



## LETTER TO SHAREHOLDERS

# From Our President & Chief Executive Officer

Dear Shareholders,

I am pleased to write my first Annual Letter and want to begin by expressing my sincere appreciation for your ongoing investment in McGrath RentCorp (Nasdaq: MGRC). As you may know, I assumed the CEO role effective April 3rd of this year, prior to which I served as COO of McGrath.

2025 presented its share of challenges across our end markets, yet it also demonstrated the strength of our strategy and the resilience of our team. Despite a difficult demand environment, we delivered growth in both revenue and profitability. Growth was driven by the strategic initiatives we highlighted throughout the year. Our disciplined execution and ability to navigate uncertainty, while continuing to invest for the future, remain our greatest strengths that have long-defined McGrath.

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### STRONG FINANCIAL PERFORMANCE

For the full year 2025, we reported total revenue of \$944 million and adjusted EBITDA of \$362 million. Total revenues grew 3.7%, even as market conditions remained uneven. This performance reflected the resilience of our rental model, the value of our diversified portfolio, and the traction we continue to see from our growth initiatives.

Our teams across each of our businesses — Mobile Modular, Portable Storage, Enviroplex, and TRS RenTelco — executed with focus and discipline. Our investments in fleet, organic and inorganic expansion, and various initiatives to enhance the customer experience positioned us to grow even in challenging environments.

Throughout the year, we continued to deploy capital responsibly, while balancing growth investments with shareholder returns. We maintained the financial strength that enables us to operate from a position of stability and opportunity.

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### STRATEGIC GROWTH

Our long-term strategy remains centered on expanding our modular and portable storage businesses. We are strengthening our customer value proposition by increasing our geographic reach and adding modular solutions capabilities such as Mobile Modular Plus, Site-Related Services, and Custom Modular Solutions. These initiatives allow us to serve customers in more places and increase profitability. This creates value for both our customers and shareholders.

Several differentiators continue to set McGrath apart:

- **Solutions, not just space.** Our Mobile Modular Plus offerings and Site-Related Services deliver greater value to customers by simplifying project execution and reducing the number of subcontractors our customers need to manage.
- **In-house production capabilities.** Our production centers allow us to customize, refurbish, and maintain our fleet efficiently and at scale.
- **Deep expertise and local presence.** Our sales and operations teams understand local building codes, customer needs, and market dynamics, enabling delivery of fast, high-quality service.
- **Custom solutions for complex projects.** Our nationwide custom modular sales solutions team continues to deliver on large, multifaceted projects across industries.
- **Digital innovation.** Our digital tools make it easier for customers to configure buildings, visualize layouts, and select accessories — improving both speed and experience.
- **Exceptional customer satisfaction.** Our customer feedback scores remain among the best in the industry, reinforcing our commitment to service excellence.

We have built these capabilities over decades, and they continue to differentiate us and fuel our long-term growth trajectory.

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### DISCIPLINED CAPITAL ALLOCATION

We remain committed to deploying capital in a disciplined, returns-focused manner. Our strong balance sheet and resilient cash flow give us the flexibility to invest organically, pursue strategic acquisitions, and return capital to shareholders.

As in prior years, our capital allocation decisions reflect current market conditions. With more rental units available as we entered 2025, we prioritized using existing fleet for rental projects. This approach allowed us to meet customer demand while maintaining appropriate leverage and preserving optionality for future growth opportunities. We invested capital into newer geographic markets and highly utilized product categories of more established geographies.

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### SHAREHOLDER FOCUS

Our commitment to long-term shareholder value remains our most important goal. Since our IPO in 1984, McGrath shares have delivered an impressive 16% CAGR, assuming reinvestment of dividends. This achievement reflects decades of disciplined management and consistent execution.

In 2025, we proudly continued our long-standing, now 35-year tradition of prudently, but steadily increasing dividends to shareholders, supported by strong cash generation and a positive outlook for our business.

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### LOOKING AHEAD

We remain confident in our long-term vision, strategy, and ability to execute.

As we move through 2026,

- We will continue to expand our Mobile Modular geographic footprint, investing in sales coverage and selectively adding fleet to support growth in both established and emerging markets, and
- We will take advantage of the encouraging signs of stabilization in Portable Storage and improving demand trends in TRS RenTelco to grow revenue.

While the demand environment will remain a key factor in our performance, we have opportunities to grow revenue and profitability, even in a slower non-residential construction market.

Across McGrath, our priorities remain clear. We remain committed to growing strategically, deploying capital wisely, and building long-term value for our shareholders.

It is a privilege to lead this company.

Recently appointed as the fourth CEO in the nearly 50-year history of McGrath, I look forward to building upon that foundation, continuing to strengthen our market positions, and leading McGrath to capture long-term opportunities that lie ahead of us, while delivering value for our shareholders.

On behalf of our leadership team and team members across the country, thank you for your trust and investment in McGrath. With our experienced team, strong balance sheet, and proven business model, we believe our company remains well-positioned for sustained growth.

Sincerely,

Philip Hawkins  
President and Chief Executive Officer

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### FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION

Statements contained in this presentation, which are not historical facts, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements in the “Looking Ahead” section. All statements, other than statements of historical facts, regarding McGrath RentCorp’s (the “Company”) 2026 outlook, including the Company’s expectations, strategies, prospects or targets are forward-looking statements, including prospects for the Company’s next phase of growth and the strategic focus on Mobile Modular division as well as the strategic plans for Portable Storage and TRS-RenTelco. These forward-looking statements also can be identified by the use of forward-looking terminology such as “anticipates,” “believes,” “continues,” “could,” “estimates,” “expects,” “intends,” “may,” “plan,” “predict,” “project,” or “will,” or the negative of these terms or other comparable terminology.

These forward-looking statements are not guarantees of future performance and are subject to significant risks and uncertainties that could cause our actual results to differ materially from those projected. Important factors that could cause actual results to differ materially from the Company’s expectations are disclosed under “Risk Factors” in the Company’s Form 10-K for 2025 and other SEC filings.

Forward-looking statements are made only as of the date of this communication and are based on management’s reasonable assumptions; however, these assumptions can be wrong or affected by known or unknown risks and uncertainties. No forward-looking statement can be guaranteed, and subsequent facts or circumstances may contradict, obviate, undermine, or otherwise fail to support or substantiate such statements. Readers should not place undue reliance on these forward-looking statements and are cautioned that any such forward-looking statements are not guarantees of future performance. Except as otherwise required by law, we are under no duty to update any of the forward-looking statements after the date of this presentation to conform such statements to actual results or to changes in our expectations.