for incremental costs of obtaining a sales contract and expenses commissions as incurred.

Note 5: Sales-Type Leases

Revenue from sales-type leases was as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
(in $000s)	*(in $000s)*	2022	2021	2022	2021	*(in $000s)*	2022	2021	2022	2021
Equipment sales	Equipment sales	$ 7,671	$ 6,806	$ 19,908	$ 13,738	Equipment sales	$ 7,099	$ 6,905	$ 27,007	$ 13,711
Cost of equipment sales	Cost of equipment sales	6,765	4,995	17,135	10,863	Cost of equipment sales	5,938	6,592	23,073	11,588
Gross profit (loss)	Gross profit (loss)	$ 906	$ 1,811	$ 2,773	$ 2,875	Gross profit (loss)	$ 1,161	$ 313	$ 3,934	$ 2,123

As these transactions remained under rental contracts, $5.2 million $5.1 million and $2.8 million $3.2 million for the three months ended June 30, 2022 September 30, 2022 and 2021, respectively, and $10.4 million $15.6 million and $5.9 million $6.0 million for the six nine months ended June 30, 2022 September 30, 2022 and 2021, respectively, were billed under the contracts as rentals. Interest income from financing receivables was $2.2 million and $1.5 million during the three months ended June 30, 2022 and 2021, respectively, and $5.1 million and $2.4 million during the six months ended June 30, 2022 and 2021, respectively.

Note 6: Inventory

Whole goods inventory is comprised of chassis, attachments (i.e., boom cranes, serial lifts, digger derricks, dump bodies, etc.) and the in-process costs incurred in the final assembly of those units. As part of our the business model, we sell the Company sells unassembled individual whole goods and whole goods with varying levels of customization direct to consumers or dealers. Whole goods inventory also includes new equipment purchased specifically for resale to customers. Inventory consisted of the following:

(in $000s)	*(in $000s)*	June 30, 2022	December 31, 2021	*(in $000s)*	September 30, 2022	December 31, 2021
Whole goods	Whole goods	$ 417,050	$ 326,641	Whole goods	$ 434,398	$ 326,641
Aftermarket parts and services inventory	Aftermarket parts and services inventory	119,037	83,901	Aftermarket parts and services inventory	121,413	83,901
Inventory	Inventory	$ 536,087	$ 410,542	Inventory	$ 555,811	$ 410,542

Note 7: Rental Equipment

Rental equipment, net consisted of the following:

(in $000s)	*(in $000s)*	June 30, 2022	December 31, 2021	*(in $000s)*	September 30, 2022	December 31, 2021
Rental equipment	Rental equipment	$ 1,279,973	$ 1,247,375	Rental equipment	$ 1,329,079	$ 1,247,375
Less: accumulated depreciation	Less: accumulated depreciation	(445,809)	(413,050)	Less: accumulated depreciation	(463,510)	(413,050)
Rental equipment, net	Rental equipment, net	$ 834,164	$ 834,325	Rental equipment, net	$ 865,569	$ 834,325

Note 8: Long-Term Debt

Debt obligations and associated interest rates consisted of the following:

(in $000s)	*(in $000s)*	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	*(in $000s)*	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
ABL Facility	ABL Facility	$ 435,000	$ 394,945	3.2%	1.8%	ABL Facility	$ 447,000	$ 394,945	4.7%	1.8%

2029 Secured Notes	2029 Secured Notes	920,000	920,000	5.5%	5.5%	2029 Secured Notes	920,000	920,000	5.5%	5.5%
Notes payable	Notes payable	28,425	32,619	3.0%-5.0%	3.0%-5.0%	Notes payable	26,575	32,619	3.1%-5.0%	3.0%-5.0%
Total debt outstanding	Total debt outstanding	1,383,425	1,347,564			Total debt outstanding	1,393,575	1,347,564		
Deferred finance fees	Deferred finance fees	(30,284)	(32,945)			Deferred finance fees	(29,061)	(32,945)		
Net debt	Net debt	1,353,141	1,314,619			Net debt	1,364,514	1,314,619		
Less: current maturities	Less: current maturities	(3,177)	(6,354)			Less: current maturities	(1,588)	(6,354)		
Long-term debt	Long-term debt	$ 1,349,964	$ 1,308,265			Long-term debt	$ 1,362,926	$ 1,308,265		

As of June 30, 2022 September 30, 2022, borrowing availability under the ABL Facility was $310.2 million $300.1 million, and outstanding standby letters of credit were $4.9 million $2.9 million.

Note 9: Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) by the weighted-average number of shares of Common Stock outstanding. Diluted earnings (loss) per share includes the effects of potentially dilutive shares of Common Stock. Potentially dilutive effects include contingently issuable shares and share-based compensation. Our potentially dilutive shares aggregated 23.5 million 26.4 million and 23.3 million 25.4 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively, and 25.6 million 25.0 million and 26.0 million for the three and six nine months ended June 30, 2021 September 30, 2021, respectively, and included warrants, contingently issuable shares, and share-based compensation, and were not included in the computation of diluted earnings (loss) per share because they would be anti-dilutive.

The following tables set forth the computation of basic and dilutive loss earnings (loss) per share:

		Three Months Ended June 30, 2022			Three Months Ended June 30, 2021				Three Months Ended September 30, 2022			Three Months Ended September 30, 2021		
(in $000s, except per share data)	*(in $000s, except per share data)*	**Net Income (Loss)**	**Weighted Average Shares**	**Per Share Amount**	**Net Income (Loss)**	**Weighted Average Shares**	**Per Share Amount**	*(in $000s, except per share data)*	**Net Income (Loss)**	**Weighted Average Shares**	**Per Share Amount**	**Net Income (Loss)**	**Weighted Average Shares**	**Per Share Amount**
Basic earnings (loss) per share		13,623	247,745	$ 0.05	$(129,356)	243,752	$ (0.53)							
Basic earnings (loss)								Basic earnings (loss)	$(2,382)	247,704	$ (0.01)	$ (20,525)	244,292	$(0.08)
Dilutive common share equivalents	Dilutive common share equivalents	—	869	—	—	—	—	Dilutive common share equivalents		—			—	
Diluted earnings (loss) per share		$13,623	248,614	$ 0.05	$(129,356)	243,752	$ (0.53)							
Diluted earnings (loss)								Diluted earnings (loss)	$(2,382)	247,704	$ (0.01)	$ (20,525)	244,292	$(0.08)

		Six Months Ended June 30, 2022			Six Months Ended June 30, 2021				Nine Months Ended September 30, 2022			Nine Months Ended September 30, 2021		
(in $000s, except per share data)	*(in $000s, except per share data)*	**Net Income (Loss)**	**Weighted Average Shares**	**Per Share Amount**	**Net Income (Loss)**	**Weighted Average Shares**	**Per Share Amount**	*(in $000s, except per share data)*	**Net Income (Loss)**	**Weighted Average Shares**	**Per Share Amount**	**Net Income (Loss)**	**Weighted Average Shares**	**Per Share Amount**
Basic earnings (loss) per share		$10,350	247,403	$ 0.04	$(157,263)	146,997	$ (1.07)							
Basic earnings (loss)								Basic earnings (loss)	$ 7,968	247,448	$ 0.03	$(177,788)	179,785	$(0.99)
Dilutive common share equivalents	Dilutive common share equivalents	—	836	—	—	—	—	Dilutive common share equivalents		478			—	—

Diluted earnings (loss) per share	$10,350	248,239	$ 0.04	$(157,263)	146,997	$ (1.07)							
Diluted earnings (loss)							Diluted earnings (loss)	$ 7,968	247,926	$ 0.03	$(177,788)	179,785	$(0.99)

Note 10: Equity

Preferred Stock

As of June 30, 2022 September 30, 2022 and December 31, 2021, we were authorized to issue 10,000,000 shares of preferred stock with a par value of $0.0001 per share, respectively, with such designation, rights and preferences as may be determined from time to time by our board of directors. As of June 30, 2022 September 30, 2022 and December 31, 2021, there were no shares of preferred stock issued or outstanding.

Common Stock

As of June 30, 2022 September 30, 2022 and December 31, 2021, we were the Company was authorized to issue 500,000,000 shares of common stock with a par value of $0.0001 per share, respectively.

During the period commencing on the date of the Acquisition and ending on the date that is eighteen months following the date of the Acquisition (the "Lockup Period"), Platinum shall not transfer any shares of common stock beneficially owned or otherwise held by it other than transfers as allowed by the Amended and Restated Stockholder's Agreement of Custom Truck One Source, Inc.

On August 2, 2022, the Company's Board of Directors authorized a stock repurchase program, beginning in the third quarter of 2022, allowing for the repurchase of up to $30 million of the Company's ordinary common shares. During the three and nine months ended September 30, 2022, the Company repurchased approximately 0.4 million of its common stock for a total of $2.4 million, including an accrual of $0.6 million and also commission fees for the repurchase of its common stock.

Contingently Issuable Shares

NESCO Holdings, LP is a Delaware limited partnership holding shares of our common stock. NESCO Holdings, LP is owned and controlled by Energy Capital Partners, and has the right to receive: (1) up to an additional 1,800,000 shares of common stock through July 31, 2024, in increments of 900,000 shares, if (x) the trading price of the common stock exceeds $13.00 per share or $16.00 per share for any 20 trading days during a 30 consecutive trading day period or (y) a sale transaction of the Company occurs in which the consideration paid per share to holders of common stock of the Company exceeds $13.00 per share or $16.00 per share, and (2) an additional 1,651,798 shares of common stock if during the seven-year period ending July 31, 2026, the trading price of common stock exceeds $19.00 per share for any 20 trading days during a 30 consecutive trading day period or if a sale transaction of the Company occurs in which the consideration paid per share to holders of common stock exceeds $19.00 per share.

Note 11: Share-Based Compensation

The Company records share-based compensation awards using a fair value method and recognizes compensation expense for an amount equal to the fair value of the share-based payment issued in its financial statements. The Company's share-based compensation plans include programs for stock options, restricted stock units, performance share units and deferred compensation.

Share-based compensation expense recognized in selling, general and administrative expenses in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) was $1.8 million $4.4 million and $5.1 million $9.5 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively, and $7.2 million $4.9 million and $7.9 million $12.7 million for the three and six nine months ended June 30, 2021 September 30, 2021, respectively. As of June 30, 2022 September 30, 2022, there was approximately $17.3 million $35.9 million of total unrecognized compensation cost related to stock-based compensation arrangements under the Amended and Restated 2019 Omnibus Incentive Plan. That cost is expected to be recognized over a weighted average period of approximately 2.0 years.

Note 12: Fair Value Measurements

The Financial Accounting Standards Board (FASB) accounting standards provide a comprehensive framework for measuring fair value and sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs.

The following table sets forth the carrying values (exclusive of deferred financing fees) and fair values of our financial liabilities:

		Carrying Value	Fair Value				Carrying Value	Fair Value		
(in $000s)	*(in $000s)*		Level 1	Level 2	Level 3	*(in $000s)*		Level 1	Level 2	Level 3
June 30, 2022										
September 30, 2022						**September 30, 2022**				
ABL Facility	ABL Facility	$ 435,000	$ —	$ 435,000	$ —	ABL Facility	$ 447,000	$ —	$ 447,000	$ —
2029 Secured Notes	2029 Secured Notes	920,000	—	775,100	—	2029 Secured Notes	920,000	—	761,300	—

Other notes payable	Other notes payable	28,425	—	28,425	—	Other notes payable	26,575	—	26,575	—
Warrant liabilities	Warrant liabilities	4,612	—	—	4,612	Warrant liabilities	5,291	—	—	5,291
December 31, 2021	**December 31, 2021**					**December 31, 2021**				
ABL Facility	ABL Facility	$ 394,945	$ —	$ 394,945	$ —	ABL Facility	$ 394,945	$ —	$ 394,945	$ —
2029 Secured Notes	2029 Secured Notes	920,000	—	949,900	—	2029 Secured Notes	920,000	—	949,900	—
Other notes payable	Other notes payable	32,619	—	32,619	—	Other notes payable	32,619	—	32,619	—
Derivative and warrant liabilities	Derivative and warrant liabilities	24,164	—	2,388	21,776	Derivative and warrant liabilities	24,164	—	2,388	21,776

The carrying amounts of the ABL Facility and other notes payable approximated fair value as of June 30, 2022 September 30, 2022 and December 31, 2021 based upon terms and conditions available to the Company at those dates in comparison to the terms and conditions of its outstanding debt. The estimated fair value of the 2029 Secured Notes is calculated using Level 2 inputs, based on bid prices obtained from brokers. The Level 3 fair value presented above consists of the fair value of the Non-Public Warrants (as defined in Note 13: Financial Instruments). The Company estimated the fair value using the Black-Scholes option-pricing model based on the market value of the underlying Common Stock, the remaining contractual term of the warrant, risk-free interest rates and expected dividends, and expected volatility of the price of the underlying Common Stock.

Note 13: Financial Instruments

In the normal course of business, the Company uses various financial instruments, including derivative instruments, to manage the risks associated with interest rate exposure. These financial instruments are not used for trading or speculative purposes.

Warrants

Nesco Holding's Holdings' predecessor, Capitol Investment Corp. IV, an entity formed on May 1, 2017, as a special purpose acquisition company ("Capitol" or the "SPAC"), issued warrants for the purchase of approximately 7.5 million shares of the Company's Common Stock pursuant to a private placement agreement (the "Non-Public Warrants"). In connection with the SPAC's initial public offering, warrants for the purchase of approximately 13.4 million shares of the Company's Common Stock were issued to public investors (the "Public Warrants"). The Public Warrants together with the Non-Public Warrants are hereafter referred to collectively as the "Warrants."

The Warrants provide for the purchase of approximately 20.9 million shares of the Company's Common Stock. Each Warrant entitles the holder to purchase one share of Common Stock at a price of $11.50 per share, subject to certain adjustments. The Warrants are currently exercisable and terminate on the earlier to occur of (i) July 31, 2024, and (ii) the redemption date. The Company may redeem the Public Warrants at a price of $0.01 per Public Warrant upon providing 30-days' notice, only in the event that the last sale price of the Common Stock is at least $18.00 per share for any 20 trading days within a 30-trading day period ending on the third day prior to the date on which notice of redemption is given. If the Company elects to redeem the Public Warrants as described above, the Public Warrant may be exercised on a "cashless basis." The redemption rights do not apply to the Non-Public Warrants if, at the time of the redemption, such Non-Public Warrants continue to be held by the initial holders as of July 31, 2019, or their affiliates or permitted transferees; however, once such Non-Public Warrants are transferred (other than to an affiliate or permitted transferee), the Company may redeem those Non-Public Warrants that have been transferred in a manner similar to any Public Warrants.

The Public Warrants are accounted for as freestanding equity-classified instruments because the Company has the ability to settle with holders of the Public Warrants either by net-share or physical settlement. Because the Non-Public Warrants do not meet the "indexed to the entity's stock" condition, they have been accounted for as a derivative liability and remeasured at their estimated fair value each period. The Company recorded Financing and other (income) expense of approximately $(13.1) $0.8 million and $(0.9) million and $1.4 million during the three months ended June 30, 2022 September 30, 2022 and 2021, respectively, and $(17.1) $(16.3) million and $9.0 million $8.1 million during the six nine months ended June 30, 2022 September 30, 2022 and 2021, respectively, in its Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) related to the fair value remeasurement.

Note 14: Income Taxes

We are subject to income taxes primarily in the U.S. and Canada. Our overall effective tax rate is affected by a number of factors, such as the relative amounts of income we earn in differing tax jurisdictions, tax law changes, certain non-deductible expenses (non-taxable income), such as compensation disallowance and mark-to-market adjustments on derivative financial instruments, and changes in the valuation allowance we establish against deferred tax assets. The rate is also affected by discrete items that may occur in any given year, such as legislative enactments and changes in our corporate structure that may occur. These discrete items may not be consistent from year to year. As a result of acquisitions and other transactions that have resulted in changes in control, certain of our federal and state net operating loss and interest expense carryforwards (collectively, "Carryforward Assets") are subject to limitations prescribed by U.S. Internal Revenue Code Section 382 ("Section 382") and similar rules in state and local taxing jurisdictions. We record a valuation allowance against deferred tax assets, including Carryforward Assets, when we determine that it is more likely than not that all or a portion of a deferred tax asset will not be realized. For interim periods, we estimate our annual effective tax rate, exclusive of discrete items, which is derived primarily by our estimate of our valuation allowance as of the end of our fiscal year. Excluding discrete items, our estimated annual effective tax rate for the year ending December 31, 2022 is approximately 14.0%. In the six nine months ended June 30, 2022 September 30, 2022, discrete items, including derivative mark-to-market adjustments, and transaction and integration expenses, coupled with certain tax attribute changes related to real and personal property and subsidiaries in our consolidated group, resulted in an overall effective tax rate in the period of 22.0% 47.7%. The effect of these items resulted in approximately $2.1 million $7.3 million of tax expense being recognized in the six nine months ended June 30, 2022 September 30, 2022. The Company's effective tax rate for the nine months ended September 30, 2021 of negative 6.3%, which differed from the U.S. federal statutory tax rate due primarily to the recording of valuation allowances.

Note 15: Commitments and Contingencies

We record a liability when we believe that it is both probable that a liability has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. We review these provisions at least quarterly and adjust these provisions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information.

Legal Matters

In the normal course of business, there are various claims in process, matters in litigation, and other contingencies. At this time, no claims of these types, certain of which are covered by insurance policies, have had a material effect on the Company. Certain jurisdictions in which the Company operates do not allow insurance recoveries related to punitive damages. For matters pertaining to the pre-Acquisition activities of Custom Truck LP, Sellers have agreed to indemnify Nesco and Buyer for losses arising out of the breach of Sellers' pre-closing covenants in the Purchase Agreement and certain indemnified tax matters, with recourse limited to a $10 million and $8.5 million escrow account, respectively.

From time to time, the Company is audited by state and local taxing authorities. These audits typically focus on the Company's withholding of state-specific sales tax and rental-related taxes.

Custom Truck LP's withholdings of federal excise taxes for each of the four quarterly periods during 2015 are currently under audit by the Internal Revenue Service (the "IRS"). The IRS issued an assessment on October 28, 2020 in an aggregate amount of $2.4 million for the 2015 periods, alleging that certain types of sold equipment are not eligible for the Mobile Machinery Exemption set forth in the Internal Revenue Code (the "Code"). An appeal was filed on January 28, 2021. Based on management's understanding of the facts and circumstances, including the relevant provisions of the Code, and historical precedent, including previous successful appeals of similar assessments in prior years, management does not believe the likelihood of a loss resulting from the IRS assessment to be probable at this time.

While it is not possible to predict the outcome of the foregoing matters with certainty, it is the opinion of management that the final outcome of these matters will not have a material effect on the Company's consolidated financial condition, results of operations and cash flows.

Purchase Commitments

We enter into purchase agreements with manufacturers and suppliers of equipment for our rental fleet and inventory. All of these agreements are cancellable within a specified notification period to the supplier.

Note 16: Related Parties

The Company has transactions with related parties as summarized below.

Rentals and Sales — Energy Capital Partners ("ECP"), a stockholder in the Company, and their affiliates have ownership interests in a broad range of companies. The Company has entered into commercial transactions with subsidiaries of PLH Group, Inc., a company partially owned by an affiliate of ECP.

The Company rents and sells equipment and provides services to R&M Equipment Rental, a business partially owned by members of the Company's management. The Company also rents equipment and purchases inventory, from R&M Equipment Rental.

Facilities Leases and Other — The Company leases certain facilities, as well as purchases aircraft charter services, from entities owned by members of the Company's management and their immediate families. Payments to the related parties for these transactions are immaterial. Rent and air travel expenses are recorded in selling, general, and administrative expenses.

Management Fees — The Company entered into the Corporate Advisory Services Agreement with Platinum effective as of the Closing Date, under which management fees are payable to Platinum quarterly.

A summary of the transactions with the foregoing related parties included in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) is as follows:

		Three Months Ended June 30,		**Six Months Ended June 30,**			**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
(in $000s)	*(in $000s)*	**2022**	**2021**	**2022**	**2021**	*(in $000s)*	**2022**	**2021**	**2022**	**2021**
Total revenues from transactions with related parties	Total revenues from transactions with related parties	$ 10,892	$ 7,614	$ 18,743	$ 9,738	Total revenues from transactions with related parties	$ 8,385	$ 6,594	$ 27,128	$ 16,332
Expenses incurred from transactions with related parties included in cost of revenue	Expenses incurred from transactions with related parties included in cost of revenue	$ 515	$ 1,174	$ 1,812	$ 1,174	Expenses incurred from transactions with related parties included in cost of revenue	$ 297	$ 451	$ 2,109	$ 1,625

Expenses incurred from transactions with related parties included in operating expenses	Expenses incurred from transactions with related parties included in operating expenses	$ 1,606	$ 1,631	$ 3,237	$ 1,631	Expenses incurred from transactions with related parties included in operating expenses	$ 1,398	$ 1,497	$ 4,635	$ 3,127

Amounts receivable from/payable to related parties included in the Condensed Consolidated Balance Sheets are as follows:

(in $000s)	*(in $000s)*	June 30, 2022	December 31, 2021	*(in $000s)*	September 30, 2022	December 31, 2021
Accounts receivable from related parties	Accounts receivable from related parties	$ 10,289	$ 5,145	Accounts receivable from related parties	$ 5,743	$ 5,145
Accounts payable to related parties	Accounts payable to related parties	$ 3	$ 26	Accounts payable to related parties	$ 46	$ 26

Note 17: Segments

Our operations are primarily organized and managed by operating segment. Operating segment performance and resource allocations are primarily based on gross profit. The accounting policies of the reportable segments are consistent with those described in Note 2: Summary of Significant Accounting Policies to the financial statements. Intersegment sales and any related profits are eliminated in consolidation. We manage the business in three reporting segments: Equipment Rental Solutions ("ERS"), Truck and Equipment Sales ("TES") and Aftermarket Parts and Services ("APS"). The segment operations are described in Note 1: Business and Organization to these financial statements.

The Company's segment results are presented in the tables below:

		Three Months Ended June 30, 2022					Three Months Ended September 30, 2022			
(in $000s)	*(in $000s)*	ERS	TES	APS	Total	*(in $000s)*	ERS	TES	APS	Total
Revenue:	**Revenue:**					**Revenue:**				
Rental	Rental	$ 108,109	$ —	$ 3,946	$ 112,055	Rental	$ 112,009	$ —	$ 3,001	$ 115,010
Equipment sales	Equipment sales	37,200	181,306	—	218,506	Equipment sales	37,121	173,782	—	210,903
Parts and services	Parts and services	—	—	31,545	31,545	Parts and services	—	—	31,867	31,867
Total revenue	Total revenue	145,309	181,306	35,491	362,106	Total revenue	149,130	173,782	34,868	357,780
Cost of revenue:	**Cost of revenue:**					**Cost of revenue:**				
Rentals/parts and services	Rentals/parts and services	27,851	—	23,578	51,429	Rentals/parts and services	27,221	—	26,187	53,408
Equipment sales	Equipment sales	30,418	154,177	—	184,595	Equipment sales	27,015	146,573	—	173,588
Depreciation of rental equipment	Depreciation of rental equipment	42,384	—	940	43,324	Depreciation of rental equipment	41,776	—	836	42,612
Total cost of revenue	Total cost of revenue	100,653	154,177	24,518	279,348	Total cost of revenue	96,012	146,573	27,023	269,608
Gross profit	Gross profit	$ 44,656	$ 27,129	$ 10,973	$ 82,758	Gross profit	$ 53,118	$ 27,209	$ 7,845	$ 88,172

		Three Months Ended June 30, 2021					Three Months Ended September 30, 2021			
(in $000s)	*(in $000s)*	ERS	TES	APS	Total	*(in $000s)*	ERS	TES	APS	Total
Revenue:	**Revenue:**					**Revenue:**				
Rental	Rental	$ 95,081	$ —	$ 3,458	$ 98,539	Rental	$ 105,124	$ —	$ 3,984	$ 109,108

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Equipment sales	Equipment sales	32,555	215,120	—	247,675	Equipment sales	27,101	190,062	—	217,163
Parts and services	Parts and services	—	—	28,897	28,897	Parts and services	—	—	31,034	31,034
Total revenue	Total revenue	127,636	215,120	32,355	375,111	Total revenue	132,225	190,062	35,018	357,305
Cost of revenue:	**Cost of revenue:**					**Cost of revenue:**				
Rentals/parts and services	Rentals/parts and services	27,524	—	28,379	55,903	Rentals/parts and services	24,622	—	25,287	49,909
Equipment sales	Equipment sales	34,529	194,810	—	229,339	Equipment sales	19,546	172,445	—	191,991
Depreciation of rental equipment	Depreciation of rental equipment	42,192	—	987	43,179	Depreciation of rental equipment	49,125	—	1,028	50,153
Total cost of revenue	Total cost of revenue	104,245	194,810	29,366	328,421	Total cost of revenue	93,293	172,445	26,315	292,053
Gross profit	Gross profit	$ 23,391	$ 20,310	$ 2,989	$ 46,690	Gross profit	$ 38,932	$ 17,617	$ 8,703	$ 65,252

		Six Months Ended June 30, 2022					**Nine Months Ended September 30, 2022**			
(in $000s)	*(in $000s)*	ERS	TES	APS	Total	*(in $000s)*	ERS	TES	APS	Total
Revenue:	**Revenue:**					**Revenue:**				
Rental	Rental	$ 213,670	$ —	$ 7,530	$ 221,200	Rental	$ 325,679	$ —	$ 10,531	$ 336,210
Equipment sales	Equipment sales	96,553	349,139	—	445,692	Equipment sales	133,674	522,921	—	656,595
Parts and services	Parts and services	—	—	61,690	61,690	Parts and services	—	—	93,557	93,557
Total revenue	Total revenue	310,223	349,139	69,220	728,582	Total revenue	459,353	522,921	104,088	1,086,362
Cost of revenue:	**Cost of revenue:**					**Cost of revenue:**				
Rentals/parts and services	Rentals/parts and services	52,642	—	48,528	101,170	Rentals/parts and services	79,863	—	74,715	154,578
Equipment sales	Equipment sales	73,648	298,225	—	371,873	Equipment sales	100,663	444,798	—	545,461
Depreciation of rental equipment	Depreciation of rental equipment	86,350	—	1,938	88,288	Depreciation of rental equipment	128,126	—	2,774	130,900
Total cost of revenue	Total cost of revenue	212,640	298,225	50,466	561,331	Total cost of revenue	308,652	444,798	77,489	830,939
Gross profit	Gross profit	$ 97,583	$ 50,914	$ 18,754	$ 167,251	Gross profit	$ 150,701	$ 78,123	$ 26,599	$ 255,423

		Six Months Ended June 30, 2021					**Nine Months Ended September 30, 2021**			
(in $000s)	*(in $000s)*	ERS	TES	APS	Total	*(in $000s)*	ERS	TES	APS	Total
Revenue:	**Revenue:**					**Revenue:**				
Rental	Rental	$ 139,811	$ —	$ 7,017	$ 146,828	Rental	$ 244,935	$ —	$ 11,001	$ 255,936
Equipment sales	Equipment sales	43,040	222,622	—	265,662	Equipment sales	70,141	412,684	—	482,825
Parts and services	Parts and services	—	—	40,920	40,920	Parts and services	—	—	71,954	71,954
Total revenue	Total revenue	182,851	222,622	47,937	453,410	Total revenue	315,076	412,684	82,955	810,715

Cost of revenue:	**Cost of revenue:**					**Cost of revenue:**				
Rentals/parts and services	Rentals/parts and services	43,061	—	39,413	82,474	Rentals/parts and services	67,683	—	64,700	132,383
Equipment sales	Equipment sales	41,269	201,735	—	243,004	Equipment sales	60,815	374,180	—	434,995
Depreciation of rental equipment	Depreciation of rental equipment	59,077	—	1,946	61,023	Depreciation of rental equipment	108,202	—	2,974	111,176
Total cost of revenue	Total cost of revenue	143,407	201,735	41,359	386,501	Total cost of revenue	236,700	374,180	67,674	678,554
Gross profit	Gross profit	$ 39,444	$ 20,887	$ 6,578	$ 66,909	Gross profit	$ 78,376	$ 38,504	$ 15,281	$ 132,161

Total assets by operating segment are not disclosed herein because asset by operating segment data is not reviewed by the chief operating decision-maker ("CODM") to assess performance and allocate resources.

Gross profit is the primary operating result whereby our segments are evaluated for performance and resource allocation. The following table presents a reconciliation of consolidated gross profit to consolidated loss before income taxes:

		Three Months Ended June 30,		**Six Months Ended June 30,**			**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
(in $000s)	*(in $000s)*	**2022**	**2021**	**2022**	**2021**	*(in $000s)*	**2022**	**2021**	**2022**	**2021**
Gross Profit	Gross Profit	$ 82,758	$ 46,690	$ 167,251	$ 66,909	Gross Profit	$ 88,172	$ 65,252	$ 255,423	$ 132,161
Selling, general and administrative expenses	Selling, general and administrative expenses	48,779	51,264	102,434	63,314	Selling, general and administrative expenses	49,835	48,625	152,269	111,939
Amortization	Amortization	6,871	13,332	20,206	14,086	Amortization	6,794	13,334	27,000	27,420
Non-rental depreciation	Non-rental depreciation	2,317	951	5,364	972	Non-rental depreciation	1,938	873	7,302	1,845
Transaction expenses and other	Transaction expenses and other	6,046	24,575	10,694	35,023	Transaction expenses and other	6,498	7,742	17,192	42,765
Loss on extinguishment of debt	Loss on extinguishment of debt	—	61,695	—	61,695	Loss on extinguishment of debt	—	—	—	61,695
Interest expense, net	Interest expense, net	20,281	19,723	39,437	34,629	Interest expense, net	22,887	19,045	62,324	53,674
Financing and other expense (income)	Financing and other expense (income)	(15,078)	(2,058)	(24,158)	3,799	Financing and other expense (income)	(1,747)	(3,656)	(25,905)	143
Income (Loss) Before Income Taxes	Income (Loss) Before Income Taxes	$ 13,542	$ (122,792)	$ 13,274	$ (146,609)	Income (Loss) Before Income Taxes	$ 1,967	$ (20,711)	$ 15,241	$ (167,320)

The following table presents total assets by country:

(in $000s)	*(in $000s)*	**June 30, 2022**	**December 31, 2021**	*(in $000s)*	**September 30, 2022**	**December 31, 2021**
Assets:	Assets:			Assets:		
United States	United States	$ 2,713,447	$ 2,653,058	United States	$ 2,753,347	$ 2,653,058
Canada	Canada	100,968	30,708	Canada	100,287	30,708
		$ 2,853,634	$ 2,683,766			
		$ 2,814,415	$ 2,683,766			

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

Forward-Looking Statements

Any statements made in this report that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, and should be evaluated as such. These statements often include words such as "anticipate," "expect," "suggest," "plan," "believe," "intend," "estimate," "target," "project," "should," "could," "would," "may," "will," "forecast," and other similar expressions. We base these forward-looking statements or projections on our current expectations, plans and assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances and at such time. As you read and consider this report, you should understand that these statements are not guarantees of performance or results and are subject to and involve risks, uncertainties and assumptions. You should not place undue reliance on these forward-looking statements or projections. Below is a summary of risk factors applicable to us that may materially affect such forward-looking statements and projections:

- difficulty in integrating the Nesco (as defined below) and Custom Truck LP (as defined below) businesses and fully realizing the anticipated benefits of the Acquisition (as defined below), as well as significant transaction and transition costs that we will continue to incur following the Acquisition;
- material disruptions to our operation and manufacturing locations as a result of public health concerns, including the COVID-19 pandemic, equipment failures, natural disasters, work stoppages, power outages or other reasons;
- the cyclical nature of demand for our products and services and our vulnerability to industry, regional and national downturns, which impact, among others, our ability to manage our rental equipment;
- 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;
- any further increase in the cost of new equipment that we purchase for use in our rental fleet or for our sales inventory;
- disruptions in our supply chain as a result of the ongoing COVID-19 pandemic;
- aging or obsolescence of our existing equipment, and the fluctuations of market value thereof;
- our inability to recruit and retain the experienced personnel, including skilled technicians, we need to compete in our industries;
- disruptions in our information technology systems or a compromise of our system security, limiting our ability to effectively monitor and control our operations, adjust to changing market conditions, and implement strategic initiatives;
- unfavorable conditions in the capital and credit markets and our inability to obtain additional capital as required;
- our dependence on a limited number of manufacturers and suppliers and on third-party contractors to provide us with various services to assist us with conducting our business;
- potential impairment charges;
- our exposure to various risks related to legal proceedings or claims, and our failure to comply with relevant laws and regulations, including those related to occupational health and safety, the environment, government contracts, and data privacy and data security;
- 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 attract and retain highly skilled personnel and our inability to retain our senior management;
- our inability to generate cash, which could lead to a default;
- significant operating and financial restrictions imposed by the Indenture and the ABL Credit Agreement;
- increases in unionization rate in our workforce;
- changes in interest rates, which could increase our debt service obligations on the variable rate indebtedness and decrease our net income and cash flows;
- the phase-out of LIBOR and uncertainty as to its replacement; and
- uncertainties relating to macroeconomic conditions.

These cautionary statements should not be construed by you to be exhaustive and are made only as of the date of this report. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law. See *"Risk Factors"* in Part I, Item 1A of the Annual Report for the year ended December 31, 2021, and in Part II, Item 1A of this Quarterly Report on Form 10-Q, for additional risks.

On April 1, 2021 (the "Closing Date"), Nesco Holdings II, Inc., a subsidiary of Custom Truck One Source, Inc. (formerly Nesco Holdings, Inc.), completed the acquisition of Custom Truck One Source, L.P. ("Custom Truck LP") in a series of transactions described below (the "Acquisition"). On April 1, 2021, Nesco Holdings, Inc. ("Nesco Holdings") changed its name to "Custom Truck One Source, Inc." and changed The New York Stock Exchange ticker for its shares of common stock ("Common Stock") from "NSCO" to "CTOS," and the ticker of its redeemable warrants from "NSCO.WS" to "CTOS.WS."

Throughout this section, unless otherwise noted, terms such as "we," "our," "us," or "the Company" refer to Nesco Holdings prior to the Acquisition and to the combined company after the Acquisition. Unless the context otherwise requires, the terms "Nesco" or "Nesco Holdings" mean Nesco Holdings and its consolidated subsidiaries prior to the Acquisition, and the term "Custom Truck LP" means Custom Truck LP and its consolidated subsidiaries prior to the Acquisition.

Acquisition of Custom Truck LP

On December 3, 2020, Nesco Holdings and Nesco Holdings II, Inc., a subsidiary of Nesco Holdings (the "Buyer" or the "Issuer"), entered into a Purchase and Sale Agreement (as amended, the "Purchase Agreement") with certain affiliates of The Blackstone Group ("Blackstone") and other direct and indirect equity holders (collectively, "Sellers") of Custom Truck LP, Blackstone Capital Partners VI-NQ L.P., and PE One Source Holdings, LLC, an affiliate of Platinum Equity, LLC ("Platinum"), pursuant to which Buyer agreed to acquire 100% of the partnership interests of Custom Truck LP. In connection with the Acquisition, Nesco Holdings and certain Sellers entered into Rollover and Contribution Agreements (the "Rollover Agreements"), pursuant to which such Sellers agreed to contribute a portion of their equity interests in Custom Truck LP (the "Rollovers") with an aggregate value of $100.5 million in exchange for shares of Common Stock, valued at $5.00 per share.

Also on December 3, 2020, Nesco Holdings entered into a Common Stock Purchase Agreement (the "Investment Agreement") with Platinum, relating to, among other things, the issuance and sale to Platinum (the "Subscription") of shares of Common Stock, for an aggregate purchase price in the range of $700 million to $763 million, with the specific amount calculated in accordance with the Investment Agreement based upon the total equity funding required to fund the consideration paid pursuant to the terms of the Purchase

Agreement. The shares of Common Stock issued and sold to Platinum had a purchase price of $5.00 per share. In accordance with the Investment Agreement, on December 21, 2020, Nesco Holdings entered into Subscription Agreements (the "Subscription Agreements") with certain investors (the "PIPE Investors") to finance, in part, the Acquisition. Pursuant to the Subscription Agreements, concurrently with the closing of the transactions contemplated by the Investment Agreement, the PIPE Investors agreed to purchase an aggregate of 28,000,000 shares of Common Stock at $5.00 per share for an aggregate purchase price of $140 million (the "Supplemental Equity Financing").

On the Closing Date, in connection with (i) the Rollovers, the Company issued, in the aggregate, 20,100,000 shares of Common Stock to the parties to the Rollover Agreements, (ii) the Subscription, the Company issued 148,600,000 shares of Common Stock to Platinum, and (iii) the Supplemental Equity Financing, the Company issued, in the aggregate, 28,000,000 shares of Common Stock to the PIPE Investors. Following the completion of these transactions, as of April 1, 2021, the Company had 245,919,383 shares of Common Stock issued and outstanding. The trading price of the Common Stock was $9.35 per share on the Closing Date. The purchase price for the Acquisition was $1.5 billion.

On the Closing Date, the Issuer issued $920 million in aggregate principal amount of 5.50% senior secured second lien notes due 2029 (the "2029 Secured Notes") and, together with its direct parent, and certain of its direct and indirect subsidiaries, entered into a senior secured asset-based revolving credit agreement (the "ABL Credit Agreement") with Bank of America, N.A., as administrative agent and collateral agent, and certain other lenders party thereto, consisting of a $750.0 million first lien senior secured asset-based revolving credit facility with a maturity of five years (the "ABL Facility," together with the offering of the 2029 Secured Notes, the Acquisition, the Rollover, the Subscription and the Supplemental Equity Financing, the "Acquisition and Related Financing Transactions"). For more detail regarding the 2029 Secured Notes and the ABL Facility, see "Liquidity and Capital Resources" below.

Pro Forma Financial Information

The unaudited pro forma combined financial information presented in the section entitled "Supplemental Pro Forma Information," give effect to the Acquisition, as if the Acquisition had occurred on January 1, 2020, and is presented to facilitate comparisons with our results following the Acquisition. This information has been prepared in accordance with Securities and Exchange Commission Article 11 of Regulation S-X. Such unaudited pro forma combined financial information is presented on a pro forma basis to give effect to the following as if they occurred on January 1, 2020: (i) the acquisition of Custom Truck LP and related impacts of purchase accounting, (ii) borrowings under the new debt structure and (iii) repayment of previously existing debt of Nesco Holdings and Custom Truck LP.

Financial and Performance Measures

Financial Measures

Revenue — As a full-service equipment provider, we generate revenue through renting, selling, assembling, upfitting, and servicing new and used heavy-duty trucks and cranes, as well as the sale of related parts. We also sell and rent specialized tools on an individual basis and in kits. Rental revenue is primarily comprised of revenues from rental agreements and freight charges billed to customers. For periods after January 1, 2021, the Company records changes in estimated collectability directly against rental revenue. Equipment sales revenue reflects the value of vocational trucks and other equipment sold to customers. Parts and service revenue is derived from maintenance and repair services, light upfit services, and parts, tools and accessories sold directly to customers.

Cost of rental revenue — Cost of rental revenue reflects repairs and maintenance costs of rental equipment, parts costs, labor and other overheads related to maintaining the rental fleet, and freight associated with the shipping of rental equipment.

Depreciation of rental equipment — Depreciation of rental equipment is comprised of depreciation expense on the rental fleet. We allocate the cost of rental equipment generally over the rentable life of the equipment. The depreciation allocation is based upon estimated lives ranging from five to seven years. The cost of equipment is depreciated to an estimated residual value using the straight-line method.

Cost of equipment sales — Cost of equipment sales reflects production and inventory costs associated with new units sold, parts costs, labor and other overheads related to production, and freight associated with the shipping and receiving of equipment and parts. Cost of equipment sales also includes the net book value of rental units sold.

Selling, general and administrative expenses — Selling, general and administrative expenses include sales compensation, fleet licensing fees and corporate expenses, including salaries, stock-based compensation expense, insurance, advertising costs, professional services, fees earned on customer arranged financing, gains or losses resulting from insurance settlements, and information technology costs.

Amortization and non-rental depreciation — Amortization expense relates to intangible assets such as customer lists, trade names, etc. Non-rental depreciation expense reflects the depreciation of property and equipment that is not part of the rental fleet.

Transaction expenses and other — Transaction expenses and other expense include expenses directly related to the acquisition of businesses. These expenses generally are comprised of travel and out-of-pocket expenses and legal, accounting and valuation or appraisal fees incurred in connection with pre- and post-closure activities. We also include costs and expenses associated with post-acquisition integration activities related to the acquired businesses.

Financing and other expense (income) — Financing and other expense (income) reflects the financing expense (income) associated with sales-type lease activity, foreign currency gains and losses related to our Canadian operations, as well as other miscellaneous gains or losses from non-operating activities. Also included in financing and other expense (income) are the unrealized remeasurement gains and losses related to our interest rate collar and redeemable warrants.

Interest expense — Interest expense consists of contractual interest expense on outstanding debt obligations, floorplan financing facilities, amortization of deferred financing costs and other related financing expenses.

Income Tax Expense (Benefit) — We have net operating loss carryforward and disallowed interest deduction carryforward assets, which are generally available to be used to offset taxable income generated in future years. Due to limitations on the use of these carryforwards under U.S. federal and state income tax regulations, we record valuation allowances to reduce the carryforward assets to amounts that we estimate will be realized. Accordingly, income tax expense or benefit generally is comprised of changes to these valuation allowance estimates and does not reflect taxes on current period income (or tax benefit on current period losses). For these reasons, our effective tax rate differs from the federal statutory tax rate.

Performance Measures

We consider the following key operational measures when evaluating our performance and making day-to-day operating decisions:

Ending OEC — Ending original equipment cost ("OEC") is the original equipment cost of units at the end of the measurement period. OEC represents the original equipment cost, exclusive of the effect of adjustments to rental equipment fleet acquired in business combinations, and is the basis for calculating certain of the measures set forth below. This adjusted measure of OEC is used by our creditors pursuant to our credit agreements, wherein this is a component of the basis for determining compliance with our financial loan covenants. Additionally, the pricing of our rental contracts and equipment sales prices for our equipment is based upon OEC, and

we measure a rate of return from our rentals and sales using OEC. OEC is a widely used industry metric to compare fleet dollar value independent of depreciation.

Average OEC on rent — Average OEC on rent is calculated as the weighted-average OEC on rent during the stated period.

Fleet utilization — Fleet utilization is defined as the total numbers of days the rental equipment was rented during a specified period of time divided by the total number of days available during the same period and weighted based on OEC. Utilization is a measure of fleet efficiency expressed as a percentage of time the fleet is on rent and is considered to be an important indicator of the revenue generating capacity of the fleet.

OEC on rent yield — OEC on rent yield ("ORY") is a measure of return realized by our rental fleet during a period. ORY is calculated as rental revenue (excluding freight recovery and ancillary fees) during the stated period divided by the average OEC on rent for the same period. For periods less than 12 months, ORY is adjusted to an annualized basis.

Sales order backlog — Sales order backlog consists of purchase orders received for products expected to be shipped within the next 12 months, although shipment dates are subject to change due to design modifications or changes in other customer requirements. Sales order backlog should not be considered an accurate measure of future net sales.

Operating Segments

We operate in three reportable operating segments: Equipment Rental Solutions, Truck and Equipment Sales and Aftermarket Parts and Services.

Equipment Rental Solutions ("ERS") Segment — We own a broad range of new and used specialty equipment, including truck-mounted aerial lifts, cranes, service trucks, dump trucks, trailers, digger derricks and other machinery and equipment. As of June 30, 2022 September 30, 2022, this equipment (the "rental fleet") is comprised of more than 9,600 units. The majority of our rental fleet can be used across a variety of end-markets, which coincides with the needs of many of our customers who operate in multiple end-markets. As is customary for equipment rental companies, we sell used equipment out of our rental fleet to end-user customers. These sales are often made in response to specific customer requests. These sales offer customers an opportunity to buy well-maintained equipment with long remaining useful lives and enable us to effectively manage the age and mix of our rental fleet to match current market demand. We also employ rental purchase options ("RPOs") on a select basis, which provide a buyout option with an established purchase price that decreases over time as rental revenue is collected. Customers are given credit against such purchase price for a portion of the amounts paid over the life of the rental, allowing customers the flexibility of a rental with the option to purchase at any time at a known price. Activities in our ERS segment consist of the rental and sale from the rental fleet, of the foregoing products.

Truck and Equipment Sales ("TES") Segment — We offer a broad variety of new equipment for sale to be used across our end-markets, which can be modified to meet our customers' specific needs. We believe that our integrated production capabilities and extensive knowledge gained over a long history of selling equipment have established us as a trusted partner for customers seeking tailored solutions with short lead times. In support of these activities, we primarily employ a direct-to-customer sales model, leveraging our dedicated salesforce of industry and product managers, who are focused on driving national and local sales. We also opportunistically engage in the sale of used equipment purchased from third parties or received via trade-ins from new equipment sales customers. In all of these cases, we will sell used equipment directly to customers, rather than relying on auctions. Activities in our TES segment consist of the production and sale of new and used specialty equipment and vocational trucks, which includes equipment from leading original equipment manufacturers ("OEMs") across our end-markets, as well as our Load King™ brand.

Aftermarket Parts and Services ("APS") Segment — The APS segment includes the sale of specialized aftermarket parts, including captive parts related to our Load King™ brand, used in the maintenance and repair of the equipment we sell and rent. Specialized tools, including stringing blocks, insulated hot stick, and rigging equipment, are sold or rented to our customers on an individual basis or in packaged specialty kits. We also provide truck and equipment maintenance and repair services, which are executed throughout our nationwide branch network and fleet of mobile technicians supported by our 24/7 call center based in Kansas City, Missouri.

Non-GAAP Financial Measures

In this Management's Discussion and Analysis of Financial Condition and Results of Operations and in the Supplemental Pro Forma Information, we report certain financial measures that are not required by, or presented in accordance with, GAAP. We utilize these financial measures to manage our business on a day-to-day basis, and some of these measures are commonly used in our industry to evaluate performance. We believe these non-GAAP measures provide investors with expanded insight to assess performance, in addition to the standard GAAP-based financial measures. Reconciliation of the most directly comparable GAAP measure to each non-

GAAP measure that we refer to is included in this Quarterly Report on Form 10-Q. The following provides a description of the non-GAAP financial measures.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial performance measure that the Company uses to monitor its results of operations, to measure performance against debt covenants and performance relative to competitors. The Company believes Adjusted EBITDA is a useful performance measure because it allows for an effective evaluation of operating performance, when compared to peers, without regard to financing methods or capital structures. The Company excludes the items identified in the reconciliations of net income (loss) to Adjusted EBITDA because these amounts are either non-recurring or can vary substantially within the industry depending upon accounting methods and book values of assets, including the method by which the assets were acquired, and capital structures. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income (loss) determined in accordance with GAAP. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historical costs of depreciable assets, none of which are reflected in Adjusted EBITDA. The Company's presentation of Adjusted EBITDA should not be construed as an indication that results will be unaffected by the items excluded from Adjusted EBITDA. The Company's computation of Adjusted EBITDA may not be identical to other similarly titled measures of other companies.

The Company defines Adjusted EBITDA as net income or loss before interest expense, income taxes, depreciation and amortization, share-based compensation, and other items that the Company does not view as indicative of ongoing performance. The Company's Adjusted EBITDA includes an adjustment to exclude the effects of purchase accounting adjustments when calculating the cost of inventory and used equipment sold. When inventory or equipment is purchased in connection with a business combination, the assets are revalued to their current fair values for accounting purposes. The consideration transferred (i.e., the purchase price) in a business combination is allocated to the fair values of the assets as of the acquisition date, with amortization or depreciation recorded thereafter following applicable accounting policies; however, this may not be indicative of the actual cost to acquire inventory or new equipment that is added to product inventory or the rental fleets apart from a business acquisition. Additionally, the pricing of rental contracts and equipment sales prices for equipment is based on OEC, and the Company measures a rate of return from rentals and sales using OEC. The Company also includes an adjustment to remove the impact of accounting for certain of our rental contracts with customers containing a rental purchase option that are accounted for under GAAP as a sales-type lease. We include this adjustment because we believe continuing to reflect the transactions as an operating lease better reflects the economics of the transactions given our large portfolio of rental contracts. These, and other, adjustments to GAAP net income or loss that are applied to derive Adjusted EBITDA are specified by the Company's senior secured credit agreements.

Although management evaluates and presents the Adjusted EBITDA 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, operating income/loss, net income/loss, earnings/loss per share 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.

Pro Forma Adjusted EBITDA

We present Pro Forma Adjusted EBITDA as if the Acquisition had occurred on January 1, 2020. Refer to the reconciliation of pro forma combined net income (loss) to Pro Forma Adjusted EBITDA for the three- and six-month nine-month periods ended June 30, 2021 September 30, 2021 in the section entitled "Supplemental Pro Forma Information."

Gross Profit Excluding Depreciation of Rental Equipment

Gross profit excluding depreciation of rental equipment 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.

Results of Operations

Three months ended June 30, 2022 September 30, 2022 compared to three months ended June 30, 2021 September 30, 2021

The operating results and financial metrics presented below for the three months ended June 30, 2022 September 30, 2022 and 2021 and the three months ended March 31, 2022 June 30, 2022 include the results of Custom Truck LP for all periods presented.

Consolidated Results of Operations

(in $000s)	*(in $000s)*	**Three Months Ended** June 30, 2022	% of revenue	June 30, 2021	% of revenue	$ Change	% of revenue	March 31, 2022	% of revenue
Rental revenue	Rental revenue	$112,055	30.9%	$ 98,539	26.3%	$ 13,516	13.7%	$109,145	29.8%
Equipment sales	Equipment sales	218,506	60.3%	247,675	66.0%	(29,169)	(11.8)%	227,186	62.0%
Parts sales and services	Parts sales and services	31,545	8.7%	28,897	7.7%	2,648	9.2%	30,145	8.2%
Total revenue	Total revenue	362,106	100.0%	375,111	100.0%	(13,005)	(3.5)%	366,476	100.0%
Cost of revenue, excluding rental equipment depreciation	Cost of revenue, excluding rental equipment depreciation	236,024	65.2%	285,242	76.0%	(49,218)	(17.3)%	237,019	64.7%
Depreciation of rental equipment	Depreciation of rental equipment	43,324	12.0%	43,179	11.5%	145	0.3%	44,964	12.3%
Gross profit	Gross profit	82,758	22.9%	46,690	12.4%	36,068	77.2%	84,493	23.1%
Operating expenses	Operating expenses	64,013		90,122		(26,109)		74,685	

(in $000s)	**Three Months Ended** September 30, 2022	% of revenue	September 30, 2021	% of revenue	$ Change	% of change	June 30, 2022	% c rever
Rental revenue	$ 115,010	32.1 %	$ 109,108	30.5 %	$ 5,902	5.4 %	$112,055	30.
Equipment sales	210,903	58.9 %	217,163	60.8 %	(6,260)	(2.9)%	218,506	60.
Parts sales and services	31,867	8.9 %	31,034	8.7 %	833	2.7 %	31,545	8.
Total revenue	357,780	100.0 %	357,305	100.0 %	475	0.1 %	362,106	100.
Cost of revenue, excluding rental equipment depreciation	226,996	63.4 %	241,900	67.7 %	(14,904)	(6.2)%	236,024	65.
Depreciation of rental equipment	42,612	11.9 %	50,153	14.0 %	(7,541)	(15.0)%	43,324	12.
Gross profit	88,172	24.6 %	65,252	18.3 %	22,920	35.1 %	82,758	22.
Operating expenses	65,065		70,574		(5,509)		64,013	

Operating income (loss)	Operating income (loss)	18,745	(43,432)	62,177	9,808	Operating income (loss)	23,107	(5,322)	28,429	18,745
Other expense	Other expense	5,203	79,360	(74,157)	10,076	Other expense	21,140	15,389	5,751	5,203
Income (loss) before income taxes	Income (loss) before income taxes	13,542	(122,792)	136,334	(268)	Income (loss) before income taxes	1,967	(20,711)	22,678	13,542
Income tax expense (benefit)	Income tax expense (benefit)	(81)	6,564	(6,645)	3,005	Income tax expense (benefit)	4,349	(186)	4,535	(81)
Net income (loss)	Net income (loss)	$ 13,623	$(129,356)	$142,979	$ (3,273)	Net income (loss)	$ (2,382)	$ (20,525)	$18,143	$ 13,623

Total Revenue - The decrease increase in total revenue for the three months ended June 30, 2022 September 30, 2022 compared to the three months ended June 30, 2021 September 30, 2021 was primarily due to an increase in rental revenue and rental equipment sales, partially offset by a decline in new and used equipment sales as a result of supply chain challenges related in our TES segment. Supply headwinds continued to inventory suppliers. We continue impact our ability to see complete and deliver new equipment during the three months ended September 30, 2022 despite strong customer demand for our products, as evidenced by the growth in our rentals and rental equipment sales and sales order backlog versus the end of the second quarter of 2021. backlog.

Cost of Revenue, Excluding Rental Equipment Depreciation - The decrease in cost of revenue, excluding rental equipment depreciation for the three months ended June 30, 2022 September 30, 2022 was driven primarily by the decrease in new equipment sales revenue volume versus the three months ended June 30, 2021 September 30, 2021.

Depreciation of Rental Equipment - Depreciation of our rental fleet remained consistent decreased in the three months ended June 30, 2022. September 30, 2022 as a result of the higher level of rental equipment sales.

Operating Expenses - Operating expenses decreased in the three months ended June 30, 2022 September 30, 2022 as a result of reduced intangible asset amortization expense from the retirement of certain trade names in the first quarter of 2022 and lower transaction and post-acquisition integration costs related to the Acquisition.

Other Expense - Other expense for the three months ended June 30, 2022 decreased September 30, 2022 increased primarily due to the reduction increase in the fair value of the private warrants, partially offset by the increased interest expense from variable rate debt and floor plan financing income related to growth in customer rental contracts accounted for as sales-type leases. Included in liabilities. Additionally, other expense for the three months ended June 30, 2021 September 30, 2022 and 2021 includes mark-to-market income (loss) from the private warrants liability, which is the loss on extinguishment of debt related to the closing of the Acquisition on April 1, 2021. accounted for as a derivative financial instrument.

Income Tax Expense (Benefit) - Our overall effective tax rate is affected by a number of factors, such as the relative amounts of income we earn in differing tax jurisdictions, tax law changes, certain non-deductible expenses (non-taxable income), such as compensation disallowance and mark-to-market adjustments on derivative financial instruments, and changes in the valuation allowance we establish against deferred tax assets. The rate is also affected by discrete items that may occur in any given year, such as legislative enactments and changes in our corporate structure that may occur. These discrete items may not be consistent from year to year. In the six three months ended June 30, 2022 September 30, 2022, discrete items, including derivative mark-to-market adjustments, and transaction and integration expenses, coupled with certain tax attribute changes related to real and personal property and subsidiaries in our

consolidated group, resulted in an overall effective tax rate in the period of 22.0% 47.7%. The effect of these items resulted in approximately $2.1 million $7.3 million of tax expense being recognized in the six three months ended June 30, 2022 September 30, 2022.

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022 (“IRA”), which, among other things, implements a 15% minimum tax for certain large corporations, a 1% excise tax on net stock repurchases, and several tax incentives to promote clean energy. The IRA is effective for tax years beginning after December 31, 2022. Based on our current analysis of the provisions, we do not believe this legislation will have a material effect on our consolidated financial statements. We will continue to monitor the additional guidance from the IRS.

Net Income (Loss) - The change in net income (loss) for the three months ended June 30, 2022 September 30, 2022 compared to the three months ended June 30, 2021 September 30, 2021 was driven primarily by an increase in the result of gross profit expansion, partially offset by higher interest expense on variable-rate debt and a decrease in operating expenses and other expense. variable-rate floor plan liabilities.

Key Performance Measures

We believe that our operating model, together with our highly variable cost structure, enables us to sustain high margins, strong cash flow generation and stable financial performance throughout various economic cycles. We are able to generate cash flow through our earnings, as well as sales of used equipment. Our highly variable cost structure adjusts with the utilization of our equipment, thereby reducing our costs to match our revenue. We principally evaluate financial performance based on the following measurements: average OEC on rent, fleet utilization, and OEC on rent yield. We also report sales order backlog related to our customers’ orders for new vocational heavy duty trucks as an indicator of the demand environment for our products. The table below presents these key measures.

	Three Months Ended	Three Months Ended

(in $000s)	(in $000s)	June 30, 2022	June 30, 2021	Change	% Change	March 31, 2022	% Change	(in $000s)	September 30, 2022	September 30, 2021	Change	% Change	June 30, 2022	% Change
Ending OEC	Ending OEC	$ 1,399,500	$ 1,338,700	$ 60,800	4.5 %	$ 1,364,660	2.6 %	Ending OEC	$ 1,428,800	$ 1,371,746	$ 57,054	4.2 %	$ 1,399,500	2.1 %
Average OEC on rent	Average OEC on rent	$ 1,150,400	$ 1,084,709	$ 65,691	6.1 %	$ 1,119,100	2.8 %	Average OEC on rent	$ 1,182,500	$ 1,103,562	$ 78,938	7.2 %	$ 1,150,400	2.8 %
Fleet utilization	Fleet utilization	82.8 %	80.9 %	1.9 %	2.3 %	82.5 %	0.4 %	Fleet utilization	83.8 %	81.4 %	2.4 %	2.9 %	82.8 %	1.2 %
OEC on rent yield	OEC on rent yield	39.2 %	37.9 %	1.3 %	3.4 %	39.1 %	0.3 %	OEC on rent yield	38.5 %	38.0 %	0.5 %	1.3 %	39.2 %	(1.8) %
Sales order backlog	Sales order backlog	$ 663,619	$ 222,661	$ 440,958	198.0 %	$ 586,368	13.2 %	Sales order backlog	$ 709,180	$ 338,457	$ 370,723	109.5 %	$ 663,619	6.9 %

Ending OEC - The increase in Ending OEC compared to the three months ended June 30, 2021 September 30, 2021 was driven by positive net rental fleet additions in the current quarter and the acquisition of HiRail in the first quarter 2022.

Average OEC on Rent - The increase in Average OEC on rent compared to the three months ended June 30, 2021 September 30, 2021 was driven by fleet growth and continued strong rental demand.

Fleet Utilization - Fleet utilization increased compared to the three months ended June 30, 2021 September 30, 2021 as a result of the factors noted above.

OEC on Rent Yield - ORY improved OEC on Rent Yield increased compared to the three months ended June 30, 2021 September 30, 2021 as a result of the impact of continued pricing increases, reflective of strong demand.

Sales Order Backlog - Sales order backlog consists of customer orders placed for customized and stock equipment. The increase in sales order backlog compared to the three months ended June 30, 2021 September 30, 2021 was driven by continued strong customer demand.

Adjusted EBITDA

The following table provides a reconciliation of net income (loss) to Adjusted EBITDA for the three months ended June 30, 2022 September 30, 2022 and 2021 and the three months ended March 31, 2022 June 30, 2022. As previously noted, Adjusted EBITDA is a non-GAAP financial measure and should not be considered in isolation or as a substitute for revenue, operating income/loss, net income (loss), earnings (loss) per share or any other comparable operating measure prescribed by GAAP.

		Three Months Ended							Three Months Ended					
(in $000s)	(in $000s)	June 30, 2022	June 30, 2021	$ Change	% Change	March 31, 2022	% Change	(in $000s)	September 30, 2022	September 30, 2021	$ Change	% Change	June 30, 2022	$ Change
Net income (loss)	Net income (loss)	$ 13,623	$ (129,356)	$ 142,979	(110.5) %	$ (3,273)	(516.2) %	Net income (loss)	$ (2,382)	$ (20,525)	$ 18,143	88.4 %	$ 13,623	$ (16,005)
Interest expense	Interest expense	18,050	17,602	448	2.5 %	17,445	3.5 %	Interest expense	19,338	17,324	2,014	11.6 %	18,050	1,288
Income tax expense (benefit)	Income tax expense (benefit)	(81)	6,564	(6,645)	(101.2) %	3,005	(102.7) %	Income tax expense (benefit)	4,349	(186)	4,535	2,438.2 %	(81)	4,430
Depreciation and amortization	Depreciation and amortization	54,620	60,062	(5,442)	(9.1) %	62,500	(12.6) %	Depreciation and amortization	54,001	66,804	(12,803)	(19.2) %	54,620	(619)
EBITDA	EBITDA	86,212	(45,128)	131,340	(291.0) %	79,677	8.2 %	EBITDA	75,306	63,417	11,889	18.7 %	86,212	(10,906)
Adjustments:	Adjustments:							Adjustments:						
Non-cash purchase accounting impact (1)	Non-cash purchase accounting impact (1)	2,367	21,387	(19,020)	(88.9) %	9,026	(73.8) %	Non-cash purchase accounting impact (1)	3,408	6,046	(2,638)	(43.6) %	2,367	1,041
Transaction and integration costs (2)	Transaction and integration costs (2)	6,043	24,601	(18,558)	(75.4) %	4,648	30.0 %	Transaction and integration costs (2)	6,501	7,748	(1,247)	(16.1) %	6,043	458
	Loss on extinguishment of debt (3)	—	61,695	(61,695)	(100.0) %	—	— %							
	Sales-type lease adjustment (4)	2,032	(510)	2,542	(498.4) %	529	284.1 %							

Share-based payments (5)	1,784	7,162	(5,378)	(75.1) %	3,364	(47.0) %							
Change in fair value of derivative and warrants (6)	(13,055)	1,034	(14,089)	(1362.6) %	(5,767)	126.4 %							
Sales-type lease adjustment (3)							Sales-type lease adjustment (3)	1,232	3,783	(2,551)	(67.4) %	2,032	(800)
Share-based payments (4)							Share-based payments (4)	4,378	4,856	(478)	(9.8) %	1,784	2,594
Change in fair value of derivative and warrants (5)							Change in fair value of derivative and warrants (5)	809	(1,427)	2,236	156.7 %	(13,055)	13,864
Adjusted EBITDA / Adjusted EBITDA	$ 85,383	$ 70,241	$ 15,142	21.6 %	$ 91,477	(6.7) %	Adjusted EBITDA	$ 91,634	$ 84,423	$ 7,211	8.5 %	$ 85,383	$ 6,251

(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, which are recognized within operating expenses in our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). 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 special charges, which are not expected to recur. Such charges are adjustments pursuant to our credit agreement.

(4) Represents the impact of sales-type lease accounting for certain leases containing rental purchase options ("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 credit agreement.

		Three Months Ended June 30,		Three Months Ended		Three Months Ended		Three Months Ended
(in $000s)	*(in $000s)*	2022	2021	March 31, 2022	*(in $000s)*	September 30, 2022	September 30, 2021	June 30, 2022
Equipment sales	Equipment sales	$ (7,671)	$ (6,806)	$ (12,237)	Equipment sales	$ (7,099)	$ (6,905)	$ (7,671)
Cost of equipment sales	Cost of equipment sales	6,765	4,995	10,370	Cost of equipment sales	5,938	6,592	6,765
Gross profit	Gross profit	(906)	(1,811)	(1,867)	Gross profit	(1,161)	(313)	(906)
Interest income		(2,220)	(1,519)	(2,888)				
Interest (income) expense					Interest (income) expense	(2,719)	897	(2,220)
Rentals invoiced	Rentals invoiced	5,158	2,820	5,284	Rentals invoiced	5,112	3,199	5,158
Sales-type lease adjustment	Sales-type lease adjustment	$ 2,032	$ (510)	$ 529	Sales-type lease adjustment	$ 1,232	$ 3,783	$ 2,032

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

(6) (5) Represents the charge to earnings for our interest rate collar and the change in fair value of the liability for warrants.

Operating Results by Segment

Equipment Rental Solutions (ERS) Segment

		Three Months Ended							Three Months Ended					
(in $000s)	*(in $000s)*	June 30, 2022	June 30, 2021	$ Change	% Change	March 31, 2022	% Change	*(in $000s)*	September 30, 2022	September 30, 2021	$ Change	% Change	June 30, 2022	% Change
Rental revenue	Rental revenue	$ 108,109	$ 95,081	$ 13,028	13.7 %	$ 105,561	2.4 %	Rental revenue	$ 112,009	$ 105,124	$ 6,885	6.5 %	$ 108,109	3.6 %
Equipment sales	Equipment sales	37,200	32,555	4,645	14.3 %	59,353	(37.3) %	Equipment sales	37,121	27,101	10,020	37.0 %	37,200	(0.2) %
Total revenue	Total revenue	145,309	127,636	17,673	13.8 %	164,914	(11.9) %	Total revenue	149,130	132,225	16,905	12.8 %	145,309	2.6 %

Cost of rental revenue	Cost of rental revenue	27,851	27,524	327	1.2 %	24,791	12.3 %	Cost of rental revenue	27,221	24,622	2,599	10.6 %	27,851	(2.3) %
Cost of equipment sales	Cost of equipment sales	30,418	34,529	(4,111)	(11.9) %	43,230	(29.6) %	Cost of equipment sales	27,015	19,546	7,469	38.2 %	30,418	(11.2) %
Depreciation of rental equipment	Depreciation of rental equipment	42,384	42,192	192	0.5 %	43,966	(3.6) %	Depreciation of rental equipment	41,776	49,125	(7,349)	(15.0) %	42,384	(1.4) %
Total cost of revenue	Total cost of revenue	100,653	104,245	(3,592)	(3.4) %	111,987	(10.1) %	Total cost of revenue	96,012	93,293	2,719	2.9 %	100,653	(4.6) %
Gross profit	Gross profit	$ 44,656	$ 23,391	$ 21,265	90.9 %	$ 52,927	(15.6) %	Gross profit	$ 53,118	$ 38,932	$ 14,186	36.4 %	$ 44,656	18.9 %

Total Revenue - The increase in total revenue for the ERS segment for the three months ended June 30, 2022 September 30, 2022 compared to the three months ended June 30, 2021 September 30, 2021 was driven by an increase in revenues for rental equipment and equipment sales revenue. We continue to see strong customer

Continued demand for across our products, as evidenced by infrastructure end-markets coupled with positive net fleet acquisition in the growth current year resulted in our sales order backlog versus the end greater levels of the second quarter of 2021. fleet utilization.

Cost of Revenue - The decrease increase in total cost of revenue for the three months ended June 30, 2022 September 30, 2022 compared to the three months ended June 30, 2021 September 30, 2021 was largely due to the decrease increase in cost of equipment sales, resulting from lower equipment sales, partially offset by an increase in demand for rental equipment depreciation for the period. purchases by our customers.

Depreciation - Depreciation of our rental fleet was materially unchanged period over period. decreased resulting from the higher level of rental equipment sales in the current year.

Gross Profit - The increase in gross profit for the three months ended June 30, 2022 September 30, 2022 compared to the three months ended June 30, 2021 September 30, 2021 was due to the increase in rental revenues and equipment sales for the period.

Truck and Equipment Sales (TES) Segment

		Three Months Ended							Three Months Ended					
(in $000s)	*(in $000s)*	**June 30, 2022**	**June 30, 2021**	**$ Change**	**% Change**	**March 31, 2022**	**% Change**	*(in $000s)*	**September 30, 2022**	**September 30, 2021**	**$ Change**	**% Change**	**June 30, 2022**	**% Change**
Equipment sales	Equipment sales	$ 181,306	$ 215,120	$ (33,814)	(15.7) %	$ 167,833	8.0 %	Equipment sales	$ 173,782	$ 190,062	$ (16,280)	(8.6) %	$ 181,306	(4.1) %
Cost of equipment sales	Cost of equipment sales	154,177	194,810	(40,633)	(20.9) %	144,048	7.0 %	Cost of equipment sales	146,573	172,445	(25,872)	(15.0) %	154,177	(4.9) %
Gross profit	Gross profit	$ 27,129	$ 20,310	$ 6,819	33.6 %	$ 23,785	14.1 %	Gross profit	$ 27,209	$ 17,617	$ 9,592	54.4 %	$ 27,129	0.3 %

Equipment Sales - Equipment sales decreased for the three months ended June 30, 2022 September 30, 2022 compared to the three months ended June 30, 2021 September 30, 2021 due to supply chain challenges related to the segment's inventory suppliers. However, we continue to see strong customer demand for our products, as evidenced by the growth in our sales order backlog versus the end of the second third quarter of 2021.

Cost of Equipment Sales - Cost of equipment sales decreased for the three months ended June 30, 2022 September 30, 2022 compared to the three months ended June 30, 2021 September 30, 2021 primarily due to the decrease in equipment sales, partially offset by an increase in equipment sales prices for the period.

Gross Profit - The increase in gross profit for the three months ended June 30, 2022 September 30, 2022 compared to the three months ended June 30, 2021 September 30, 2021 is reflective of the positive pricing environment for our products coupled with higher production levels achieved in the first quarter of 2022. products.

Aftermarket Parts and Services (APS) Segment

		Three Months Ended							Three Months Ended					
(in $000s)	*(in $000s)*	**June 30, 2022**	**June 30, 2021**	**$ Change**	**% Change**	**March 31, 2022**	**% Change**	*(in $000s)*	**September 30, 2022**	**September 30, 2021**	**$ Change**	**% Change**	**June 30, 2022**	**% Change**
Rental revenue	Rental revenue	$ 3,946	$ 3,458	$ 488	14.1 %	$ 3,584	10.1 %	Rental revenue	$ 3,001	$ 3,984	$ (983)	(24.7) %	$ 3,946	(23.9) %
Parts and services revenue	Parts and services revenue	31,545	28,897	2,648	9.2 %	30,145	4.6 %	Parts and services revenue	31,867	31,034	833	2.7 %	31,545	1.0 %
Total revenue	Total revenue	35,491	32,355	3,136	9.7 %	33,729	5.2 %	Total revenue	34,868	35,018	(150)	(0.4) %	35,491	(1.8) %

Cost of revenue	Cost of revenue	23,578	28,379	(4,801)	(16.9) %	24,950	(5.5) %	Cost of revenue	26,187	25,287	900	3.6 %	23,578	11.1 %
Depreciation of rental equipment	Depreciation of rental equipment	940	987	(47)	(4.8) %	998	(5.8) %	Depreciation of rental equipment	836	1,028	(192)	(18.7) %	940	(11.1) %
Total cost of revenue	Total cost of revenue	24,518	29,366	(4,848)	(16.5) %	25,948	(5.5) %	Total cost of revenue	27,023	26,315	708	2.7 %	24,518	10.2 %
Gross profit	Gross profit	$ 10,973	$ 2,989	$ 7,984	267.1 %	$ 7,781	41.0 %	Gross profit	$ 7,845	$ 8,703	$ (858)	(9.9) %	$ 10,973	(28.5) %

Total Revenue - Total revenue increased decreased for the three months ended June 30, 2022 September 30, 2022 compared to the three months ended June 30, 2021 September 30, 2021, driven by growth a decrease in volume of parts sales and project starts affecting tools and accessories rentals.

Cost of Revenue - Cost of revenue decreased increased for the three months ended June 30, 2022 September 30, 2022 compared to the three months ended June 30, 2021 September 30, 2021 due to operational improvements in our distribution network. product mix and expenses related to facilities maintenance.

Gross Profit - The increase decrease in gross profit was primarily due to the impact of operational improvements in our distribution network, pricing gains increased supply chain costs and increased rentals. product mix.

Results of Operations

Six Nine Months Ended September 30, 2022 compared to nine months ended June 30, 2022 compared to six months ended June 30, 2021 September 30, 2021

The consolidated operating results for the six nine months ended June 30, 2021 represent those of Nesco Holdings before the acquisition of September 30, 2021 include Custom Truck LP from April 1, 2021 to September 30, 2021 and, therefore, are not comparable. comparable to the nine months ended September 30, 2022.

Consolidated Results of Operations

		Six Months Ended June 30,			Nine Months Ended September 30,					
(in $000s)	*(in $000s)*	2022	2021	*(in $000s)*	2022	% of revenue	2021	% of revenue	$ Change	% of change
Rental revenue	Rental revenue	$ 221,200	$ 146,828	Rental revenue	$ 336,210	30.9 %	$ 255,936	31.6%	$ 80,274	31.4 %
Equipment sales	Equipment sales	445,692	265,662	Equipment sales	656,595	60.4 %	482,825	59.6%	173,770	36.0 %
Parts sales and services	Parts sales and services	61,690	40,920	Parts sales and services	93,557	8.6 %	71,954	8.9%	21,603	30.0 %
Total revenue	Total revenue	728,582	453,410	Total revenue	1,086,362	100.0 %	810,715	100.0%	275,647	34.0 %
Cost of revenue, excluding rental equipment depreciation	Cost of revenue, excluding rental equipment depreciation	473,043	325,478	Cost of revenue, excluding rental equipment depreciation	700,039	64.4 %	567,378	70.0%	132,661	23.4 %
Depreciation of rental equipment	Depreciation of rental equipment	88,288	61,023	Depreciation of rental equipment	130,900	12.0 %	111,176	13.7%	19,724	17.7 %
Gross profit	Gross profit	167,251	66,909	Gross profit	255,423	23.5 %	132,161	16.3%	123,262	93.3 %
Operating expenses	Operating expenses	138,698	113,395	Operating expenses	203,763		183,969		19,794	
Operating income (loss)	Operating income (loss)	28,553	(46,486)	Operating income (loss)	51,660		(51,808)		103,468	
Other expense	Other expense	15,279	100,123	Other expense	36,419		115,512		(79,093)	
Income (loss) before income taxes	Income (loss) before income taxes	13,274	(146,609)	Income (loss) before income taxes	15,241		(167,320)		182,561	
Income tax expense (benefit)	Income tax expense (benefit)	2,924	10,654	Income tax expense (benefit)	7,273		10,468		(3,195)	
Net income (loss)	Net income (loss)	$ 10,350	$ (157,263)	Net income (loss)	$ 7,968		$ (177,788)		$ 185,756	

Total Revenue - The increase in revenue for the six nine months ended June 30, 2022 September 30, 2022, both in total and for each of our individual revenue streams, was driven by the addition of Custom Truck LP's revenues to our operating results. The Acquisition significantly increased the size of our rental fleet and added a new equipment production and sales line of business (which we report under our TES segment) and a parts sales and heavy equipment service business.

Cost of Revenue, Excluding Rental Equipment Depreciation - Consistent with the increase in revenue versus the prior year period, the increase in cost of revenue, excluding rental equipment depreciation, was driven by the addition of Custom Truck LP's cost of revenue, to our operating results.

Operating Expenses - The primary drivers of the increase in operating expenses for the six nine months ended June 30, 2022 September 30, 2022 was the addition of Custom Truck, LP's operating expenses to our operating results.

Other Expense - The decrease in other expense for the six nine months ended June 30, 2022 September 30, 2022 was largely driven by charges related to mark-to-market charges related to our private warrants, which are accounted for as a liability derivative instrument. Expenses for a loss on extinguishment of debt related to the closing of the Acquisition are included in the six nine months ended June 30, 2021 September 30, 2021.

Income Tax Expense (Benefit) - Our overall effective tax rate is affected by a number of factors, such as the relative amounts of income we earn in differing tax jurisdictions, tax law changes, certain non-deductible expenses (non-taxable income), such as compensation disallowance and mark-to-market adjustments on derivative financial instruments, and changes in the valuation allowance we establish against deferred tax assets. The rate is also affected by discrete items that may occur in any given year, such as legislative enactments and changes in our corporate structure that may occur. These discrete items may not be consistent from year to year. In the six nine months ended June 30, 2022 September 30, 2022, discrete items, including derivative mark-to-market adjustments, and transaction and integration expenses, coupled with certain tax attribute changes related to real and personal property and subsidiaries in our consolidated group, resulted in an overall effective tax rate in the period of 22.0% 47.7%. The effect of these items resulted in approximately $2.1 million $7.3 million of tax expense being recognized in the six nine months ended June 30, 2022 September 30, 2022.

Net Income (Loss) - The change in net income (loss) for the six nine months ended June 30, 2022 September 30, 2022 was due to the addition of Custom Truck LP to our operating results, as well as significant transaction expenses included in the six nine months ended June 30, 2021 September 30, 2021 connected to the closing of the Acquisition.

Key Performance Measures

		Six Months Ended June 30,					Nine Months Ended September 30,			
(in $000s)	*(in $000s)*	2022	2021	Change	% Change	*(in $000s)*	2022	2021	Change	% Change
Ending OEC	Ending OEC	$ 1,399,500	$ 1,338,700	$ 60,800	4.5 %	Ending OEC	$ 1,428,800	$ 1,371,746	$ 57,054	4.2 %
Average OEC on rent	Average OEC on rent	$ 1,150,800	$ 1,066,318	$ 84,482	7.9 %	Average OEC on rent	$ 1,161,400	$ 1,078,947	$ 82,453	7.6 %
Fleet utilization	Fleet utilization	82.6 %	79.9 %	2.7 %	3.4 %	Fleet utilization	83.0 %	80.4 %	2.6 %	3.2 %
OEC on rent yield	OEC on rent yield	39.1 %	37.3 %	1.8 %	4.8 %	OEC on rent yield	38.9 %	37.5 %	1.4 %	3.7 %
Sales order backlog	Sales order backlog	$ 663,619	$ 222,661	$ 440,958	198.0 %	Sales order backlog	$ 709,180	$ 338,457	$ 370,723	109.5 %

Ending OEC - The increase in Ending OEC was driven by positive net rental fleet additions in the current quarter period and the acquisition of HiRail in the first quarter 2022.

Average OEC on Rent - The increase in Average OEC on rent was driven by fleet growth and continued strong rental demand.

Fleet Utilization - Fleet utilization increased as a result of the factors noted above.

OEC on Rent Yield - ORY improved OEC on rent yield increased as a result of the impact of continued pricing increases, reflective of strong demand.

Sales Order Backlog - Sales order backlog consists of customer orders placed for customized and stock equipment. The increase in sales order backlog was driven by continued strong customer demand.

Adjusted EBITDA

The following table provides a reconciliation of net income (loss) to Adjusted EBITDA for the six nine months ended June 30, 2022 September 30, 2022 and 2021. As previously noted, Adjusted EBITDA is a non-GAAP financial measure and should not be considered in isolation or as a substitute for revenue, operating income/loss, net income/loss, earnings/loss per share or any other comparable operating measure prescribed by GAAP.

		Six Months Ended June 30,			Nine Months Ended September 30,			
(in $000s)	*(in $000s)*	2022	2021	*(in $000s)*	2022	2021	$ Change	% Change
Net income (loss)	Net income (loss)	$ 10,350	$ (157,263)	Net income (loss)	$ 7,968	$ (177,788)	$ 185,756	104.5 %
Interest expense	Interest expense	35,495	32,508	Interest expense	54,833	49,832	5,001	10.0 %
Income tax expense (benefit)	Income tax expense (benefit)	2,924	10,654	Income tax expense (benefit)	7,273	10,468	(3,195)	(30.5) %
Depreciation and amortization	Depreciation and amortization	117,120	79,163	Depreciation and amortization	171,121	145,967	25,154	17.2 %
EBITDA	EBITDA	165,889	(34,938)	EBITDA	241,195	28,479	212,716	746.9 %

Adjustments:	Adjustments:			Adjustments:				
Non-cash purchase accounting impact (1)	Non-cash purchase accounting impact (1)	11,393	21,440	Non-cash purchase accounting impact (1)	14,801	27,486	(12,685)	(46.2) %
Transaction and integration costs (2)	Transaction and integration costs (2)	10,691	35,345	Transaction and integration costs (2)	17,192	43,093	(25,901)	(60.1) %
Loss on extinguishment of debt (3)	Loss on extinguishment of debt (3)	—	61,695	Loss on extinguishment of debt (3)	—	61,695	(61,695)	(100.0) %
Sales-type lease adjustment (4)	Sales-type lease adjustment (4)	2,561	(510)	Sales-type lease adjustment (4)	3,793	3,273	520	15.9 %
Share-based payments (5)	Share-based payments (5)	5,148	7,860	Share-based payments (5)	9,526	12,716	(3,190)	(25.1) %
Change in fair value of derivative and warrants (6)	Change in fair value of derivative and warrants (6)	(18,822)	6,880	Change in fair value of derivative and warrants (6)	(18,013)	5,453	(23,466)	(430.3) %
Adjusted EBITDA	Adjusted EBITDA	$ 176,860	$ 97,772	Adjusted EBITDA	$ 268,494	$ 182,195	$ 86,299	47.4 %

(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.
(2) Represents transaction costs related to acquisitions of businesses, including the Acquisition, which are recognized within operating expenses in our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). 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 special charges, which are not expected to recur. Such charges are adjustments pursuant to our credit agreement.
(4) Represents the impact of sales-type lease accounting for certain leases containing 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.

		Six Months Ended June 30,			**Nine Months Ended September 30,**	
(in $000s)	*(in $000s)*	2022	2021	*(in $000s)*	**2022**	**2021**
Equipment sales	Equipment sales	$ (19,908)	$ (13,738)	Equipment sales	$ (27,007)	$ (13,711)
Cost of equipment sales	Cost of equipment sales	17,135	10,863	Cost of equipment sales	23,073	11,588
Gross profit	Gross profit	(2,773)	(2,875)	Gross profit	(3,934)	(2,123)
Interest income		(5,108)	(3,552)			
Interest (income) expense				Interest (income) expense	(7,827)	(622)
Rentals invoiced	Rentals invoiced	10,442	5,917	Rentals invoiced	15,554	6,018
Sales-type lease adjustment	Sales-type lease adjustment	$ 2,561	$ (510)	Sales-type lease adjustment	$ 3,793	$ 3,273

(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.

Operating Results by Segment

The following segment information compares results by segment for the six nine months ended June 30, 2022 September 30, 2022 to the six nine months ended June 30, 2021 September 30, 2021. The information for the period ended June 30, 2022 September 30, 2022 includes results of Custom Truck LP for the entire period, while information for the period ended June 30, 2021 September 30, 2021 include results of Custom Truck LP from April 1, 2021 to June 30, 2021 September 30, 2021. Accordingly, the year-over-year changes in all financial statement line items within each segment is attributable to the addition of Custom Truck LP on April 1, 2021. Refer to the Supplemental Pro Forma Information section in this filing that presents the consolidated results of the Company and Custom Truck LP for the six nine months ended June 30, 2021 September 30, 2021.

Equipment Rental Solutions (ERS) Segment

		Six Months Ended June 30,			**Nine Months Ended September 30,**	
(in $000s)	*(in $000s)*	**2022**	**2021**	*(in $000s)*	**2022**	**2021**
Rental revenue	Rental revenue	$ 213,670	$ 139,811	Rental revenue	$ 325,679	$ 244,935
Equipment sales	Equipment sales	96,553	43,040	Equipment sales	133,674	70,141
Total revenue	Total revenue	310,223	182,851	Total revenue	459,353	315,076
Cost of rental revenue	Cost of rental revenue	52,642	43,061	Cost of rental revenue	79,863	67,683

Cost of equipment sales	Cost of equipment sales	73,648	41,269	Cost of equipment sales	100,663	60,815
Depreciation of rental equipment	Depreciation of rental equipment	86,350	59,077	Depreciation of rental equipment	128,126	108,202
Total cost of revenue	Total cost of revenue	212,640	143,407	Total cost of revenue	308,652	236,700
Gross profit	Gross profit	$ 97,583	$ 39,444	Gross profit	$ 150,701	$ 78,376

Truck and Equipment Sales (TES) Segment

		Six Months Ended June 30,			Nine Months Ended September 30,	
(in $000s)	*(in $000s)*	2022	2021	*(in $000s)*	2022	2021
Equipment sales	Equipment sales	$ 349,139	$ 222,622	Equipment sales	$ 522,921	$ 412,684
Cost of equipment sales	Cost of equipment sales	298,225	201,735	Cost of equipment sales	444,798	374,180
Gross profit	Gross profit	$ 50,914	$ 20,887	Gross profit	$ 78,123	$ 38,504

Aftermarket Parts and Services (APS) Segment

		Six Months Ended June 30,			Nine Months Ended September 30,	
(in $000s)	*(in $000s)*	2022	2021	*(in $000s)*	2022	2021
Rental revenue	Rental revenue	$ 7,530	$ 7,017	Rental revenue	$ 10,531	$ 11,001
Parts and services revenue	Parts and services revenue	61,690	40,920	Parts and services revenue	93,557	71,954
Total revenue	Total revenue	69,220	47,937	Total revenue	104,088	82,955
Cost of revenue	Cost of revenue	48,528	39,413	Cost of revenue	74,715	64,700
Depreciation of rental equipment	Depreciation of rental equipment	1,938	1,946	Depreciation of rental equipment	2,774	2,974
Total cost of revenue	Total cost of revenue	50,466	41,359	Total cost of revenue	77,489	67,674
Gross profit	Gross profit	$ 18,754	$ 6,578	Gross profit	$ 26,599	$ 15,281

Supplemental Pro Forma Information

As result of the Acquisition and Related Financing Transactions, we believe presenting supplemental pro forma financial information is beneficial to the readers of our financial statements. The following table sets forth key metrics used by management to run our business on a pro forma and combined basis as if the Acquisition and Related Financing Transactions had occurred on January 1, 2020. Refer to the information below for a full reconciliation of the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Summary Pro Forma Financial Information and Operational Data

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
(in $000s)	*(in $000s)*	2022 Actual	2021 Actual	2022 Actual	2021 Pro Forma	*(in $000s)*	2022 Actual	2021 Pro Forma	2022 Actual	2021 Pro Forma
Revenue	Revenue	$ 362,106	$ 375,111	$ 728,582	$ 769,881	Revenue	$ 357,780	$ 357,305	$ 1,086,362	$ 1,127,186
Gross profit	Gross profit	$ 82,758	$ 46,690	$ 167,251	$ 139,406	Gross profit	$ 88,172	$ 72,678	$ 255,423	$ 199,132
Net income (loss)	Net income (loss)	$ 13,623	$ (129,356)	$ 10,350	$ (51,284)	Net income (loss)	$ (2,382)	$ (14,956)	$ 7,968	$ (87,884)
Adjusted EBITDA	Adjusted EBITDA	$ 85,383	$ 70,241	$ 176,860	$ 143,106	Adjusted EBITDA	$ 91,634	$ 84,423	$ 268,494	$ 227,529
Fleet and Operational Metrics:	Fleet and Operational Metrics:					Fleet and Operational Metrics:				
Ending OEC	Ending OEC	$ 1,399,500	$ 1,338,700	$ 1,399,500	$ 1,338,700	Ending OEC	$ 1,428,800	$ 1,371,746	$ 1,428,800	$ 1,371,746
Average OEC on rent	Average OEC on rent	$ 1,150,400	$ 1,084,709	$ 1,150,800	$ 1,066,318	Average OEC on rent	$ 1,182,500	$ 1,103,562	$ 1,161,400	$ 1,066,318

Fleet utilization	Fleet utilization	82.8 %	80.9 %	82.6 %	79.9 %	Fleet utilization	83.8 %	81.4 %	83.0 %	80.4 %
OEC on rent yield	OEC on rent yield	39.2 %	37.9 %	39.1 %	37.3 %	OEC on rent yield	38.5 %	38.0 %	38.9 %	37.5 %
Sales order backlog	Sales order backlog	$ 663,619	$ 222,661	$ 663,619	$ 222,661	Sales order backlog	$ 709,180	$ 338,457	$ 709,180	$ 338,457

Pro Forma Financial Statements

The following pro forma information has been prepared in accordance with Article 11 of Regulation S-X, "Pro Forma Financial Information," as amended by the Securities and Exchange Commission's Final Rule Release No. 33-10786, "Amendments to Financial Disclosures About Acquired and Disposed Businesses," as adopted on May 21, 2020 ("Article 11"). The amended Article 11 became effective on January 1, 2021. The pro forma combined Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and six nine months ended June 30, 2021 September 30, 2021 combine the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) of Nesco Holdings and Custom Truck LP, giving effect to the following items as if they had occurred on January 1, 2020:

i. the sale of the Company's Common Stock, proceeds from which were used for the Acquisition;

ii. the extinguishment of Nesco's asset-based revolving credit facility (the "2019 Credit Facility") and its 10% Senior Secured Second Lien Notes due 2024 (the "2024 Secured Notes") and the contemporaneous issuance of the 2029 Secured Notes and borrowings under the ABL Facility, proceeds from which were used for the Acquisition; and

iii. the estimated effects of the Acquisition of Custom Truck LP, inclusive of the estimated effects of debt repaid.

The adjustments presented in the following pro forma financial information have been identified and presented to provide relevant information necessary for an accurate understanding of the combined company following the transactions and events described above. The pro forma financial information set forth below is based upon available information and assumptions that we believe are reasonable and is for illustrative purposes only. The financial results may have been different if the transactions described above had been completed sooner. You should not rely on the pro forma financial information as being indicative of the historical results that would have been achieved if these transactions and events had been completed as of January 1, 2020. The pro forma combined financial information below should be read in conjunction with the condensed consolidated financial statements and related notes of the Company included elsewhere in this Quarterly Report on Form 10-Q. All pro forma adjustments and their underlying assumptions are described more fully below.

During the preparation of these pro forma combined financial statements, we assessed whether there were any material differences between the accounting policies of the Company and Custom Truck LP. The assessment performed did not identify any material differences and, as such, these pro forma combined financial statements do not adjust for or assume any differences in accounting policies between the two entities.

The following pro forma combined financial information and associated notes are based on the historical financial statements of Nesco Holdings and Custom Truck LP prior to the Acquisition. The pro forma combined Condensed Consolidated Statements of Net Income

(Loss) for the periods indicated below are based on, derived from, and should be read in conjunction with, the Company's historical financial statements.

Pro Forma Combined Condensed Consolidated Statement of Net Income (Loss) — Three Months Ended June 30, 2021 September 30, 2021

(in $000s)	*(in $000s)*	**Custom Truck Once Source, Inc.**	**Pro Forma Adjustments** a	**Pro Forma Combined**	*(in $000s)*	**Custom Truck One Source, Inc.**	**Pro Forma Adjustments** a	**Pro Forma Combined**
Rental revenue	Rental revenue	$ 98,539	$ —	$ 98,539	Rental revenue	$ 109,108	$ —	$ 109,108
Equipment sales	Equipment sales	247,675	—	247,675	Equipment sales	217,163	—	217,163
Parts sales and services	Parts sales and services	28,897	—	28,897	Parts sales and services	31,034	—	31,034
Total revenue	Total revenue	375,111	—	375,111	Total revenue	357,305	—	357,305
Cost of revenue	Cost of revenue	285,242	(9,388) b	275,854	Cost of revenue	241,900	(7,426) b	234,474
Depreciation of rental equipment	Depreciation of rental equipment	43,179	—	43,179	Depreciation of rental equipment	50,153	—	50,153
Total cost of revenue	Total cost of revenue	328,421	(9,388)	319,033	Total cost of revenue	292,053	(7,426)	284,627
Gross profit	Gross profit	46,690	9,388	56,078	Gross profit	65,252	7,426	72,678
Selling, general and administrative	Selling, general and administrative	51,264	—	51,264	Selling, general and administrative	48,625	—	48,625
Amortization	Amortization	13,332	—	13,332	Amortization	13,334	—	13,334
Non-rental depreciation	Non-rental depreciation	951	—	951	Non-rental depreciation	873	—	873
Transaction expenses and other	Transaction expenses and other	24,575	(24,575) c	—	Transaction expenses and other	7,742	—	7,742

Total operating expenses	Total operating expenses	90,122	(24,575)		65,547	Total operating expenses	70,574	—		70,574
Operating income (loss)	Operating income (loss)	(43,432)	33,963		(9,469)	Operating income (loss)	(5,322)	7,426		2,104
Loss on extinguishment of debt		61,695	(61,695)	d	—					
Interest expense, net	Interest expense, net	19,723	—		19,723	Interest expense, net	19,045	—		19,045
Finance and other expense (income)	Finance and other expense (income)	(2,058)	—		(2,058)	Finance and other expense (income)	(3,656)	—		(3,656)
Total other expense	Total other expense	79,360	(61,695)		17,665	Total other expense	15,389	—		15,389
Income (loss) before taxes	Income (loss) before taxes	(122,792)	95,658		(27,134)	Income (loss) before taxes	(20,711)	7,426		(13,285)
Taxes	Taxes	6,564	23,915	e	30,479	Taxes	(186)	1,857	c	1,671
Net income (loss)	Net income (loss)	$ (129,356)	$ 71,743		$ (57,613)	Net income (loss)	$ (20,525)	$ 5,569		$ (14,956)

a. The pro forma adjustments give effect to the following as if they occurred on January 1, 2020: (i) the Acquisition, and (ii) the extinguishment of Nesco Holdings' 2019 Credit Facility and the 2024 Secured Notes repaid in connection with the Acquisition. The adjustments also give effect to transaction expenses directly attributable to the Acquisition.

b. Represents the elimination from cost of revenue of the run-off of the estimated step-up in fair value of inventory acquired that was recognized in the Company's consolidated financial statements for the three months ended June 30, 2021 September 30, 2021. The impact of the step-up is reflected as an adjustment to the comparable prior period (e.g. June 30, 2020) ended September 30, 2020 as if the Acquisition had occurred on January 1, 2020.

c. Represents the elimination of transaction expenses recognized in the Company's consolidated financial statements for the three months ended June 30, 2021. The expenses were directly attributable to the Acquisition and are reflected as adjustments to the comparable prior period (e.g. June 30, 2020) as if the Acquisition had occurred on January 1, 2020.

d. Represents the elimination of the loss on extinguishment of debt recognized in the Company's consolidated financial statements for the three months ended June 30, 2021 as though the repayment of the 2019 Credit Facility and the 2024 Secured Notes had occurred on January 1, 2020.

e. Reflects the adjustment to recognize the tax impacts of the pro forma adjustments for which a tax expense is recognized using a statutory tax rate of 25%.

Pro Forma Combined Condensed Consolidated Statement of Net Income (Loss) — Six Nine Months Ended June 30, 2021 September 30, 2021

(in $000s)	*(in $000s)*	**Nesco Holdings**	**Custom Truck LP**	**Pro Forma Adjustments[a]**		**Pro Forma Combined**	*(in $000s)*	**Custom Truck One Source, Inc.**	**Custom Truck LP (Three Months Ended March 31, 2021)**	**Pro Forma Adjustments[a]**		**Pro Forma Combined**
Rental revenue	Rental revenue	$ 90,561	$ 108,240	$ —		$ 198,801	Rental revenue	$ 255,936	$ 51,973	$ —		$ 307,909
Equipment sales	Equipment sales	27,572	484,045	—		511,617	Equipment sales	482,825	245,955	—		728,780
Parts sales and services	Parts sales and services	23,226	36,237	—		59,463	Parts sales and services	71,954	18,543	—		90,497
Total revenue	Total revenue	141,359	628,522	—		769,881	Total revenue	810,715	316,471	—		1,127,186
Cost of revenue	Cost of revenue	74,924	470,387	(1,342)	b	543,969	Cost of revenue	567,378	240,678	(17,752)	b	790,304
Depreciation of rental equipment	Depreciation of rental equipment	33,358	45,891	7,257	c	86,506	Depreciation of rental equipment	111,176	22,757	3,817	c	137,750
Total cost of revenue	Total cost of revenue	108,282	516,278	5,915		630,475	Total cost of revenue	678,554	263,435	(13,935)		928,054
Gross profit	Gross profit	33,077	112,244	(5,915)		139,406	Gross profit	132,161	53,036	13,935		199,132
Selling, general and administrative	Selling, general and administrative	29,943	67,798	—		97,741	Selling, general and administrative	111,939	34,428	—		146,367
Amortization	Amortization	8,508	1,990	9,170	d	19,668	Amortization	27,420	1,990	3,590	d	33,000
Non-rental depreciation	Non-rental depreciation	42	2,241	(894)	d	1,389	Non-rental depreciation	1,845	1,151	(213)	d	2,783

Transaction expenses and other	Transaction expenses and other	28,539	11,738	(40,277) e	—	Transaction expenses and other	42,765	5,254	(40,277) e	7,742
Total operating expenses	Total operating expenses	67,032	83,767	(32,001)	118,798	Total operating expenses	183,969	42,823	(36,900)	189,892
Operating income (loss)	Operating income (loss)	(33,955)	28,477	26,086	20,608	Operating income (loss)	(51,808)	10,213	50,835	9,240
Loss on extinguishment of debt	Loss on extinguishment of debt	61,695	—	(61,695) f	—	Loss on extinguishment of debt	61,695	—	(61,695) f	—
Interest expense, net	Interest expense, net	32,054	12,567	(9,042) g	35,579	Interest expense, net	53,674	9,992	(3,919) g	59,747
Finance and other expense (income)	Finance and other expense (income)	6,929	(5,476)	—	1,453	Finance and other expense (income)	143	(2,346)	—	(2,203)
Total other expense	Total other expense	100,678	7,091	(70,737)	37,032	Total other expense	115,512	7,646	(65,614)	57,544
Income (loss) before taxes	Income (loss) before taxes	(134,633)	21,386	96,823	(16,424)	Income (loss) before taxes	(167,320)	2,567	116,449	(48,304)
Taxes	Taxes	10,084	570	24,206 h	34,860	Taxes	10,468	—	29,112 h	39,580
Net income (loss)	Net income (loss)	$ (144,717)	$ 20,816	$ 72,617	$ (51,284)	Net income (loss)	$ (177,788)	$ 2,567	$ 87,337	$ (87,884)

a. The pro forma adjustments give effect to the following as if they occurred on January 1, 2020: (i) the Acquisition, (ii) the extinguishment of Nesco Holdings' 2019 Credit Facility and the 2024 Secured Notes repaid in connection with the Acquisition and (iii) the extinguishment of the outstanding borrowings of Custom Truck LP's credit facility and term loan that was repaid on the closing of the Acquisition.

b. Represents adjustments to cost of revenue for a reduction to depreciation expense for the difference between historical depreciation and depreciation of the fair value of the property and equipment.

c. Represents the adjustment for depreciation of rental fleet relating to the mark-up to fair value from purchase accounting as a result of the Acquisition.

d. Represents the differential in other amortization and depreciation related to the fair value of the identified intangible assets and non-rental property and equipment from purchase accounting as a result of the Acquisition.

e. Represents the elimination of transaction expenses recognized in the Company's consolidated financial statements for the six nine months ended June 30, 2021 September 30, 2021. The expenses were directly related attributable to the Acquisition and are reflected as adjustments to the comparable prior period ended September 30, 2020 as if the Acquisition had occurred on January 1, 2020.

f. Represents the elimination of the loss on extinguishment of debt recognized in the Company's consolidated financial statements for the six nine months ended June 30, 2021 September 30, 2021 as though the repayment of the 2019 Credit Facility and the 2024 Secured Notes had occurred on January 1, 2020.

g. Reflects the differential in interest expense, inclusive of amortization of capitalized debt issuance costs, related to the Company's debt structure after the Acquisition as though the following had occurred on January 1, 2020: (i) borrowings under the ABL Facility; (ii) repayment of the 2019 Credit Facility; (iii) repayment of the 2024 Secured Notes; (iv) repayment of Custom Truck LP's borrowings under its revolving credit and term loan facility; and (v) the issuance of the 2029 Secured Notes.

h. Reflects the adjustment to recognize the tax impacts of the pro forma adjustments for which a tax expense is recognized using a statutory tax rate of 25%.

Reconciliation of Actual (2022) or Pro Forma Net Income (Loss) (2021) to Actual or Pro Forma Adjusted EBITDA

The following table provides a reconciliation of actual or pro forma net income (loss) to actual or pro forma Adjusted EBITDA, as applicable:

		Three Months Ended June 30,		**Six Months Ended June 30,**			**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
(in $000s)	*(in $000s)*	**2022 Actual**	**2021 Pro Forma**	**2022 Actual**	**2021 Pro Forma**	*(in $000s)*	**2022 Actual**	**2021 Pro Forma**	**2022 Actual**	**2021 Pro Forma**
Net income (loss)	Net income (loss)	$ 13,623	$ (57,613)	$ 10,350	$ (51,284)	Net income (loss)	$ (2,382)	$ (14,956)	$ 7,968	$ (87,884)
Interest expense	Interest expense	18,050	17,602	35,495	30,979	Interest expense	19,338	17,324	54,833	53,426
Income tax expense	Income tax expense	(81)	30,479	2,924	34,860	Income tax expense	4,349	1,671	7,273	39,580
Depreciation and amortization	Depreciation and amortization	54,620	60,062	117,120	111,887	Depreciation and amortization	54,001	66,804	171,121	180,514
EBITDA	EBITDA	86,212	50,530	165,889	126,442	EBITDA	75,306	70,843	241,195	185,636
Adjustments:	Adjustments:					Adjustments:				

Non-cash purchase accounting impact	Non-cash purchase accounting impact	2,367	11,999	11,393	313	Non-cash purchase accounting impact	3,408	(1,380)	14,801	10,672
Transaction and process improvement costs	Transaction and process improvement costs	6,043	26	10,691	409	Transaction and process improvement costs	6,501	7,748	17,192	8,067
Sales-type lease adjustment	Sales-type lease adjustment	2,032	(510)	2,561	645	Sales-type lease adjustment	1,232	3,783	3,793	4,428
Share-based payments	Share-based payments	1,784	7,162	5,148	8,417	Share-based payments	4,378	4,856	9,526	13,273
Change in fair value of derivative and warrants	Change in fair value of derivative and warrants	(13,055)	1,034	(18,822)	6,880	Change in fair value of derivative and warrants	809	(1,427)	(18,013)	5,453
Adjusted EBITDA	Adjusted EBITDA	$ 85,383	$ 70,241	$ 176,860	$ 143,106	Adjusted EBITDA	$ 91,634	$ 84,423	$ 268,494	$ 227,529

Liquidity and Capital Resources

Our principal sources of liquidity include cash generated by operating activities and borrowings under revolving credit facilities as described below. We believe that our liquidity sources and operating cash flows are sufficient to address our operating, debt service and capital requirements over the next 12 months; however, we are continuing to monitor the impact of COVID-19 and associated the macro-economic environment, including the on-going supply chain issues on our business and the financial markets. As of June 30, 2022 September 30, 2022, we had $28.5 $26.2 million in cash and cash equivalents compared to $35.9 million as of December 31, 2021. As of June 30, 2022 September 30, 2022, we had $435.0 million $447.0 million of outstanding borrowings under our ABL Facility compared to $394.9 million of outstanding borrowing under the ABL Facility as of December 31, 2021.

ABL Facility

As of June 30, 2022 September 30, 2022, borrowing availability under the ABL Facility was $310.2 million $300.1 million, and outstanding standby letters of credit were $4.9 million $2.9 million. Borrowings under the ABL Facility will bear interest at a floating rate, which, at Buyer's election, will be (a) in the case of U.S. dollar denominated loans, either (i) the London Interbank Offered Rate ("LIBOR") plus an applicable margin or (ii) the base rate plus an applicable margin or (b) in the case of Canadian dollar denominated loans, the CDOR rate plus an applicable margin. The applicable margin varies based on Average Availability (as defined in the ABL Credit Agreement) from (x) with respect to base rate loans, 0.50% to 1.00% and (y) with respect to LIBOR loans and CDOR rate loans, 1.50% to 2.00%. The ability to draw under the ABL Facility or issue letters of credit thereunder is conditioned upon, among other things, delivery of prior written notice of a borrowing or issuance, as applicable, the ability to reaffirm the representations and warranties contained in the ABL Credit Agreement and the absence of any default or event of default under the ABL Facility.

2029 Secured Notes

On the Closing Date, the Issuer issued $920.0 million in aggregate principal amount of 5.50% senior secured second lien notes due 2029. The 2029 Secured Notes were issued pursuant to an indenture, dated as of April 1, 2021, between the Issuer, Wilmington Trust, National Association, as trustee and the guarantors party thereto (the "Indenture"). The Issuer will pay interest on the 2029 Secured Notes semi-annually in arrears on April 15 and October 15 of each year, commencing on October 15, 2021. Unless earlier redeemed, the 2029 Secured Notes will mature on April 15, 2029.

Restrictive Covenants

The Indenture contains covenants that limit the Issuer's (and certain of its subsidiaries') ability to, among other things: (i) incur additional debt or issue certain preferred stock; (ii) pay dividends, redeem stock or make other distributions; (iii) make other restricted payments or investments; (iv) create liens on assets; (v) transfer or sell assets; (vi) create restrictions on payment of dividends or other amounts by the Issuer to the Issuer's restricted subsidiaries; (vii) engage in mergers or consolidations; (viii) engage in certain transactions with affiliates; or (ix) designate the Issuer's subsidiaries as unrestricted subsidiaries.

Events of Default

The Indenture provides for customary events of default, including non-payment, failure to comply with covenants or other agreements in the Indenture and certain events of bankruptcy or insolvency. If an event of default occurs and continues with respect to the 2029 Secured Notes, the trustee or the holders of at least 30% in aggregate principal amount of the outstanding 2029 Secured Notes of such series may declare the entire principal amount of all the 2029 Secured Notes to be due and payable immediately (except that if such event of default is caused by certain events of bankruptcy or insolvency, the entire principal of the 2029 Secured Notes will become due and payable immediately without further action or notice).

Floor Plan Financing

Daimler Truck Financial

The Company is party to the Wholesale Financing Agreement with Daimler Truck Financial (the "Daimler Facility") which bears interest at a rate of the Federal Funds Rate ("Prime") plus 0.80% after an initial interest free period of up to 150 days. The total capacity under the Daimler Facility is $175.0 million. As of June 30, 2022 September 30, 2022, borrowings on the Daimler Facility were $47.3 $61.2 million. The Daimler agreement is evergreen and is subject to termination by either party through written notice.

PACCAR

The Company has an Inventory Financing Agreement with PACCAR Financial Corp that provides the Company with a line of credit of $75.0 million to finance inventory purchases of new Peterbilt and/or Kenworth trucks, tractors, and chassis. Amounts borrowed against this line of credit incur interest at a rate of LIBOR plus 2.4%. As of June 30, 2022 September 30, 2022, borrowings on the PACCAR line of credit were $24.0 million $20.2 million. The PACCAR agreement extends automatically each April and is subject to termination by either party through written notice.

PNC Equipment Finance, LLC

The Company has an Inventory Loan, Guaranty and Security Agreement (the "Loan Agreement") with PNC Equipment Finance, LLC. The Loan Agreement provides the Company with a $295.0 million revolving credit facility, which matures on August 25, 2022 August 25, 2023 and bears interest at a rate of LIBOR three-month term SOFR plus 3.05% 3.25%. As of June 30, 2022 September 30, 2022, borrowings on the Loan Agreement were $239.5 million $267.5 million.

Notes Payable

Our notes payable require the Company to pay monthly and quarterly interest payments and have maturities beginning in 2022 through 2026. Notes payable includes include (i) debt assumed from the Acquisition related to borrowings for facilities renovations and to support general business activities, (ii) notes payable related to past businesses acquired, and (iii) term loans. Subsequent to the Acquisition, the Company consolidated certain notes payable assumed from the Acquisition into a $23.9 million loan agreement with Security Bank of Kansas City ("SBKC") that bears interest at a rate of 3.125% per annum, and a $3.5 million loan agreement with SBKC that bears interest at a rate of 3.5% per annum.

Historical Cash Flows

The following table summarizes our sources and uses of cash:

		Six Months Ended June 30,			Nine Months Ended September 30,				
(in $000s)	*(in $000s)*	**2022**	**2021**	*(in $000s)*	**2022**	**2021**			
Net cash flow from operating activities	Net cash flow from operating activities	$ (21,364)	$ 57,225	Net cash flow from operating activities	$ 4,344	$ 112,755			
Net cash flow from investing activities		(92,689)	(1,360,227)						
Net cash flow used in investing activities							Net cash flow used in investing activities	(153,927)	(1,419,615)
Net cash flow from financing activities	Net cash flow from financing activities	106,654	1,326,800	Net cash flow from financing activities	141,860	1,324,534			
Effect of exchange rate changes	Effect of exchange rate changes	21	—	Effect of exchange rate changes	(2,005)	—			
Net change in cash and cash equivalents	Net change in cash and cash equivalents	$ (7,378)	$ 23,798	Net change in cash and cash equivalents	$ (9,728)	$ 17,674			

As of June 30, 2022 September 30, 2022, we had cash and cash equivalents of $28.5 million $26.2 million, a decrease of $7.4 million $9.7 million from December 31, 2021. Generally, we manage our cash flow by using any excess cash, after considering our working capital and capital expenditure needs, including paying down the outstanding balance under our ABL Facility.

Cash Flows from Operating Activities

Net cash used in provided by operating activities was $21.4 million $4.3 million for the six nine months ended June 30, 2022 September 30, 2022, as compared to net cash provided by operating activities of $57.2 million $112.8 million in the same period of 2021. The use of cash in the current period is the result of our increased levels of inventory purchases and production.

Cash Flows from Investing Activities

Net cash used in investing activities was $92.7 million $153.9 million for the six nine months ended June 30, 2022 September 30, 2022, as compared to cash used in investing activities of $1,360.2 million $1,419.6 million in 2021. The decrease is attributable to the cash paid to acquire Custom Truck LP on April 1, 2021.

Cash Flows from Financing Activities

Net cash provided by financing activities was $106.7 million $141.9 million for the six nine months ended June 30, 2022 September 30, 2022, as compared to $1,326.8 million $1,324.5 million in 2021. The decrease is attributable to the cash proceeds provided by the sale of our common stock and placement of new debt, the funds from which were used to acquire Custom Truck LP on April 1, 2021.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest rate risk

We are subject to interest rate market risk in connection with our long-term debt. Our principal interest rate exposure relates to outstanding amounts under our asset-based revolving credit facility. Interest rate changes generally impact the amount of our interest payments and, therefore, our future net income and cash flows, assuming other factors are held constant. As of June 30, 2022 September 30, 2022, we had $435.0 million $447.0 million aggregate principal amount of variable rate debt, consisting of the balance outstanding under the ABL Facility. Holding other variables constant, each one-eighth percentage point increase or decrease in the applicable interest rates would correspondingly change our interest expense on the ABL Facility by approximately $0.5 million $0.6 million on an annual basis.

We manage a portion of our risks from exposures to fluctuations in interest rates as part of our risk management program through the use of derivative financial instruments. The objective of controlling these risks is to limit the impact on earnings and cash flows caused by fluctuations, and our primary exposure is from our variable-rate debt. During the three months ended March 31, 2022, we settled an interest rate collar agreement in place as a hedge against fluctuations in the required interest payments due on variable rate debt. All of our derivative activities are for purposes other than trading.

Fair values of our derivatives can change significantly from period-to-period based on, among other factors, market movements and changes in our positions. We manage counterparty credit risk (the risk that counterparties will default and not make payments to us according to the terms of our standard master agreements) on an individual counterparty basis.

Foreign currency exchange rate risk

During the six nine months ended June 30, 2022 September 30, 2022, we generated $19.4 $30.0 million of U.S. dollar denominated revenues in Canadian dollars. Each 100-basis point increase or decrease in the average Canadian dollar to U.S. dollar exchange rate for the year would have correspondingly changed our revenues by approximately $0.1 million. We do not currently hedge our exchange rate exposure.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q we carried out an evaluation with the participation of our Chief Executive Officer and Interim Chief Financial Officer. Based on that assessment, the Chief Executive Officer and Interim Chief Financial Officer concluded as of June 30, 2022 September 30, 2022, the Company's disclosure controls and procedures were not effective because of the material weaknesses in our internal control over financial reporting described below.

Inadequate General Information Technology Controls and Business Process Controls

On April 1, 2021, we completed the acquisition of Custom Truck LP, which resulted in a significant change in the Company's internal control over financial reporting. We are in the process of completing the integration of policies, processes, people, technology and operations for the combined company. As part of this integration, we identified deficiencies in the design and operating effectiveness of internal controls associated with the control activities component of the COSO framework. These include:

1. During the third quarter ended September 30, 2021, we identified a material weakness in the design and operation of information technology general controls ("ITGCs") related to an enterprise resource planning ("ERP") system that supports the processes related to the preparation of our consolidated financial statements. Specifically, we did not maintain adequate control over user access to the ERP system to ensure appropriate segregation of duties and to restrict access to financial applications and data to appropriate Company personnel.

2. During the fourth quarter ended December 31, 2021, we identified control deficiencies related to overall ITGCs for both user access and program change-management for systems supporting all of the Company's internal control processes and controls, controls over the completeness and accuracy of information used in business process controls and management review controls. Our business process controls (automated and manual) and management review controls were also deemed ineffective because they are adversely impacted by ineffective ITGCs. These control deficiencies could result in misstatements potentially impacting all financial statement accounts and disclosures that may not be prevented or detected.

Accordingly, these deficiencies constitute material weaknesses. The material weaknesses did not result in any identified misstatements to our consolidated financial statements, and there were no changes to previously released financial results.

(b) Remediation of the Material Weaknesses in Internal Control Over Financial Reporting

The Company is in the process of implementing changes associated with the design, implementation, and monitoring information technology general controls in the areas of user access and program change-management for systems supporting all of the Company's internal control processes to ensure that internal controls are designed and operating effectively. A significant portion of our remediation plan to address the control deficiencies encompassed implementation of our new ERP system, which was completed in the second quarter of 2022. The new ERP system will allow us to address segregation of duties by establishing user roles specific to the nature of each job function. We are also establishing controls to ensure appropriate authorization of new user access requests, including performance of routine reviews of user access, and controls over program-change management. Additionally, we are in the process of enhancing relevant process level controls that are relevant to the preparation of consolidated financial statements. The material weaknesses cannot be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

(c) Changes to Internal Control Over Financial Reporting

Other than the ongoing remediation plans described above, there were no changes to our internal control over financial reporting that occurred during the quarter ended June 30, 2022 September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. On January 14, 2022, we completed the acquisition of Hi-Rail Leasing, Inc. ("Hi-Rail"). In conducting our evaluation of effectiveness of our internal control over financial reporting, we have elected to exclude Hi-Rail from our evaluation, as permitted under existing SEC rules.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We may, at any given time, be named as a defendant in certain lawsuits, investigations and claims arising in the ordinary course of business. While the outcome of these potential lawsuits, investigations and claims cannot be predicted with certainty, we do not expect these matters to have a material adverse impact on our business, results of operations, cash flows or financial condition. In the opinion of management, there are no pending litigations, disputes or claims against the Company that, if decided adversely, would have a material adverse effect on its consolidated financial condition, cash flows or results of operations.

Item 1A. Risk Factors

Reference is made to Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2021, which sets forth information relating to important risks and uncertainties that could materially adversely affect our business, financial condition or operating results. Except as set forth below, there have been no material changes to the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2021.

Uncertainty relating to macroeconomic conditions may reduce demand for our products and services, resulting in non-performance of contracts by our lessees, limit our ability to obtain additional capital to finance new investments, or have other unforeseen negative effects.

Uncertainty and negative trends in general economic conditions in the United States and abroad, including significant tightening of credit markets and commodity price volatility, may create difficult operating environments for our lessees and also for our industry. Many factors, including factors that are beyond our control, may impact our operating results or financial condition and/or affect the lessees that form our customer base. A number of governments have implemented, or are considering implementing, a broad variety of governmental actions or new regulations for the financial markets. In addition, limitations on the availability of capital, higher costs of capital or financing expenditures or the desire to preserve liquidity, may cause our current or prospective customers to make reductions in future capital budgets and spending.

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

None. Issuer Purchases of Equity Securities

On August 2, 2022, our Board of Directors authorized a stock repurchase program for up to $30.0 million of the Company's common stock. This authorization does not have an expiration date. Repurchases under the program may be made in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases depending on market conditions and corporate needs. The following table contains information regarding our purchases of our common stock during the three months ended September 30, 2022:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in $000s)
July 1, 2022 - July 31, 2022	—	$ —	—	$ —
August 1, 2022 - August 31, 2022	—	$ —	—	$ 30,000
September 1, 2022 - September 30, 2022	274,595	$ 6.38	274,595	$ 28,248
Total	274,595	$ 6.38	274,595	

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
10.110.1*+	Letter Form of Performance Stock Agreement by and between the Company and Raymond Todd Barrett, dated April 25, 2022 (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 001-38186) filed on April 26, 2022).
10.210.2*+	Employment Form of Amended Performance Stock Agreement by and between the Company and Raymond Todd Barrett, dated March 9, 2022 (Incorporated by reference to Exhibit 10.2 of the Company's Report on Form 8-K (File No. 001-38186) filed on April 26, 2022).
10.3+	Custom Truck One Source, Inc. 2022 Employee Stock Purchase Plan (filed as Annex A to Custom Truck One Source, Inc.'s Definitive Proxy Statement on Schedule 14A (File No. 001-38186) filed on May 2, 2022, and incorporated herein by reference).
10.4+	Employment Agreement, by and between the Company and Christopher J. Eperjesy, dated August 2, 2022 (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 001-38186) filed on August 4, 2022).
31.1*	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Interim Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32 * 32*	Certification of Chief Executive Officer and Interim Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed or furnished herewith.

+Management contract or compensatory plan.

SIGNATURES

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

CUSTOM TRUCK ONE SOURCE, INC.
(Registrant)

Date: August 9, November 8, 2022

/s/ Fred Ross

Fred Ross, Chief Executive Officer

Date: August 9, November 8, 2022

/s/ R. Todd Barrett Christopher J. Eperjesy

R. Todd Barrett, Interim Christopher J. Eperjesy, Chief Financial Officer

EXHIBIT 10.1

CUSTOM TRUCK ONE SOURCE, INC.
AMENDED AND RESTATED 2019 OMNIBUS INCENTIVE PLAN

PERFORMANCE STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Performance Stock Unit Grant Notice (the "***Grant Notice***") have the meanings given to them in the Amended and Restated 2019 Omnibus Incentive Plan (as amended from time to time, the "***Plan***") of Custom Truck One Source, Inc. (f/k/a Nesco Holdings, Inc., the "***Company***").

The Company has granted to the participant listed below ("***Participant***") the Restricted Stock Units described in this Grant Notice (the "***PSUs***"), subject to the terms and conditions of the Plan and the Performance Stock Unit Agreement attached as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference.

Participant:	
Grant Date:	
Number of PSUs:	***Tranche 1 PSUs***: ***Tranche 2 PSUs***:
Performance Years:	Fiscal years ending December 31, 2023, 2024, 2025 and 2026
Vesting Schedule:	Subject to the terms of the Agreement, the PSUs will vest as follows:

(1) 25% of the Tranche 1 PSUs (the "***Eligible Tranche 1 PSUs***") will vest on the last day of each fiscal year 2023 through 2026 (each, a "***Performance Year***" and collectively, the "***Performance Period***") if the volume-weighted average trading price per Share on the New York Stock Exchange (the "***VWAP***") equals or exceeds [REDACTED] for 30 consecutive trading days during the applicable Performance Year (the "***Tranche 1 Performance Target***"); provided that (a) up to 10 consecutive trading days from the fiscal year immediately preceding or immediately following the applicable Performance Year (the "***Overlap Days***") may be used for purposes of measuring attainment of the Tranche 1 Performance Target, (b) the Overlap Days cannot be used to measure attainment of the Tranche 1 Performance Target for more than one Performance Year, (c) the Overlap Days will be applied to the first Performance Year that its use would result in attainment of the Tranche 1 Performance Target and (d) if the Tranche 1 Performance Target for a Performance Year is attained after the final day of the Performance Year (as a result of the use of the Overlap Days from the fiscal year following the Performance Year), the Eligible Tranche 1 PSUs for such Performance Year will vest on the final day of the applicable 30 consecutive trading day period; and provided further that if during a Performance Year, Platinum Equity, LLC or any affiliate thereof consummates a sale of Shares to an unaffiliated third party at a time when the price per Share on the New York Stock Exchange equals or exceeds [REDACTED], the Tranche 1 Performance Target for such Performance Year will be deemed attained as of the date of such sale.

(2) in the event the Administrator determines that the Company achieved an EBITDA Goal (as defined below) for a Performance Year, the Tranche 2 PSUs will be eligible to vest on the last day of the year that immediately follows the Performance Year (the "***Immediately Following Year***") for which such EBITDA Goal was achieved as follows: (i) if the Company achieves the EBITDA Goal at the target level, 25% of the total number of Tranche 2 PSUs (the "***Eligible Tranche 2 PSUs***") will vest on the last day of the Immediately Following Year, subject to Section 2.2(a) of the Agreement; (ii) if the Company achieves the EBITDA Goal at the threshold level, 25% of the Eligible Tranche 2 PSUs for such Performance Year will vest on the last day of the Immediately Following Year, subject to Section 2.2(a) of the Agreement; and (iii) if the Company achieves the EBITDA Goal that is between the target and threshold levels, the number of Tranche 2 PSUs that will vest on the last day of the Immediately Following Year (subject to Section 2.2(a) of the Agreement) will be determined based on straight-line interpolation between such performance levels. In no event will any Eligible Tranche 2 PSUs vest under this Grant Notice for a Performance Year if EBITDA performance is below the threshold level for such Performance Year.

"***EBITDA Goal***" means those EBITDA goals established by the Board in its discretion not later than 90 days into the applicable Performance Year based on the annual operating plan budget for such Performance Year, which goals (including the target and threshold levels, which threshold level will be 95% of the applicable target level) shall be communicated to the Participant as soon as practicable thereafter and shall be subject to adjustment to reflect acquisitions and other non-recurring events in accordance with Section 4.3 of the Agreement.

For purposes of this Grant Notice, "***EBITDA***" means the Company's earnings before interest, taxes, depreciation and amortization, as determined by the Committee in a manner consistent with the methodologies used for developing the Company's annual operating plan budget and subject to adjustment methodologies used for developing the Company's annual operating plan budget and subject to adjustment in accordance with Section 4.3 of the Agreement.

Notwithstanding the foregoing, (i) in the event that any portion of the Tranche 1 PSUs that were eligible to vest in a Performance Year do not vest due to the failure to achieve the Tranche 1 Performance Target (such PSUs, the "***Unearned Tranche 1 PSUs***"), then the Unearned Tranche 1 PSUs shall be calculated based on the number of remaining Performance Years in the Performance Period; and (ii) any portion of the Eligible Tranche 2 PSUs for a Performance Year that do not become eligible to vest on the last day of the Immediately Following Year due to the failure to achieve the EBITDA Goal at the target level for such Performance Year shall be forfeited for no consideration as of the end of such Performance Year.

By way of examples with respect to the Unearned Tranche 1 PSUs:

(1) If the Eligible Tranche 1 PSUs for the Performance Year ending December 31, 2023 do not vest due to the failure to attain the Tranche 1 Performance Target during such Performance Year, then such Unearned Tranche 1 PSUs remain Tranche 1 PSUs, and one-third (1/3) of the Tranche 1 PSUs will be "Eligible Tranche 1 PSUs" for each of the remaining Performance Years.

(2) If the Eligible Tranche 1 PSUs for the Performance Year ending December 31, 2023 vest and the Eligible Tranche 1 PSUs for the Performance Year ending December 31, 2024 do not vest due to the failure to attain the Tranche 1 Performance Target during such Performance Year, then such Unearned Tranche 1 PSUs for the Performance Year ending December 31, 2024 will remain Tranche 1 PSUs and one-half (1/2) of the Unearned Tranche 1 PSUs that are Tranche 1 PSUs will be "Eligible Tranche 1 PSUs" for each of the remaining Performance Years.

(3) If none of the Eligible Tranche 1 PSUs vest for the Performance Years ending December 31, 2023, 2024 or 2025 due to the failure to attain the Tranche 1 Performance Target for such Performance Years, but the Tranche 1 Performance Target is achieved during the Performance Year ending December 31, 2026, 100% of the Eligible Tranche 1 PSUs will vest for the Performance Year ending December 31, 2026.

For the avoidance of doubt, (x) if the Tranche 1 Performance Target is not achieved in the final Performance Year of the Performance Period, any unvested Tranche 1 PSUs as of December 31, 2026 will be forfeited for no consideration, (y) if the EBITDA Goal is not achieved at the target level for any Performance Year, any Eligible Tranche 2 PSUs for such Performance Year that do not become eligible to vest on the last day of the year that immediately follows such Performance Year will be forfeited for no consideration as of the end of such Performance Year, and (z) if neither the Tranche 1 Performance Target nor any EBITDA Goal is achieved during the Performance Period, then all of the PSUs will be forfeited for no consideration.

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

CUSTOM TRUCK ONE SOURCE, INC.

By:

Name:

Title:

PARTICIPANT

[Participant Name]

<u>EXHIBIT A</u>

PERFORMANCE STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

Article I.
GENERAL

1.1 <u>Award of PSUs and Dividend Equivalents</u>.

(a) The Company has granted the PSUs to Participant effective as of the grant date set forth in the Grant Notice (the "***Grant Date***"). Each PSU represents the right to receive one Share or, at the option of the Company, an amount of cash, in either case, upon the achievement of certain performance goals as set forth in the Grant Notice and this Agreement. Participant will have no right to the distribution of any Shares or payment of any cash until the time (if ever) the PSUs have vested.

(b) The Company hereby grants to Participant, with respect to each PSU, a Dividend Equivalent for ordinary cash dividends paid to substantially all holders of outstanding Shares with a record date after the Grant Date and prior to the date the applicable PSU is settled, forfeited or otherwise expires. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a "***Dividend Equivalent Account***") for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid.

1.2 <u>Incorporation of Terms of Plan</u>. The PSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control, except as otherwise expressly provided in Section 2.1(b)(ii).

1.3 <u>Unsecured Promise</u>. The PSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

Article II.
VESTING; FORFEITURE AND SETTLEMENT

1.4 <u>Vesting; Change in Control</u>.

(a) Subject to Section 2.2 hereof and subject to any potential reductions due to mitigation of any excise taxes under Section 4999 of the Code as may be set forth in any employment or other agreement Participant and the Company are parties to, the PSUs will vest according to the vesting schedule in the Grant Notice except that any fraction of a PSU that would otherwise be vested will be accumulated and will vest only when a whole PSU has accumulated.

(b) Notwithstanding the foregoing, if a Change in Control occurs after the Grant Date and during the Performance Period and the consideration payable per Share in such Change in Control (the "***CIC Price***") equals or exceeds the Tranche 1 Performance Target or, with respect to the Tranche 2 PSUs, [REDACTED] per Share (the "***Tranche 2 Performance Target***" and together with the Tranche 1 Performance Target, the "***Performance Targets***"), and provided that Participant has not incurred a Termination of Service prior to such Change in Control, then:

(i) if the consideration payable for Shares in the Change in Control is at least 80% cash, (A) all unvested Tranche 1 PSUs will become vested immediately prior to such Change in Control if the CIC Price equals or exceeds the Tranche 1 Performance Target and (B) all unvested

Tranche 2 PSUs will become vested immediately prior to such Change in Control if the CIC Price equals or exceeds the Tranche 2 Performance Target; and

(ii) if the consideration payable for Shares in the Change in Control is not at least 80% cash, the CIC Price shall be the public market closing price per Share on the day that is three (3) days before the date of the Change in Control (or the last preceding trading day, if such day is not a trading day), and (A) all unvested Tranche 1 PSUs will remain outstanding, convert to time-based vesting and vest at the end of each Performance Year according to and subject to the terms of the vesting schedule in the Grant Notice without regard to any Performance Targets if the CIC Price equals or exceeds the Tranche 1 Performance Target (the "***Converted Tranche 1 PSUs***") and (B) all unvested Tranche 2 PSUs will remain outstanding, convert to time-based vesting and vest at the end of each Performance Year without regard to any Performance Targets or EBITDA Goals if the CIC Price equals or exceeds the Tranche 2 Performance Target (the "***Converted Tranche 2 PSUs***" and, together with the Converted Tranche 1 PSUs, the "***Converted PSUs***"); provided that, notwithstanding Section 8.2 of the Plan, if any unvested Converted PSUs are not continued, converted, assumed or replaced by the Company or any successor or survivor entity or a parent or subsidiary thereof in such Change in Control, and Participant has not had a Termination of Service, then immediately prior to the Change in Control such unvested Converted PSUs shall become fully vested.

For the purposes of this Section 2.1(b), (i) the Converted PSUs will not be considered continued, converted, assumed or replaced unless, following the Change in Control, the Converted PSUs or awards into which they were converted have substantially the same economic value immediately following such continuation, conversion, assumption or replacement as the Converted PSUs had immediately prior to such continuation, conversion, assumption or replacement and (ii) for the avoidance of doubt, the Administrator will have the authority to determine whether the consideration payable for Shares in a Change in Control is at least 80% cash.

For the avoidance of doubt, (i) if the CIC Price is less than the Tranche 1 Performance Target, all unvested PSUs will be forfeited for no consideration upon the Change in Control, (ii) if the CIC Price is less than the Tranche 2 Performance Target but greater than or equal to the Tranche 1 Performance Target, all unvested Tranche 2 PSUs will be forfeited for no consideration upon the Change in Control (with the Tranche 1 PSUs being treated as set forth in Section 2.1(b)(i) or 2.1(b)(ii), as applicable) and (iii) except as otherwise expressly provided in Section 2.1(b)(ii), the PSUs will in all events remain subject to Article VIII of the Plan.

1.1 Forfeiture; Termination of Service.

(a) In the event of Participant's Termination of Service for any reason, all unvested PSUs will immediately and automatically be cancelled and forfeited, except as otherwise (i) determined by the Administrator, (ii) provided in Section 2.2(b) or Section 2.2(c) or (iii) provided in a binding written agreement between Participant and the Company. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the corresponding PSU.

(b) In the event Participant incurs a Termination of Service as a result of a termination by the Company or its Subsidiary without Cause [or by Participant for Good Reason], subject to Participant's execution of a release of claims in a form reasonably acceptable to the Company and such release of claims becoming effective and irrevocable within 60 days following Participant's Termination of Service, Participant will, immediately prior to such Termination of Service, (i) vest in any Eligible Tranche 1 PSUs for the Performance Year in which the Termination of Service occurs so long as the Tranche 1 Performance Target has been achieved for such Performance Year and (ii) vest in any Eligible Tranche 2 PSUs that are eligible to vest at the end of the Performance Year in which the Termination of Service occurs based on achievement of the EBITDA Goals for the prior Performance Year.

(c) In the event Participant incurs a Termination of Service as a result of a termination by the Company or its Subsidiary without Cause [or by Participant for Good Reason, in each case,] upon or within one (1) year following a Change in Control in which the consideration payable for

Shares in such Change in Control is not all cash, all then unvested Converted PSUs (or other awards into which they were converted or with which they were replaced) will become vested immediately prior to such Termination of Service.

(d) [For purposes herein, "Good Reason" shall mean the occurrence, without Participant's written consent of any of the following circumstances: (i) [a significant, material diminution of Participant's position, duties, responsibilities or status with the Company; (ii)] a material reduction by the Company in Participant's annual base salary[, other than in connection with broad based salary reductions affecting substantially all similarly situated Company employees]; (iii) a relocation of Participant's primary work location by more than fifty (50) miles from the work location in effect immediately prior to such relocation, except for reasonable required travel on the Company's business; or (iv) any breach by the Company of any material provision of this Agreement. Notwithstanding the foregoing, Participant's termination of employment shall not be a termination of employment for Good Reason unless (x) such termination occurs within six (6) months of the initial existence of the condition giving rise to such termination, (y) Participant gives written notice to the Company of the condition giving rise to such termination within ninety (90) days of its initial existence, and (z) the Company does not cure the condition giving rise to such termination within the thirty (30) day period beginning on the date it receives notice from Participant of such condition. The foregoing definition shall not apply to the extent the term "Good Reason" is defined in any employment agreement between the Company and Participant (in which case such other Good Reason definition will instead apply).]

1.1 Settlement.

(e) PSUs and Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in Shares or cash at the Company's option as soon as administratively practicable after the vesting of the applicable PSU, but in no event more than sixty (60) days after the PSU's vesting date or, if earlier, by March 15 of the year following the year of such vesting date. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)), provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

(f) If a PSU is paid in cash, the amount of cash paid with respect to the PSU will equal the Fair Market Value of a Share on the latest practicable date preceding the payment date, as determined by the Company. If a Dividend Equivalent is paid in Shares, the number of Shares paid with respect to the Dividend Equivalent will equal the quotient, rounded down to the nearest whole Share, of the Dividend Equivalent Account balance divided by the Fair Market Value of a Share on the latest practicable date preceding the payment date, as determined by the Company.

1.2 Rights as Stockholder. The holder of the PSUs shall not be, nor have any of the rights or privileges of, a stockholder of the Company, including, without limitation, voting rights and rights to dividends, in respect of the PSUs and any Shares underlying the PSUs and deliverable hereunder unless and until such Shares shall have been issued by the Company and held of record by such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Article VIII of the Plan.

Article III.
TAXATION AND TAX WITHHOLDING

1.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

1.2 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the PSUs or Dividend Equivalents as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Award.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs and the Dividend Equivalents, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the PSUs or Dividend Equivalents. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the Dividend Equivalents or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the PSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

Article IV.
OTHER PROVISIONS

1.1 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the PSUs.

1.2 PSUs Not Transferable. The PSUs shall be subject to the restrictions on transferability set forth in Section 9.1 of the Plan.

1.3 Adjustments. Participant acknowledges that the PSUs, the Shares subject to the PSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan. In addition, in the event that, after the Grant Date, the Administrator determines that any acquisition or disposition of any business unit by the Company, any dividend or other distribution (whether in the form of cash, common stock, other securities, or other property), recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Common Stock or other securities of the Company, issuance of rights to purchase Common Stock or other securities of the Company, any unusual or nonrecurring transactions or events affecting the Company or the financial statements of the Company, or changes in Applicable Laws, or changes in generally accepted accounting principles applicable to, or the accounting policies used by, the Company occur, such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available with respect to the PSUs, then the Administrator may in good faith and in such manner as it may deem equitable, adjust the Performance Targets or EBITDA Goals to reflect the projected effect of such transaction(s) or event(s).

1.4 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

1.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

1.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

1.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

1.8 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

1.9 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the PSUs and the Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

1.10 Entire Agreement. Except as expressly provided herein, the Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

1.11 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

1.12 Section 409A. The PSUs are not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "***Section 409A***"). However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that the PSUs (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate either for the PSUs to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

1.13 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs and Dividend Equivalents, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the PSUs and Dividend Equivalents, as and when settled pursuant to the terms of this Agreement.

1.14 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

1.15 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

1.16 [Amendment to Employment Agreement. Participant acknowledges and agrees that Participant has received the annual awards for each of calendar year 2023 and 2024 referenced in that certain Employment Agreement, dated as of [ ], between the Company and Participant (the "***Employment Agreement***"). Participant further acknowledges and agrees that the Employment Agreement is hereby amended to delete Section [4(d)], and that Participant is no longer entitled to receive the Transaction Bonus (as defined in the Employment Agreement).]

*** * * * ***

EXHIBIT 10.2

CUSTOM TRUCK ONE SOURCE, INC.
AMENDED AND RESTATED 2019 OMNIBUS INCENTIVE PLAN

PERFORMANCE STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Performance Stock Unit Grant Notice (the "***Grant Notice***") have the meanings given to them in the Amended and Restated 2019 Omnibus Incentive Plan (as amended from time to time, the "***Plan***") of Custom Truck One Source, Inc. (f/k/a Nesco Holdings, Inc., the "***Company***").

The Company has granted to the participant listed below ("***Participant***") the Restricted Stock Units described in this Grant Notice (the "***PSUs***"), subject to the terms and conditions of the Plan and the Performance Stock Unit Agreement attached as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference.

Participant:	
Grant Date:	
Number of PSUs:	***Tranche 1 PSUs***:
	Tranche 2 PSUs:

Performance Years:	Fiscal years ending December 31, 2021, 2022, 2023 and 2024
Vesting Schedule:	Subject to the terms of the Agreement, the PSUs will vest as follows:

(1) 25% of the Tranche 1 PSUs (the "***Eligible Tranche 1 PSUs***") will vest on the last day of each fiscal year 2021 through 2024 (each, a "***Performance Year***" and collectively, the "***Performance Period***") if the volume-weighted average trading price per Share on the New York Stock Exchange (the "***VWAP***") equals or exceeds [REDACTED] for 30 consecutive trading days during the applicable Performance Year (the "***Tranche 1 Performance Target***"); provided that (a) up to 10 consecutive trading days from the fiscal year immediately preceding or immediately following the applicable Performance Year (the "***Overlap Days***") may be used for purposes of measuring attainment of the Tranche 1 Performance Target, (b) the Overlap Days cannot be used to measure attainment of the Tranche 1 Performance Target for more than one Performance Year, (c) the Overlap Days will be applied to the first Performance Year that its use would result in attainment of the Tranche 1 Performance Target and (d) if the Tranche 1 Performance Target for a Performance Year is attained after the final day of the Performance Year (as a result of the use of the Overlap Days from the fiscal year following the Performance Year), the Eligible Tranche 1 PSUs for such Performance Year will vest on the final day of the applicable 30 consecutive trading day period; and provided further that if during a Performance Year, Platinum Equity, LLC or any affiliate thereof consummates a sale of Shares to an unaffiliated third party at a time when the price per Share on the New York Stock Exchange equals or exceeds [REDACTED], the Tranche 1 Performance Target for such Performance Year will be deemed attained as of the date of such sale.

(2) the Tranche 2 PSUs will vest pursuant to the vesting schedule set forth in this Grant Notice or the alternate vesting schedule set forth in Appendix A ("***Appendix A***") to the Agreement (each, a "***Tranche 2 Vesting Schedule***") based on whichever Tranche 2 Vesting Schedule results in a higher number of Tranche 2 PSUs for the Performance Year becoming vested or eligible to vest (and in the event such numbers are equal, the vesting schedule in this Grant Notice will apply); provided that in no event shall more than an aggregate of (i) 25% of the Tranche 2 PSUs have vested as of the end of the 2021 Performance Year; (ii) 50% of the Tranche 2 PSUs have vested as of the end of the 2022 Performance Year; (iii) 75% of the Tranche 2 PSUs have vested as of the end of the 2023 Performance Year; and (iv) 100% of the Tranche 2 PSUs vest pursuant to this Grant Notice, Appendix A or the Agreement (each a "***Tranche 2 Threshold***"). In the event the Tranche 2 Vesting Schedules result in a number of Tranche 2 PSUs becoming eligible to vest in excess of a Tranche 2 Threshold, the number of Tranche 2 PSUs that actually vest at the end of the applicable year shall be reduced to the applicable Tranche 2 Threshold (such reduced Tranche 2 PSUs, the "***Excess PSUs***") and such Excess PSUs shall be eligible to vest in a subsequent Performance Year in accordance with the terms of this Grant Notice, Appendix A or the Agreement.

Tranche 2 Vesting Schedule pursuant to this Grant Notice:

25% of the Tranche 2 PSUs (the "***Eligible Tranche 2 PSUs***") will vest on the last day of each Performance Year if the VWAP equals or exceeds [REDACTED] for 60 consecutive trading days during the applicable Performance Year (the "***Tranche 2 Performance Target***" and together with the Tranche 1 Performance Target, the "***Performance Targets***"); provided that (a) the Overlap Days may be used for purposes of measuring attainment of the Tranche 2 Performance Target, (b) the Overlap Days cannot be used to measure attainment of the Tranche 2 Performance Target for more than one Performance Year, (c) the Overlap Days will be applied to the first Performance Year that its use would result in attainment of the Tranche 2 Performance Target and (d) if the Tranche 2 Performance Target for a Performance Year is attained after the final day of the Performance Year (as a result of the use of the Overlap Days from the fiscal year following the Performance Year), the Eligible Tranche 2 PSUs for such Performance Year will vest on the final day of the applicable 60 consecutive trading day period.

Notwithstanding the foregoing, in the event that any portions of the Tranche 1 PSUs or Tranche 2 PSUs that were eligible to vest in a Performance Year do not vest due to the failure to achieve the Tranche 1 Performance Target or the Tranche 2 Performance Target, as applicable, for such Performance Year (such PSUs, the "***Unearned PSUs***"), then the Unearned PSUs shall remain eligible to vest as Tranche 1 PSUs or Tranche 2 PSUs, as applicable, and the Eligible Tranche 1 PSUs and the Eligible Tranche 2 PSUs shall be calculated based on the number of remaining Performance Years in the Performance Period.

By way of examples:

(1) If the Eligible Tranche 1 PSUs for the Performance Year ending December 31, 2021 do not vest due to the failure to attain the Tranche 1 Performance Target during such Performance Year, then such Unearned PSUs remain Tranche 1 PSUs, and one-third (1/3) of the Tranche 1 PSUs will be "Eligible Tranche 1 PSUs" for each of the remaining Performance Years.

(2) If (i) the Eligible Tranche 2 PSUs for the Performance Year ending December 31, 2021 do not vest due to the failure to attain the Tranche 2 Performance Target during such Performance Year, (ii) the EBITDA Goal for

the Performance Year ending December 31, 2021 is achieved at the target level resulting in 25% of the Tranche 2 PSUs becoming eligible to vest December 31, 2022 under Appendix A and (iii) the Tranche 2 Performance Target is achieved for the Performance Year ending December 31, 2022 resulting in 33% of the Tranche 2 PSUs becoming eligible to vest December 31, 2022, the number of Tranche 2 PSUs that actually vest on December 31, 2022 shall be 50% of the Tranche 2 PSUs (due to application of the Tranche 2 Threshold) and the Excess PSUs shall remain eligible to vest in a subsequent Performance Year in accordance with the terms of the Grant Notice, Appendix A or the Agreement.

(a) Assuming the same facts as Example 2 and further that (i) the EBITDA Goal for the Performance Year ending December 31, 2022 is attained at the threshold level resulting in 6.25% of the Tranche 2 PSUs becoming eligible to vest December 31, 2023 under Appendix A and (ii) the Tranche 2 Performance Target is not achieved for the Performance Year ending December 31, 2023, the number of Tranche 2 PSUs that actually vest on December 31, 2023 shall be 0% of the Tranche 2 PSUs (because vesting under the Grant Notice for 2022 results in a higher number of Tranche 2 PSUs vesting or becoming eligible to vest for such Performance Year).

(b) Assuming the same facts as Example 2(a) except that the Tranche 2 Performance Target is achieved for the Performance Year ending December 31, 2023, the number of Tranche 2 PSUs that actually vest on December 31, 2023 shall be 25% of the Tranche 2 PSUs (due to application of the Tranche 2 Threshold) and the Excess PSUs shall remain eligible to vest in a subsequent Performance Year in accordance with the terms of the Grant Notice, Appendix A or the Agreement.

(c) Assuming the same facts as Example 2(a) and further that (i) the EBITDA Goal for the Performance Year ending December 31, 2023 is attained at below threshold level resulting in none of the Tranche 2 PSUs becoming eligible to vest December 31, 2024 under Appendix A, (ii) the EBITDA Goal for the Performance Year ending December 31, 2024 is attained at the target level resulting in 25% of the Tranche 2 PSUs becoming eligible to vest December 31, 2025 under Appendix A and (iii) the Tranche 2 Performance Target is not achieved for the Performance Year ending December 31, 2024, (A) none of the Tranche 2 PSUs will vest on December 31, 2024, (B) 25% of the Tranche 2 PSUs (representing all of the unvested Tranche 2 PSUs that are no longer eligible to vest under the terms of the Grant Notice, Appendix A or the Agreement) will be forfeited for no consideration on December 31, 2024 and (C) 25% of the Tranche 2 PSUs will vest on December 31, 2025.

(d) Assuming the same facts as Example 2(a) and further that (i) the EBITDA Goal for the Performance Years ending December 31, 2023 and 2024 is attained at below threshold level resulting in none of the Tranche 2 PSUs becoming eligible to vest December 31, 2024 or 2025 under Appendix A and (ii) the Tranche 2 Performance Target is not achieved for the Performance Year ending December 31, 2024, (A) none of the Tranche 2 PSUs will vest on December 31, 2024 and (B) 50% of the Tranche 2 PSUs (representing all of the unvested Tranche 2 PSUs) will be forfeited for no consideration on December 31, 2024.

(3) If the Eligible Tranche 1 PSUs for the Performance Year ending December 31, 2021 vest and the Eligible Tranche 1 PSUs for the Performance Year ending December 31, 2022 do not vest due to the failure to attain the Tranche 1 Performance Target during such Performance Year, then such Unearned PSUs for the Performance Year ending December 31, 2022 will remain Tranche 1 PSUs and one-half (1/2) of the Unearned PSUs that are Tranche 1 PSUs will be “Eligible Tranche 1 PSUs” for each of the remaining Performance Years.

(4) If none of the Eligible Tranche 1 PSUs vest for the Performance Years ending December 31, 2021, 2022 or 2023 due to the failure to attain the Tranche 1 Performance Target for such Performance Years, but the Tranche 1 Performance Target is achieved during the Performance Year ending December 31, 2024, 100% of the Eligible Tranche 1 PSUs will vest for the Performance Year ending December 31, 2024.

(5) If (i) none of the Eligible Tranche 2 PSUs vest for the Performance Years ending December 31, 2021, 2022 or 2023 due to the failure to attain the Tranche 2 Performance Target for such Performance Years, (ii) the EBITDA Goal for the Performance Years ending December 31, 2021, 2022 and 2023 is achieved at the target level resulting in 25% of the Tranche 2 PSUs becoming eligible to vest on each of December 31, 2022, 2023 and 2024 and (iii) the Tranche 2 Performance Target is achieved for the Performance Year ending December 31, 2024 resulting in 100% of the Tranche 2 PSUs becoming eligible to vest December 31, 2024, the number of Tranche 2 PSUs that actually vest on December 31, 2024 shall be 50% of the Tranche 2 PSUs (due to application of the Tranche 2 Threshold and with 25% having previously vested on each of December 31, 2022 and 2023) and no Excess PSUs shall remain eligible to vest because an aggregate of 100% of the Tranche 2 PSUs have vested.

For the avoidance of doubt, but except to the extent any Tranche 2 PSUs become eligible to vest pursuant to the Tranche 2 Vesting Schedule set forth on Appendix A, (x) if a Performance Target is not achieved in the final Performance Year of the Performance Period, any unvested PSUs as of December 31, 2024 will be forfeited for no consideration and (y) if none of the Performance Targets are achieved during the

Performance Period, then all of the PSUs will be forfeited for no consideration.

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement. Participant and the Company agree that this Grant Notice and the Agreement amend, restate and supersede any prior grant notice or performance stock unit agreement between Participant and the Company governing the PSUs described herein.

CUSTOM TRUCK ONE SOURCE, INC.	**PARTICIPANT**
By:	
Name:	[Participant Name]
Title:	

EXHIBIT A

PERFORMANCE STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or Appendix A, if not defined in the Grant Notice or Appendix A, in the Plan.

Article I.
GENERAL

1.1 Award of PSUs and Dividend Equivalents.

(a) The Company has granted the PSUs to Participant effective as of the grant date set forth in the Grant Notice (the "***Grant Date***"). Each PSU represents the right to receive one Share or, at the option of the Company, an amount of cash, in either case, upon the achievement of certain performance goals as set forth in the Grant Notice, Appendix A and this Agreement. Participant will have no right to the distribution of any Shares or payment of any cash until the time (if ever) the PSUs have vested.

(b) The Company hereby grants to Participant, with respect to each PSU, a Dividend Equivalent for ordinary cash dividends paid to substantially all holders of outstanding Shares with a record date after the Grant Date and prior to the date the applicable PSU is settled, forfeited or otherwise expires. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a "***Dividend Equivalent Account***") for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid.

1.2 Incorporation of Terms of Plan. The PSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control, except as otherwise expressly provided in Section 2.1(b)(ii).

1.3 Unsecured Promise. The PSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

Article II.
VESTING; FORFEITURE AND SETTLEMENT

1.4 Vesting; Change in Control.

(a) Subject to Section 2.2 hereof and subject to any potential reductions due to mitigation of any excise taxes under Section 4999 of the Code as may be set forth in any employment or other agreement Participant and the Company are parties to, the PSUs will vest according to the vesting schedule in the Grant Notice or Appendix A, as applicable, except that any fraction of a PSU that would otherwise be vested will be accumulated and will vest only when a whole PSU has accumulated.

(b) Notwithstanding the foregoing or the application of the Tranche 2 Threshold, if a Change in Control occurs after the Grant Date and during the Performance Period and the consideration payable per Share in such Change in Control (the "***CIC Price***") equals or exceeds a Performance Target, and provided that Participant has not incurred a Termination of Service prior to such Change in Control, then:

(i) if the consideration payable for Shares in the Change in Control is at least 80% cash, (A) all unvested Tranche 1 PSUs will become vested immediately prior to such Change in Control if the CIC Price equals or exceeds the Tranche 1 Performance Target and (B) all unvested Tranche 2 PSUs will become vested immediately prior to such Change in Control if the CIC Price equals or exceeds the Tranche 2 Performance Target; and

(ii) if the consideration payable for Shares in the Change in Control is not at least 80% cash, the CIC Price shall be the public market closing price per Share on the day that is three (3) days before the date of the Change in Control (or the last preceding trading day, if such day is not a trading day), and (A) all unvested Tranche 1 PSUs will remain outstanding, convert to time-based vesting and vest at the end of each Performance Year according to and subject to the terms of the vesting schedule in the Grant Notice without regard to any Performance Targets if the CIC Price equals or exceeds the Tranche 1 Performance Target (the "***Converted Tranche 1 PSUs***") and (B) all unvested Tranche 2 PSUs will remain outstanding, convert to time-based vesting and vest at the end of each Performance Year according to and subject to the terms of the vesting schedule in the Grant Notice without regard to any Performance Targets or EBITDA Goals if the CIC Price equals or exceeds the Tranche 2 Performance Target (the "***Converted Tranche 2 PSUs***" and, together with the Converted Tranche 1 PSUs, the "***Converted PSUs***"); provided that, notwithstanding Section 8.2 of the Plan, if any unvested Converted PSUs are not continued, converted, assumed or replaced by the Company or any successor or survivor entity or a parent or subsidiary thereof in such Change in Control, and Participant has not had a Termination of Service, then immediately prior to the Change in Control such unvested Converted PSUs shall become fully vested.

For the purposes of this Section 2.1(b), (i) the Converted PSUs will not be considered continued, converted, assumed or replaced unless, following the Change in Control, the Converted PSUs or awards into which they were converted have substantially the same economic value immediately following such continuation, conversion, assumption or replacement as the Converted PSUs had immediately prior to such continuation, conversion, assumption or replacement and (ii) for the avoidance of doubt, the Administrator will have the authority to determine whether the consideration payable for Shares in a Change in Control is at least 80% cash.

For the avoidance of doubt, (i) if the CIC Price is less than the Tranche 1 Performance Target, all unvested PSUs will be forfeited for no consideration upon the Change in Control, (ii) if the CIC Price is less than the Tranche 2 Performance Target but greater than or equal to the Tranche 1 Performance Target, all unvested Tranche 2 PSUs will be forfeited for no consideration upon the Change in Control (with the Tranche 1 PSUs being treated as set forth in Section 2.1(b)(i) or 2.1(b)(ii), as applicable), (iii) except as otherwise expressly provided in Section 2.1(b)(ii), the PSUs will in all events remain subject to Article VIII of the Plan and (iv) the Tranche 2 Threshold shall not apply to reduce the number of Tranche 2 PSUs eligible to vest under this Section 2.1(b), except that in no event shall more than 100% of the Tranche 2 PSUs vest pursuant to this Agreement.

1.1 Forfeiture; Termination of Service.

(a) In the event of Participant's Termination of Service for any reason, all unvested PSUs will immediately and automatically be cancelled and forfeited, except as otherwise (i) determined by the Administrator, (ii) provided in Section 2.2(b) or Section 2.2(c) or (iii) provided in a binding written agreement between Participant and the Company. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the corresponding PSU.

(b) In the event Participant incurs a Termination of Service as a result of a termination by the Company or its Subsidiary without Cause [or by Participant for Good Reason], subject to Participant's execution of a release of claims in a form reasonably acceptable to the Company and such release of claims becoming effective and irrevocable within 60 days following Participant's Termination of Service, Participant will, immediately prior to such Termination of Service, vest in any Eligible Tranche 1 PSUs and Eligible Tranche 2 PSUs for the Performance Year in which the Termination of Service occurs so long as the applicable Performance Target has been achieved for such Performance Year; provided that, if the number of Tranche 2 PSUs that are eligible to vest at the end of the Performance Year in which the Termination of Service occurs based on achievement of the EBITDA Goals for the prior Performance Year exceeds the number of PSUs that would vest based on the

achievement of the Performance Target for the Performance Year in which the Termination of Service occurs, Participant will vest in such greater number of PSUs.

(c) In the event Participant incurs a Termination of Service as a result of a termination by the Company or its Subsidiary without Cause [or by Participant for Good Reason, in each case,] upon or within one (1) year following a Change in Control in which the consideration payable for Shares in such Change in Control is not all cash, all then unvested Converted PSUs (or other awards into which they were converted or with which they were replaced) will become vested immediately prior to such Termination of Service.

(d) [For purposes herein, "Good Reason" shall mean the occurrence, without Participant's written consent of any of the following circumstances: (i) [a significant, material diminution of Participant's position, duties, responsibilities or status with the Company; (ii)] a material reduction by the Company in Participant's annual base salary[, other than in connection with broad based salary reductions affecting substantially all similarly situated Company employees]; (iii) a relocation of Participant's primary work location by more than fifty (50) miles from the work location in effect immediately prior to such relocation, except for reasonable required travel on the Company's business; or (iv) any breach by the Company of any material provision of this Agreement. Notwithstanding the foregoing, Participant's termination of employment shall not be a termination of employment for Good Reason unless (x) such termination occurs within six (6) months of the initial existence of the condition giving rise to such termination, (y) Participant gives written notice to the Company of the condition giving rise to such termination within ninety (90) days of its initial existence, and (z) the Company does not cure the condition giving rise to such termination within the thirty (30) day period beginning on the date it receives notice from Participant of such condition. The foregoing definition shall not apply to the extent the term "Good Reason" is defined in any employment agreement between the Company and Participant (in which case such other Good Reason definition will instead apply).]

1.1 Settlement.

(e) PSUs and Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in Shares or cash at the Company's option as soon as administratively practicable after the vesting of the applicable PSU, but in no event more than sixty (60) days after the PSU's vesting date or, if earlier, by March 15 of the year following the year of such vesting date. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)), provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

(f) If a PSU is paid in cash, the amount of cash paid with respect to the PSU will equal the Fair Market Value of a Share on the latest practicable date preceding the payment date, as determined by the Company. If a Dividend Equivalent is paid in Shares, the number of Shares paid with respect to the Dividend Equivalent will equal the quotient, rounded down to the nearest whole Share, of the Dividend Equivalent Account balance divided by the Fair Market Value of a Share on the latest practicable date preceding the payment date, as determined by the Company.

1.2 Rights as Stockholder. The holder of the PSUs shall not be, nor have any of the rights or privileges of, a stockholder of the Company, including, without limitation, voting rights and rights to dividends, in respect of the PSUs and any Shares underlying the PSUs and deliverable hereunder unless and until such Shares shall have been issued by the Company and held of record by such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Article VIII of the Plan.

Article III.
TAXATION AND TAX WITHHOLDING

1.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

1.2 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the PSUs or Dividend Equivalents as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Award.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs and the Dividend Equivalents, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the PSUs or Dividend Equivalents. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the Dividend Equivalents or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the PSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

Article IV.
OTHER PROVISIONS

1.1 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the PSUs.

1.2 PSUs Not Transferable. The PSUs shall be subject to the restrictions on transferability set forth in Section 9.1 of the Plan.

1.3 Adjustments. Participant acknowledges that the PSUs, the Shares subject to the PSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan. In addition, in the event that, after the Grant Date, the Administrator determines that any acquisition or disposition of any business unit by the Company, any dividend or other distribution (whether in the form of cash, common stock, other securities, or other property), recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Common Stock or other securities of the Company, issuance of rights to purchase Common Stock or other securities of the Company, any unusual or nonrecurring transactions or events affecting the Company or the financial statements of the Company, or changes in Applicable Laws, or changes in generally accepted accounting principles applicable to, or the accounting policies used by, the Company occur, such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available with respect to the PSUs, then the Administrator may in good faith and in such manner as it may deem equitable, adjust the Performance Targets and/or EBITDA Goals to reflect the projected effect of such transaction(s) or event(s).

1.4 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at

Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

1.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

1.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

1.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

1.8 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

1.9 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the PSUs and the Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

1.10 Entire Agreement. Except as expressly provided herein, the Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

1.11 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

1.12 Section 409A. The PSUs are not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "***Section 409A***"). However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that the PSUs (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate either for the PSUs to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

1.13 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any

underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs and Dividend Equivalents, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the PSUs and Dividend Equivalents, as and when settled pursuant to the terms of this Agreement.

1.14 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

1.15 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

*** * * * ***

Appendix A

Alternate Tranche 2 Vesting Schedule

In the event the Administrator determines that the Company achieved an EBITDA Goal (as defined below) for a Performance Year, 25% of the Tranche 2 PSUs (each such 25% tranche of Tranche 2 PSUs, the "***EBITDA Eligible PSUs***") will be eligible to vest on the last day of the year that immediately follows the Performance Year (the "***Immediately Following Year***") for which such EBITDA Goal was achieved as follows: (i) if the Company achieves the EBITDA Goal at the target level, 100% of the EBITDA Eligible PSUs for such Performance Year will vest on the last day of the Immediately Following Year, subject to Section 2.2(a) of the Agreement; (ii) if the Company achieves the EBITDA Goal at the threshold level, 25% of the EBITDA Eligible PSUs for such Performance Year will vest on the last day of the Immediately Following Year, subject to Section 2.2(a) of the Agreement; and (iii) if the Company achieves the EBITDA Goal that is between the target and threshold level, the number of EBITDA Eligible PSUs for such Performance Year that will vest on the last day of the Immediately Following Year (subject to Section 2.2(a) of the Agreement) will be determined based on straight-line interpolation between such performance levels. In no event will any EBITDA Eligible PSUs vest under this Appendix A for a Performance Year if EBITDA performance is below the threshold level for such Performance Year.

"***EBITDA Goal***" means (i) for the 2021 Performance Year, [REDACTED] at the target performance level (which shall be deemed achieved), (ii) for the 2022 Performance Year, [REDACTED] at the target performance level, which shall be subject to adjustment to reflect acquisitions and other non-recurring events in accordance with Section 4.3 of the Agreement (the "***2022 EBITDA Target***"), and 95% of the 2022 EBITDA Target at the threshold performance level, and (iii) for the 2023 and 2024 Performance Years, those EBITDA goals established by the Board in its discretion not later than 90 days into the applicable Performance Year based on the annual operating plan budget for such Performance Year, which goals (including the target and threshold levels, which threshold level will be 95% of the applicable target level) shall be communicated to the Participant as soon as practicable thereafter and shall be subject to adjustment to reflect acquisitions and other non-recurring events in accordance with Section 4.3 of the Agreement.

Any portion of the EBITDA Eligible PSUs for a Performance Year that do not become eligible to vest on the last day of the Immediately Following Year under this Appendix A due to the failure to achieve the EBITDA Goal at the target level for such Performance Year shall no longer be eligible to vest based on the achievement of an EBITDA Goal.

For purposes of this Appendix, "***EBITDA***" means the Company's earnings before interest, taxes, depreciation and amortization, as determined by the Committee in a manner consistent with the methodologies used for developing the Company's annual operating plan budget and subject to adjustment in accordance with Section 4.3 of the Agreement.

Notwithstanding anything in this Appendix A to the contrary, vesting of the Tranche 2 PSUs pursuant to the Tranche 2 Vesting Schedule in this Appendix A shall in all events be subject to the terms of the Agreement and reduction to comply with the applicable Tranche 2 Threshold.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Fred Ross, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of Custom Truck One Source, Inc. for the quarterly period ended June 30, 2022 September 30, 2022;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, November 8, 2022

/s/ Fred Ross

Fred Ross
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, R. Todd Barrett, Christopher J. Eperjesy, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of Custom Truck One Source, Inc. for the quarterly period ended June 30, 2022 September 30, 2022;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, November 8, 2022

/s/ R. Todd Barrett Christopher J. Eperjesy

R. Todd Barrett Christopher J. Eperjesy
Interim Chief Financial Officer

Exhibit 32

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

In connection with the Quarterly Report on Form 10-Q of Custom Truck One Source, Inc. (the "Company") for the quarterly period ended June 30, 2022 September 30, 2022, as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 9, November 8, 2022	/s/ Fred Ross
	Fred Ross
	Chief Executive Officer
August 9, November 8, 2022	/s/ R. Todd Barrett Christopher J. Eperjesy
	R. Todd Barrett Christopher J. Eperjesy
	Interim Chief Financial Officer