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 March 31, 2021**

**OR**

☐ **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:** 001-37552

WILLSCOT ▪ MOBILE MINI
HOLDINGS CORP

# WILLSCOT MOBILE MINI HOLDINGS CORP.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **82-3430194** |
| (State or other jurisdiction of incorporation) | (I.R.S. Employer Identification No.) |

**4646 E Van Buren St., Suite 400**
**Phoenix, Arizona 85008**
(Address, including zip code, of principal executive offices)

**(480) 894-6311**
(Registrant's telephone number, including area code)

(Former Name or Former Address, if Changed Since Last Report)

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, par value $0.0001 per share | WSC | The Nasdaq Capital Market |
| Warrants to purchase Common Stock(1) | WSCWW | OTC Markets Group Inc. |
| Warrants to purchase Common Stock(2) | WSCTW | OTC Markets Group Inc. |

(1) Issued in connection with the initial public offering of Double Eagle Acquisition Corp., the registrant's legal predecessor company, in September 2015, which are exercisable for one-half of one share of the registrant's common stock for an exercise price of $5.75.

(2) Issued in connection with the registrant's acquisition of Modular Space Holding, Inc. in August 2018, which are exercisable for one share of the registrant's common stock at an exercise price of $15.50 per share.

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

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

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

| | |
|---|---|
| Large accelerated filer ☒ | Accelerated filer ☐ |
| Non-accelerated filer ☐ | 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 Act). Yes ☐ No ☒

Shares of Common Stock, par value $0.0001 per share, outstanding: 226,826,328 shares at May 5, 2021.

# WILLSCOT MOBILE MINI HOLDINGS CORP.
## Quarterly Report on Form 10-Q
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# ITEM 1. Financial Statements

## WillScot Mobile Mini Holdings Corp.
## Condensed Consolidated Balance Sheets

| *(in thousands, except share data)* | March 31, 2021 (unaudited) | December 31, 2020 (as restated) |
|---|---|---|
| Assets | | |
| Cash and cash equivalents | $ 26,934 | $ 24,937 |
| Trade receivables, net of allowances for credit losses at March 31, 2021 and December 31, 2020 of $31,630 and $29,258, respectively | 322,425 | 330,942 |
| Inventories | 24,132 | 21,655 |
| Prepaid expenses and other current assets | 28,152 | 29,954 |
| Assets held for sale | 2,413 | 12,004 |
| Total current assets | 404,056 | 419,492 |
| Rental equipment, net | 2,928,682 | 2,933,722 |
| Property, plant and equipment, net | 300,687 | 303,650 |
| Operating lease assets | 229,260 | 232,094 |
| Goodwill | 1,179,421 | 1,171,219 |
| Intangible assets, net | 481,199 | 495,947 |
| Other non-current assets | 15,570 | 16,081 |
| Total long-term assets | 5,134,819 | 5,152,713 |
| Total assets | $ 5,538,875 | $ 5,572,205 |
| Liabilities and equity | | |
| Accounts payable | $ 111,408 | $ 106,926 |
| Accrued expenses | 133,036 | 141,672 |
| Deferred revenue and customer deposits | 139,575 | 135,485 |
| Operating lease liabilities - current | 48,366 | 48,063 |
| Current portion of long-term debt | 16,229 | 16,521 |
| Total current liabilities | 448,614 | 448,667 |
| Long-term debt | 2,454,024 | 2,453,809 |
| Deferred tax liabilities | 315,244 | 307,541 |
| Operating lease liabilities - non-current | 180,823 | 183,761 |
| Common stock warrant liabilities | 99,781 | 77,404 |
| Other non-current liabilities | 34,500 | 37,150 |
| Long-term liabilities | 3,084,372 | 3,059,665 |
| Total liabilities | 3,532,986 | 3,508,332 |
| Commitments and contingencies (see Note 17) | | |
| Preferred Stock: $0.0001 par, 1,000,000 shares authorized and zero shares issued and outstanding at March 31, 2021 and December 31, 2020 | — | — |
| Common Stock: $0.0001 par, 500,000,000 shares authorized and 226,815,146, and 229,038,158 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively | 23 | 23 |
| Additional paid-in-capital | 3,782,649 | 3,852,291 |
| Accumulated other comprehensive loss | (29,996) | (37,207) |
| Accumulated deficit | (1,746,787) | (1,751,234) |
| Total shareholders' equity | 2,005,889 | 2,063,873 |
| Total liabilities and equity | $ 5,538,875 | $ 5,572,205 |

*See the accompanying notes which are an integral part of these condensed consolidated financial statements.*

# WillScot Mobile Mini Holdings Corp.
# Condensed Consolidated Statements of Operations
# (Unaudited)

| *(in thousands, except share and per share data)* | Three Months Ended March 31, 2021 | | 2020 (as restated) | |
|---|---|---|---|---|
| Revenues: | | | | |
| Leasing and services revenue: | | | | |
| Leasing | $ | 315,662 | $ | 188,352 |
| Delivery and installation | | 83,504 | | 51,070 |
| Sales revenue: | | | | |
| New units | | 10,955 | | 9,613 |
| Rental units | | 15,202 | | 6,786 |
| Total revenues | | 425,323 | | 255,821 |
| Costs: | | | | |
| Costs of leasing and services: | | | | |
| Leasing | | 69,895 | | 49,809 |
| Delivery and installation | | 70,136 | | 43,865 |
| Costs of sales: | | | | |
| New units | | 7,109 | | 6,203 |
| Rental units | | 9,105 | | 3,806 |
| Depreciation of rental equipment | | 55,698 | | 45,948 |
| Gross profit | | 213,380 | | 106,190 |
| Expenses: | | | | |
| Selling, general and administrative | | 116,485 | | 65,537 |
| Transaction costs | | 844 | | 9,431 |
| Other depreciation and amortization | | 18,324 | | 3,074 |
| Lease impairment expense and other related charges | | 1,253 | | 1,661 |
| Restructuring costs | | 3,142 | | (60) |
| Currency losses, net | | 36 | | 898 |
| Other (income) expense, net | | (1,988) | | 276 |
| Operating income | | 75,284 | | 25,373 |
| Interest expense | | 29,964 | | 28,257 |
| Fair value loss (gain) on common stock warrant liabilities | | 27,207 | | (95,329) |
| Loss on extinguishment of debt | | 3,185 | | — |
| Income before income tax | | 14,928 | | 92,445 |
| Income tax expense | | 10,481 | | 790 |
| Net income | | 4,447 | | 91,655 |
| Net loss attributable to non-controlling interest, net of tax | | — | | (130) |
| Net income attributable to WillScot Mobile Mini | $ | 4,447 | $ | 91,785 |
| | | | | |
| Earnings (loss) per share attributable to WillScot Mobile Mini common shareholders | | | | |
| Basic | $ | 0.02 | $ | 0.84 |
| Diluted | $ | 0.02 | $ | (0.05) |
| Weighted average shares: | | | | |
| Basic | | 228,293,197 | | 109,656,646 |
| Diluted | | 234,720,295 | | 112,672,997 |

*See the accompanying notes which are an integral part of these condensed consolidated financial statements.*

# WillScot Mobile Mini Holdings Corp.
## Condensed Consolidated Statements of Comprehensive Income (Loss)
## (Unaudited)

| *(in thousands)* | Three Months Ended March 31, 2021 | Three Months Ended March 31, 2020 (as restated) |
|---|---|---|
| Net income | $ 4,447 | $ 91,655 |
| Other comprehensive income (loss): | | |
| Foreign currency translation adjustment, net of income tax expense of $0 and $0 for the three months ended March 31, 2021 and 2020, respectively | 5,034 | (21,144) |
| Net gain (loss) on derivatives, net of income tax expense of $667 and $0 for the three months ended March 31, 2021 and 2020, respectively | 2,177 | (8,758) |
| Total other comprehensive income (loss) | 7,211 | (29,902) |
| Comprehensive income | 11,658 | 61,753 |
| Comprehensive loss attributable to non-controlling interest | — | (2,833) |
| Total comprehensive income attributable to WillScot Mobile Mini | $ 11,658 | $ 64,586 |

*See the accompanying notes which are an integral part of these condensed consolidated financial statements.*

WillScot Mobile Mini Holdings Corp.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

| Three Months Ended March 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock(1) | | | Accumulated Other | | Total |
| (in thousands) | Shares | Amount | Additional Paid-in-Capital | Comprehensive Income (Loss) | Accumulated Deficit | Shareholders' Equity |
| Balance at December 31, 2020 (as restated) | 229,038 | $ 23 | $ 3,852,291 | $ (37,207) | $ (1,751,234) | $ 2,063,873 |
| Net income | — | — | — | — | 4,447 | 4,447 |
| Other comprehensive income | — | — | — | 7,211 | — | 7,211 |
| Stock-based compensation and issuance of Common Stock from vesting | 229 | — | 4,951 | — | — | 4,951 |
| Repurchase and cancellation of Common Stock and warrants | (2,793) | — | (76,788) | — | — | (76,788) |
| Receipts from issuance of Common Stock from the exercise of options | 341 | — | 5,414 | — | — | 5,414 |
| Withholding taxes on net share settlement of stock-based compensation | — | — | (3,219) | — | — | (3,219) |
| Balance at March 31, 2021 | 226,815 | $ 23 | $ 3,782,649 | $ (29,996) | $ (1,746,787) | $ 2,005,889 |

| Three Months Ended March 31, 2020 (as restated) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Class A Common Stock(1) | | Class B Common Stock | | | Accumulated Other | | Total | Non- | |
| (in thousands) | Shares | Amount | Shares | Amount | Additional Paid-in-Capital | Comprehensive Income (Loss) | Accumulated Deficit | Shareholders' Equity | Controlling Interest | Total Equity |
| Balance at December 31, 2019 | 108,819 | $ 11 | 8,024 | $ 1 | $ 2,378,733 | $ (62,775) | $ (1,825,361) | $ 490,609 | $ 64,590 | $ 555,199 |
| Net income (loss) | — | — | — | — | — | — | 91,785 | 91,785 | (130) | 91,655 |
| Other comprehensive loss | — | — | — | — | — | (27,199) | — | (27,199) | (2,703) | (29,902) |
| Stock-based compensation and issuance of Common Stock from vesting | 239 | — | — | — | 1,787 | — | — | 1,787 | — | 1,787 |
| Receipts from issuance of Common Stock from warrant exercises and redemptions | 1,497 | — | — | — | 28,958 | — | — | 28,958 | — | 28,958 |
| Withholding taxes on net share settlement of stock-based compensation | — | — | — | — | (673) | — | — | (673) | — | (673) |
| Balance at March 31, 2020 | 110,555 | $ 11 | 8,024 | $ 1 | $ 2,408,805 | $ (89,974) | $ (1,733,576) | $ 585,267 | $ 61,757 | $ 647,024 |

*(1) See Note 1 for information regarding the Company's conversion of Class A Common Stock to Common Stock on July 1, 2020 concurrent with the Merger.*

*See the accompanying notes which are an integral part of these condensed consolidated financial statements.*

# WillScot Mobile Mini Holdings Corp.
# Condensed Consolidated Statements of Cash Flows (Unaudited)

| *(in thousands)* | Three Months Ended March 31, 2021 | 2020 (as restated) |
|---|---|---|
| Operating activities: | | |
| Net income | $ 4,447 | $ 91,655 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 74,855 | 49,764 |
| Provision for credit losses | 8,516 | 3,392 |
| Gain on sale of rental equipment and other property, plant and equipment | (8,128) | (2,980) |
| Amortization of debt discounts and debt issuance costs | 3,565 | 2,896 |
| Fair value loss (gain) on common stock warrant liabilities | 27,207 | (95,329) |
| Loss on extinguishment of debt | 3,185 | — |
| Stock-based compensation expense | 4,951 | 1,787 |
| Deferred income tax benefit | 8,057 | 684 |
| Unrealized currency losses (gains), net | (64) | 891 |
| Changes in operating assets and liabilities: | | |
| Trade receivables | 341 | 636 |
| Inventories | (2,452) | 281 |
| Prepaid and other assets | 2,995 | (5,701) |
| Operating lease assets and liabilities | 183 | (280) |
| Accrued interest | 3,394 | (3,540) |
| Accounts payable and other accrued expenses | (13,096) | (9,760) |
| Deferred revenue and customer deposits | 4,115 | 3,952 |
| Net cash provided by operating activities | 122,071 | 38,348 |
| Investing activities: | | |
| Proceeds from sale of rental equipment | 15,202 | 6,786 |
| Purchase of rental equipment and refurbishments | (52,535) | (39,648) |
| Proceeds from the sale of property, plant and equipment | 13,729 | 3,840 |
| Purchase of property, plant and equipment | (7,307) | (1,518) |
| Net cash used in investing activities | (30,911) | (30,540) |
| Financing activities: | | |
| Receipts from issuance of Common Stock from the exercise of options | 5,414 | 4,580 |
| Repurchase and cancellation of Common Stock and warrants | (81,618) | — |
| Receipts from borrowings | 162,000 | 35,793 |
| Repayment of borrowings | (166,112) | (45,282) |
| Payment of debt extinguishment premium costs | (1,950) | — |
| Principal payments on finance lease obligations | (3,735) | — |
| Taxes paid on employee stock awards | (3,219) | (673) |
| Net cash used in financing activities | (89,220) | (5,582) |
| Effect of exchange rate changes on cash and cash equivalents | 57 | (629) |
| Net change in cash and cash equivalents | 1,997 | 1,597 |
| Cash and cash equivalents at the beginning of the period | 24,937 | 3,045 |
| Cash and cash equivalents at the end of the period | $ 26,934 | $ 4,642 |
| | | |
| Supplemental cash flow information: | | |
| Interest paid | $ 20,089 | $ 27,384 |
| Income taxes paid, net | $ 588 | $ 4 |
| Capital expenditures accrued or payable | $ 25,975 | $ 22,345 |

*See the accompanying notes which are an integral part of these condensed consolidated financial statements.*

# NOTE 1 - Summary of Significant Accounting Policies

## Organization and Nature of Operations

WillScot Mobile Mini Holdings Corp. (“WillScot Mobile Mini” and, together with its subsidiaries, the “Company”) is a leading provider of modular space and portable storage solutions in the United States (“US”), Canada, Mexico and the United Kingdom ("UK"). The Company also maintains a fleet of specialty containment products, including liquid and solid containment solutions. The Company leases, sells, delivers and installs mobile solutions and storage products through an integrated network of branch locations that spans North America and the UK.

On July 1, 2020, WillScot Corporation, a Delaware corporation (“WillScot”), and Mobile Mini, Inc. (“Mobile Mini”) merged (the “Merger”). Immediately following the Merger, WillScot changed its name to “WillScot Mobile Mini Holdings Corp.” and filed an amended and restated certificate of incorporation (the "A&R Charter"), which reclassified all outstanding shares of WillScot Class A Common Stock and converted such shares into shares of Common Stock, par value $0.0001 per share, of WillScot Mobile Mini ("WillScot Mobile Mini Common Stock"). The WillScot Class A Common Stock was listed on the Nasdaq Capital Market (Nasdaq: WSC) up until the Merger, and the WillScot Mobile Mini Common Stock has been listed on the Nasdaq Capital Market (Nasdaq: WSC) since the Merger. As used herein, the term “Common Stock” or “the Company’s Common Stock” refers to WillScot Class A Common Stock prior to filing of the A&R Charter on July 1, 2020 and to WillScot Mobile Mini Common Stock as of and following the filing of the A&R Charter July 1, 2020.

The preparation of financial statements in accordance with US Generally Accepted Accounting Principles (“GAAP”) requires that our condensed consolidated financial statements and most of the disclosures in these notes be presented on a historical basis. Unless the context otherwise requires, the terms “Company” and “WillScot Mobile Mini” as used in these financial statements mean WillScot and its subsidiaries when referring to periods prior to July 1, 2020 (prior to the Merger) and to WillScot Mobile Mini, when referring to periods on or after July 1, 2020 (after the Merger).

## Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Quarterly Report on Form 10-Q and do not include all the information and notes required by GAAP for complete financial statements. The accompanying unaudited condensed consolidated financial statements comprise the financial statements of WillScot Mobile Mini and its subsidiaries that it controls due to ownership of a majority voting interest and contain all adjustments, which are of a normal and recurring nature, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company. All intercompany balances and transactions are eliminated.

The results of operations for the three months ended March 31, 2021 are not necessarily indicative of the results to be expected for the full year. For further information, refer to the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K/A for the year ended December 31, 2020.

## Restatement of Previously Reported Financial Statements

The notes included herein should be read in conjunction with the Company's restated audited consolidated financial statements included in the Company's Annual Report on Form 10-K/A filed with the SEC on May 10, 2021 (the "2020 Form 10-K/A").

As previously disclosed in the 2020 Form 10-K/A, the Company restated its previously issued consolidated financial statements for the years ended December 31, 2020, 2019 and 2018 to make the necessary accounting adjustments related to warrant accounting. The Company has restated herein its condensed consolidated financial statements for the quarter ended March 31, 2020 and related amounts within the accompanying footnotes to the condensed consolidated financial statements. For the quarter ended March 31, 2020, restated net income attributable to WillScot Mobile Mini is $91.8 million, an increase of $95.3 million from the previously disclosed net loss of $3.5 million.

## Recently Issued and Adopted Accounting Standards

### *Recently Issued Accounting Standards*

In March 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform (Topic 848)*, which is elective, and provides for optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The Company is currently evaluating the impact of reference rate reform and the potential impact of adoption of these elective practical expedients on its condensed consolidated financial statements and does not expect the impact to be material.

In August 2020, the FASB issued ASU 2020-06, Debt, *Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40)*. The new ASU eliminates the beneficial conversion and cash conversion accounting models for convertible instruments. It also amends the accounting for certain contracts in an entity's own equity that are currently accounted for as derivatives because of specific settlement provisions. In addition, the new guidance modifies how particular convertible instruments and certain contracts that may be settled in cash or shares impact the diluted EPS computation. The amendments in the ASU are effective for public entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company is currently evaluating the potential impact of the adoption of the pronouncement on its consolidated financial statements.

***Recently Adopted Accounting Standards***

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which removes certain exceptions to the general principles for income taxes and also improves consistent application of accounting by clarifying or amending existing guidance. On January 1, 2021, the Company adopted ASU 2019-12 and the impact of adoption was not material to the Company's consolidated financial statements. The Company will apply the standard prospectively for intraperiod tax allocation, year-to-date losses that exceed anticipated annual losses and enacted changes in tax laws.

## NOTE 2 - Acquisitions

### Mobile Mini Merger

***Purchase Price***

Upon completion of the Merger on July 1, 2020, each issued and outstanding share of Mobile Mini Common Stock, par value $0.01 per share, converted to 2.405 shares of WillScot Class A Common Stock, par value $0.0001 per share, and cash in lieu of any fractional shares. The Company issued 106,426,721 shares of Class A Common Stock to Mobile Mini stockholders as consideration for the Merger. The trading price of the Class A Common Stock was $12.53 per share on the closing date. In addition, Mobile Mini stock options converted into WillScot Mobile Mini stock options. The purchase price was determined as follows:

| *(in thousands, except share and per share data)* | | July 1, 2020 |
|---|---|---|
| Mobile Mini Common Stock outstanding | | 44,252,275 |
| Share conversion ratio | | 2.405 |
| Common Stock issued | | 106,426,721 |
| Common Stock per share price as of July 1, 2020 | $ | 12.53 |
| Fair value of shares of WillScot Class A Common Stock issued | $ | 1,333,527 |
| Cash paid for fractional shares | | 30 |
| Fair value of Mobile Mini Options converted to WillScot Mobile Mini Options | | 19,279 |
| Total purchase price | $ | 1,352,836 |

The Merger was accounted for using the acquisition method of accounting, and WillScot was considered the accounting acquirer. Under the acquisition method of accounting, the Company assigned the purchase price to tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values at the closing date. The excess of the purchase price over those fair values was recorded as goodwill.

The purchase price for the Merger was assigned to the underlying assets acquired and liabilities assumed based upon their fair values at the date of acquisition, July 1, 2020. The Company recorded the fair values based on independent valuations, discounted cash flow analyses, quoted market prices, contributory asset charges, and estimates made by management. The following table summarizes the July 1, 2020 preliminary fair values of the assets acquired and liabilities assumed. The final assignment of the fair value of the Merger, including the final valuation of acquired rental equipment, intangible assets and the related deferred tax liability and the final assignment of goodwill to reporting units, was not complete at March 31, 2021, but will be finalized within the allowable one-year measurement period.

***Opening Balance Sheet***

| *(in thousands)* | | July 1, 2020 | |
|---|---|---|---|
| Cash and cash equivalents | $ | 17,203 | |
| Trade receivables | | 87,492 | |
| Inventories | | 8,987 | |
| Prepaid expenses and other current assets | | 13,717 | |
| Rental equipment | | 1,033,190 | |
| Property, plant and equipment | | 161,401 | |
| Operating lease assets | | 92,054 | |
| Intangible assets | | 374,500 | (a) |
| Goodwill identified | | 936,173 | |
| Other non-current assets | | 2,519 | |
| Total identifiable assets acquired | $ | 2,727,236 | |
| Accounts payable | | (29,797) | |
| Accrued expenses | | (40,235) | |
| Deferred revenue and customer deposits | | (38,846) | |
| Operating lease liabilities | | (89,968) | |
| Debt and finance lease liabilities | | (897,244) | |
| Deferred tax liabilities | | (276,882) | |
| Other long-term liabilities | | (1,428) | |
| Total liabilities assumed | | (1,374,400) | |
| Purchase Price | $ | 1,352,836 | |

(a) The initial fair value estimates were calculated using preliminary estimates and assumptions which have been updated in the current reporting period as additional information was obtained during the measurement period. The underlying assets have been adjusted from those previously recorded accordingly. Intangible assets were reduced by approximately $8.0 million from amounts reported at December 31, 2020.

Mobile Mini generated $159.1 million of revenue and $26.9 million of pre-tax income in the three months ended March 31, 2021, which is included in the condensed consolidated financial statements of operations.

The pro forma results presented below give effect to the following as if they occurred on January 1, 2019:

(i) The Merger
(ii) Borrowings under the Company's 2025 Secured Notes and 2020 ABL Facility (both as defined in Note 9) used to repay certain debt in connection with the Merger
(iii) Extinguishment of the Mobile Mini revolving credit facility and senior notes assumed in the Merger and immediately repaid
(iv) Extinguishment of WillScot's 2017 ABL Facility and WillScot's 2022 Secured Notes (both as defined in Note 9) repaid in connection with the Merger
(v) Elimination of WillScot's non-controlling interest and WillScot's Class B common stock in connection with the Merger. See Note 10 for further details.

The pro forma information is not necessarily indicative of the Company’s results of operations had the Merger been completed on January 1, 2019, 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 Merger.

The Company's results of operations for the three months ended March 31, 2021 represent the activities of the Company after the Merger. As a result, there were no differences between pro forma results and actual results on a reported basis.

The tables below present unaudited pro forma condensed combined statements of operations information for the three months ended March 31, 2020:

| *(in thousands)* | | Three Months Ended March 31, 2020 (as restated) | |
|---|---|---|---|
| WillScot revenues | $ | 255,821 | |
| Mobile Mini revenues | | 150,576 | |
| Pro forma revenues | $ | 406,397 | |
| | | | |
| WillScot Mobile Mini income before income tax | $ | 92,445 | (a) |
| Mobile Mini income before income tax | | 14,907 | |
| Pro forma income before income tax | | 107,352 | |
| Pro forma adjustments to combined income before income tax: | | | |
| Elimination of Merger transaction costs | | 24,651 | (b) |
| Impact of fair value mark-ups on rental fleet depreciation | | (1,167) | (c) |
| Other depreciation expense and intangible asset amortization | | (5,669) | (d) |
| Interest expense | | (2,564) | (e) |
| Elimination of Mobile Mini interest | | 8,712 | (f) |
| Pro forma income before income tax | | 131,315 | |
| Income tax expense | | (13,506) | (g) |
| Pro forma net income | $ | 117,809 | |

(a) Excludes impact of non-controlling interest which was eliminated as part of the Sapphire Exchange. See Note 10.

(b) Eliminates discrete transaction costs incurred as a result of the Mobile Mini Merger.

(c) Depreciation on rental equipment and property, plant and equipment were adjusted for the preliminary determination of the fair value of equipment acquired in the Mobile Mini Merger.

(d) Represents the differential in other depreciation and amortization expense related to the provisional fair value purchase accounting adjustments as a result of the Merger, principally the amortization of the Mobile Mini customer relationship estimated at $209,000 and a 13 year life.

(e) In connection with the Merger, the Company entered into a new ABL Facility and drew $1.47 billion at close with an estimated interest rate of 2.046%, issued the 2025 Secured Notes at 6.125%, repaid the 2022 Secured Notes and repaid the 2017 ABL Facility. Interest and amortization of deferred financing fees for the 2020 ABL Facility and the 2025 Secured Notes has been included offset by the removal of interest and amortization of deferred financing fees attributable to the 2022 Secured Notes and the 2017 ABL Facility. See Note 9 for definitions of terms.

(f) Interest and amortization of deferred financing fees on the senior notes and line of credit maintained by Mobile Mini which were assumed at acquisition and repaid immediately using proceeds from the 2020 ABL Facility and 2025 Secured Notes was eliminated. See Note 9 for definition of terms.

(g) Reflects the recorded income tax provision plus the adjustment to recognize the income tax impacts of the unaudited pro forma adjustments for which a tax expense is recognized using a US federal and state statutory tax rate of 25.5%. This rate may vary from the effective tax rates of the historical and combined businesses.

### Transaction and Integration Costs

The Company recorded $0.8 million and $9.4 million in transaction costs related to the Merger during the three months ended March 31, 2021 and 2020, respectively. The Company also recorded $7.3 million in integration costs related to the Merger within selling, general and administrative ("SG&A") expense for the three months ended March 31, 2021.

## NOTE 3 - Revenue

### Revenue Disaggregation

***Geographic Areas***

The Company had total revenue in the following geographic areas for the three months ended March 31, as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands)* | 2021 | 2020 |
| US | $ 371,269 | $ 235,328 |
| Canada | 23,584 | 16,706 |
| Mexico | 3,463 | 3,787 |
| UK | 27,007 | — |
| Total revenues | $ 425,323 | $ 255,821 |

***Major Product and Service Lines***

Equipment leasing is the Company's core business. This includes rental modular space, portable space and tank and pump units along with value added products and services ("VAPS"), which include furniture, steps, ramps, basic appliances, internet connectivity devices, and other items used by customers in connection with the Company's products. Leasing is complemented by new unit sales and sales of rental units. In connection with its leasing and sales activities, the Company provides services including delivery and installation, maintenance and ad hoc services and removal services at the end of lease transactions.

The Company's revenue by major product and service line for the three months ended March 31, was as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands)* | 2021 | 2020 |
| Modular space leasing revenue | $ 169,952 | $ 131,398 |
| Portable storage leasing revenue | 54,613 | 5,849 |
| Tank and pump leasing revenue | 15,760 | — |
| VAPS and third party leasing revenues[(a)] | 62,426 | 41,002 |
| Other leasing-related revenue[(b)] | 12,911 | 10,103 |
| Leasing revenue | 315,662 | 188,352 |
| Delivery and installation revenue | 83,504 | 51,070 |
| Total leasing and services revenue | 399,166 | 239,422 |
| New unit sales revenue | 10,955 | 9,613 |
| Rental unit sales revenue | 15,202 | 6,786 |
| Total revenues | $ 425,323 | $ 255,821 |

(a) Includes $6.2 million and $4.0 million of service revenue for the three months ended March 31, 2021 and 2020, respectively.

(b) Includes primarily damage billings, delinquent payment charges, and other processing fees.

***Leasing and Services Revenue***

The majority of revenue (73% and 72% for the three months ended March 31, 2021 and 2020, respectively) is generated by rental income subject to the guidance of ASU 2018-11, *Leases (Topic 842)* ("ASC 842"). The remaining revenue for the three months ended March 31, 2021 and 2020 is generated by performance obligations in contracts with customers for services or sale of units subject to the guidance in ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASC 606").

### Receivables, Contract Assets and Liabilities

As reflected above, approximately 73% of the Company's rental revenue is generated by lease revenue subject to the guidance in ASC 842. The customers that are responsible for the remaining revenue accounted for under ASC 606 are generally the same customers that rent the Company's equipment. The Company manages credit risk associated with its accounts receivables at the customer level. As the same customers generate the revenues that are accounted for under both ASC 606 and ASC 842, the discussions below on credit risk and the Company's allowance for credit losses address its total revenues. The Company's top five customers with the largest open receivables balances represented 5.0% of the total receivables balance as of March 31, 2021.

As of March 31, 2021 and December 31, 2020, the Company had approximately $75.4 million and $74.1 million, respectively, of deferred revenue that relates to removal services for lease transactions and advance billings for sale transactions, which are within the scope of ASC 606 and are included in deferred revenue and customer deposits in the condensed consolidated balance sheets. During the three months ended March 31, 2021, $19.3 million of previously deferred revenue relating to removal services for lease transactions and advance billings for sale transactions was recognized as revenue.

The Company does not have material contract assets and it did not recognize any material impairments of contract assets.

The Company's uncompleted contracts with customers have unsatisfied (or partially satisfied) performance obligations. For the future services revenues that are expected to be recognized within twelve months, the Company has elected to utilize the optional disclosure exemption made available regarding transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations. The transaction price for performance obligations that will be completed in greater than twelve months is variable based on the costs ultimately incurred to provide those services.

The primary costs to obtain contracts for new and rental unit sales with the Company's customers are commissions paid to its sales force. The Company pays its sales force commissions on the sale of new and rental units. For new and rental unit sales, the period benefited by each commission is less than one year, therefore the commissions are expensed as incurred.

## Credit Losses

The Company is exposed to credit losses from trade receivables generated through its leasing and sales business. The Company assesses each customer’s ability to pay for the products it leases or sells by conducting a credit review. The credit review considers expected billing exposure and timing for payment and the customer’s established credit rating. The Company performs its credit review of new customers at inception of the customer relationship and for existing customers when the customer transacts new leases after a defined period of dormancy. The Company also considers contract terms and conditions, country risk and business strategy in the evaluation.

The Company monitors ongoing credit exposure through an active review of customer balances against contract terms and due dates. The Company 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 the Company will be unable to collect 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, the Company may be required to increase or decrease its allowances.

Activity in the allowance for credit losses was as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands)* | 2021 | 2020 |
| Balance at beginning of year | $ 29,258 | $ 15,828 |
| Net charges to bad debt expense and revenue | 8,516 | 3,392 |
| Write-offs | (5,813) | (2,744) |
| Foreign currency translation and other | (331) | (5) |
| Balance at end of period | $ 31,630 | $ 16,471 |

## NOTE 4 - Leases

As of March 31, 2021, the undiscounted future lease payments for operating and finance lease liabilities were as follows:

| *(in thousands)* | Operating | Finance |
|---|---|---|
| 2021 (remaining) | $ 45,902 | $ 14,383 |
| 2022 | 53,179 | 17,655 |
| 2023 | 42,937 | 14,204 |
| 2024 | 34,899 | 11,283 |
| 2025 | 28,057 | 11,391 |
| Thereafter | 69,774 | 14,790 |
| Total lease payments | 274,748 | 83,706 |
| Less: interest | (45,559) | (6,155) |
| Present value of lease liabilities | $ 229,189 | $ 77,551 |

Finance lease liabilities are included within long-term debt and current portion of long-term debt on the condensed consolidated balance sheets.

The Company's lease activity during the three months ended March 31, 2021 and 2020 was as follows:

| *(in thousands)* | Three Months Ended March 31, | |
|---|---|---|
| **Financial Statement Line** | **2021** | **2020** |
| Finance Lease Expense | | |
| Amortization of finance lease assets | $ 4,378 | $ — |
| Interest on obligations under finance leases | 547 | — |
| Total finance lease expense | $ 4,925 | $ — |
| | | |
| Operating Lease Expense | | |
| Fixed lease expense | | |
| Cost of leasing and services | $ 1,106 | $ 1,602 |
| Selling, general and administrative | 14,472 | 7,885 |
| Lease impairment expense and other related charges | 596 | 684 |
| Short-term lease expense | | |
| Cost of leasing and services | 6,379 | 7,300 |
| Selling, general and administrative | 552 | 386 |
| Lease impairment expense and other related charges | — | 212 |
| Variable lease expense | | |
| Cost of leasing and services | 1,802 | 1,832 |
| Selling, general and administrative | 1,838 | 867 |
| Lease impairment expense and other related charges | 176 | 287 |
| Total operating lease expense | $ 26,921 | $ 21,055 |

Lease impairment expense and other related charges relate to closed locations that are no longer used in operations as a result of consolidation activities within the Company. During the three months ended March 31, 2021, the Company recorded $1.3 million in lease impairment expense and other related charges which is comprised of $0.5 million loss on lease exit and impairment charges and $0.8 million in closed location rent expense. During the three months ended March 31, 2020, the Company recorded $1.7 million in lease impairment expense and other related charges which is comprised of $0.5 million loss on lease exit and $1.2 million in closed location rent expense.

Supplemental cash flow information related to leases for the three months ended March 31, 2021 and 2020 was as follows:

| *(in thousands)* Supplemental Cash Flow Information | Three Months Ended March 31, 2021 | | 2020 | |
|---|---|---|---|---|
| Cash paid for the amounts included in the measurement of lease liabilities: | | | | |
| Operating cash outflows from operating leases | $ | 16,458 | $ | 10,108 |
| Financing cash outflows from finance leases | $ | 4,320 | $ | — |
| | | | | |
| Right of use assets obtained in exchange for lease obligations | $ | 10,878 | $ | 13,270 |
| Assets obtained in exchange for finance leases | $ | 3,366 | $ | — |

Weighted-average remaining operating lease terms and the weighted average discount rates as of March 31, 2021 and December 31, 2020 were as follows:

| Lease Terms and Discount Rates | March 31, 2021 | December 31, 2020 |
|---|---|---|
| Weighted-average remaining lease term - operating leases | 6.3 years | 6.4 years |
| Weighted-average discount rate - operating leases | 5.6 % | 5.7 % |
| Weighted-average remaining lease term - finance leases | 4.5 years | 4.6 years |
| Weighted-average discount rate - finance leases | 2.9 % | 2.9 % |

The Company presents information related to leasing revenues in Note 3.

## NOTE 5 - Inventories

Inventories at the respective balance sheet dates consisted of the following:

| *(in thousands)* | March 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| Raw materials | $ | 21,665 | $ | 19,560 |
| Finished units | | 2,467 | | 2,095 |
| Inventories | $ | 24,132 | $ | 21,655 |

## NOTE 6 - Rental Equipment, net

Rental equipment, net at the respective balance sheet dates consisted of the following:

| *(in thousands)* | March 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| Modular space units | $ | 2,556,286 | $ | 2,520,704 |
| Portable storage units | | 940,653 | | 931,363 |
| Tank and pump products | | 134,445 | | 132,071 |
| Value added products | | 148,135 | | 143,652 |
| Total rental equipment | | 3,779,519 | | 3,727,790 |
| Less: accumulated depreciation | | (850,837) | | (794,068) |
| Rental equipment, net | $ | 2,928,682 | $ | 2,933,722 |

## NOTE 7 - Goodwill

Changes in the carrying amount of goodwill were as follows:

| *(in thousands)* | | |
|---|---|---|
| Balance at December 31, 2019 | $ | 235,177 |
| Acquisition of Mobile Mini | | 928,974 |
| Effects of movements in foreign exchange rates | | 7,068 |
| Balance at December 31, 2020 | | 1,171,219 |
| Changes to purchase accounting - Mobile Mini | | 7,199 |
| Effects of movements in foreign exchange rates | | 1,003 |
| Balance at March 31, 2021 | $ | 1,179,421 |

As discussed further in Note 2, the Company acquired Mobile Mini on July 1, 2020. Goodwill was preliminarily allocated to the NA Modular, NA Storage, UK Storage and Tank and Pump segments, as defined in Note 18, in the amounts of $285.0 million, $491.8 million, $59.2 million and $100.2 million, respectively. The Company expects to finalize the valuation of the acquired net assets of Mobile Mini, including the final assignment of goodwill to reporting units, within the one-year measurement period from the date of acquisition. The Company expects any adjustments to goodwill for financial reporting to be non-deductible for income tax purposes.

The Company had no goodwill impairment during the three months ended March 31, 2021 or the year ended December 31, 2020.

## NOTE 8 - Intangibles

Intangible assets other than goodwill at the respective balance sheet dates consisted of the following:

| | March 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| *(in thousands)* | Weighted average remaining life (in years) | | Gross carrying amount | | Accumulated amortization | | Net book value |
| Intangible assets subject to amortization: | | | | | | | |
| Trade name - ModSpace | 0.4 | $ | 3,000 | $ | (2,625) | $ | 375 |
| Mobile Mini customer relationships | 7.3 | | 209,000 | | (18,488) | | 190,512 |
| Technology | 5.3 | | 1,500 | | (188) | | 1,312 |
| Indefinite-lived intangible assets: | | | | | | | |
| Trade name - Mobile Mini | | | 164,000 | | — | | 164,000 |
| Trade name - WillScot | | | 125,000 | | — | | 125,000 |
| Total intangible assets other than goodwill | | $ | 502,500 | $ | (21,301) | $ | 481,199 |

| | December 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| *(in thousands)* | Weighted average remaining life (in years) | | Gross carrying amount | | Accumulated amortization | | Net book value |
| Intangible assets subject to amortization: | | | | | | | |
| Trade name - ModSpace | 0.7 | $ | 3,000 | $ | (2,375) | $ | 625 |
| Mobile Mini customer relationships | 8.0 | | 217,000 | | (12,053) | | 204,947 |
| Technology | 5.5 | | 1,500 | | (125) | | 1,375 |
| Indefinite-lived intangible assets: | | | | | | | |
| Trade name - Mobile Mini | | | 164,000 | | — | | 164,000 |
| Trade name - WillScot | | | 125,000 | | — | | 125,000 |
| Total intangible assets other than goodwill | | $ | 510,500 | $ | (14,553) | $ | 495,947 |

As discussed in Note 2, the Company acquired Mobile Mini on July 1, 2020. The Company preliminarily recorded $164.0 million to indefinite-lived intangible assets and $210.5 million of intangibles subject to amortization related to Mobile Mini customer relationships and technology, respectively, in the NA Storage, UK Storage, and Tank and Pump segments. The

Company expects to finalize the valuation of the acquired net assets of Mobile Mini, including the related intangible assets, within the one-year measurement period from the date of acquisition. The Company expects any adjustments to intangible assets for financial reporting to be non-deductible for income tax purposes.

Based on the carrying value at March 31, 2021, future amortization of intangible assets is expected to be as follows for the years ended December 31:

| *(in thousands)* | | |
|---|---|---|
| 2021 (remaining) | $ | 26,791 |
| 2022 | | 26,416 |
| 2023 | | 26,416 |
| 2024 | | 26,416 |
| 2025 | | 26,416 |
| Thereafter | | 59,744 |
| Total | $ | 192,199 |

## NOTE 9 - Debt

The carrying value of debt outstanding at the respective balance sheet dates consisted of the following:

| *(in thousands, except rates)* | Interest rate | Year of maturity | | March 31, 2021 | | December 31, 2020 |
|---|---|---|---|---|---|---|
| 2025 Secured Notes | 6.125% | 2025 | $ | 573,930 | $ | 637,068 |
| ABL Facility[(a)] | Varies | 2025 | | 1,326,988 | | 1,263,833 |
| 2028 Secured Notes | 4.625% | 2028 | | 491,784 | | 491,555 |
| Finance Leases | Varies | Varies | | 77,551 | | 77,874 |
| Total debt | | | | 2,470,253 | | 2,470,330 |
| Less: current portion of long-term debt | | | | 16,229 | | 16,521 |
| Total long-term debt | | | $ | 2,454,024 | $ | 2,453,809 |

(a) As of both March 31, 2021 and December 31, 2020, the Company had no outstanding principal borrowings on the Multicurrency Facility and $7.6 million and $7.9 million, respectively, of related debt issuance costs. No related debt issuance costs were recorded as a direct offset against the principal borrowings on the Multicurrency Facility, and the $7.6 million and $7.9 million in excess of principal was included in other non-current assets on the condensed consolidated balance sheets.

### Asset Backed Lending Facilities ("ABL Facility")

On November 29, 2017, Williams Scotsman Holdings Corp ("Holdings"), Williams Scotsman International, Inc. ("WSII") and certain of its subsidiaries entered into an ABL credit agreement (the “2017 ABL Facility”), as amended, that provided a senior secured revolving credit facility that matured on May 29, 2022. The 2017 ABL Facility consisted of (i) a $1.3 billion asset-backed revolving credit facility for WSII and certain of its domestic subsidiaries (the "2017 US ABL Facility"), (ii) a $140.0 million asset-based revolving credit facility (the "2017 Canadian ABL Facility") for certain Canadian subsidiaries of WSII, and (iii) an accordion feature that permitted the borrowers to increase the lenders’ commitments in an aggregate amount not to exceed $375.0 million, subject to the satisfaction of customary conditions and lender approval, plus any voluntary prepayments that are accompanied by permanent commitment reductions under the 2017 ABL Facility.

On July 1, 2020, in connection with the completion of the Merger, Holdings, WSII, and certain of its subsidiaries, entered into a new asset-based credit agreement, that provides for revolving credit facilities in the aggregate principal amount of up to $2.4 billion, consisting of: (i) a senior secured asset-based US dollar revolving credit facility in the aggregate principal amount of $2.0 billion (the “US Facility”), available to WSII and certain of its subsidiaries (collectively, the “US Borrowers”), and (ii) a $400 million senior secured asset-based multicurrency revolving credit facility (the "Multicurrency Facility" together with the US Facility, the “2020 ABL Facility”), available to be drawn in US Dollars, Canadian Dollars, British Pounds Sterling or Euros by the US Borrowers, and certain of WSII’s wholly-owned subsidiaries organized in Canada and in the UK. On July 1, 2020, in connection with the completion of the Merger, approximately $1.5 billion of proceeds from the 2020 ABL Facility were used to repay the 2017 ABL Facility and the asset-backed lending facility assumed in the transaction with Mobile Mini, as well as to pay fees and expenses related to the Merger and the debt financing transactions. In connection with the repayment of the 2017 ABL facility, the Company wrote off $4.4 million of deferred financing costs to loss on extinguishment of debt in the third quarter of 2020. The 2020 ABL Facility matures July 1, 2025.

Borrowings under the 2020 ABL Facility initially bear interest at (i) in the case of US Dollars, at WSII's option, either an adjusted LIBOR rate plus 1.875% or an alternative base rate plus 0.875%, (ii) in the case of Canadian Dollars, at WSII's option, either a Canadian BA rate plus 1.875% or Canadian prime rate plus 0.875%, and (iii) in the case of Euros and British Pounds Sterling, an adjusted LIBOR rate plus 1.875%. The 2020 ABL Facility requires the payment of an annual commitment fee on the unused available borrowings of 0.225% per annum. At March 31, 2021, the weighted average interest rate for borrowings under the 2020 ABL Facility was 1.99%. The weighted average interest rate on the balance outstanding as of March 31, 2021, as adjusted for the effects of the interest rate swap agreements was 2.85%. Refer to Note 16 for a more detailed discussion on interest rate management.

Borrowing availability under the US Facility and the Multicurrency Facility is equal to the lesser of (i) the aggregate Revolver Commitments and (ii) the Line Cap. At March 31, 2021, the Line Cap was $2.4 billion and the Borrowers had $1.0 billion of available borrowing capacity under the 2020 ABL Facility, including $620.4 million under the US Facility and $400.0 million under the Multicurrency Facility. Borrowing capacity under the 2020 ABL Facility is made available for up to $205.9 million of letters of credit and up to $170.0 million of swingline loans. At March 31, 2021, letters of credit and bank guarantees carried fees of 2.00%. The Company had issued $14.1 million of standby letters of credit under the 2020 ABL Facility at March 31, 2021.

The Company had $1.4 billion outstanding principal under the 2020 ABL Facility at March 31, 2021. Debt issuance costs of $38.5 million were included in the carrying value of the 2020 ABL Facility at March 31, 2021.

### 2022 Senior Secured Notes

WSII had $270.0 million aggregate principal amount of 7.875% senior secured notes due December 15, 2022 (the "2022 Secured Notes"). In connection with the Merger and related financing transactions in the third quarter of 2020, using proceeds from the 2025 Secured Notes discussed below, the Company redeemed all of its 2022 Secured Notes.

### 2023 Senior Secured Notes

WSII had $490.0 million of 6.875% senior secured notes due August 15, 2023 (the "2023 Secured Notes"). On August 11, 2020, WSII redeemed 10% of the outstanding principal amount of the 2023 Secured Notes, $49.0 million. On August 25, 2020, the Company completed a private offering of its 2028 Secured Notes, discussed below, and used the offering proceeds to repay, along with expenses, the $441.0 million outstanding principal amount of its 2023 Secured Notes.

### 2025 Senior Secured Notes

In anticipation of the Merger, on June 15, 2020, Picasso Finance Sub, Inc., a newly-formed indirect finance subsidiary (the "Finance Sub") of the Company, completed a private offering of $650.0 million in aggregate principal amount of its 6.125% senior secured notes due 2025 (the "2025 Secured Notes"). Finance Sub was merged into WSII on July 1, 2020. The offering proceeds were used to repay the 2022 Secured Notes, repay Mobile Mini senior notes assumed in the acquisition and pay certain fees and expenses related to the Merger and the related financing transactions.

On March 26, 2021, using cash on hand and borrowings on the 2020 ABL Facility, the Company redeemed 10% of the outstanding principal, $65.0 million, of its 2025 Secured Notes and recorded a loss on extinguishment of debt in the condensed consolidated statement of operations of $3.2 million comprised of a redemption premium of $1.9 million and write off of unamortized deferred financing fees of $1.3 million in the first quarter of 2021.

The 2025 Secured Notes mature on June 15, 2025 and bear interest at a rate of 6.125% per annum. Interest is payable semi-annually on June 15 and December 15 of each year, beginning December 15, 2020. Unamortized deferred financing costs pertaining to the 2025 Secured Notes were $11.1 million as of March 31, 2021.

### 2028 Senior Secured Notes

On August 25, 2020, the Company, completed a private offering of $500.0 million in aggregate principal amount of 4.625% senior secured notes due 2028 (the "2028 Secured Notes"). The 2028 Secured Notes mature on August 15, 2028. They bear interest at a rate of 4.625% per annum. Interest is payable semi-annually on August 15 and February 15 of each year, beginning February 25, 2021. Unamortized deferred financing cost pertaining to the 2028 Secured Notes were $8.2 million as of March 31, 2021.

The Company is in compliance with all debt covenants and restrictions for the aforementioned debt instruments as of March 31, 2021 and December 31, 2020.

### Finance Leases

The Company maintains finance leases primarily related to transportation equipment. At March 31, 2021 and December 31, 2020, obligations under finance leases for certain real property and transportation related equipment were $77.6 million and $77.9 million, respectively. Refer to Note 4 for further information.

## NOTE 10 – Equity

### Common Stock

On June 30, 2020, as contemplated by the Merger Agreement, Sapphire Holding S.à r.l. ("Sapphire Holdings"), an affiliate of TDR Capital LLP ("TDR Capital"), exchanged each of its shares of common stock of Holdings for 1.3261 shares of newly issued WillScot Class A Common Stock (the "Sapphire Exchange"). As a result of the Sapphire Exchange, all issued and outstanding shares of WillScot's Class B Common Stock, par value $0.0001 per share (the "Class B Common Stock"), were automatically canceled for no consideration and the existing exchange agreement was automatically terminated. As a result of the Sapphire Exchange, Sapphire Holdings became a wholly-owned subsidiary of WillScot. Sapphire Holdings received 10,641,182 shares of Common Stock of WillScot in the Sapphire Exchange. Prior to the Sapphire Exchange, Sapphire Holdings' ownership of Holdings was recorded as a non-controlling interest in the condensed consolidated financial statements. Subsequent to the Sapphire Exchange, the Company's subsidiaries are each wholly owned and there is no non-controlling interest. As a result of the Sapphire Exchange, non-controlling interest of $63.9 million was reclassified to $66.9 million of additional paid-in-capital and $(3.0) million to accumulated other comprehensive loss, on the condensed consolidated balance sheet.

In connection with the Merger on July 1, 2020, the Company issued 106,426,722 shares of Class A Common Stock in exchange for Mobile Mini Common Stock outstanding and subsequently filed an amended and restated certificate of incorporation, which reclassified all outstanding shares of the Class A Common Stock and converted such shares into shares of Common Stock, par value $0.0001 per share, of WillScot Mobile Mini.

On March 1, 2021, the Company repurchased and cancelled 2,750,000 shares of its Common Stock from Sapphire Holdings.

In connection with the stock compensation vesting events and stock option exercises described in Note 15, and the warrant exercises described below, the Company issued 570,197 shares of Common Stock during the three months ended March 31, 2021.

### Stock Repurchase Program

On August 7, 2020, the Company's Board of Directors approved a stock repurchase program that authorizes the Company to repurchase up to $250 million of its outstanding shares of Common Stock. The stock repurchase program does not obligate the Company to purchase any particular number of shares, and the timing and exact amount of any repurchases will depend on various factors, including market pricing and conditions, business, legal, accounting, and other considerations.

The Company may repurchase its shares in open market transactions from time to time or through privately negotiated transactions in accordance with federal securities laws, at the Company's discretion. The repurchase program, which has no expiration date, may be increased, suspended, or terminated at any time. The program is expected to be implemented over the course of several years and is conducted subject to the covenants in the agreements governing the Company's indebtedness.

During the three months ended March 31, 2021, the Company repurchased 3,056,217 shares of Common Stock and stock equivalents for $81.6 million, including the shares repurchased from Sapphire Holdings noted above. As of March 31, 2021, $133.9 million of the approved repurchase pool remains available.

### Accumulated Other Comprehensive Loss

The changes in accumulated other comprehensive income (loss) ("AOCI"), net of tax, for the three months ended March 31, 2021 and 2020 were as follows:

| *(in thousands)* | Foreign currency translation | Unrealized losses on hedging activities | Total |
|---|---|---|---|
| Balance at December 31, 2020 | $ (24,694) | $ (12,513) | $ (37,207) |
| Other comprehensive income (loss) before reclassifications | 5,034 | (760) | 4,274 |
| Reclassifications from AOCI to income | — | 2,937 | 2,937 |
| Balance at March 31, 2021 | $ (19,660) | $ (10,336) | $ (29,996) |

| *(in thousands)* | Foreign currency translation | Unrealized losses on hedging activities | Total |
|---|---|---|---|
| Balance at December 31, 2019 | $ (52,982) | $ (9,793) | $ (62,775) |
| Other comprehensive loss before reclassifications | (21,144) | (10,330) | (31,474) |
| Reclassifications from AOCI to income | — | 1,572 | 1,572 |
| Less other comprehensive loss attributable to non-controlling interest | 1,913 | 790 | 2,703 |
| Balance at March 31, 2020 | $ (72,213) | $ (17,761) | $ (89,974) |

For the three months ended March 31, 2021 and 2020, $2.9 million and $1.6 million, respectively, was reclassified from AOCI into the condensed consolidated statements of operations within interest expense related to the interest rate swaps discussed in Note 16. Associated with these reclassifications, the Company recorded a tax expense of $0.7 million and $0.0 million for the three months ended March 31, 2021 and 2020, respectively.

## NOTE 11 – Warrants

***Warrants***

***2015 Public Warrants***

WillScot was incorporated under the name Double Eagle Acquisition Corporation ("DEAC") on June 26, 2015. On November 29, 2017, DEAC acquired Williams Scotsman International, Inc. (“WSII”) from Algeco Scotsman Global S.à.r.l., which is majority owned by an investment fund managed by TDR Capital (the “Business Combination”). In connection with the Business Combination, DEAC domesticated to Delaware and changed its name to WillScot Corporation.

As part of its initial public offering, DEAC issued warrants (the “2015 Public Warrants”). Each 2015 Public Warrant entitled the holder to purchase one-half of one share of Common Stock at a price of $5.75 per half share (or $11.50 per whole share), subject to adjustment. On January 24, 2020, the Company delivered a notice (the "Redemption Notice") to redeem all of its 2015 Public Warrants that remained unexercised on February 24, 2020. As further described in the Redemption Notice and permitted under the Warrant Agreement, holders of these warrants who exercised them following the date of the Redemption Notice were required to do so on a cashless basis. From January 1, 2020 through January 24, 2020, 796,610 warrants were exercised for cash, resulting in the Company receiving cash proceeds of $4.6 million and the Company issuing 398,305 shares of the Company's Class A Common Stock. After January 24, 2020 through February 24, 2020, 5,836,048 warrants were exercised on a cashless basis. An aggregate of 1,097,162 shares of the Company's Class A Common Stock was issued in connection with these exercises. Thereafter, the Company completed the redemption of 38,509 remaining warrants under the Redemption Notice for $0.01 per warrant. At March 31, 2020, no Public Warrants were outstanding.

***2015 Private Warrants***

DEAC also issued warrants to purchase its Common Stock in a private placement concurrently with its initial public offering (the “2015 Private Warrants”). Each 2015 Private Warrant entitles the holder to purchase one-half of one share of Common Stock at a price of $5.75 per half share (or $11.50 per whole share), subject to adjustment. Additionally, if held by certain original investors (or their permitted assignees), the 2015 Private Warrants may be exercised on a cashless basis and are not subject to redemption. The 2015 Private Warrants expire on November 29, 2022. During the three months ended March 31, 2021, 630,000 2015 Private Warrants were repurchased for $4.8 million and cancelled.

***2018 Warrants***

In connection with the Modular Space Holdings ("ModSpace") acquisition in 2018, WillScot issued warrants to purchase approximately 10.0 million shares of Common Stock (the "2018 Warrants") to former shareholders of ModSpace. Each 2018 Warrant entitles the holder thereof to purchase one share of Common Stock at an exercise price of $15.50 per share, subject to potential adjustment. During the three months ended March 31, 2021, 203,161 2018 Warrants were repurchased for $2.0 million and cancelled.

At March 31, 2021, the Company had 9,527,080 2018 Warrants and 12,080,000 2015 Private Warrants outstanding.

The Company accounted for its warrants in the following ways: (i) the 2015 Private Warrants as liabilities for all periods presented, (ii) the 2015 Public Warrants as liabilities through their final redemption in February 2020 and (iii) the 2018 Warrants as liabilities until June 30, 2020, the date all issued and outstanding shares of the Company's Class B Common Stock were cancelled. The Company determined the following fair values for the outstanding common stock warrants recorded as liabilities:

| ***(in thousands)*** | **March 31, 2021** | **December 31, 2020 (as restated)** |
|---|---|---|
| 2015 Private Warrants | $ 99,781 | $ 77,404 |

## NOTE 12 – Income Taxes

The Company recorded income tax expense of $10.5 million and $0.8 million for the three months ended March 31, 2021 and 2020, respectively. The Company’s effective tax rate for the three months ended March 31, 2021 and 2020 was 70.2% and 0.85%, respectively.

The effective tax rate for the three months ended March 31, 2021 significantly differs from the US federal statutory rate of 21% primarily due to the permanent add-back related to the mark to market accounting on the Company’s warrants. The effective tax rate for the three months ended March 31, 2020 is significantly different form the US statutory rate of 21% primarily because the Company did not recognize benefits for its pre-tax losses due to valuation allowances.

## NOTE 13 - Fair Value Measures

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company utilizes the suggested accounting guidance for the three levels of inputs that may be used to measure fair value:

Level 1 - Observable inputs such as quoted prices in active markets for identical assets or liabilities;
Level 2 - Observable inputs, other than Level 1 inputs in active markets, that are observable either directly or indirectly; and
Level 3 - Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions

The Company has assessed that the fair value of cash and cash equivalents, trade receivables, trade payables, and other current liabilities approximate their carrying amounts. Based on the borrowing rates currently available for bank loans with similar terms and average maturities, the fair value of finance leases at March 31, 2021 approximate their respective book values.

Prior to their redemption, the Company’s 2015 Public Warrants traded in active markets. When classified as liabilities, warrants traded in active markets with sufficient trading volume represent Level 1 financial instruments as they are publicly traded in active markets and thus have observable market prices which are used to estimate the fair value adjustments for the related common stock warrant liabilities. When classified as liabilities, warrants not traded in active markets, or traded with insufficient volume, represent Level 3 financial instruments that are valued using a Black-Scholes option-pricing model to estimate the fair value adjustments for the related common stock warrant liabilities.

The following table shows the carrying amounts and fair values of financial liabilities which are disclosed, but not measured, at fair value, including their levels in the fair value hierarchy:

| | March 31, 2021 | | | | December 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | | Fair Value | | | | Fair Value | | |
| *(in thousands)* | Carrying Amount | Level 1 | Level 2 | Level 3 | Carrying Amount | Level 1 | Level 2 | Level 3 |
| ABL Facilities | $ 1,326,986 | $ — | $ 1,365,500 | $ — | $ 1,263,833 | $ — | $ 1,304,612 | $ — |
| 2025 Secured Notes | 573,930 | — | 621,873 | — | 637,068 | — | 694,876 | — |
| 2028 Secured Notes | 491,784 | — | 508,395 | — | 491,555 | — | 518,820 | — |
| Total | $ 2,392,700 | $ — | $ 2,495,768 | $ — | $ 2,392,456 | $ — | $ 2,518,308 | $ — |

As of March 31, 2021, the carrying values of the ABL Facilities, the 2025 Secured Notes, and the 2028 Secured Notes include $38.5 million, $11.1 million, and $8.2 million, respectively, of unamortized debt issuance costs, which are presented as a direct reduction of the corresponding liability. As of December 31, 2020, the carrying value of the ABL Facilities, the 2025 Secured Notes, and the 2028 Secured Notes includes $40.8 million, $12.9 million, and $8.4 million, respectively, of unamortized debt issuance costs, which are presented as a direct reduction of the corresponding liability.

The carrying value of the ABL Facilities, excluding debt issuance costs, approximates fair value as the interest rates are variable and reflective of market rates. The fair value of the 2025 Secured Notes and the 2028 Secured Notes is based on their last trading price at the end of each period obtained from a third party. The location and the fair value of derivative assets and liabilities designated as hedges in the condensed consolidated balance sheet are disclosed in Note 16.

The following table shows the carrying amounts and fair values of financial liabilities which are measured at fair value:

| | March 31, 2021 | | | | December 31, 2020 (as restated) | | | |
|---|---|---|---|---|---|---|---|---|
| | | Fair Value | | | | Fair Value | | |
| *(in thousands)* | Carrying Amount | Level 1 | Level 2 | Level 3 | Carrying Amount | Level 1 | Level 2 | Level 3 |
| 2015 Private warrants | $ 99,781 | $ — | $ — | $ 99,781 | $ 77,404 | $ — | $ — | $ 77,404 |
| Total | $ 99,781 | $ — | $ — | $ 99,781 | $ 77,404 | $ — | $ — | $ 77,404 |

**Level 3 Disclosures**

When the 2015 Private Warrants and 2018 Warrants were classified as liabilities, the Company utilized a Black Scholes option-pricing model to value the warrants at each reporting period and transaction date, with changes in fair value recognized in the statements of operations. The estimated fair value of the common stock warrant liability was determined using Level 3 inputs. Inherent in the pricing model are assumptions related to expected share-price volatility, expected life, risk-free interest rate and dividend yield. The Company estimated the volatility of its ordinary shares based on historical volatility that matched the expected remaining life of the warrants. The risk-free interest rate was based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants was assumed to be equivalent to their remaining contractual term. The dividend rate was based on the historical rate, which the Company anticipates to remain at zero.

The 2018 Warrants were reclassified to equity at June 30, 2020, the date all issued and outstanding shares of the Company's Class B Common Stock were cancelled. As such, they were not recorded at fair value at at March 31, 2021.

The following table provides quantitative information regarding Level 3 fair value measurements:

| | March 31, 2021 | March 31, 2020 (as restated) | |
|---|---|---|---|
| *(in thousands)* | 2015 Private Warrants | 2015 Private Warrants | 2018 Warrants |
| Stock Price | $ 27.75 | $ 10.13 | $ 10.13 |
| Strike Price | $ 11.50 | $ 11.50 | $ 15.50 |
| Expected Life | 1.66 | 2.66 | 2.66 |
| Volatility | 43.62 % | 42.27 % | 42.27 % |
| Risk Free rate | 0.13 % | 0.27 % | 0.27 % |
| Dividend yield | — | — | — |
| Fair value of warrants | $ 16.52 | $ 2.31 | $ 1.39 |

The following table presents changes in Level 3 liabilities measured at fair value for the three months ended March 31, 2021:

| *(in thousands)* | 2015 Private Warrants |
|---|---|
| Balance - December 31, 2020 (as restated) | $ 77,404 |
| Repurchases | (4,679) |
| Measurement adjustments | 27,056 |
| Balance - March 31, 2021 | $ 99,781 |

The following table presents changes in Level 3 liabilities measured at fair value for the three months ended March 31, 2020:

| *(in thousands)* | 2015 Private Warrants (as restated) | 2018 Warrants (as restated) |
|---|---|---|
| Balance - December 31, 2019 | $ 72,705 | $ 58,369 |
| Exercises | — | (41) |
| Measurement adjustments | (52,510) | (44,475) |
| Balance - March 31, 2020 | $ 20,196 | $ 13,853 |

## NOTE 14 - Restructuring

Restructuring costs include charges associated with exit or disposal activities that meet the definition of restructuring under FASB ASC Topic 420, *Exit or Disposal Cost Obligations* (“ASC 420”). The Company's restructuring plans are generally country or region specific and are typically completed within a one-year period. Restructuring costs incurred under these plans include (i) one-time termination benefits related to employee separations, (ii) contract termination costs, and (iii) other related costs associated with exit or disposal activities, including but not limited to, costs for consolidating or closing facilities other than lease costs accounted for under ASC 842. Costs related to the integration of acquired businesses that do not meet the definition of restructuring under ASC 420, such as employee training costs, duplicate facility costs and professional services expenses, are included within SG&A expense.

The following is a summary of the activity in the Company's restructuring accruals for the three months ended March 31, 2021 and 2020:

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | | 2020 | | |
| *(in thousands)* | Employee Costs | Facility Exit Costs | Total | Employee Costs | Facility Exit Costs | Total |
| Beginning balance | $ 1,750 | $ — | $ 1,750 | $ 447 | $ — | $ 447 |
| Charges | 3,142 | — | 3,142 | (72) | 12 | (60) |
| Cash payments | (137) | — | (137) | (207) | — | (207) |
| Non-cash movements | (1,437) | — | (1,437) | — | (12) | (12) |
| Ending balance | $ 3,318 | $ — | $ 3,318 | $ 168 | $ — | $ 168 |

The restructuring charges for the three months ended March 31, 2021 are primarily driven by termination costs as a result of the elimination of positions due to the Merger. The restructuring charges for the three months ended March 31, 2020 primarily relate to the termination of employees in connection with ModSpace acquisition.

**Segments** (as defined in Note 18)

The $3.1 million of restructuring charges for the three months ended March 31, 2021 includes $1.0 million of charges related to the NA Modular segment, $0.7 million of charges related to the NA Storage segment, and $1.4 million of unallocated charges.

Restructuring charges for the three months ended March 31, 2020 pertain to the NA Modular segment.

## NOTE 15 - Stock-Based Compensation

Prior to the Merger, stock awards were granted under the WillScot Corporation 2017 Incentive Award Plan (the "2017 Incentive Plan"), which included Restricted Stock Awards ("RSAs") and Restricted Stock Units ("RSUs"). On June 24, 2020, WillScot's stockholders approved the WillScot Mobile Mini 2020 Incentive Award Plan ("2020 Incentive Plan") to take effect pending completion of the Merger. The plan amended and restated in its entirety the 2017 Incentive Plan. As a result, all historical and future incentive awards to the Company's Board of Directors, executive officers and employees, as determined by the Company's Compensation Committee ("the Comp Committee"), are granted under the 2020 Incentive Plan. The 2020 Incentive Plan is administered by the Comp Committee. Under the 2020 Incentive Plan, the Comp Committee may grant an aggregate of 6,488,988 shares of Common Stock in the form of non-qualified stock options, incentive stock options, stock appreciation rights, RSAs, RSUs, performance compensation awards and stock bonus awards. Stock-based payments, including the grant of stock options, RSAs and RSUs, are subject to service-based vesting requirements, and expense is recognized on a straight-line basis over the vesting period. Forfeitures are accounted for as they occur.

Stock-based compensation expense includes grants of stock options, time-based RSUs ("Time-Based RSUs") and performance-based RSUs ("Performance-Based RSUs", together with Time-Based RSUs, the "RSUs"). The 2020 Incentive Plan continues the former Market-Based RSUs renamed as "Performance-Based RSUs." RSUs are recognized in the financial statements based on their fair value. In addition, stock-based payments to non-executive directors include grants of RSAs. Time-Based RSUs and RSAs are valued based on the intrinsic value of the difference between the exercise price, if any, of the award and the fair market value of WillScot Mobile Mini's Common Stock on the grant date. Performance-Based RSUs are valued based on a Monte Carlo simulation model to reflect the impact of the Performance-Based RSUs market condition. The probability of satisfying a market condition is considered in the estimation of the grant-date fair value for Performance-Based RSUs and the compensation cost is not reversed if the market condition is not achieved, provided the requisite service has been provided.

### Restricted Stock Awards

The following table summarizes the Company's RSA activity for the three months ended March 31,:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Number of Shares | Weighted-Average Grant Date Fair Value | Number of Shares | Weighted-Average Grant Date Fair Value |
| Balance December 31, | 57,448 | $ 11.75 | 52,755 | $ 14.69 |
| Balance March 31, | 57,448 | $ 11.75 | 52,755 | $ 14.69 |

Compensation expense for RSAs recognized in SG&A on the condensed consolidated statements of operations was $0.2 million and $0.2 million for the three months ended March 31, 2021 and 2020, respectively. At March 31, 2021, there was $0.1 million of unrecognized compensation cost related to RSAs that is expected to be recognized over the remaining weighted average vesting period of 0.1 years.

### Time-Based RSUs

The following table summarizes the Company's Time-Based RSU activity for the three months ended March 31,:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Number of Shares | Weighted-Average Grant Date Fair Value | Number of Shares | Weighted-Average Grant Date Fair Value |
| Balance December 31, | 1,125,766 | $ 13.44 | 1,065,305 | $ 12.78 |
| Granted | 405,505 | 27.20 | 174,020 | 16.78 |
| Forfeited | (33,238) | 13.62 | (15,106) | 13.45 |
| Vested | (144,204) | 12.92 | (323,678) | 12.93 |
| Balance March 31, | 1,353,829 | $ 17.61 | 900,541 | $ 13.49 |

Compensation expense for Time-Based RSUs recognized in SG&A on the condensed consolidated statements of operations was $2.1 million and $1.0 million for the three months ended March 31, 2021 and 2020, respectively. At March 31, 2021, unrecognized compensation cost related to Time-Based RSUs totaled $24.0 million and is expected to be recognized over the remaining weighted average vesting period of 2.9 years.

Included in restructuring costs for the three months ended 2021 was expense of approximately $1.1 million recognized as a result of the modification of certain RSUs associated with the Transition, Separation and Release Agreement entered into on February 25, 2021 with the Company's President and Chief Operating Officer.

### Performance-Based RSUs

The following table summarizes the Company's Performance-Based RSU award activity for the three months ended March 31,:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Number of Shares | Weighted-Average Grant Date Fair Value | Number of Shares | Weighted-Average Grant Date Fair Value |
| Balance December 31, | 593,388 | $ 14.88 | 288,281 | $ 13.22 |
| Granted | 397,981 | 39.10 | 202,923 | 16.82 |
| Forfeited | (10,886) | 14.70 | (12,700) | 14.70 |
| Balance March 31, | 980,483 | $ 24.70 | 478,504 | $ 14.71 |

Compensation expense for Performance-Based RSUs recognized in SG&A on the condensed consolidated statements of operations was $1.0 million and $0.4 million for the three months ended March 31, 2021 and 2020, respectively. At March 31, 2021, unrecognized compensation cost related to Performance-Based RSUs totaled $19.5 million and is expected to be recognized over the remaining vesting period of 2.1 years.

Included in restructuring costs for the three months ended 2021 was expense of approximately $0.3 million recognized as a result of the modification of certain Performance-Based RSUs associated with the Transition, Separation and Release Agreement entered into on February 25, 2021 with the Company's President and Chief Operating Officer.

Performance-Based RSUs cliff vest based on achievement of the relative total stockholder return ("TSR") of the Company's Common Stock as compared to the TSR of the constituents in an index at the grant date over the performance period of three years.

For 2021 grants, the TSR of the Company's Common Stock is compared to the TSR of the constituents in the S&P 400 Index. The target number of RSUs may be adjusted from 0% to 200% based on the TSR attainment levels defined by the Company's Compensation Committee. The 100% target payout is tied to performance at the 50% percentile, with a payout curve ranging from 0% (for performance less than the 25% percentile) to 200% (for performance above the 85% percentile).

For grants in 2020 and prior, the TSR of the Company's Common Stock is compared to the TSR of constituents in the Russell 3000 Index. The target number of RSUs may be adjusted from 0% to 150% based on the TSR attainment levels defined by the Company's Compensation Committee. The 100% target payout is tied to performance at the 50% percentile, with a payout curve ranging from 0% (for performance less than the 25% percentile) to 150% (for performance at or above the 75% percentile).

**Stock Options**

The following table summarizes the Company's stock option activity for the three months ended March 31,:

| | WillScot Options | Weighted-Average Exercise Price per Share | Converted Mobile Mini Options | Weighted-Average Exercise Price per Share |
|---|---|---|---|---|
| Balance December 31 , 2020 | 534,188 | $ 13.60 | 2,031,455 | $ 14.78 |
| Forfeited | — | $ 13.60 | (6,240) | 12.19 |
| Exercised | — | $ 13.60 | (346,247) | 15.89 |
| Balance March 31, 2021 | 534,188 | $ 13.60 | 1,678,968 | 14.57 |
| | | | | |
| Fully vested and exercisable options, December 31, 2020 | 267,094 | $ 13.60 | 1,678,968 | $ 14.57 |
| Vested | 133,547 | $ 13.60 | — | $ — |
| Fully vested and exercisable options, March 31, 2021 | 400,641 | $ 13.60 | 1,678,968 | $ — |

The following table summarizes the Company's stock option activity:

| | WillScot Options | Weighted-Average Exercise Price per Share |
|---|---|---|
| Balance, December 31, 2019 | 534,188 | $ 13.60 |
| Balance, March 31, 2020 | 534,188 | $ 13.60 |
| | | |
| Fully vested and exercisable options, December 31, 2019 | 133,547 | $ 13.60 |
| Vested | 133,547 | $ 13.60 |
| Fully vested and exercisable options, March 31, 2020 | 267,094 | $ 13.60 |

***WillScot Options***

Compensation expense for stock option awards, recognized in SG&A on the condensed consolidated statements of operations, was $0.2 million and $0.2 million for the three months ended March 31, 2021 and 2020, respectively. At March 31, 2021, unrecognized compensation cost related to stock option awards totaled $0.7 million and is expected to be recognized over the remaining vesting period of 1.0 year.

## NOTE 16 - Derivatives

On November 6, 2018, the Company entered into an interest rate swap agreement (the “Swap Agreement”) with a financial counterparty that effectively converts $400.0 million in aggregate notional amount of variable-rate debt under the Company’s ABL Facility into fixed-rate debt. The Swap Agreement will terminate on May 29, 2022. Under the terms of the Swap Agreement, the Company receives a floating rate equal to one-month LIBOR and makes payments based on a fixed rate of 3.06% on the notional amount. The receive rate under the terms of the Swap Agreement was 0.11% and 0.15% at March 31, 2021 and December 31, 2020, respectively.

The Swap Agreement was designated and qualified as a hedge of the Company's exposure to changes in interest payment cash flows created by fluctuations in variable interest rates on the ABL Facility.

The location and the fair value of derivative instruments designated as hedges, at the respective balance sheet dates, were as follows:

| *(in thousands)* | Balance Sheet Account | March 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Cash Flow Hedges: | | | |
| Interest rate swap | Accrued expenses | $ 11,645 | $ 11,619 |
| Interest rate swap | Other non-current liabilities | $ 2,414 | $ 5,308 |

The fair value of the interest rate swap is based on dealer quotes of market forward rates, a Level 2 input on the fair value hierarchy, and reflects the amount that the Company would receive or pay as of March 31, 2021 and December 31, 2020, respectively, for contracts involving the same attributes and maturity dates.

The following table discloses the impact of the interest rate swap, excluding the impact of income taxes, on other comprehensive income ("OCI"), AOCI and the Company's statements of operations for the three months ended March 31,:

| *(in thousands)* | 2021 | 2020 |
|---|---|---|
| Gain (loss) recognized in OCI | $ 2,844 | $ (8,758) |
| Location of gain (loss) recognized in income | Interest expense | Interest expense |
| Gain (loss) reclassified from AOCI into income (effective portion) | $ 2,937 | $ (1,572) |

## NOTE 17 - Commitments and Contingencies

### Commitments

At March 31, 2021 and December 31, 2020, commitments for the acquisition of rental equipment and property, plant and equipment were $9.9 million and $5.0 million, respectively.

### Contingencies - Legal Claims

The Company is involved in various lawsuits or claims in the ordinary course of business. Management believes that there is no pending claim or lawsuit which, if adversely determined, would have a material effect on the Company's financial condition, results of operations or cash flows.

## NOTE 18 - Segment Reporting

The Company operates in four reportable segments as follows: North America Modular Solutions ("NA Modular"), North America Storage Solutions ("NA Storage"), United Kingdom Storage Solutions ("UK Storage") and Tank and Pump Solutions ("Tank and Pump"). Total assets for each reportable segment are not available because the Company utilizes a centralized approach to working capital management. Transactions between reportable segments are not significant.

In connection with the Merger, the Company determined its reportable segments as discussed above and retrospectively adjusted prior year's presentation to conform to the current presentation of reportable segments.

The Company defines EBITDA as net income (loss) plus interest (income) expense, income tax (benefit) expense, depreciation and amortization. The Company reflects the further adjustments to EBITDA ("Adjusted EBITDA") to exclude certain non-cash items and the effect of what the Company considers transactions or events not related to its core business operations. The Chief Operating Decision Maker ("CODM") evaluates business segment performance utilizing Adjusted EBITDA as shown in the reconciliation of the Company's consolidated net income (loss) to Adjusted EBITDA below. Management believes that evaluating segment performance excluding such items is meaningful because it provides insight with respect to the intrinsic operating results of the Company.

The Company also regularly evaluates gross profit by segment to assist in the assessment of its operational performance. The Company considers Adjusted EBITDA to be the more important metric because it more fully captures the business performance of the segments, inclusive of indirect costs.

### Reportable Segments

The following tables set forth certain information regarding each of the Company's reportable segments for the three months ended March 31, 2021 and 2020, respectively. Consistent with the financial statements, the segment results do not include Mobile Mini's operations for the three months ended March 31, 2020. Please refer to the Management Discussion & Analysis of Financial Condition and Results of Operations included in this document, for pro forma results inclusive of Mobile Mini's financial results for periods prior to the Merger date.

| (in thousands) | Three Months Ended March 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | NA Modular | NA Storage | UK Storage | Tank and Pump | Unallocated Costs | Total |
| Revenues: | | | | | | |
| Leasing and services revenue: | | | | | | |
| Leasing | $ 199,608 | $ 80,351 | $ 18,721 | $ 16,982 | | $ 315,662 |
| Delivery and installation | 48,680 | 21,365 | 6,750 | 6,709 | | 83,504 |
| Sales revenue: | | | | | | |
| New units | 7,460 | 2,184 | 871 | 440 | | 10,955 |
| Rental units | 10,476 | 3,848 | 665 | 213 | | 15,202 |
| Total revenues | 266,224 | 107,748 | 27,007 | 24,344 | | 425,323 |
| | | | | | | |
| Costs: | | | | | | |
| Cost of leasing and services: | | | | | | |
| Leasing | 51,075 | 10,733 | 4,296 | 3,791 | | 69,895 |
| Delivery and installation | 44,705 | 15,740 | 4,091 | 5,600 | | 70,136 |
| Cost of sales: | | | | | | |
| New units | 4,874 | 1,341 | 589 | 305 | | 7,109 |
| Rental units | 5,848 | 2,522 | 624 | 111 | | 9,105 |
| Depreciation of rental equipment | 46,720 | 4,793 | 914 | 3,271 | | 55,698 |
| Gross profit | $ 113,002 | $ 72,619 | $ 16,493 | $ 11,266 | | $ 213,380 |
| Other selected data: | | | | | | |
| Adjusted EBITDA | $ 97,371 | $ 46,322 | $ 11,064 | $ 8,828 | $ — | $ 163,585 |
| Selling, general and administrative expense (a) | $ 62,350 | $ 31,089 | $ 6,343 | $ 5,710 | $ 11,837 | $ 117,329 |
| Purchases of rental equipment and refurbishments | $ 39,135 | $ 3,472 | $ 6,770 | $ 3,158 | $ — | $ 52,535 |

(a) Includes both SG&A expense and Transaction costs from the consolidated statement of operations.

| (in thousands) | Three Months Ended March 31, 2020 NA Modular | NA Storage | UK Storage | Tank and Pump | Unallocated Costs | Total |
|---|---|---|---|---|---|---|
| Revenues: | | | | | | |
| Leasing and services revenue: | | | | | | |
| Leasing | $ 188,352 | $ — | $ — | $ — | | $ 188,352 |
| Delivery and installation | 51,070 | — | — | — | | 51,070 |
| Sales revenue: | | | | | | |
| New units | 9,613 | — | — | — | | 9,613 |
| Rental units | 6,786 | — | — | — | | 6,786 |
| Total revenues | 255,821 | — | — | — | | 255,821 |
| | | | | | | |
| Costs: | | | | | | |
| Cost of leasing and services: | | | | | | |
| Leasing | 49,809 | — | — | — | | 49,809 |
| Delivery and installation | 43,865 | — | — | — | | 43,865 |
| Cost of sales: | | | | | | |
| New units | 6,203 | — | — | — | | 6,203 |
| Rental units | 3,806 | — | — | — | | 3,806 |
| Depreciation of rental equipment | 45,948 | — | — | — | | 45,948 |
| Gross profit | $ 106,190 | $ — | $ — | $ — | | $ 106,190 |
| Other selected data: | | | | | | |
| Adjusted EBITDA | $ 89,544 | $ — | $ — | $ — | $ — | $ 89,544 |
| Selling, general and administrative expense (a) | $ 62,572 | $ — | $ — | $ — | $ 12,396 | $ 74,968 |
| Purchases of rental equipment and refurbishments | $ 39,648 | $ — | $ — | $ — | $ — | $ 39,648 |

(a) Includes both SG&A expense and Transaction costs from the condensed consolidated statement of operations.

The following tables present a reconciliation of the Company’s income (loss) from operations to Adjusted EBITDA for the three months ended March 31, 2021 and 2020, respectively:

| *(in thousands)* | Three Months Ended March 31, 2021 | Three Months Ended March 31, 2020 (as restated) |
|---|---|---|
| Net income (loss) | $ 4,447 | $ 91,655 |
| Loss on extinguishment of debt | 3,185 | — |
| Income tax expense | 10,481 | 790 |
| Interest expense | 29,964 | 28,257 |
| Depreciation and amortization | 74,022 | 49,022 |
| Fair value loss (gain) on common stock warrant liabilities | 27,207 | (95,329) |
| Currency losses, net | 36 | 898 |
| Restructuring costs, lease impairment expense and other related charges | 4,395 | 1,601 |
| Transaction costs | 844 | 9,431 |
| Integration costs | 7,342 | 1,685 |
| Stock compensation expense | 3,514 | 1,787 |
| Other | (1,852) | (253) |
| Adjusted EBITDA | $ 163,585 | $ 89,544 |

## NOTE 19 - Earnings (Loss) Per Share

Basic earnings (loss) per share (“EPS”) is calculated by dividing net income (loss) attributable to WillScot Mobile Mini by the weighted average number of shares of Common Stock outstanding during the period. The shares of Common Stock issued as a result of the vesting of RSUs and RSAs as well as the exercise of stock options or redemption of warrants were included in EPS based on the weighted average number of days in which they were vested and outstanding during the period.

Prior to June 30, 2020, the Company had shares of Class B Common Stock which had no rights to dividends or distributions made by the Company and, in turn, were excluded from the EPS calculation. On June 30, 2020, the Sapphire Exchange was completed, and all shares of Class B Common Stock were cancelled, and Sapphire Holdings received 10,641,182 shares of Common Stock.

Diluted EPS is computed similarly to basic EPS, except that it includes the potential dilution that would occur if dilutive securities were exercised. Effects of potentially dilutive securities are presented only in periods in which they are dilutive. When liability-classified warrants are in the money and the impact of their inclusion on diluted EPS is dilutive, diluted EPS also assumes share settlement of such instruments through an adjustment to net income available to common stockholders for the fair value (gain) loss on common stock warrant liabilities and inclusion of the number of dilutive shares in the denominator.

The following table reconciles net income attributable to WillScot Mobile Mini common shareholders and the weighted average shares outstanding for the basic calculation to the weighted average shares outstanding for the diluted calculation.

| | Three Months Ended | |
|---|---|---|
| *(in thousands)* | March 31, 2021 | March 31, 2020 (as restated) |
| Numerator: | | |
| Net income attributable to common shareholders - basic | $ 4,447 | $ 91,785 |
| Fair value gain on common stock warrant liabilities | — | (96,984) |
| Net income (loss) attributable to common shareholders - dilutive | $ 4,447 | $ (5,199) |
| | | |
| Denominator: | | |
| Weighted average Common Shares outstanding - basic | 228,293 | 109,657 |
| Dilutive effect of shares outstanding | | |
| Warrants | 3,927 | 3,016 |
| RSAs | 51 | — |
| Time-based RSUs | 645 | — |
| Performance-based RSUs | 737 | — |
| Stock Options | 1,067 | — |
| Weighted average Common Shares outstanding - dilutive | 234,720 | 112,673 |

For the three months ended March 31, 2021, warrants representing 3,513,763 shares of Common Stock were excluded from the computation of diluted EPS because their effect would have been anti-dilutive.

For the three months ended March 31, 2020, Class B Common Shares, Time-Based RSUs, Market-Based RSU's, RSAs, and warrants representing 10,641,182, 213,692, 316,579, 36,350 and 476,897 shares of Common Stock, respectively, were excluded from the computation of diluted EPS because their effect would have been anti-dilutive.

## NOTE 20 - Related Parties

Related party balances included in the Company’s condensed consolidated balance sheets at March 31, 2021 and December 31, 2020, consisted of the following:

| *(in thousands)* | Financial Statement Line Item | March 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Receivables due from affiliates | Trade receivables, net of allowances for credit losses | $ 19 | $ 30 |
| Amounts due to affiliates | Accrued expenses | (506) | (461) |
| Total related party liabilities, net | | $ (487) | $ (431) |

Related party transactions included in the Company’s condensed consolidated statements of operations for the three months ended March 31, 2021 and 2020, respectively, consisted of the following:

| | | Three Months Ended March 31, | |
|---|---|---|---|
| *(in thousands)* | Financial Statement Line Item | 2021 | 2020 |
| Leasing revenue from related parties | Leasing revenue | $ 106 | $ 417 |
| Consulting expense to related party | Selling, general & administrative expense | (1,901) | (838) |
| Total related party expense, net | | $ (1,795) | $ (421) |

On June 30, 2020, the Company completed the Sapphire Exchange, whereby Sapphire Holdings, an affiliate of TDR Capital, exchanged shares of Class B Common Stock for 10,641,182 shares of Class A Common Stock. As a result of the Sapphire Exchange, all issued and outstanding shares of WillScot's Class B Common Stock were automatically canceled for no consideration and the existing exchange agreement was automatically terminated.

On August 22, 2018, WillScot's majority stockholder, Sapphire Holdings, entered into a margin loan (the "Margin Loan"), which expires August 29, 2022, under which all of its shares of WillScot Mobile Mini Common Stock are pledged to secure borrowings of up to $125.0 million under the loan agreement. WillScot Mobile Mini is not a party to the loan agreement and has no obligations thereunder, but WillScot Mobile Mini delivered an issuer agreement to the lenders under which the Company has agreed to certain customary obligations relating to the shares pledged by Sapphire Holdings and, subject to applicable law and stock exchange rules, not to take any actions that are intended to materially hinder or delay the exercise of any remedies with respect to the pledged shares. As of March 31, 2021, 42,263,208 shares of WillScot Mobile Mini Common Stock, representing approximately 19% of WillScot Mobile Mini's issued and outstanding Common Stock, were pledged by Sapphire Holdings under the Margin Loan.

On March 1, 2021, the Company repurchased and cancelled 2,750,000 shares of its Common Stock from Sapphire Holdings.

The Company purchased rental equipment from related party affiliates of $1.8 million and $0.2 million for the three months ended March 31, 2021 and 2020, respectively.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand WillScot Mobile Mini Holdings Corp. ("WillScot Mobile Mini"), formerly known as WillScot Corporation ("WillScot"), our operations and our present business environment. MD&A is provided as a supplement to, and should be read in conjunction with, our financial statements and the accompanying notes thereto, contained in Part I, Item 1 of this report. The discussion of results of operations in this MD&A is presented on a historical basis, as of or for the three months ended March 31, 2021 or prior periods. On July 1, 2020, WillScot and Mobile Mini, Inc. ("Mobile Mini") merged (the "Merger"). As the Merger was completed on July 1, 2020, unless the context otherwise requires, the terms "we", "us", "our" "Company" and "WillScot Mobile Mini" as used in these financial statements mean WillScot Corporation and its subsidiaries when referring to periods prior to July 1, 2020 (prior to the Merger) and to WillScot Mobile Mini when referring to periods on or after July 1, 2020 (after the Merger).

The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the US ("GAAP"). We use certain non-GAAP financial information that we believe is important for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of our ongoing operations and analyze our business performance and trends. Reconciliations of non-GAAP measures are provided in the Other Non-GAAP Financial Data and Reconciliations section.

## Executive Summary and Outlook

We are a leading business services provider specializing in innovative flexible work space and portable storage solutions. We service diverse end markets across all sectors of the economy throughout the United States ("US"), Canada, Mexico and the United Kingdom ("UK"). We are also a leading provider of specialty containment solutions in the US with over 12,600 tank and pump units in our fleet. As of March 31, 2021, our branch network included approximately 270 branch locations and additional drop lots to service over 85,000 customers. We offer our customers an extensive selection of "Ready to Work" modular space and portable storage solutions with over 157,000 modular space units and over 195,000 portable storage units in our fleet.

We primarily lease, rather than sell, our modular and portable storage units to customers, which results in a highly diversified and predictable recurring revenue stream. Over 90% of new lease orders are on our standard lease agreement, pre-negotiated master lease or national account agreements. The initial lease periods vary, and our leases are customarily renewable on a month-to-month basis after their initial term. Our lease revenue is highly predictable due to its recurring nature and the underlying stability and diversification of our lease portfolio. However, given that our customers value flexibility, they consistently extend their leases or renew on a month-to-month basis such that the average effective duration of our lease portfolio excluding seasonal portable storage units is approximately 31 months. We complement our core leasing business by selling both new and used units, allowing us to leverage scale, achieve purchasing benefits and redeploy capital employed in our lease fleet.

Our customers operate in a diversified set of end markets, including construction, commercial and industrial, retail and wholesale trade, education, energy and natural resources, government, and healthcare. Core to our operating model is the ability to redeploy standardized assets across end markets, and we have recently serviced emerging demand in the healthcare and government sectors related to COVID-19, as well as expanded space requirements related to social distancing. We track several market leading indicators including those related to our two largest end markets, the commercial and industrial segment and the construction segment, which collectively accounted for over 85% of our revenues for the three months ended March 31, 2021.

We remain focused on our core priorities of growing leasing revenues by increasing units on rent, both organically and through our consolidation strategy, delivering “Ready to Work” solutions to our customers with value added products and services ("VAPS"), and on continually improving the overall customer experience.

## Significant Developments

### *Mobile Mini Merger*

On July 1, 2020, we closed the Merger at which time Mobile Mini became a wholly-owned subsidiary of WillScot. Concurrent with the closing of the Merger, we changed our name to WillScot Mobile Mini Holdings Corp. We believe that the Merger is resulting in strategic and financial benefits by combining the two industry leaders in the complementary modular space and portable storage solutions markets. We are executing the integration of the two companies' operating and financial systems, with a significant portion of these efforts being focused currently on the conversion of the combined company onto a single enterprise resource planning system, which is expected to take place in the second quarter of 2021.

### *Reportable Segments*

Following the Merger, we operate in four reporting segments: NA Modular, NA Storage, UK Storage, and Tank and Pump. Prior to the Merger, WillScot had two reporting segments, US Modular and Other North America Modular. These two segments were combined to create the new NA Modular segment, which represents the legacy WillScot operations. The other segments, NA Storage, UK Storage, and Tank and Pump align to the legacy operations and segments reported by Mobile Mini. The new reporting segments are aligned with how we operate and analyze our business results.

### *Financing Activities*

On March 26, 2021, we redeemed $65.0 million of our of 6.125% senior secured notes due 2025 (the “2025 Secured Notes”) at a redemption price of 103.0% plus accrued and unpaid interest. This repayment was funded by cash on hand and borrowings under the 2020 ABL facility. Upon redemption in the first quarter of 2021, we recorded a loss on extinguishment of debt in the condensed consolidated statement of operations of $3.2 million comprised of a redemption premium of $1.9 million and write off of unamortized deferred financing fees of $1.3 million.

### *Share Repurchase*

On March 1, 2021, we repurchased 2,750,000 shares of our Common Stock directly from Sapphire Holding S.à r.l. (“Sapphire Holdings”), our largest shareholder, which is controlled by TDR Capital LLP (“TDR Capital”) for $73.7 million. At March 31, 2021, we had $133.9 million remaining of a $250.0 million share repurchase authorization and believe that repurchases will be a reoccurring capital allocation priority given the predictability of our free cash flow.

### *COVID-19 Impact on Business*

Since the outbreak of COVID-19 was designated as a global pandemic by the World Health Organization (the “WHO”) in March 2020, our operations have generally continued to operate normally with additional safety protocols in place as we have been considered an essential business in most jurisdictions. However, there have been significant changes to the global economic situation as a consequence of the COVID-19 pandemic. The global pandemic has resulted in significant global social and business disruption, which has driven significantly lower activity levels in our business and has impacted our financial results. On a pro forma basis, our deliveries were down 25% in the second quarter of 2020 year over year and 13% in the third quarter of 2020 year over year due to reduced demand primarily attributable to the current global economic situation as a consequence of the COVID-19 pandemic. This reduced delivery demand slowed the growth of our leasing revenues as well as our delivery and installation revenues, however we implemented significant actions to reduce variable costs and capital spending to help offset the financial impact of these reduced activity levels. Despite this unprecedented demand shock, because of our long lease durations, the majority of our gross profit in any given period is from units already out on rent. This gives us significant forward visibility into our future cash flows, which allows us to plan ahead and adjust our capital expenditures and cost structure for varying demand levels. Activity levels in the fourth quarter of 2020 and the first quarter of 2021 have since stabilized and we expect modest activity growth in the second and third quarter of 2021 as economic activity continues to recover.

## First Quarter Highlights

For the three months ended March 31, 2021, key drivers of our financial performance included:

- Total revenues increased by $169.5 million, or 66.3%, driven primarily by the addition of Mobile Mini's revenues to our consolidated results, as well as increased leasing revenues in the NA Modular segment. The Merger closed on July 1, 2020, and drove $159.1 million of the year over year increase.
- Leasing revenue increased $127.3 million, or 67.6%, delivery and installation revenue increased $32.4 million, or 63.4%, rental unit sales increased $8.4 million, or 123.5%, and new sales revenue increased $1.3 million, or 13.5%.

  Key leasing revenue drivers include:

  - Average modular space units on rent increased 22,360 units, or 25.4%, and average portable storage units on rent increased 129,014 units, or 789.3%. Both increases were driven by the Mobile Mini Merger.
  - Average modular space monthly rental rate increased $26, or 4.0%, to $679 driven by an $84, or 12.9%, increase in the NA Modular segment, partially offset by the dilutive impact of lower rates due to mix on the Mobile Mini modular space units.
  - Average portable storage monthly rental rate increased $16, or 13.4%, to $135 driven by the accretive impact of higher rates from the Mobile Mini portable storage fleet.
  - Average utilization for modular space units increased 110 basis points ("bps") to 70.3% and utilization for portable storage units increased to 74.4% from 64.1% for the same period in 2020 driven by higher utilization of the Mobile Mini units.
- NA Modular segment revenue, which represents the activities of WillScot prior to the Merger with Mobile Mini and represented 62.6% of consolidated revenue for the three months ended March 31, 2021, increased $10.4 million, or 4.1%, to $266.2 million driven by an increase to leasing revenue of $11.3 million, or 6.0%, due to continued growth of pricing and value added products, and an increase in rental unit sales of $3.7 million, or 54.4%. The increase in leasing and rental unit revenues was partially offset by a reduction in delivery and installation revenues of $2.4 million, or 4.7%, driven by reductions in demand for new project deliveries, and a reduction of new unit sales of $2.2 million, or 22.9%. NA Modular revenue drivers for the three months ended March 31, 2021 include:
  - Modular space average monthly rental rate of $737, increased 12.9% year over year representing a continuation of the long-term price optimization and VAPS penetration opportunities across our portfolio.
  - Average modular space units on rent decreased 3,194, or 3.6%, year over year driven by lower deliveries, including reduced demand for new project deliveries as a result of the COVID-19 pandemic primarily in the second and third quarter of 2020.
  - Average modular space monthly utilization decreased 160 bps to 67.6% for the three months ended March 31, 2021, as compared to the three months ended March 31, 2020.
- Generated consolidated net income of $4.4 million for the three months ended March 31, 2021, including a $27.2 million loss on the change in fair value of common stock warrant liabilities. Net Income Excluding Gain/Loss from Warrants of $31.7 for the three months ended March 31, 2021 represented an increase of $35.4 million, and included a $3.2 million loss on extinguishment of debt related to the partial redemption of the 2025 Secured Notes and $12.5 million of discrete costs expensed in the period related to transaction and integration activities. Discrete costs in the period included $0.8 million of transaction costs, $7.3 million of integration costs, and $4.4 million of restructuring costs, lease impairment expense and other related charges.
- Generated Adjusted EBITDA of $163.6 million for the three months ended March 31, 2021, representing an increase of $74.1 million, or 82.8%, as compared to the same period in 2020. Of this increase, $66.2 million was driven by the addition of Mobile Mini to our consolidated results and the remainder was driven by strong organic growth in our NA Modular segment.
  - Adjusted EBITDA in our NA Modular segment, which represents the activities of WillScot prior to the Merger, increased $7.9 million, or 8.8%, primarily driven by increases in leasing gross profit driven by increased pricing, including VAPS.
  - Consolidated Adjusted EBITDA Margin was 38.5% in the first quarter and increased 350 bps versus prior year driven by a 160 bps increased in the NA Modular segment, as well as the addition of the higher margin Mobile Mini operations
- Generated Free Cash Flow of $91.2 million for the three months ended March 31, 2021, representing an increase of $83.4 million as compared to the same period in 2020. Net cash provided by operating activities increased $83.8 million to $122.1 million. Net cash used in investing activities increased slightly by $0.4 million. Of the $91.2 million of

free cash flow that we generated during the three months ended March 31, 2021, we used the majority to return $81.6 million to shareholders through stock and warrant repurchases and cancellations, including 2,750,000 shares for $73.7 million from our largest shareholder Sapphire Holdings. The predictability of our free cash flow allows us to pursue multiple capital allocation priorities opportunistically, including investing in organic opportunities we see in the market, continuing our deleveraging trajectory, opportunistically executing accretive acquisitions, and returning capital to shareholders.

## Consolidated Results of Operations

**Three Months Ended March 31, 2021 Compared to the Three Months Ended March 31, 2020**

Our condensed consolidated statements of operations for the three months ended March 31, 2021 and 2020 are presented below. The below results only include Mobile Mini for the periods subsequent to the Merger:

| *(in thousands)* | Three Months Ended March 31, 2021 | Three Months Ended March 31, 2020 (as restated) | 2021 vs. 2020 $ Change |
|---|---|---|---|
| Revenues: | | | |
| Leasing and services revenue: | | | |
| Leasing | $ 315,662 | $ 188,352 | $ 127,310 |
| Delivery and installation | 83,504 | 51,070 | 32,434 |
| Sales revenue: | | | |
| New units | 10,955 | 9,613 | 1,342 |
| Rental units | 15,202 | 6,786 | 8,416 |
| Total revenues | 425,323 | 255,821 | 169,502 |
| Costs: | | | |
| Costs of leasing and services: | | | |
| Leasing | 69,895 | 49,809 | 20,086 |
| Delivery and installation | 70,136 | 43,865 | 26,271 |
| Costs of sales: | | | |
| New units | 7,109 | 6,203 | 906 |
| Rental units | 9,105 | 3,806 | 5,299 |
| Depreciation of rental equipment | 55,698 | 45,948 | 9,750 |
| Gross profit | 213,380 | 106,190 | 107,190 |
| Expenses: | | | |
| Selling, general and administrative | 116,485 | 65,537 | 50,948 |
| Transaction costs | 844 | 9,431 | (8,587) |
| Other depreciation and amortization | 18,324 | 3,074 | 15,250 |
| Lease impairment expense and other related charges | 1,253 | 1,661 | (408) |
| Restructuring costs | 3,142 | (60) | 3,202 |
| Currency losses, net | 36 | 898 | (862) |
| Other (income) expense, net | (1,988) | 276 | (2,264) |
| Operating income | 75,284 | 25,373 | 49,911 |
| Interest expense | 29,964 | 28,257 | 1,707 |
| Fair value loss (gain) on common stock warrant liabilities | 27,207 | (95,329) | 122,536 |
| Loss on extinguishment of debt | 3,185 | — | 3,185 |
| Income before income tax | 14,928 | 92,445 | (77,517) |
| Income tax expense | 10,481 | 790 | 9,691 |
| Net income | 4,447 | 91,655 | (87,208) |
| Net loss attributable to non-controlling interest, net of tax | — | (130) | 130 |
| Net income attributable to WillScot Mobile Mini | $ 4,447 | $ 91,785 | $ (87,338) |

## Comparison of Three Months Ended March 31, 2021 and 2020

***Revenue:*** Total revenue increased $169.5 million, or 66.3%, to $425.3 million for the three months ended March 31, 2021 from $255.8 million for the three months ended March 31, 2020. The increase was driven primarily by the addition of Mobile Mini's revenues to our consolidated results. The Merger closed on July 1, 2020, and drove $159.1 million of the year over year increase. Leasing revenue increased $127.3 million, or 67.6%, as compared to the same period in 2020 driven by an increase of 151,374 average modular space and portable storage units on rent as a result of the Merger, and improved pricing and value-added products in our NA Modular segment. Rental unit sales increased $8.4 million, or 123.5%, new unit sales increased $1.3 million, or 13.5%, and delivery and installation revenues increased $32.4 million, or 63.4%, due to increased overall activity as a result of the Merger. These increases were partially offset by delivery and installation revenue decreases in our NA Modular segment for the three months ended March 31, 2021 as compared to the same period in 2020. The decline in NA Modular delivery and installation revenues was primarily a result of lower delivery and return volumes during the quarter in end markets of our business that have been more heavily impacted by the COVID-19 pandemic.

Total average units on rent for the three months ended March 31, 2021 and 2020 were 255,709 and 104,335, respectively. The increase was due to units acquired as part of the Merger, partially offset by lower units on rent in the NA Modular segment. In total, modular space average units on rent increased 22,360 units, or 25.4%, for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. Modular space average monthly rental rates increased 4.0% to $679 for the three months ended March 31, 2021. Improved pricing was driven by an $84, or 12.9%, increase in the NA Modular segment, offset by the dilutive impact of lower rates on the Mobile Mini modular space units due to product mix. NA Modular segment increases were driven by a continuation of the long-term price optimization and VAPS penetration opportunities across our portfolio. Portable storage average units on rent increased by 129,014 units, or 789.3%, for the three months ended March 31, 2021 driven by units acquired as part of the Merger. Average portable storage monthly rental rates increased 13.4% to $135 for the three months ended March 31, 2021 driven by the accretive impact of higher rates from the Mobile Mini portable storage fleet. The average modular space unit utilization rate during the three months ended March 31, 2021 was 70.3%, as compared to 69.2% during the same period in 2020. This increase was driven by higher utilization on units acquired as part of the Merger. The average portable storage unit utilization rate during the three months ended March 31, 2021 was 74.4%, as compared to 64.1% during the same period in 2020. The increase in average portable storage utilization rate was driven by higher utilization on the acquired Mobile Mini units.

***Gross Profit:*** Our gross profit percentage was 50.2% and 41.5% for the three months ended March 31, 2021 and 2020, respectively. Our gross profit percentage, excluding the effects of depreciation, was 63.3% and 59.5% for the three months ended March 31, 2021 and 2020, respectively.

Gross profit increased $107.2 million, or 100.9%, to $213.4 million for the three months ended March 31, 2021 from $106.2 million for the three months ended March 31, 2020. The increase in gross profit is a result of a $107.2 million increase in leasing gross profit, increased delivery and installation gross profit of $6.2 million, and increased new and rental unit sale margins of $3.5 million. Increases in all were primarily a result of increased revenues due to the Merger and due to favorable average monthly rental rates in the NA Modular segment on modular space units. Increased delivery and installation margins were also driven by higher margins achieved in the NA Storage segment as compared to the NA Modular segment. These increases were offset partially by lower delivery and installation activity volumes in the NA Modular segment due to reduced delivery and return activity and by increased depreciation of $9.8 million as a result of fleet acquired in the Merger and capital investments made over the past twelve months in our existing rental equipment.

***SG&A:*** Selling, general and administrative ("SG&A") increased $51.0 million, or 77.9%, to $116.5 million for the three months ended March 31, 2021, compared to $65.5 million for the three months ended March 31, 2020. The primary driver of the increase is related to additional SG&A costs related to operating a larger business as a result of the Merger. SG&A costs for the NA Storage, UK Storage, and Tank and Pump segments totaled $43.1 million for the three months ended March 31, 2021. Additionally, as a result of the Merger and the related integration, integration costs increased $5.7 million to $7.3 million for the three months ended March 31, 2021, compared to $1.7 million for the three months ended March 31, 2020.

***Transaction Costs:*** Transaction costs decreased $8.6 million to $0.8 million for the three months ended March 31, 2021 compared to $9.4 million for the three months ended March 31, 2020. Transaction costs were related to the Merger which closed on July 1, 2020.

***Other Depreciation and Amortization:*** Other depreciation and amortization increased $15.2 million to $18.3 million for the three months ended March 31, 2021 compared to $3.1 million for the three months ended March 31, 2020. $8.5 million of the increase was driven by increased depreciation as a result of the inclusion of Mobile Mini subsequent to the Merger and $6.6 million was driven by the amortization of the customer relationship intangible assets acquired in the Merger.

***Lease Impairment expense and Other Related Charges:*** Lease impairment expense and other related charges was $1.3 million for the three months ended March 31, 2021 as compared to $1.7 million for the three months ended March 31, 2020.

***Restructuring Costs:*** In the three months ended March 31, 2021, the Company had $3.1 million of restructuring costs primarily as a result of employee termination costs resulting from the Merger. In the three months ended March 31, 2020, $0.1 million of restructuring costs was recorded for a reversal of restructuring costs attributable to adjustments to previously recorded employee termination accruals.

***Currency Losses (Gains), net:*** Currency losses, net decreased by $0.9 million to a $0.0 million loss for the three months ended March 31, 2021 from a $0.9 million loss for the three months ended March 31, 2020. This decrease was primarily attributable to the impact of foreign currency exchanges rate changes on intercompany receivables and payables denominated in a currency other than the subsidiary's functional currency.

***Other Income, Net:*** Other income, net was $2.0 million for the three months ended March 31, 2021 compared to expense of $0.3 million for the three months ended March 31, 2020. Other income, net of $2.0 million for the three months ended March 31, 2021 was primarily the result of gains recorded on the sale of real estate during the period.

***Interest Expense:*** Interest expense increased $1.7 million, or 6.0%, to $30.0 million for the three months ended March 31, 2021 from $28.3 million for the three months ended March 31, 2020. The increase in interest expense is a result of the Merger which increased debt outstanding at March 31, 2021 by approximately $828 million compared to March 31, 2020, offset by lower overall weighted average interest rates as a result of our refinancing activities over the past 12 months. See Note 9 to the condensed consolidated financial statements for further discussion of our debt.

***Fair Value (Gain) Loss on Common Stock Warrant Liabilities:*** The change in fair value of common stock warrant liabilities decreased $122.5 million, to a $27.2 million loss for the three months ended March 31, 2021 from a $95.3 million gain for the three months ended March 31, 2020. The decrease was primarily attributable to the change in estimated fair value of common stock warrant liabilities.

***Loss on Extinguishment of Debt:*** During the three months ended March 31, 2021, using cash on hand and borrowings on the 2020 ABL Facility, the Company redeemed 10% of the outstanding principal, $65.0 million, of its 2025 Secured Notes and recorded a loss on extinguishment of debt of $3.2 million comprised of a redemption premium of $1.9 million and write off of unamortized deferred financing fees of $1.3 million.

***Income Tax Expense:*** Income tax expense increased $9.7 million to $10.5 million for the three months ended March 31, 2021 compared to $0.8 million for the three months ended March 31, 2020. The increase was driven by increases to income during the period.

## Business Segment Results

The Company operates in four reportable segments as follows: NA Modular, NA Storage, UK Storage and Tank and Pump. The NA Modular segment represents the activities of WillScot prior to the Merger. The NA Storage, UK Storage and Tank and Pump segments align to the three segments reported by Mobile Mini prior to the Merger.

The following tables and discussion summarize our reportable segment financial information for the three months ended March 31, 2021 and 2020. The below results only include Mobile Mini for the periods subsequent to the Merger. A Summary Business Segment Supplemental Unaudited Pro Forma Financial Information section has been included in this MD&A in order to provide period over period comparable financial information for the NA Storage, UK Storage and Tank and Pump reporting segments as these segments were not included in our reported results for the three months ended March 31, 2020.

### Comparison of Three Months Ended March 31, 2021 and 2020

| *(in thousands, except for units on rent and rates)* | Three Months Ended March 31, 2021 | | | | |
|---|---|---|---|---|---|
| | NA Modular | NA Storage | UK Storage | Tank and Pump | Total |
| Revenue | $ 266,224 | $ 107,748 | $ 27,007 | $ 24,344 | $ 425,323 |
| Gross profit | $ 113,002 | $ 72,619 | $ 16,493 | $ 11,266 | $ 213,380 |
| Adjusted EBITDA | $ 97,371 | $ 46,322 | $ 11,064 | $ 8,828 | $ 163,585 |
| Capital expenditures for rental equipment | $ 39,135 | $ 3,472 | $ 6,770 | $ 3,158 | $ 52,535 |
| Average modular space units on rent | 84,795 | 16,439 | 9,115 | — | 110,349 |
| Average modular space utilization rate | 67.6 % | 79.4 % | 83.8 % | — % | 70.3 % |
| Average modular space monthly rental rate | $ 737 | $ 535 | $ 404 | $ — | $ 679 |
| Average portable storage units on rent | 14,903 | 105,810 | 24,647 | — | 145,360 |
| Average portable storage utilization rate | 60.3 % | 73.9 % | 89.2 % | — % | 74.4 % |
| Average portable storage monthly rental rate | $ 124 | $ 148 | $ 82 | $ — | $ 135 |
| Average tank and pump solutions rental fleet utilization based on original equipment cost | — % | — % | — % | 67.4 % | 67.4 % |

| *(in thousands, except for units on rent and rates)* | Three Months Ended March 31, 2020 | | | | |
|---|---|---|---|---|---|
| | NA Modular | NA Storage | UK Storage | Tank and Pump | Total |
| Revenue | $ 255,821 | $ — | $ — | $ — | $ 255,821 |
| Gross profit | $ 106,190 | $ — | $ — | $ — | $ 106,190 |
| Adjusted EBITDA | $ 89,544 | $ — | $ — | $ — | $ 89,544 |
| Capital expenditures for rental equipment | $ 39,648 | $ — | $ — | $ — | $ 39,648 |
| Average modular space units on rent | 87,989 | — | — | — | 87,989 |
| Average modular space utilization rate | 69.2 % | — % | — % | — % | 69.2 % |
| Average modular space monthly rental rate | $ 653 | $ — | $ — | $ — | $ 653 |
| Average portable storage units on rent | 16,346 | — | — | — | 16,346 |
| Average portable storage utilization rate | 64.1 % | — % | — % | — % | 64.1 % |
| Average portable storage monthly rental rate | $ 119 | $ — | $ — | $ — | $ 119 |
| Average tank and pump solutions rental fleet utilization based on original equipment cost | — % | — % | — % | — % | — % |

***NA Modular***

***Revenue:*** Total revenue increased $10.4 million, or 4.1%, to $266.2 million for the three months ended March 31, 2021 from $255.8 million for the three months ended March 31, 2020. The increase was primarily the result of an $11.3 million, or 6.0%, increase in leasing revenue and a $3.7 million, or 54.4%, increase in rental unit sales revenue. This increase was partially offset by decreases in modular delivery and installation revenues of $2.4 million, or 4.7%, and a $2.2 million, or 22.9%, decrease in new unit sales. Average modular space monthly rental rates increased 12.9% for the three months ended March 31, 2021 to $737 driven by the continuation of the long-term price optimization and VAPS penetration opportunities across our portfolio. Improved pricing was partially offset by lower volumes as average modular space units on rent decreased by 3,194 units, or 3.6%, year over year. The decrease was driven primarily by lower deliveries, including reduced demand for new project deliveries as a result of the COVID-19 pandemic primarily in the second and third quarter of 2020.

***Gross Profit:*** Gross profit increased $6.8 million, or 6.4%, to $113.0 million for the three months ended March 31, 2021 from $106.2 million for the three months ended March 31, 2020. The increase in gross profit was driven by higher leasing gross profit, which increased $9.9 million, or 7.1%, driven from improved pricing including VAPS. The increase in gross profit from leasing for the three months ended March 31, 2021 was further complemented by a $1.7 million increase in rental unit sales gross profit. These increases were partially offset by a $3.2 million decrease in delivery and installation gross profit, a $0.8 million decrease in new sales gross profit, and a $0.8 million increase in depreciation of rental equipment related to capital investments made in our existing rental equipment.

***Adjusted EBITDA:*** Adjusted EBITDA increased $7.9 million, or 8.8%, to $97.4 million for the three months ended March 31, 2021 from $89.5 million for the three months ended March 31, 2020. The increase was driven by higher leasing gross profit discussed above. SG&A, excluding discrete items, decreased $0.2 million, or 0.3%, for the three months ended March 31, 2021, as compared to the three months ended March 31, 2020.

***Capital Expenditures for Rental Equipment:*** Purchases of rental equipment and refurbishments decreased $0.5 million, or 1.3%, to $39.1 million for the three months ended March 31, 2021 from $39.6 million for the three months ended March 31, 2020. Net CAPEX, as defined below in Item 2. Other Non-GAAP Financial Data and Reconciliations, also decreased $12.3 million, or 40.2%, to $18.3 million. The decrease for Net CAPEX was driven by increased proceeds from sales of rental units and plant, property and equipment, including real estate sold during the period.

## Other Non-GAAP Financial Data and Reconciliations

We use certain non-GAAP financial information that we believe is important for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of our ongoing operations and analyze our business performance and trends.

We evaluate business segment performance on Adjusted EBITDA, a non-GAAP measure that excludes certain items as described in the reconciliation of our consolidated net income (loss) to Adjusted EBITDA reconciliation below. We believe that evaluating segment performance excluding such items is meaningful because it provides insight with respect to the intrinsic operating results of the Company.

We also regularly evaluate gross profit by segment to assist in the assessment of the operational performance of each operating segment. We consider Adjusted EBITDA to be the more important metric because it more fully captures the business performance of the segments, inclusive of indirect costs.

### Adjusted EBITDA

We define EBITDA as net income (loss) plus interest expense, income tax expense (benefit), depreciation and amortization. Our adjusted EBITDA ("Adjusted EBITDA") reflects the following further adjustments to EBITDA to exclude certain non-cash items and the effect of what we consider transactions or events not related to our core business operations:

- Currency (gains) losses, net: on monetary assets and liabilities denominated in foreign currencies other than the subsidiaries’ functional currency. Substantially all such currency gains (losses) are unrealized and attributable to financings due to and from affiliated companies.
- Goodwill and other impairment charges related to non-cash costs associated with impairment charges to goodwill, other intangibles, rental fleet and property, plant and equipment.
- Restructuring costs, lease impairment expense, and other related charges associated with restructuring plans designed to streamline operations and reduce costs including employee and lease termination costs.
- Transaction costs including legal and professional fees and other transaction specific related costs.
- Costs to integrate acquired companies, including outside professional fees, non-capitalized costs associated with system integrations, non-lease branch and fleet relocation expenses, employee training costs and other costs required to realize cost or revenue synergies.
- Non-cash charges for stock compensation plans.
- Gains and losses resulting from changes in fair value and extinguishment of common stock warrant liabilities.
- Other expense includes consulting expenses related to certain one-time projects, financing costs not classified as interest expense and gains and losses on disposals of property, plant and equipment.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider the measure in isolation or as a substitute for net income (loss), cash flow from operations or other methods of analyzing WillScot Mobile Mini’s results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect changes in, or cash requirements for our working capital needs;
- Adjusted EBITDA does not reflect our interest expense, or the cash requirements necessary to service interest or principal payments, on our indebtedness;
- Adjusted EBITDA does not reflect our tax expense or the cash requirements to pay our taxes;
- Adjusted EBITDA does not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect the impact on earnings or changes resulting from matters that we consider not to be indicative of our future operations;

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate Adjusted EBITDA differently, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as discretionary cash available to reinvest in the growth of our business or as measures of cash that will be available to meet our obligations. The following table provides an unaudited reconciliation of Net income (loss) to Adjusted EBITDA:

| *(in thousands)* | Three Months Ended March 31, 2021 | Three Months Ended March 31, 2020 (as restated) |
|---|---|---|
| Net income | $ 4,447 | $ 91,655 |
| Income tax expense | 10,481 | 790 |
| Loss on extinguishment of debt | 3,185 | — |
| Interest expense | 29,964 | 28,257 |
| Depreciation and amortization | 74,022 | 49,022 |
| Fair value loss (gain) on common stock warrant liabilities | 27,207 | (95,329) |
| Currency losses, net | 36 | 898 |
| Restructuring costs, lease impairment expense and other related charges | 4,395 | 1,601 |
| Merger transaction costs | 844 | 9,431 |
| Integration costs | 7,342 | 1,685 |
| Stock compensation expense | 3,514 | 1,787 |
| Other | (1,852) | (253) |
| Adjusted EBITDA | $ 163,585 | $ 89,544 |

## Net Income Excluding Gain/Loss from Warrants

We define Net Income Excluding Gain/Loss from Warrants as Net Income plus or minus the impact of the change in the fair value of the common stock warrant liability. Management believes that our financial statements that will include the impact of this mark-to-market expense or income may not be necessarily reflective of the actual financial performance of our business.

| *(in thousands)* | Three Months Ended March 31, 2021 | Three Months Ended March 31, 2020 (as restated) |
|---|---|---|
| Net income | $ 4,447 | $ 91,655 |
| Fair value loss (gain) on common stock warrant liabilities | 27,207 | (95,329) |
| Net Income (Loss) Excluding Gain/Loss from Warrants | $ 31,654 | $ (3,674) |

## Adjusted Gross Profit and Adjusted Gross Profit Percentage

We define Adjusted Gross Profit as gross profit plus depreciation on rental equipment. Adjusted Gross Profit Percentage is defined as Adjusted Gross Profit divided by revenue. Adjusted Gross Profit and Adjusted Gross Profit Percentage are not measurements of our financial performance under GAAP and should not be considered as an alternative to gross profit, gross profit percentage, or other performance measure derived in accordance with GAAP. In addition, our measurement of Adjusted Gross Profit and Adjusted Gross Profit Percentage may not be comparable to similarly titled measures of other companies. Management believes that the presentation of Adjusted Gross Profit and Adjusted Gross Profit Percentage provides useful information to investors regarding our results of operations because it assists in analyzing the performance of our business.

The following table provides an unaudited reconciliation of gross profit to Adjusted Gross Profit and Adjusted Gross Profit Percentage on a historical basis:

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands)* | 2021 | 2020 |
| Revenue (A) | $ 425,323 | $ 255,821 |
| | | |
| Gross profit (B) | $ 213,380 | $ 106,190 |
| Depreciation of rental equipment | 55,698 | 45,948 |
| Adjusted Gross Profit (C) | $ 269,078 | $ 152,138 |
| | | |
| Gross Profit Percentage (B/A) | 50.2 % | 41.5 % |
| Adjusted Gross Profit Percentage (C/A) | 63.3 % | 59.5 % |

**Net CAPEX**

We define Net CAPEX as purchases of rental equipment and refurbishments and purchases of property, plant and equipment (collectively, "Total Capital Expenditures"), less proceeds from sale of rental equipment and proceeds from the sale of property, plant and equipment (collectively, "Total Proceeds"), which are all included in cash flows from investing activities. Management believes that the presentation of Net CAPEX provides useful information to investors regarding the net capital invested into our rental fleet and plant, property and equipment each year to assist in analyzing the performance of our business.

The following table provides unaudited reconciliations of Net CAPEX on a historical basis:

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands)* | 2021 | 2020 |
| Total purchases of rental equipment and refurbishments | $ (52,535) | $ (39,648) |
| Total proceeds from sale of rental equipment | 15,202 | 6,786 |
| Net CAPEX for Rental Equipment | (37,333) | (32,862) |
| Purchase of property, plant and equipment | (7,307) | (1,518) |
| Proceeds from sale of property, plant and equipment | 13,729 | 3,840 |
| Net CAPEX | $ (30,911) | $ (30,540) |

## Summary Business Segment Supplemental Pro Forma Financial Information

As a result of the Merger and the significant financing transactions, we believe presenting supplemental pro forma financial information is beneficial to the readers of the financial statements. The following table sets forth key metrics used by management to run the business on a pro forma basis as if the Merger and financing transactions had occurred on January 1, 2019. Refer to the Supplemental Pro Forma Financial Information section below for the full reconciliation of the statements of operations.

The Company operates in four reportable segments as follows: NA Modular, NA Storage, UK Storage and Tank and Pump. The NA Modular segment represents the activities of WillScot prior to the Merger. The NA Storage, UK Storage, and Tank and Pump segments align to the three segments reported by Mobile Mini prior to the Merger. These reporting segments are aligned with how we operate and analyze our business results.

### Comparison of Three Months Ended March 31, 2021 and 2020

| *(in thousands)* | Pro Forma Combined Quarter Ended March 31, 2021 | 2020 | 2021 vs. 2020 $ Change | % Change |
|---|---|---|---|---|
| Revenue | $ 425,323 | $ 406,397 | $ 18,926 | 4.7 % |
| Selling, general and administrative expenses | $ 116,485 | $ 104,171 | $ 12,314 | 11.8 % |
| Net income (as restated for 2020) | $ 4,447 | $ 117,809 | $ (113,362) | (96.2)% |
| Adjusted EBITDA | $ 163,585 | $ 149,420 | $ 14,165 | 9.5 % |
| | | | | |
| Other Financial Data: | | | | |
| Adjusted EBITDA - NA Modular | $ 97,371 | $ 89,544 | $ 7,827 | 8.7 % |
| Adjusted EBITDA - NA Storage | 46,322 | 43,994 | 2,328 | 5.3 % |
| Adjusted EBITDA - UK Storage | 11,064 | 6,405 | 4,659 | 72.7 % |
| Adjusted EBITDA - Tank and Pump | 8,828 | 9,477 | (649) | (6.8)% |
| Consolidated Adjusted EBITDA[a] | $ 163,585 | $ 149,420 | $ 14,165 | 9.5 % |

(a) We present Adjusted EBITDA, a measurement not calculated in accordance with GAAP, because it is a key metric used by management to assess financial performance. Our business is capital-intensive and these additional metrics allow management to further evaluate its operating performance.

### NA Modular - Quarterly Results

***Pro Forma Quarterly Results for the Three Months Ended March 31,:***

| *(in thousands, except for units on rent and monthly rental rate)* | 2021 | 2020 |
|---|---|---|
| Revenue | $ 266,224 | $ 255,821 |
| Gross profit | $ 113,002 | $ 106,190 |
| Adjusted EBITDA | $ 97,371 | $ 89,544 |
| Capital expenditures for rental equipment | $ 39,135 | $ 39,648 |
| Average modular space units on rent | 84,795 | 87,989 |
| Average modular space utilization rate | 67.6 % | 69.2 % |
| Average modular space monthly rental rate | $ 737 | $ 653 |
| Average portable storage units on rent | 14,903 | 16,346 |
| Average portable storage utilization rate | 60.3 % | 64.1 % |
| Average portable storage monthly rental rate | $ 124 | $ 119 |

The NA Modular segment represents the activities of WillScot prior to the Merger. As a result, there are no differences between pro forma results and actual results on a reported basis. Please see comparison of results for the three months ended March 31, 2021 and 2020 within "Business Segment Results" above.

**NA Storage - Quarterly Results**

***Pro Forma Quarterly Results for the Three Months Ended March 31,:***

| *(in thousands, except for units on rent and monthly rental rate)* | 2021 | 2020 |
|---|---|---|
| Revenue | $ 107,748 | $ 103,495 |
| Gross profit | $ 72,619 | $ 71,400 |
| Adjusted EBITDA | $ 46,322 | $ 43,994 |
| Capital expenditures for rental equipment | $ 3,472 | $ 5,200 |
| Average modular space units on rent | 16,439 | 15,509 |
| Average modular space utilization rate | 79.4 % | 77.8 % |
| Average modular space monthly rental rate | $ 535 | $ 497 |
| Average portable storage units on rent | 105,810 | 105,441 |
| Average portable storage utilization rate | 73.9 % | 73.1 % |
| Average portable storage monthly rental rate | $ 148 | $ 146 |

## Comparison of Three Months Ended March 31, 2021 and 2020

***NA Storage***

**Revenue:** Total revenue increased $4.2 million, or 4.1%, to $107.7 million for the three months ended March 31, 2021 from $103.5 million for the three months ended March 31, 2020. Leasing revenues increased $4.1 million in the current quarter compared to the prior-year quarter. Modular space average units on rent increased 6.0% and average modular space monthly rental rates increased 7.6% year-over-year. Portable storage units on rent increased 0.3% and average portable storage monthly rental rates increased 1.4% year-over-year. Delivery and installation revenues decreased $0.5 million year-over-year. Sales revenues increased $0.7 million compared to the prior-year quarter.

**Gross Profit:** Gross profit increased by $1.2 million, or 1.7%, to $72.6 million for the three months ended March 31, 2021 compared to $71.4 million compared to the three months ended March 31, 2020. Gross profit on leasing activity increased by $2.4 million year-over-year. For delivery and installation, gross profit decreased $1.2 million. Sales gross profit increased by $0.1 million to $2.2 million.

**Adjusted EBITDA:** Adjusted EBITDA increased $2.3 million, or 5.2%, to $46.3 million for the three months ended March 31, 2021 from $44.0 million for the three months ended March 31, 2020 and the margin expanded to 43.0% from 42.5%. The increase in Adjusted EBITDA was driven by a reduction in SG&A and the higher leasing gross profit discussed above. Excluding acquisition costs and stock-based compensation, SG&A decreased $1.0 million in this segment. The decrease was comprised of reduced costs for personnel, curtailed travel, reduced professional fees and lower marketing costs.

**Capital Expenditures for Rental Equipment:** Purchases of rental equipment and refurbishments of $3.5 million were $1.7 million lower than the prior-year quarter. Rental fleet expenditures were reduced significantly in 2020 in response to COVID-19 and were primarily to meet demand for specific products, largely ground level offices.

### UK Storage - Quarterly Results

***Pro Forma Quarterly Results for the Three Months Ended March 31,:***

| *(in thousands, except for units on rent and monthly rental rate)* | 2021 | | 2020 | |
|---|---|---|---|---|
| Revenue | $ | 27,007 | $ | 20,197 |
| Gross profit | $ | 16,493 | $ | 11,372 |
| Adjusted EBITDA | $ | 11,064 | $ | 6,405 |
| Capital expenditures for rental equipment | $ | 6,770 | $ | 337 |
| Average modular space units on rent | | 9,115 | | 7,850 |
| Average modular space utilization rate | | 83.8 % | | 74.2 % |
| Average modular space monthly rental rate | $ | 404 | $ | 326 |
| Average portable storage units on rent | | 24,647 | | 23,328 |
| Average portable storage utilization rate | | 89.2 % | | 83.7 % |
| Average portable storage monthly rental rate | $ | 82 | $ | 73 |

### Comparison of Three Months Ended March 31, 2021 and 2020

***UK Storage***

**Revenue:** Total revenue increased $6.8 million, or 33.7%, to $27.0 million for the three months ended March 31, 2021 from $20.2 million for the three months ended March 31, 2020. In local currency total revenues increased 24.3%. Within leasing revenues, modular space average units on rent increased 16.1%, while portable storage units on rent increased 5.7%. Monthly rental rates for modular space units and portable storage units increased 23.9% and 12.3% year-over-year, respectively, including the impacts of currency fluctuations. Sales revenues decreased $0.4 million compared to the prior-year quarter, due to higher year-over-year utilization rates.

**Gross Profit:** Gross profit increased $5.1 million, or 44.7%, for the three months ended March 31, 2021 to $16.5 million from $11.4 million for the three months ended March 31, 2020. In local currency, gross profit increased 34.7%. A significant increase in fleet utilization coupled with strong rental rate growth and strategic cost management laid the foundation for a strong quarter.

**Adjusted EBITDA:** Adjusted EBITDA increased $4.7 million, or 73.4%, to $11.1 million for three months ended March 31, 2021 from $6.4 million for the three months ended March 31, 2020 and the margin expanded to 41.0% from 31.7%. The increase results primarily from the favorable gross profit discussed above.

**Capital Expenditures for Rental Equipment:** Purchases of rental equipment and refurbishments of $6.8 million were driving the $6.5 million increase compared to the prior-year quarter. Rental fleet expenditures were reduced significantly in 2020 in response to COVID-19.

### Tank and Pump - Quarterly Results

***Pro Forma Quarterly Results for the Three Months Ended March 31,:***

| *(in thousands, except for units on rent and monthly rental rate)* | 2021 | | 2020 | |
|---|---|---|---|---|
| Revenue | $ | 24,344 | $ | 26,884 |
| Gross profit | $ | 11,266 | $ | 13,279 |
| Adjusted EBITDA | $ | 8,828 | $ | 9,477 |
| Capital expenditures for rental equipment | $ | 3,158 | $ | 4,514 |
| Average tank and pump solutions rental fleet utilization based on original equipment cost | | 67.4 % | | 66.4 % |

### Comparison of Three Months Ended March 31, 2021 and 2020

***Tank & Pump***

**Revenue:** Total revenue decreased $2.6 million, or 9.7%, to $24.3 million for the three months ended March 31, 2021 from $26.9 million for the three months ended March 31, 2020. Lower mid- and down-stream oil and gas activity, petrochemical refining activity and specifically the lower demand for jet fuel resulting from COVID-19 all reduced demand for our products.

**Gross Profit:** Gross profit decreased $2.0 million, or 15.0%, for the three months ended March 31, 2021 to $11.3 million from $13.3 million for the three months ended March 31, 2020. Gross profit for leasing activity decreased $1.4 million driven by the decreased revenue as discussed above. Gross profit for delivery and installation activity decreased $0.5 million.

**Adjusted EBITDA:** Adjusted EBITDA decreased $0.7 million, or 7.4%, to $8.8 million for the three months ended March 31, 2021 from $9.5 million for the three months ended March 31, 2020 and the margin contracted to 36.2% from 35.3%. The decrease in adjusted EBITDA was driven by the lower gross profit discussed above, offset by a $1.6 million reduction in SG&A expense including personnel costs, provision for bad debt and travel.

**Capital Expenditures for Rental Equipment:** Purchases of rental equipment and refurbishments were reduced significantly during the quarter due to the unfavorable environment for this segment. Current quarter expenditures of $3.2 million were $1.3 million lower than the prior-year quarter.

## Liquidity and Capital Resources

### Overview

WillScot Mobile Mini is a holding company that derives all of its operating cash flow from its operating subsidiaries. Our principal sources of liquidity include cash generated by operating activities from our subsidiaries, borrowings under the 2020 ABL Facility, and sales of equity and debt securities. We believe that our liquidity sources and operating cash flows are sufficient to address our operating, debt service and capital requirements over the next twelve months.

We have been consistently engaged in both the debt and equity capital markets both opportunistically and as necessary to support the growth of our business, desired leverage levels, and other capital allocation priorities. Subsequent to the Merger, we believe we have ample liquidity in the 2020 ABL Facility to support both organic operations and other capital allocation priorities as they arise.

We continue to review available acquisition opportunities with the awareness that any such acquisition may require us to incur additional debt to finance the acquisition and/or to issue shares of our Common Stock or other equity securities as acquisition consideration or as part of an overall financing plan. In addition, we will continue to evaluate options to improve our liquidity, such as the issuance of additional unsecured and secured debt, equity securities and/or equity-linked securities. There can be no assurance as to the timing of any such issuance. If we obtain additional capital by issuing equity, the interests of our existing stockholders will be diluted. If we incur additional indebtedness, that indebtedness may contain significant financial and other covenants that may significantly restrict our operations. We cannot assure you that we could obtain refinancing or additional financing on favorable terms or at all, including as a result of any disruption the COVID-19 pandemic may have on the debt and capital markets. From time to time we may also seek to streamline our capital structure and improve our financial position through refinancing or restructuring our existing debt or retiring certain of our securities for cash or other consideration.

On July 1, 2020, in connection with the completion of the Merger, Holdings, WSII, and certain of its subsidiaries, entered into a new asset-based credit agreement, that provides for revolving credit facilities in the aggregate principal amount of up to $2.4 billion, consisting of: (i) a senior secured asset-based US dollar revolving credit facility in the aggregate principal amount of $2.0 billion (the “US Facility”), available to WSII and certain of its subsidiaries (collectively, the “US Borrowers”), and (ii) a $400 million senior secured asset-based multicurrency revolving credit facility (the "Multicurrency Facility") together with the US Facility (collectively, the “2020 ABL Facility”), available to be drawn in US Dollars, Canadian Dollars, British Pounds Sterling or Euros by the US Borrowers, and certain of WSII’s wholly-owned subsidiaries organized in Canada and in the United Kingdom. Borrowing availability under the 2020 ABL Facility is equal to the lesser of $2.4 billion and the applicable borrowing bases. The borrowing bases are a function of, among other things, the value of the assets in the relevant collateral pool. At March 31, 2021, we had $1.02 billion of available borrowing capacity under the 2020 ABL Facility.

### COVID-19 Impact on Liquidity

We continue to monitor the impact that the global pandemic is having on our financial operations and liquidity; however, to date this impact has been immaterial, and we see the adverse impacts of COVID-19 diminishing as the global economy recovers. We regularly manage all aspects of our business including, but not limited to, monitoring the financial health of our customers, suppliers and other third-party relationships, actively managing our cost structure, reducing or delaying capital spending, and developing new opportunities for growth. We believe that the actions we have taken in recent years to increase our scale and competitive position and strengthen our balance sheet positioned us well to manage through this crisis and position us well for the subsequent recovery.

### Cash Flow Comparison of the Three Months Ended March 31, 2021 and 2020

Significant factors driving our liquidity position include cash flows generated from operating activities and capital expenditures. Our ability to fund our capital needs will be affected by our ongoing ability to generate cash from operations and access to capital markets.

The following summarizes our change in cash and cash equivalents for the periods presented:

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands)* | **2021** | **2020** |
| Net cash from operating activities | $ 122,071 | $ 38,348 |
| Net cash from investing activities | (30,911) | (30,540) |
| Net cash from financing activities | (89,220) | (5,582) |
| Effect of exchange rate changes on cash and cash equivalents | 57 | (629) |
| Net change in cash and cash equivalents | $ 1,997 | $ 1,597 |

***Cash Flows from Operating Activities***

Cash provided by operating activities for the three months ended March 31, 2021 was $122.1 million as compared to $38.3 million for the three months ended March 31, 2020, an increase of $83.8 million. The increase was due to an increase of $73.8 million of net income, adjusted for non-cash items, in addition to an increase of $9.9 million in the net movements of the operating assets and liabilities. The increase related to the net movements of operating assets and liabilities was attributable to a decrease in prepaid and other assets in the three months ended March 31, 2021 compared to the same period in 2020, partially offset by a decrease in accounts payable and other accrued expenses in the three months ended March 31, 2021 compared to the same period in 2020.

***Cash Flows from Investing Activities***

Cash used in investing activities for the three months ended March 31, 2021 was $30.9 million as compared to $30.5 million for the three months ended March 31, 2020, an increase of $0.4 million. The increase in cash used in investing activities was driven by a $12.9 million increase in cash used for purchase of rental equipment and refurbishments and a $5.8 million increase in cash used for the purchase of property, plant and equipment. This was partially offset by a $9.9 million increase in proceeds from sale of property, plant and equipment, and an $8.4 million increase in proceeds from the sale of rental equipment.

***Cash Flows from Financing Activities***

Cash used in financing activities for the three months ended March 31, 2021 was $89.2 million as compared to $5.6 million of cash used in financing activities for the three months ended March 31, 2020, an increase of $83.6 million. The increase is primarily due to an increase of $120.8 million in repayment of borrowings and an increase of $81.6 million in repurchase and cancellation of stock and warrants. This was partially offset by an increase of $126.2 million in receipts from borrowings.

**Free Cash Flow**

Free Cash Flow is a non-GAAP measure. We define Free Cash Flow as net cash provided by operating activities, less purchases of, and proceeds from, rental equipment and property, plant and equipment, which are all included in cash flows from investing activities. Management believes that the presentation of Free Cash Flow provides useful additional information concerning cash flow available to meet future debt service obligations and working capital requirements. The following table provides a reconciliation of net cash provided by operating activities to Free Cash Flow.

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands)* | 2021 | 2020 |
| Net cash provided by operating activities | $ 122,071 | $ 38,348 |
| Purchase of rental equipment and refurbishments | (52,535) | (39,648) |
| Proceeds from sale of rental equipment | 15,202 | 6,786 |
| Purchase of property, plant and equipment | (7,307) | (1,518) |
| Proceeds from the sale of property, plant and equipment | 13,729 | 3,840 |
| Free Cash Flow | $ 91,160 | $ 7,808 |

Free Cash Flow for the three months ended March 31, 2021 was an inflow of $91.2 million as compared to an inflow of $7.8 million for the three months ended March 31, 2020, an increase in Free Cash Flow of $83.4 million. Free Cash Flow increased year over year principally as a result of the $83.8 million increase in cash provided by operating activities and partially offset by the $12.9 million increase in cash used in the purchase of rental equipment and refurbishments. The $122.1 million in cash provided by operating activities for the three months ended March 31, 2021 was returned to shareholders through stock and warrant repurchases and cancellations and reinvested into the business to support the purchase of rental equipment, including VAPS, and refurbishments.

## Contractual Obligations

The following table presents information relating to our contractual obligations and commercial commitments as of March 31, 2021:

| *(in thousands)* | Total | Less than 1 year | Between 1 to 3 years | Between 3 to 5 years | More than 5 years |
|---|---|---|---|---|---|
| Long-term indebtedness, including current portion and interest (a)(b) | $ 2,893,908 | $ 87,613 | $ 175,226 | $ 2,031,526 | $ 599,543 |
| Payroll tax withholding (c) | 10,350 | 5,175 | 5,175 | — — | — |
| Operating lease liabilities | 274,833 | 59,323 | 91,555 | 59,320 | 64,635 |
| Total | $ 3,179,091 | $ 152,111 | $ 271,956 | $ 2,090,846 | $ 664,178 |

(a) Long-term indebtedness includes borrowings and interest under the 2020 ABL Facility, the 2025 Senior Secured Notes, the 2028 Senior Secured Notes, and finance leases.

(b) Includes the obligations under our interest rate swap agreement that effectively convert $400 million in aggregate notional amount of variable-rate debt under the Company's ABL Facility into fixed-rate debt. The future obligations under the interest rate swaps was calculated using the 1-month LIBOR rate as of March 31, 2021.

(c) Amounts relate to the opportunistic election to delay payment of employer payroll taxes on an interest-free basis in accordance with the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the "CARES Act").

At March 31, 2021, in addition to the above contractual obligations, the Company has estimated $14.6 million of potential long-term tax liabilities, including interest and penalties related to uncertain tax positions. Because of the high degree of uncertainty regarding the future cash flows associated with these potential long-term tax liabilities, the Company is unable to estimate the years in which settlement will occur with the respective taxing authorities.

## Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

## Supplemental Pro Forma Information

The following pro forma financial information has been prepared for WillScot Mobile Mini for the three months ended March 31, 2020. These pro forma condensed combined statements of operations present the historical consolidated statements of operations of WillScot Mobile Mini, giving effect to the following items as if they had occurred on January 1, 2019:

(i) the Merger with Mobile Mini;

(ii) borrowings under the Company's 2025 Secured Notes and the 2020 ABL Facility;

(iii) extinguishment of the Mobile Mini line of credit and senior notes assumed in the Merger and subsequently repaid;

(iv) repayment of the 2017 ABL Facility and the 2022 Senior Notes repaid contemporaneously with the Merger;

(v) the transaction costs incurred in connection with the Merger, and

(vi) elimination of non-controlling interest in connection with the Sapphire Exchange as contemplated by the Merger.

The adjustments presented on the pro forma financial statements 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 actually 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, 2019. 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 Form 10-Q. All pro forma adjustments and their underlying assumptions are described more fully in the notes below.

***Accounting Policies***

During the preparation of these pro forma condensed combined financial statements, we assessed whether there were any material differences between the Company's accounting policies and Mobile Mini's accounting policies. The assessment performed did not identify any material differences and, as such, these pro forma condensed combined financial statements do not adjust for or assume any differences in accounting policies between WillScot and Mobile Mini.

***Pro forma Presentation***

The following pro forma condensed combined financial information and associated notes are based on the historical financial statements of WillScot and Mobile Mini as described below. In preparing the pro forma condensed combined statements of operations for the three months ended March 31, 2020, certain historical financial information for Mobile Mini was reclassified to align to the reporting classifications of WillScot.

The pro forma condensed combined statement of operations for the three months ended March 31, 2020 are based on, derived from, and should be read in conjunction with, WillScot's historical financial statements.. The aforementioned pro forma financial statements are also based on, derived from, and should be read in conjunction with Mobile Mini's historical financial statements.

| *(in thousands)* | Three Months Ended March 31, 2020<br>Historical WillScot (as restated) | Historical Mobile Mini (as reclassified) | Pro Forma Adjustments | Pro Forma Condensed Combined | |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Leasing and services revenue: | | | | | |
| Leasing | $ 188,352 | $ 108,228 | $ — | $ 296,580 | |
| Delivery and installation | 51,070 | 34,033 | — | 85,103 | |
| Sales revenue: | | | | | |
| New units | 9,613 | 4,809 | — | 14,422 | |
| Rental units | 6,786 | 3,506 | — | 10,292 | |
| Total revenues | 255,821 | 150,576 | — | 406,397 | |
| Costs: | | | | | |
| Costs of leasing and services: | | | | | |
| Leasing | 49,809 | 15,878 | — | 65,687 | |
| Delivery and installation | 43,865 | 24,522 | — | 68,387 | |
| Costs of sales: | | | | | |
| New units | 6,203 | 3,064 | — | 9,267 | |
| Rental units | 3,806 | 2,137 | — | 5,943 | |
| Depreciation of rental equipment | 45,948 | 7,756 | 1,167 | 54,871 | (b) |
| Gross profit | 106,190 | 97,219 | (1,167) | 202,242 | |
| Expenses: | | | | | |
| Selling, general and administrative | 65,537 | 63,285 | (24,651) | 104,171 | (a) |
| Other depreciation and amortization | 3,074 | 9,736 | 5,669 | 18,479 | (c) |
| Lease impairment expense and other related charges | 1,661 | — | — | 1,661 | |
| Restructuring costs | (60) | — | — | (60) | |
| Currency losses, net | 898 | 3 | — | 901 | |
| Other expense, net | 276 | 27 | — | 303 | |
| Operating income | 25,373 | 24,168 | 17,815 | 67,356 | |
| Interest expense | 28,257 | 9,261 | (6,148) | 31,370 | (d) |
| Fair value gain on common stock warrant liabilities | (95,329) | — | — | (95,329) | |
| Income before income tax | 92,445 | 14,907 | 23,963 | 131,315 | |
| Income tax expense | 790 | 6,606 | 6,110 | 13,506 | (e) |
| Net income | 91,655 | 8,301 | 17,853 | 117,809 | |
| Net loss attributable to non-controlling interest, net of tax | (130) | — | 130 | — | (f) |
| Net income attributable to WillScot Mobile Mini | $ 91,785 | $ 8,301 | $ 17,723 | $ 117,809 | |

### Notes to Pro Forma Statements

| | |
|---|---|
| (a) | Represents the elimination of non-recurring transaction costs incurred as a result of the Mobile Mini Merger. |
| (b) | Represents the adjustment for depreciation of rental fleet relating to the estimated increase in fair value purchase accounting adjustments as a result of the Merger. |
| (c) | Represents the differential in other depreciation and amortization expense related to the provisional fair value purchase accounting adjustments as a result of the Merger.er 30, 2019. |
| (d) | Reflects the incremental interest expense related to our debt structure after the Merger as though the following had occurred on January 1, 2019 (i) borrowings under the 2020 ABL Facility, (ii) borrowings under the 2025 Secured Notes, (iii) repayment of the 2017 ABL Facility, (iv) repayment of the 2022 Secured Notes and repayment of the Mobile Mini debt assumed at the Merger. |
| (e) | Reflects the adjustment to recognize the income tax impacts of the unaudited pro forma adjustments for which a tax expense is recognized using a U.S. federal and state statutory tax rate of 25.5%. This rate may vary from the effective tax rates of the historical and combined businesses. |
| (f) | Reflects the adjustment for the extinguishment of non-controlling interest as a result of the Sapphire Exchange on June 30, 2020. |

The pro forma adjustment to interest expense consists of the following:

| *(in thousands)* | Three Months Ended March 31, 2020 | |
|---|---|---|
| ABL Facility interest | $ | (2,604) |
| 2022 Secured Notes interest | | (5,316) |
| 2025 Secured Notes interest | | 9,953 |
| Mobile Mini debt interest | | (8,712) |
| Deferred financing fee amortization | | 531 |
| Net pro forma adjustment | $ | (6,148) |

## Reconciliation of Pro Forma Adjusted EBITDA

The following unaudited table provides a reconciliation of Net income (loss) to pro forma unaudited adjusted EBITDA:

| *(in thousands)* | Three Months Ended March 31, 2020 | |
|---|---|---|
| Net Income - as restated | $ | 117,809 |
| Income tax expense | | 13,506 |
| Interest expense | | 31,370 |
| Depreciation and amortization | | 73,350 |
| Fair value gain on common stock warrant liabilities | | (95,329) |
| Currency losses, net | | 901 |
| Restructuring costs, lease impairment expense, other related charges | | 1,601 |
| Integration costs | | 1,685 |
| Stock compensation expense | | 4,469 |
| Other | | 58 |
| Adjusted EBITDA | $ | 149,420 |

## Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition, results of operations, liquidity and capital resources is based on our condensed consolidated financial statements, which have been prepared in accordance with GAAP. GAAP requires that we make estimates and judgments that affect the reported amount of assets, liabilities, revenue, expenses and the related disclosure of contingent assets and liabilities. We base these estimates on historical experience and on various other assumptions that we consider reasonable under the circumstances, and reevaluate our estimates and judgments as appropriate. The actual results experienced by us may differ materially and adversely from our estimates.

The US Securities and Exchange Commission (the "SEC") suggests companies provide additional disclosure on those accounting policies considered most critical. The SEC considers an accounting policy to be critical if it is important to our financial condition and results of operations and requires significant judgments and estimates on the part of management in its application. For a complete discussion of our significant critical accounting policies, see the “Critical Accounting Policies and Estimates” section in Part II, Item 7 of our Annual Report on Form 10-K/A for the year ended December 31, 2020.

There were no significant changes to our critical accounting policies during the three months ended March 31, 2021.

## Recently Issued Accounting Standards

Refer to Part I, Item 1, Note 1 of the notes to our financial statements included in this Quarterly Report on Form 10-Q for our assessment of recently issued and adopted accounting standards.

## Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Act of 1934, as amended. The words “estimates,” “expects,” “anticipates,” “believes,” “forecasts,” “plans,” “intends,” “may,” “will,” “should,” “shall,” “outlook,” “guidance” and variations of these words and similar expressions identify forward-looking statements, which are generally not historical in nature and relate to expectations for future financial performance or business strategies or objectives.

Forward-looking statements are subject to a number of risks, uncertainties, assumptions and other important factors, many of which are outside our control, which could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Although WillScot Mobile Mini believes that these forward-looking statements are based on reasonable assumptions, it can give no assurance that any such forward-looking statement will materialize.

Important factors that may affect actual results or outcomes include, among others:

- our ability to successfully acquire and integrate new operations, including Mobile Mini and our conversion to its enterprise resource planning system, and to realize anticipated synergies from the Merger with Mobile Mini;
- operational, economic, political and regulatory risks;
- the effect of global or local economic conditions in the industries and markets in which the Company operates and any changes therein, including financial market conditions and levels of end market demand;
- the impact of the global pandemic related to COVID-19, including the financial condition of the Company’s customers and suppliers and employee health and safety;
- risks associated with cybersecurity and IT systems disruptions, including our ability to manage the business in the event a disaster shuts down our management information systems;
- effective management of our rental equipment;
- trade policies and changes in trade policies, including the imposition of tariffs, their enforcement and downstream consequences;
- our ability to effectively compete in the modular space, portable storage and tank and pump industries;
- our ability to effectively manage our credit risk, collect on our accounts receivable, and recover our rental equipment;
- our ability to effectively launch operations into new geographic markets and/or add other business unit operations in existing markets;
- the effect of changes in state building codes on our ability to remarket our buildings;
- foreign currency exchange rate exposure;
- fluctuations in interest rates and commodity prices;
- significant increases in raw material and labor costs;
- fluctuations in fuel costs or oil prices, a reduction in fuel supplies, or a sustained decline in oil prices;
- our reliance on third party manufacturers and suppliers;
- risks associated with labor relations, labor costs and labor disruptions;
- failure to retain key personnel;
- impairment of our goodwill, intangible assets and indefinite-life intangible assets;
- our ability to use our net operating loss carryforwards and other tax attributes;
- our ability to recognize deferred tax assets such as those related to our tax loss carryforwards and, as a result, utilize future tax savings;
- unanticipated changes in our tax obligations, the adoption of a new tax legislation, or exposure to additional income tax liabilities;
- various laws and regulations, including those governing government contracts, corruption and the environment;
- changes in the competitive environment of our customer base as a result of the global, national or local economic climate in which they operate and/or economic or financial disruptions to their industry;
- risks associated with operational measures designed to increase revenue while continuing to control operating costs;

- our ability to adequately protect our intellectual property and other proprietary rights that are material to our business;
- natural disasters and other business disruptions such as pandemics, fires, floods, hurricanes, earthquakes and terrorism;
- property, casualty or other losses not covered by our insurance;
- our ability to redeploy our units effectively should a significant number of our leased units be returned during a short period of time;
- our ability to close our unit sales transactions;
- fluctuations in the fair value of common stock warrant liabilities;
- our ability to maintain an effective system of internal controls and accurately report our financial results and remediate material weaknesses;
- public company requirements that may strain our resources and divert management's attention;
- our ability to manage growth and execute our business plan;
- changes in the supply and price of new and used products we lease;
- unanticipated threats including market entry by a new competitor;
- rising costs adversely affecting our profitability; and
- such other risks and uncertainties described in the periodic reports we file with the SEC from time to time (including our Annual Report on Form 10-K/A for the year ended December 31, 2020), which are available through the SEC’s EDGAR system at www.sec.gov and on our website.

Any forward-looking statement speaks only at the date which it is made, and WillScot Mobile Mini undertakes no obligation, and disclaims any obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

# ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks from changes in foreign currency exchange rates and interest rates. Changes in these factors cause fluctuations in our earnings and cash flows. We evaluate and manage exposure to these market risks as follows:

### Interest Rate Risk

We are primarily exposed to interest rate risk through our ABL Facility, which bears interest at variable rates based on LIBOR. We had $1.4 billion in outstanding principal under the ABL Facility at March 31, 2021.

In order to manage this risk, on November 6, 2018, WSII entered into an interest rate swap agreement that effectively converts $400 million in aggregate notional amount of variable-rate debt under our ABL Facility into fixed-rate debt. The swap agreement provides for WillScot Mobile Mini to pay a fixed rate of 3.06% per annum on the outstanding debt in exchange for receiving a variable interest rate based on 1-month LIBOR. The effect is a synthetically fixed rate of 4.93% on the $400 million notional amount, when including the current applicable margin.

An increase in interest rates by 100 basis points on our ABL Facility, inclusive of the impact of our interest rate swaps, would increase our quarter to date interest expense by approximately $2.2 million based on current outstanding borrowings.

### Foreign Currency Risk

We currently generate the majority of our consolidated net revenues in the US, and the reporting currency for our consolidated financial statements is the US dollar. However, we are exposed to currency risk principally through our operations in Canada and the United Kingdom. For the operations outside the US we bill customers primarily in their local currency, which is subject to foreign currency rate changes. As our net revenues and expenses generated outside of the US increase, our results of operations could be adversely impacted by changes in foreign currency exchange rates. Since we recognize foreign revenues in local foreign currencies, if the US dollar strengthens, it could have a negative impact on our foreign revenues upon translation of those results into the US dollar for consolidation into our financial statements.

In addition, we are exposed to gains and losses resulting from fluctuations in foreign currency exchange rates on transactions generated by our foreign subsidiaries in currencies other than their local currencies. These gains and losses are primarily driven by intercompany transactions and rental equipment purchases denominated in currencies other than the functional currency of the purchasing entity. These exposures are included in currency (gains) losses, net, on the condensed consolidated statements of operations. To date, we have not entered into any hedging arrangements with respect to foreign currency risk.

# ITEM 4. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

Our management, with participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 as amended (the "Exchange Act"), as of March 31, 2021. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2021 and believe that the previously reported material weakness has been remediated.

*Description of Material Weakness as of December 31, 2020*

As disclosed in further detail in Part II, Item 9A, Controls and Procedures of the 2020 Annual Report on Form 10-K/A, we and our independent registered public accounting firm determined that a material weakness in our internal control over financial reporting, specifically, ineffective controls over the accounting for warrants existed. These control deficiencies resulted in adjustments and disclosures contained in the 2020 Annual Report on Form 10-K/A.

*Remediation Plan*

Subsequent to the SEC Staff Statement, we implemented a remediation plan that addressed the material weakness in internal control over financial reporting, which related to the accounting for our warrants. In connection with warrant restatement on Form 10-K/A, the Company has conformed its accounting for its warrants to the SEC Staff Statement. The Company has designed and implemented a new control to reassess the classification of liability- or equity-classified warrants consistent with the SEC Staff Statement, which will be executed at each reporting date by individuals with sufficient experience and training. The Company's remediation plan has been implemented and as of April 30, 2021. We believe we have remediated this material weakness and will test the operational effectiveness of the control during 2021.

### Changes in Internal Controls

Other than the item discussed above, there were no changes in our internal control over financial reporting that occurred during our quarter ended March 31, 2021 that materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

# PART II

# ITEM 1. Legal Proceedings

As of March 31, 2021, there were no material pending legal proceedings in which we or any of our subsidiaries are a party or to which any of our property is subject.

# ITEM 1A. Risk Factors

The Company's financial position, results of operations and cash flows are subject to various risks, many of which are not exclusively within the Company's control, which may cause actual performance to differ materially from historical or projected future performance. In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Item 1A. of our Annual Report on Form 10-K/A for the year ended December 31, 2020, which have not materially changed.

# ITEM 2. Unregistered Sales of Equity Securities

The following table summarizes our purchase of Common Stock during the first quarter of 2021:

| Period | Total Number of Shares and Equivalents Purchased (in millions) | Average Price Paid per Share | Total Number of Shares and Equivalents Purchased as part of Publically Announced Plan (in millions) | Maximum Dollar Value of Shares and Equivalents that May Yet Be Purchased Under the Plans (in millions) |
|---|---|---|---|---|
| January 1, 2021 to January 31, 2021 | — | $ — | 0.0 | $ 214.7 |
| February 1, 2021 to February 28, 2021 | — | $ — | 0.0 | $ 214.7 |
| March 1, 2021 to March 31, 2021 | 3.1 | $ 26.00 | 3.1 | $ 133.9 |
| Total | 3.1 | $ 26.00 | 3.1 | |

On August 7, 2020, the Company's Board of Directors approved a stock repurchase program that authorizes the Company to repurchase up to $250 million of its outstanding shares of Common Stock and equivalents. The stock repurchase program does not obligate the Company to purchase any particular number of shares, and the timing and exact amount of any repurchases will depend on various factors, including market pricing and conditions, business, legal, accounting, and other considerations. As of March 31, 2021, $133.9 million remained of the $250 million share repurchase authorization.

On April 29, 2021, the Company's Board of Directors approved an increase to the authorized amount under the stock repurchase program that authorizes the Company to repurchase up to $500 million of its outstanding shares of Common Stock and equivalents.

# ITEM 3. Defaults Upon Senior Securities

None.

# ITEM 4. Mine Safety Disclosures

Not applicable.

# ITEM 5. Other Information

None.

# ITEM 6. Exhibits

| Exhibit No. | | Exhibit Description |
|---|---|---|
| 31.1 | * | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | * | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | ** | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | ** | Certification of Chief Financial Officer 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 Document |

*Filed herewith
**Furnished (and not filed) herewith pursuant to Item 601(b)(32)(ii) of Regulation S-K under the Exchange Act

## Signature

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

**WillScot Mobile Mini Holdings Corp.**

| | | | |
|---|---|---|---|
| | | By: | /s/ CHRISTOPHER J. MINER |
| Dated: | May 10, 2021 | | Christopher J. Miner |
| | | | *Executive Vice President & Chief Legal Officer* |

**Certification of Chief Executive Officer**
**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Bradley L. Soultz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WillScot Mobile Mini Corp.;
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 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 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: 5/10/2021

/s/ BRADLEY L. SOULTZ
Bradley L. Soultz
*President and Chief Executive Officer and Director (Principal Executive Officer)*

Exhibit 31.2

**Certification of Chief Financial Officer**
**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Timothy D. Boswell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WillScot Mobile Mini Corp.;
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 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 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: 5/10/2021

/s/ TIMOTHY D. BOSWELL
Timothy D. Boswell
*Chief Financial Officer (Principal Financial Officer)*

**Certification of Chief Executive Officer**

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of WillScot Mobile Mini Corp. (the “Company”) hereby certifies, to such officer's knowledge, that:

(i) the quarterly report on Form 10-Q of the Company for the period ended March 31, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: 5/10/2021

/s/ BRADLEY L. SOULTZ

Bradley L. Soultz

*President and Chief Executive Officer and Director*
*(Principal Executive Officer)*

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to WillScot Mobile Mini Corporation and will be retained by WillScot Mobile Mini Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Chief Financial Officer**

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of WillScot Mobile Mini Corp. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the quarterly report on Form 10-Q of the Company for the period ended March 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: 5/10/2021

/s/ TIMOTHY D. BOSWELL
Timothy D. Boswell
*Chief Financial Officer (Principal Financial Officer)*

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to WillScot Mobile Mini Corporation and will be retained by WillScot Mobile Mini Corporation and furnished to the Securities and Exchange Commission or its staff upon request.