

**The Management's Discussion and Analysis of Financial Condition and Results of Operations for Waste Connections, Inc. is also included in the Form 10-Q for the period ended September 30, 2024 filed on SEDAR+ on October 24, 2024 in its entirety. All references to \$ are to U.S. dollars unless otherwise indicated.**

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

### FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

We make statements in this Quarterly Report on Form 10-Q that are forward-looking in nature. These include:

- Statements regarding our landfills, including capacity, duration, special projects, demand for and pricing of recyclables, estimated closure and post-closure liabilities, landfill alternatives and related capital expenditures, operating expenses, leachate and the ETLF event at the Chiquita Canyon Landfill;
- Discussion of competition, loss of contracts, price increases and additional exclusive and/or long-term collection service arrangements;
- Forecasts of cash flows necessary for operations and free cash flow to reduce leverage as well as our ability to draw on our credit facility and access the capital markets to refinance or expand;
- Statements regarding our ability to access capital resources or credit markets;
- Plans for, and the amounts of, certain capital expenditures for our existing and newly acquired properties and equipment;
- Statements regarding fuel, oil and natural gas demand, prices, and price volatility;
- Assessments of regulatory developments and potential changes in environmental, health, safety and tax laws and regulations; and
- Other statements on a variety of topics such as inflation, credit risk of customers, seasonality, labor/pension costs and labor union activity, employee retention costs, operational and safety risks, acquisitions, litigation developments and results, goodwill impairments, insurance costs and cybersecurity threats.

These statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “intends,” “may,” “might,” “will,” “could,” “should” or “anticipates,” or the negative thereof or comparable terminology, or by discussions of strategy.

Our business and operations are subject to a variety of risks and uncertainties and, consequently, actual results may differ materially from those projected by any forward-looking statements. Factors that could cause actual results to differ from those projected include, but are not limited to, risk factors detailed from time to time in our filings with the Securities and Exchange Commission, or SEC, and the securities commissions or similar regulatory authorities in Canada.

There may be additional risks of which we are not presently aware or that we currently believe are immaterial that could have an adverse impact on our business. We make no commitment to revise or update any forward-looking statements to reflect events or circumstances that may change, unless required under applicable securities laws.

### OVERVIEW OF OUR BUSINESS

We are an integrated solid waste services company that provides non-hazardous waste collection, transfer and disposal services, including by rail, along with resource recovery primarily through recycling and renewable fuels generation, in mostly exclusive and secondary markets across 46 states in the U.S. and six provinces in Canada. Waste Connections also provides non-hazardous oil and natural gas exploration and production (“E&P”) waste treatment, recovery and disposal services in several basins across the U.S. and Canada, as well as intermodal services for the movement of cargo and solid waste containers in the Pacific Northwest.

Environmental, organizational and financial sustainability initiatives have been key components of our success since we were founded in 1997. We continue to grow and expand these efforts and our disclosure regarding progress towards their achievement as our industry and technology continue to evolve. To that end, we have committed \$500 million to the advancement of long-term, aspirational ESG targets, which have been incorporated into executive compensation metrics. Our investments primarily focus on reducing emissions and emissions intensity, increasing resource recovery of both recyclable commodities and clean energy fuels, reducing reliance on off-site disposal for landfill leachate, further improving safety through reduced incidents and enhancing employee engagement through improved voluntary turnover and Servant Leadership scores. Our latest sustainability report can be found at [www.wasteconnections.com/sustainability](http://www.wasteconnections.com/sustainability) but does not constitute a part of, and is not incorporated by reference into, this Quarterly Report on Form 10-Q.

We generally seek to avoid highly competitive, large urban markets and instead target markets where we can attain high market share either through exclusive contracts, vertical integration or asset positioning. In markets where waste collection services are provided under exclusive arrangements, or where waste disposal is municipally owned or funded or available at multiple municipal sources, we believe that controlling the waste stream by providing collection services under exclusive arrangements is often more important to our growth and profitability than owning or operating landfills. We also target niche markets, like non-hazardous E&P waste treatment, recovery and disposal services.

The solid waste industry is local and highly competitive in nature, requiring substantial labor and capital resources. We compete for collection accounts primarily on the basis of price and, to a lesser extent, the quality of service, and compete for landfill business on the basis of tipping fees, geographic location and quality of operations. The solid waste industry has been consolidating and continues to consolidate as a result of a number of factors, including the increasing costs and complexity associated with waste management operations and regulatory compliance. Many small independent operators and municipalities lack the capital resources, management, operating skills and technical expertise necessary to operate effectively in such an environment. The consolidation trend has caused solid waste companies to operate larger landfills that have complementary collection routes that can use company-owned disposal capacity. Controlling the point of transfer from haulers to landfills has become increasingly important as landfills continue to close and disposal capacity moves farther from the collection markets it serves.

Generally, the most profitable operators within the solid waste industry are those companies that are vertically integrated or enter into long-term collection contracts. A vertically integrated operator will benefit from: (1) the internalization of waste, which is bringing waste to a company-owned landfill; (2) the ability to charge third-party haulers tipping fees either at landfills or at transfer stations; and (3) the efficiencies gained by being able to aggregate and process waste at a transfer station prior to landfilling.

All references to “dollars” or “\$” used herein refer to U.S. dollars, and all references to “CAD \$” used herein refer to Canadian dollars, unless otherwise stated.

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, or GAAP, requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in the condensed consolidated financial statements. As described by the SEC, critical accounting estimates and assumptions are those that may be material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change, and that have a material impact on the financial condition or operating performance of a company. Such critical accounting estimates and assumptions are applicable to our reportable segments. Refer to our most recent Annual Report on Form 10-K for a complete description of our critical accounting estimates and assumptions.

## NEW ACCOUNTING PRONOUNCEMENTS

For a description of the new accounting standards that affect us, see Note 3 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

## RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

The following table sets forth items in our Condensed Consolidated Statements of Net Income in thousands of U.S. dollars and as a percentage of revenues for the periods indicated.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
Revenues	\$ 2,338,488	100.0 %	\$ 2,064,744	100.0 %	\$ 6,659,308	100.0 %	\$ 5,986,342	100.0 %
Cost of operations	1,344,079	57.5	1,204,603	58.4	3,866,932	58.1	3,548,893	59.3
Selling, general and administrative	222,526	9.5	196,316	9.5	672,110	10.1	606,367	10.1
Depreciation	248,473	10.7	214,966	10.4	712,392	10.7	632,347	10.6
Amortization of intangibles	45,170	1.9	39,405	1.9	129,584	2.0	117,740	2.0
Impairments and other operating items	2,897	0.1	56,477	2.7	11,441	0.1	69,201	1.1
Operating income	475,343	20.3	352,977	17.1	1,266,849	19.0	1,011,794	16.9
Interest expense	(83,520)	(3.6)	(69,016)	(3.3)	(244,385)	(3.6)	(204,914)	(3.4)
Interest income	3,331	0.2	2,833	0.1	9,391	0.1	6,886	0.1
Other income, net	4,904	0.2	5,372	0.3	12,727	0.2	8,346	0.1
Income tax provision	(92,012)	(3.9)	(62,975)	(3.1)	(232,008)	(3.5)	(185,915)	(3.1)
Net income	308,046	13.2	229,191	11.1	812,574	12.2	636,197	10.6
Net loss (income) attributable to noncontrolling interests	—	—	(165)	(0.0)	1,003	0.0	(150)	(0.0)
Net income attributable to Waste Connections	\$ 308,046	13.2 %	\$ 229,026	11.1 %	\$ 813,577	12.2 %	\$ 636,047	10.6 %

**Revenues.** Total revenues increased \$273.7 million, or 13.3%, to \$2.338 billion for the three months ended September 30, 2024, from \$2.065 billion for the three months ended September 30, 2023. Total revenues increased \$673.0 million, or 11.2%, to \$6.659 billion for the nine months ended September 30, 2024, from \$5.986 billion for the nine months ended September 30, 2023.

Acquisitions closed during, or subsequent to, the three and nine months ended September 30, 2023, increased revenues by \$162.7 million and \$366.7 million, respectively, for the three and nine months ended September 30, 2024.

Operations that were divested during, or subsequent to, the three and nine months ended September 30, 2023, decreased revenues by \$1.7 million and \$7.0 million, respectively, for the three and nine months ended September 30, 2024.

During the three months ended September 30, 2024, the net increase in prices charged to our customers at our existing operations was \$127.7 million, consisting of \$132.9 million of core price increases and decreases in surcharges of \$5.2 million. During the nine months ended September 30, 2024, the net increase in prices charged to our customers at our existing operations was \$387.4 million, consisting of \$409.2 million of core price increases and decreases in surcharges of \$21.8 million.

During the three months ended September 30, 2024, we recognized volume losses totaling \$37.7 million, resulting from lower residential collection volumes due primarily to the purposeful shedding of certain low-margin municipal contracts in our Canada and Southern segments, lower commercial revenues and a decrease in roll off volumes, partially offset by higher post collection volumes. During the nine months ended September 30, 2024, we recognized volume losses totaling \$161.5 million, resulting from lower residential collection volumes due primarily to the purposeful shedding of certain low-margin municipal contracts in our Eastern, Canada and Southern segments, lower commercial revenues and a decrease in roll off volumes.

E&P waste revenues at facilities owned during the three and nine months ended September 30, 2024 and 2023 increased \$5.5 million and \$23.1 million, respectively, due to increases in overall demand for our E&P waste services as a result of increases in drilling and production activity levels in certain basins.

Revenues from sales of recyclable commodities at facilities owned during the three and nine months ended September 30, 2024 and 2023 increased \$19.2 million and \$49.8 million, respectively. The increases are primarily attributable to higher average commodity pricing for old corrugated cardboard and other paper products as compared to the prior periods.

A decrease in the average Canadian dollar to U.S. dollar currency exchange rate resulted in a decrease in revenues of \$4.3 million and \$8.5 million for the three and nine months ended September 30, 2024, respectively. The average Canadian dollar to U.S. dollar exchange rates on our Canadian revenues were 0.7333 and 0.7455 for the three months ended September 30, 2024 and 2023, respectively. The average Canadian dollar to U.S. dollar exchange rates on our Canadian revenues were 0.7348 and 0.7435 for the nine months ended September 30, 2024 and 2023, respectively.

Other revenues increased \$2.3 million during the three months ended September 30, 2024, due primarily to a \$4.7 million increase in landfill gas revenues on higher values for renewable energy credits and higher landfill gas volumes and a \$0.1 million increase in other non-core revenue sources, partially offset by a \$2.5 million decrease in intermodal revenues. Other revenues increased \$23.0 million during the nine months ended September 30, 2024, due primarily to a \$26.2 million increase in landfill gas revenues on higher values for renewable energy credits and higher landfill gas volumes and a \$1.5 million increase in other non-core revenue sources, partially offset by a \$4.7 million decrease in intermodal revenues.

**Cost of Operations.** Total cost of operations increased \$139.5 million, or 11.6%, to \$1.344 billion for the three months ended September 30, 2024, from \$1.205 billion for the three months ended September 30, 2023. The increase was primarily the result of \$76.1 million of additional operating costs from acquisitions closed during, or subsequent to, the three months ended September 30, 2023 and an increase in operating costs at our existing operations of \$66.4 million, assuming foreign currency parity, partially offset by a decrease in operating costs of \$2.1 million resulting from a lower average foreign currency exchange rate in effect during the current period and a decrease of \$0.9 million from operations divested during, or subsequent to, the three months ended September 30, 2023.

The increase in operating costs of \$66.4 million, assuming foreign currency parity, at our existing operations for the three months ended September 30, 2024, consisted of higher labor and recurring incentive compensation expenses of \$23.7 million, an increase in truck, container, equipment and facility maintenance and repair expenses of \$13.0 million, an increase in third-party trucking and transportation expenses of \$9.7 million, an increase in disposal costs of \$7.2 million, an increase in benefits costs of \$6.0 million, an increase in risk management expenses of \$4.7 million due to higher claim and premium costs, an increase in other landfill operating costs of \$4.4 million, an increase in taxes on revenues of \$3.8 million as a result of increased revenues and a net increase of other expenses of \$3.0 million, partially offset by a decrease in fuel costs of \$5.3 million primarily as a result of lower diesel and natural gas prices and a decrease in subcontract expense of \$3.8 million.

Total cost of operations increased \$318.0 million, or 9.0%, to \$3.867 billion for the nine months ended September 30, 2024, from \$3.549 billion for the nine months ended September 30, 2023. The increase was primarily the result of \$174.6 million of additional operating costs from acquisitions closed during, or subsequent to, the nine months ended September 30, 2023, and an increase in operating costs at our existing operations of \$150.5 million, assuming foreign currency parity, partially offset by a decrease in operating costs of \$4.4 million resulting from a lower average foreign currency exchange rate in effect during the current period and a decrease of \$2.7 million from operations divested during, or subsequent to, the nine months ended September 30, 2023.

The increase in operating costs of \$150.5 million, assuming foreign currency parity, at our existing operations for the nine months ended September 30, 2024, consisted of higher labor and recurring incentive compensation expenses of \$57.5 million, an increase in risk management expenses of \$25.5 million due to higher claim and premium costs, an increase in truck, container, equipment and facility maintenance and repair expenses of \$19.8 million, an increase in disposal costs of \$17.9 million, an increase in benefits costs of \$12.9 million, an increase in trucking costs of \$11.5 million, an increase in taxes on revenues of \$9.0 million as a result of increased revenues, an increase in leachate costs of \$8.2 million, an increase

in facility and equipment rental and other recurring facility costs \$7.3 million, an increase in post-closure liability interest accretion expense of \$7.1 million and a net increase of other expenses of \$4.6 million, partially offset by a decrease in subcontract expense of \$12.6 million, a decrease in fuel expense of \$11.4 million due to lower diesel and natural gas prices and a decrease in fees paid for the processing of recyclable materials of \$6.8 million primarily as a result of higher commodity values.

Cost of operations as a percentage of revenues decreased 0.9 percentage points to 57.5% for the three months ended September 30, 2024, from 58.4% for the three months ended September 30, 2023. The decrease as a percentage of revenues was primarily driven by the impact of price-led revenue growth, contributions from an increase in higher landfill gas sales, a 0.5 percentage point decrease in fuel costs due to lower diesel and natural gas prices, a 0.5 percentage point decrease due to the impact of acquisitions having lower operating costs as a percentage of revenue as compared to existing operations, a 0.2 percentage point decrease due to lower subcontract costs and a 0.1 percentage point decrease from all other net changes, partially offset by a 0.2 percentage point increase in risk management costs and a 0.2 percentage point increase in benefits expense.

Cost of operations as a percentage of revenues decreased 1.2 percentage points to 58.1% for the nine months ended September 30, 2024, from 59.3% for the nine months ended September 30, 2023. The decrease as a percentage of revenues was primarily driven by the impact of price-led revenue growth, contributions from an increase in higher landfill gas sales, a 0.4 percentage point decrease in fuel costs due to lower diesel and natural gas prices, a 0.3 percentage point decrease due to the impact of acquisitions having lower operating costs as a percentage of revenue as compared to existing operations, a 0.2 percentage point decrease due to lower labor costs, a 0.2 percentage point decrease in disposal costs, a 0.2 percentage point decrease in subcontract costs, a 0.1 percentage point decrease in truck, container, equipment and facility maintenance and repair expenses and a 0.1 percentage point decrease due to lower costs associated with the processing of recyclable material driven by higher recyclable commodity values, partially offset by a 0.3 percentage point increase in risk management expenses.

SG&A. SG&A expenses increased \$26.2 million, or 13.4%, to \$222.5 million for the three months ended September 30, 2024, from \$196.3 million for the three months ended September 30, 2023. The increase was comprised of an increase of \$16.1 million, assuming foreign currency parity, at our existing operations and an increase of \$10.5 million from acquisitions closed during, or subsequent to, the three months ended September 30, 2023, partially offset by a decrease of \$0.4 million resulting from a lower average foreign currency exchange rate in effect during the current period.

The increase in SG&A expenses at our existing operations of \$16.1 million, assuming foreign currency parity, for the three months ended September 30, 2024 was comprised of an increase in professional fees of \$5.4 million, an increase in direct acquisition expenses of \$4.9 million due to an increase in acquisition activity in the current period, an increase in administrative payroll expenses of \$3.8 million, an increase in deferred compensation costs of \$3.0 million, a collective increase in travel, meetings and training expenses of \$1.4 million, an increase in benefits costs of \$1.3 million and \$2.5 million of other net expense increases, partially offset by a decrease in incentive compensation expense of \$3.2 million and a decrease in bad debt costs of \$3.0 million.

SG&A expenses increased \$65.7 million, or 10.8%, to \$672.1 million for the nine months ended September 30, 2024, from \$606.4 million for the nine months ended September 30, 2023. The increase was comprised of an increase of \$42.5 million, assuming foreign currency parity, at our existing operations and \$24.0 million from acquisitions closed during, or subsequent to, the nine months ended September 30, 2023, partially offset by a decrease of \$0.8 million resulting from a lower average foreign currency exchange rate in effect during the current period.

The increase in SG&A expenses at our existing operations of \$42.5 million, assuming foreign currency parity, for the nine months ended September 30, 2024 was comprised of an increase in direct acquisition expenses of \$18.0 million due to an increase in acquisition activity in the current period, an increase in administrative payroll expenses of \$9.9 million, an increase in professional fees of \$7.4 million, a collective increase in travel, meetings and training expenses of \$6.9 million, an increase in incentive compensation expense of \$3.4 million, an increase in benefits costs of \$2.6 million, an increase in deferred compensation expense of \$2.2 million, an increase in software license fees of \$1.9 million and \$5.3 million of other net expense increases, partially offset by a decrease in executive separation costs of \$15.1 million.

SG&A expenses as a percentage of revenues remained flat at 9.5% for the three months ended September 30, 2024 and the three months ended September 30, 2023. SG&A expenses as a percentage of revenues was impacted by a 0.3 percentage point decrease in incentive compensation costs and a 0.2 percentage point decrease due to the impact of acquisitions having lower SG&A costs as a percentage of revenue as compared to existing operations, partially offset by a 0.2 percentage point increase in direct acquisition expenses due to an increase in acquisition activity, a 0.2 percentage point increase in professional fees and a 0.1 percentage point increase from all other changes, net.

SG&A expenses as a percentage of revenues remained flat at 10.1% for the nine months ended September 30, 2024 and the nine months ended September 30, 2023. SG&A expenses as a percentage of revenues was impacted by a 0.2 percentage point decrease in executive separation costs and a 0.2 percentage point decrease due to the impact of acquisitions having lower SG&A costs as a percentage of revenue as compared to existing operations, partially offset by a 0.3 percentage point increase in direct acquisition expenses due to an increase in acquisition activity and a 0.1 percentage point increase in professional fees.

Depreciation. Depreciation expense increased \$33.5 million, or 15.6%, to \$248.5 million for the three months ended September 30, 2024, from \$215.0 million for the three months ended September 30, 2023. The increase was comprised of an increase in depreciation and depletion expense of \$21.2 million from acquisitions closed during, or subsequent to, the three months ended September 30, 2023, an increase in depreciation expense of \$10.7 million from the impact of additions to our fleet and equipment purchased to support our existing operations and an increase of \$2.1 million in depletion expense, partially offset by a decrease of \$0.5 million resulting from a lower average foreign currency exchange rate in effect during the current period.

Depreciation expense increased \$80.0 million, or 12.7%, to \$712.4 million for the nine months ended September 30, 2024, from \$632.4 million for the nine months ended September 30, 2023. The increase was comprised of an increase in depreciation and depletion expense of \$54.2 million from acquisitions closed during, or subsequent to, the nine months ended September 30, 2023, an increase in depreciation expense of \$25.0 million from the impact of additions to our fleet and equipment purchased to support our existing operations and an increase of \$1.9 million in depletion expense, partially offset by a decrease of \$0.9 million resulting from a lower average foreign currency exchange rate in effect during the current period and a decrease of \$0.2 million from divestitures sold during, or subsequent to, the nine months ended September 30, 2023.

Depreciation expense as a percentage of revenues increased 0.3 percentage points to 10.7% for the three months ended September 30, 2024 from 10.4% for the three months ended September 30, 2023. Depreciation expense as a percentage of revenues increased 0.1 percentage points to 10.7% for the nine months ended September 30, 2024, from 10.6% for the nine months ended September 30, 2023. For both comparative periods, expenses as a percentage of revenues increased due to acquisitions closed during, or subsequent to, the three and nine months ended September 30, 2023 having higher depreciation expense as a percentage of revenue than our company average, partially offset by the impact of price driven revenue increases in our solid waste services and decreased depletion expenses as a result of lower landfill volumes.

Amortization of Intangibles. Amortization of intangibles expense increased \$5.8 million, or 14.6%, to \$45.2 million for the three months ended September 30, 2024, from \$39.4 million for the three months ended September 30, 2023. The increase was the result of \$9.9 million from intangible assets acquired in acquisitions closed during, or subsequent to, the three months ended September 30, 2023, partially offset by a decrease of \$4.1 million from certain intangible assets becoming fully amortized subsequent to September 30, 2023.

Amortization of intangibles expense increased \$11.8 million, or 10.1%, to \$129.6 million for the nine months ended September 30, 2024, from \$117.8 million for the nine months ended September 30, 2023. The increase was the result of \$24.4 million from intangible assets acquired in acquisitions closed during, or subsequent to, the nine months ended September 30, 2023, partially offset by a decrease of \$12.4 million from certain intangible assets becoming fully amortized subsequent to September 30, 2023 and a decrease of \$0.2 million due to a lower average foreign currency exchange rate in effect during the current period.

Amortization of intangibles expense as a percentage of revenues remained flat at 1.9% for the three months ended September 30, 2024 and the three months ended September 30, 2023. Amortization of intangibles expense as a percentage

of revenues remained flat at 2.0% for the nine months ended September 30, 2024 and the nine months ended September 30, 2023.

Impairments and Other Operating Items. Impairments and other operating items decreased \$53.6 million, to net losses totaling \$2.9 million for the three months ended September 30, 2024, from net losses totaling \$56.5 million for the three months ended September 30, 2023.

The net losses of \$2.9 million recorded during the three months ended September 30, 2024 consisted of \$2.1 million of net losses on the disposal of property and equipment and \$0.8 million of other net losses.

The net losses of \$56.5 million recorded during the three months ended September 30, 2023 resulted from \$31.3 million of charges to adjust the carrying value of contingent consideration liabilities associated with acquisitions closed in prior periods, \$25.0 million of charges to adjust the carrying value of certain assets impaired as a result of an adjustment to fair market value and \$3.0 million of charges related to the settlement of legal matters, partially offset by \$2.8 million of other net gains.

Impairments and other operating items decreased \$57.8 million, to net losses totaling \$11.4 million for the nine months ended September 30, 2024, from net losses totaling \$69.2 million for the nine months ended September 30, 2023.

The net losses of \$11.4 million recorded during the nine months ended September 30, 2024 consisted of \$8.1 million of net losses on the disposal of property and equipment, \$3.1 million due to increases associated with uninsured damages to an operating facility and \$1.6 million of charges to write off the carrying cost of certain contracts that were not, or are not expected to be, renewed prior to the original estimated termination date, partially offset by \$1.4 million of other net gains.

The net losses of \$69.2 million recorded during the nine months ended September 30, 2023 consisted of \$31.3 million of charges to adjust the carrying value of contingent consideration liabilities associated with acquisitions closed in prior periods, \$25.0 million of charges to adjust the carrying value of certain assets impaired as a result of an adjustment to fair market value, \$6.8 million of charges to write off the carrying cost of certain contracts that were not, or are not expected to be, renewed prior to the original estimated termination date, \$5.8 million of losses on disposal of property and equipment and \$0.3 million of other net adjustments.

Operating Income. Operating income increased \$122.4 million, or 34.7%, to \$475.4 million for the three months ended September 30, 2024, from \$353.0 million for the three months ended September 30, 2023.

The increase in our operating income for the three months ended September 30, 2024 was due primarily to price increases for our solid waste services, operating income generated from acquisitions closed during, or subsequent to, the three months ended September 30, 2023, an increase in earnings at our E&P waste operations, operating income contributions from increased renewable energy credits associated with the generation of landfill gas, a decrease in impairments and other operating item costs and contributions from higher recyclable commodity pricing, partially offset by an increase in direct acquisition expenses associated with increased acquisition activity as compared to the prior year period.

Operating income increased \$255.1 million, or 25.2%, to \$1.267 billion for the nine months ended September 30, 2024, from \$1.012 billion for the nine months ended September 30, 2023.

The increase in our operating income for the nine months ended September 30, 2024 was due primarily to price increases for our solid waste services, operating income generated from acquisitions closed during, or subsequent to, the nine months ended September 30, 2023, an increase in earnings at our E&P waste operations, operating income contributions from increased renewable energy credits associated with the generation of landfill gas, a decrease in impairments and other operating item costs, contributions from higher recyclable commodity pricing and lower executive separation costs, partially offset by an increase in risk management costs and an increase in direct acquisition expenses associated with increased acquisition activity as compared to the prior year period.

Operating income as a percentage of revenues increased 3.2 percentage points to 20.3% for the three months ended September 30, 2024, from 17.1% for the three months ended September 30, 2023. The increase as a percentage of revenues was comprised of a 2.6 percentage point decrease in impairments and other operating items and a 0.9 percentage point decrease in our costs of operations, partially offset by a 0.3 percentage point increase in depreciation expense.

Operating income as a percentage of revenues increased 2.1 percentage points to 19.0% for the nine months ended September 30, 2024, from 16.9% for the nine months ended September 30, 2023. The increase as a percentage of revenues was comprised of a 1.2 percentage point decrease in our costs of operations and a 1.0 percentage point decrease in impairments and other operating items, partially offset by a 0.1 percentage point increase in depreciation expense.

Interest Expense. Interest expense increased \$14.5 million, or 21.0%, to \$83.5 million for the three months ended September 30, 2024, from \$69.0 million for the three months ended September 30, 2023. The increase was primarily attributable to an increase of \$9.3 million from the issuance of \$750.0 million of senior unsecured notes during the three months ended March 31, 2024, an increase of \$9.1 million due to an increase in the average borrowings outstanding under our Revolving Credit Agreement entered into during the three months ended March 31, 2024, an increase of \$4.1 million from the issuance of CAD \$500.0 million of senior unsecured notes during the three months ended June 30, 2024 and \$0.3 million of other net expense increases, partially offset by a \$7.4 million decrease attributable to a decrease in the average borrowings outstanding under our 2021 Revolving and Term Credit Agreement and 2022 Term Loan Agreement as a result of the early termination of these agreements during the three months ended March 31, 2024 and a decrease of \$0.9 million from lower interest rates on borrowings outstanding during the comparative periods.

Interest expense increased \$39.5 million, or 19.3%, to \$244.4 million for the nine months ended September 30, 2024, from \$204.9 million for the nine months ended September 30, 2023. The increase was primarily attributable to an increase of \$24.4 million due to an increase in the average borrowings outstanding under our Revolving Credit Agreement entered into during the nine months ended September 30, 2024, an increase of \$22.8 million from the issuance of \$750.0 million of senior unsecured notes during the nine months ended September 30, 2024, an increase of \$4.9 million from the issuance of CAD \$500.0 million of senior unsecured notes during the nine months ended September 30, 2024, an increase of \$2.8 million from higher interest rates on borrowings outstanding during the comparative periods and \$3.9 million of other net expense increases, partially offset by a \$19.3 million decrease attributable to a decrease in the average borrowings outstanding under our 2021 Revolving and Term Credit Agreement and 2022 Term Loan Agreement as a result of the early termination of these agreements during the nine months ended September 30, 2024.

Interest Income. Interest income increased \$0.5 million to \$3.3 million for the three months ended September 30, 2024, from \$2.8 million for the three months ended September 30, 2023. Interest income increased \$2.5 million to \$9.4 million for the nine months ended September 30, 2024, from \$6.9 million for the nine months ended September 30, 2023. The increases were primarily attributable to higher average investment rates in the current periods.

Other Income, Net. Other income, net decreased \$0.5 million, to an income total of \$4.9 million for the three months ended September 30, 2024, from an income total of \$5.4 million for the three months ended September 30, 2023.

Other income of \$4.9 million recorded during the three months ended September 30, 2024 consisted of a \$2.1 million increase in the value of investments purchased to fund our employee deferred compensation obligations and \$2.8 million in other net income sources.

Other income of \$5.4 million recorded during the three months ended September 30, 2023 consisted of a \$4.2 million reduction to certain accrued liabilities acquired in an acquisition closed in a prior year period and \$3.7 million in other net income sources, partially offset by \$2.0 million from a decrease in the value of investments purchased to fund our employee deferred compensation obligations and \$0.5 million from a decrease in the average foreign currency exchange rate in effect during the comparable reporting periods reducing the U.S. dollar consideration required to settle international liabilities.

Other income, net increased \$4.4 million, to an income total of \$12.7 million for the nine months ended September 30, 2024, from an income total of \$8.3 million for the nine months ended September 30, 2023.

Other income of \$12.7 million recorded during the nine months ended September 30, 2024 consisted of \$12.0 million from a gain on sale of certain investments and \$3.9 million from an increase in the value of investments purchased to fund our employee deferred compensation obligations, partially offset by \$2.3 million from the write off of unamortized loan fees as a result of the early extinguishment of our 2021 Revolving and Term Credit Agreement and 2022 Term Loan Agreement and \$0.9 million from a decrease in the average foreign currency exchange rate in effect during the comparable reporting period reducing the U.S. dollar consideration required to settle international liabilities.

Other income of \$8.3 million recorded during the nine months ended September 30, 2023 consisted of a \$4.2 million reduction to certain accrued liabilities acquired in an acquisition closed in a prior year period, \$3.7 million in other net income sources and \$0.6 million from an increase in the value of investments purchased to fund our employee deferred compensation obligations, partially offset by \$0.2 million from a decrease in the average foreign currency exchange rate in effect during the comparable reporting periods reducing the U.S. dollar consideration required to settle international liabilities.

Income Tax Provision. Income taxes increased \$29.0 million, to \$92.0 million for the three months ended September 30, 2024, from \$63.0 million for the three months ended September 30, 2023. Our effective tax rate for the three months ended September 30, 2024 was 23.0%. Our effective tax rate for the three months ended September 30, 2023 was 21.6%. Income taxes increased \$46.1 million, to \$232.0 million for the nine months ended September 30, 2024, from \$185.9 million for the nine months ended September 30, 2023. Our effective tax rate for the nine months ended September 30, 2024 was 22.2%. Our effective tax rate for the nine months ended September 30, 2023 was 22.6%.

The income tax provision for the three and nine months ended September 30, 2024 included a benefit of \$0.1 million and \$5.5 million, respectively, from share-based payment awards being recognized in the income statement when settled, as well as a portion of our internal financing being taxed at effective rates substantially lower than the U.S. federal statutory rate.

The income tax provision for the three and nine months ended September 30, 2023 included a benefit of \$0.1 million and \$3.0 million, respectively, from share-based payment awards being recognized in the income statement when settled, as well as a portion of our internal financing being taxed at effective rates substantially lower than the U.S. federal statutory rate.

## SEGMENT RESULTS

### General

No single contract or customer accounted for more than 10% of our total revenues at the consolidated or reportable segment level during the periods presented. The following table disaggregates our revenue by service line for the periods indicated (in thousands of U.S. dollars).

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Commercial	\$ 680,444	\$ 630,641	\$ 1,980,228	\$ 1,848,723
Residential	574,305	538,364	1,687,899	1,582,289
Industrial and construction roll off	367,559	343,740	1,052,339	1,002,085
Total collection	1,622,308	1,512,745	4,720,466	4,433,097
Landfill	418,508	390,330	1,177,899	1,116,707
Transfer	358,420	313,214	1,010,528	892,757
Recycling	69,748	36,103	182,071	105,724
E&P	154,202	62,066	375,176	172,431
Intermodal and other	47,341	44,984	145,979	122,655
Intercompany	(332,039)	(294,698)	(952,811)	(857,029)
Total	<u>\$ 2,338,488</u>	<u>\$ 2,064,744</u>	<u>\$ 6,659,308</u>	<u>\$ 5,986,342</u>

For the nine months ended September 30, 2024, we managed our operations through the following six geographic solid waste operating segments: Western, Southern, Eastern, Central, Canada and MidSouth. Our six geographic solid waste operating segments comprise our reportable segments. Each operating segment is responsible for managing several vertically integrated operations, which are comprised of districts. Certain corporate or regional overhead expense allocations may affect comparability of the segment information presented herein on a period-over-period basis.

Our Chief Operating Decision Maker evaluates operating segment profitability and determines resource allocations based on several factors, of which the primary financial measure is segment EBITDA. We define segment EBITDA as earnings before interest, taxes, depreciation, amortization, impairments and other operating items and other income (expense). Segment EBITDA is not a measure of operating income, operating performance or liquidity under GAAP and may not be comparable to similarly titled measures reported by other companies. Our management uses segment EBITDA in the evaluation of segment operating performance as it is a profit measure that is generally within the control of the operating segments.

Summarized financial information for our reportable segments are shown in the following tables in thousands of U.S. dollars and as a percentage of total segment revenue for the periods indicated.

	Three Months Ended September 30, 2024		EBITDA Margin	Depreciation and Amortization
	Revenue	EBITDA <sup>(b)</sup>		
Western	\$ 476,237	\$ 147,490	31.0 %	\$ 54,122
Southern	453,215	144,384	31.9 %	50,250
Eastern	407,668	114,007	28.0 %	59,068
Central	391,740	143,486	36.6 %	43,902
Canada	342,058	153,580	44.9 %	47,521
MidSouth	267,570	77,011	28.8 %	36,274
Corporate <sup>(a)</sup>	—	(8,075)	—	2,506
	<u>\$ 2,338,488</u>	<u>\$ 771,883</u>	33.0 %	<u>\$ 293,643</u>

	Three Months Ended September 30, 2023		EBITDA Margin	Depreciation and Amortization
	Revenue	EBITDA <sup>(b)</sup>		
Western	\$ 432,462	\$ 124,433	28.8 %	\$ 50,262
Southern	413,578	133,072	32.2 %	44,630
Eastern	353,109	100,779	28.5 %	53,088
Central	372,862	137,823	37.0 %	43,156
Canada	263,095	108,524	41.2 %	31,361
MidSouth	229,638	61,923	27.0 %	29,920
Corporate <sup>(a)</sup>	—	(2,729)	—	1,954
	<u>\$ 2,064,744</u>	<u>\$ 663,825</u>	32.2 %	<u>\$ 254,371</u>

	Nine Months Ended September 30, 2024		EBITDA Margin	Depreciation and Amortization
	Revenue	EBITDA <sup>(b)</sup>		
Western	\$ 1,352,449	\$ 394,974	29.2 %	\$ 158,606
Southern	1,311,437	411,320	31.4 %	143,805
Eastern	1,153,835	312,101	27.0 %	169,585
Central	1,138,708	408,217	35.8 %	127,739
Canada	941,629	411,089	43.7 %	133,715
MidSouth	761,250	209,251	27.5 %	101,948
Corporate <sup>(a)</sup>	—	(26,686)	—	6,578
	<u>\$ 6,659,308</u>	<u>\$ 2,120,266</u>	31.8 %	<u>\$ 841,976</u>

	Nine Months Ended September 30, 2023		EBITDA	Depreciation and
	Revenue	EBITDA <sup>(b)</sup>	Margin	Amortization
Western	\$ 1,247,273	\$ 354,682	28.4 %	\$ 148,373
Southern	1,227,532	384,660	31.3 %	135,554
Eastern	1,025,662	260,569	25.4 %	153,436
Central	1,082,032	384,538	35.5 %	127,323
Canada	738,956	286,703	38.8 %	92,117
MidSouth	664,887	182,072	27.4 %	87,299
Corporate <sup>(a)</sup>	—	(22,142)	—	5,985
	<u>\$ 5,986,342</u>	<u>\$ 1,831,082</u>	30.6 %	<u>\$ 750,087</u>

- (a) The majority of Corporate expenses are allocated to the six operating segments. Direct acquisition expenses, expenses associated with common shares held in the deferred compensation plan exchanged for other investment options and share-based compensation expenses associated with Progressive Waste share-based grants outstanding at June 1, 2016 that were continued by the Company are not allocated to the six operating segments and comprise the net EBITDA for our Corporate segment for the periods presented.
- (b) For those items included in the determination of segment EBITDA, the accounting policies of the segments are the same as those described in our most recent Annual Report on Form 10-K.

A reconciliation of segment EBITDA to Income before income tax provision is included in Note 11 to our Condensed Consolidated Financial Statements included in Part 1, Item 1 of this report.

Significant changes in revenue, EBITDA and depreciation, depletion and amortization for our reportable segments for the three and nine month periods ended September 30, 2024, compared to the three and nine month periods ended September 30, 2023, are discussed below.

#### Western

Revenue increased \$43.7 million to \$476.2 million for the three months ended September 30, 2024, from \$432.5 million for the three months ended September 30, 2023. Revenue increased \$105.2 million to \$1.352 billion for the nine months ended September 30, 2024, from \$1.247 billion for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were due to price increases, contributions from acquisitions, higher landfill volumes and increases in residential and roll off collection volumes, partially offset by decreased transfer and intermodal revenue.

EBITDA increased \$23.1 million to \$147.5 million, or a 31.0% EBITDA margin for the three months ended September 30, 2024, from \$124.4 million, or a 28.8% EBITDA margin for the three months ended September 30, 2023. EBITDA increased \$40.3 million to \$395.0 million, or a 29.2% EBITDA margin for the nine months ended September 30, 2024, from \$354.7 million, or a 28.4% EBITDA margin for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were due to a decrease in recycle processing fees, lower fuel costs due to lower diesel and natural gas prices, a decrease in landfill maintenance and leachate costs and lower legal expenses, partially offset by an increase in post-closure liability interest accretion expense and increased risk management costs. In addition, for the three months ended September 30, 2024, EBITDA margin increased due to the impact of acquisitions having higher EBITDA margins than our segment average.

Depreciation, depletion and amortization expense increased \$3.8 million, to \$54.1 million for the three months ended September 30, 2024, from \$50.3 million for the three months ended September 30, 2023. Depreciation, depletion and amortization expense increased \$10.2 million, to \$158.6 million for the nine months ended September 30, 2024, from \$148.4 million for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were due to additions to our fleet and equipment, assets acquired in acquisitions and increased depletion associated with higher landfill volumes.

## **Southern**

Revenue increased \$39.6 million to \$453.2 million for the three months ended September 30, 2024, from \$413.6 million for the three months ended September 30, 2023. Revenue increased \$83.9 million to \$1.311 billion for the nine months ended September 30, 2024, from \$1.228 billion for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were due to solid waste price increases, contributions from acquisitions, increased E&P waste revenues attributable to increases in the demand for our E&P waste services and an increase in recyclable commodity prices as compared to the prior year periods, partially offset by lower residential collection volumes due to the purposeful non-renewal of collection contracts, lower commercial collection volume and a decrease in post-collection volume.

EBITDA increased \$11.3 million to \$144.4 million, or a 31.9% EBITDA margin for the three months ended September 30, 2024, from \$133.1 million, or a 32.2% EBITDA margin for the three months ended September 30, 2023. The decrease in our EBITDA margin for the three months ended September 30, 2024 was due to increases in leachate costs, higher risk management expenses, increased allocated overhead and higher benefits costs, partially offset by the benefits of price led revenue growth, the impact of acquisitions having higher EBITDA margins than our segment average, decreases in fuel costs, lower bad debt expense as compared to the prior year period, a decrease in legal costs and the purposeful non-renewal of certain residential contracts having lower EBITDA margin than our segment average.

EBITDA increased \$26.6 million to \$411.3 million, or a 31.4% EBITDA margin for the nine months ended September 30, 2024, from \$384.7 million, or a 31.3% EBITDA margin for the nine months ended September 30, 2023. The increase in our EBITDA margin for the nine months ended September 30, 2024 was due to price-led increases in solid waste revenue, increased earnings at our E&P waste operations, the purposeful non-renewal of certain residential contracts, decreases in fuel costs, lower disposal costs, the impact of acquisitions having higher EBITDA margins than our segment average and lower legal expenses, partially offset by an increase in leachate expenses, higher risk management costs, higher trucking costs, an increase in benefits expense and an increase in allocated overhead expense.

Depreciation, depletion and amortization expense increased \$5.6 million, to \$50.2 million for the three months ended September 30, 2024, from \$44.6 million for the three months ended September 30, 2023. Depreciation, depletion and amortization expense increased \$8.2 million, to \$143.8 million for the nine months ended September 30, 2024, from \$135.6 million for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were due to higher depletion associated with increases in landfill volumes, assets acquired in acquisitions and additions to our fleet and equipment.

## **Eastern**

Revenue increased \$54.6 million to \$407.7 million for the three months ended September 30, 2024, from \$353.1 million for the three months ended September 30, 2023. Revenue increased \$128.2 million to \$1.154 billion for the nine months ended September 30, 2024, from \$1.026 billion for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were due to contributions from acquisitions, price increases, an increase in recyclable commodity prices as compared to the prior year period and higher landfill volumes, partially offset by decreased residential and commercial service revenues and lower roll off volumes.

EBITDA increased \$13.2 million to \$114.0 million, or a 28.0% EBITDA margin for the three months ended September 30, 2024, from \$100.8 million, or a 28.5% EBITDA margin for the three months ended September 30, 2023. The decrease in our EBITDA margin for the three months ended September 30, 2024 was due primarily to the impact of acquisitions having lower EBITDA margins than our segment average, an increase in truck, container, equipment and facility maintenance and repair expenses, higher professional fees and an increase in benefits expense, partially offset by price-led increases in revenue, a decrease in trucking and disposal expenses as a result of purposefully lost volumes and increased internalization in certain markets, lower labor costs and a decrease in fuel costs.

EBITDA increased \$51.5 million to \$312.1 million, or a 27.0% EBITDA margin for the nine months ended September 30, 2024, from \$260.6 million, or a 25.4% EBITDA margin for the nine months ended September 30, 2023. The increase in our EBITDA margin for the nine months ended September 30, 2024 was due primarily to price-led increases in revenue,

lower labor and benefits costs, a decrease in trucking and disposal expenses as a result of purposeful volume shedding and increased internalization in certain markets, a decrease in landfill maintenance costs and lower subcontracting expenses, partially offset by the impact of acquisitions having lower EBITDA margins than our segment average and an increase in risk management expenses.

Depreciation, depletion and amortization expense increased \$6.0 million, to \$59.1 million for the three months ended September 30, 2024, from \$53.1 million for the three months ended September 30, 2023. Depreciation, depletion and amortization expense increased \$16.2 million, to \$169.6 million for the nine months ended September 30, 2024, from \$153.4 million for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were due to assets acquired in acquisitions and additions to our fleet and equipment, partially offset by a reduction in amortization expense associated with the loss of certain residential service contracts.

### **Central**

Revenue increased \$18.8 million to \$391.7 million for the three months ended September 30, 2024, from \$372.9 million for the three months ended September 30, 2023. Revenue increased \$56.7 million to \$1.139 billion for the nine months ended September 30, 2024, from \$1.082 billion for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were due to price increases and an increase in recyclable commodity prices as compared to the prior year period, partially offset by lower post collection volumes and a decrease in residential and commercial collection.

EBITDA increased \$5.7 million to \$143.5 million, or a 36.6% EBITDA margin for the three months ended September 30, 2024, from \$137.8 million, or a 37.0% EBITDA margin for the three months ended September 30, 2023. The decrease in our EBITDA margin for the three months ended September 30, 2024 was due to an increase in benefits expense, an increase in disposal costs and higher trucking expense, partially offset by the benefits of price-led increases in revenue, lower fuel costs and a decrease in bad debt expense as compared to the prior year period.

EBITDA increased \$23.7 million to \$408.2 million, or a 35.8% EBITDA margin for the nine months ended September 30, 2024, from \$384.5 million, or a 35.5% EBITDA margin for the nine months ended September 30, 2023. The increase in our EBITDA margin for the nine months ended September 30, 2024 was due to the benefits from price-led increases in revenue, decreases in fuel costs, lower recycle processing costs due to an increase in recyclable commodity pricing and a decrease in bad debt expenses, partially offset by higher trucking costs, an increase in allocated corporate overhead and increased disposal costs.

Depreciation, depletion and amortization expense increased \$0.7 million, to \$43.9 million for the three months ended September 30, 2024, from \$43.2 million for the three months ended September 30, 2023. Depreciation, depletion and amortization expense increased \$0.4 million, to \$127.7 million for the nine months ended September 30, 2024, from \$127.3 million for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were due to additions to our fleet and equipment as compared to the prior year periods, partially offset by a decrease in depletion as a result of lower landfill volumes and a reduction in amortization expense associated with certain intangible assets becoming fully amortized subsequent to September 30, 2023.

### **Canada**

Revenue increased \$79.0 million to \$342.1 million for the three months ended September 30, 2024, from \$263.1 million for the three months ended September 30, 2023. Revenue increased \$202.6 million to \$941.6 million for the nine months ended September 30, 2024, from \$739.0 million for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were due to contributions from acquisitions, price increases, an increase in landfill gas revenues and higher prices for recyclable commodities as compared to the prior year periods, partially offset by a decrease in commercial and residential collection volumes.

EBITDA increased \$45.1 million to \$153.6 million, or a 44.9% EBITDA margin for the three months ended September 30, 2024, from \$108.5 million, or a 41.2% EBITDA margin for the three months ended September 30, 2023. EBITDA increased \$124.4 million to \$411.1 million, or a 43.7% EBITDA margin for the nine months ended

September 30, 2024, from \$286.7 million, or a 38.8% EBITDA margin for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were due to the impact of acquisitions having higher EBITDA margins than our segment average, price-led increases in revenue, an increase in earnings associated with landfill gas revenues from higher values for renewable energy credits and higher landfill gas volumes, decreases in diesel and natural gas costs due to a decline in average fuel prices and lower bad debt expense, partially offset by an increase in allocated corporate overhead expense as compared to the prior year periods.

Depreciation, depletion and amortization expense increased \$16.1 million, to \$47.5 million for the three months ended September 30, 2024 from \$31.4 million for the three months ended September 30, 2023. Depreciation, depletion and amortization expense increased \$41.6 million, to \$133.7 million for the nine months ended September 30, 2024, from \$92.1 million for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were from assets acquired in acquisitions.

### **MidSouth**

Revenue increased \$38.0 million to \$267.6 million for the three months ended September 30, 2024, from \$229.6 million for the three months ended September 30, 2023. Revenue increased \$96.3 million to \$761.2 million for the nine months ended September 30, 2024, from \$664.9 million for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were due to contributions from acquisitions and price increases, partially offset by a decrease in roll off and landfill volumes.

EBITDA increased \$15.1 million to \$77.0 million, or a 28.8% EBITDA margin for the three months ended September 30, 2024, from \$61.9 million, or a 27.0% EBITDA margin for the three months ended September 30, 2023. EBITDA increased \$27.2 million to \$209.3 million, or a 27.5% EBITDA margin for the nine months ended September 30, 2024, from \$182.1 million, or a 27.4% EBITDA margin for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were due primarily to the impact of acquisitions having higher EBITDA margins than our segment average, price-led revenue growth, an increase in recyclable commodity values and lower recycle processing costs, lower disposal and trucking costs due to increased internalization in certain markets, a decrease in truck, container, equipment and facility maintenance and repair expenses and lower fuel costs, partially offset by an increase in allocated corporate overhead and benefits expense, higher labor costs and an increase in risk management costs.

Depreciation, depletion and amortization expense increased \$6.4 million, to \$36.3 million for the three months ended September 30, 2024, from \$29.9 million for the three months ended September 30, 2023. Depreciation, depletion and amortization expense increased \$14.6 million, to \$101.9 million for the nine months ended September 30, 2024, from \$87.3 million for the nine months ended September 30, 2023. The increases for the three and nine months ended September 30, 2024 were due to assets acquired in acquisitions and additions to our fleet and equipment.

### **Corporate**

EBITDA decreased \$5.4 million, to a loss of \$8.1 million for the three months ended September 30, 2024, from a loss of \$2.7 million for the three months ended September 30, 2023. The decrease in our EBITDA for the three months ended September 30, 2024 was due to an increase in professional fees, an increase in direct acquisition expenses associated with an increase in acquisition activity, an increase in deferred compensation costs and increased administrative payroll costs, partially offset by increased allocation of costs to our operating segments and decreased incentive compensation costs.

EBITDA decreased \$4.6 million, to a loss of \$26.7 million for the nine months ended September 30, 2024, from a loss of \$22.1 million for the nine months ended September 30, 2023. The decrease in our EBITDA for the nine months ended September 30, 2024 was due to an increase in direct acquisition expenses associated with an increase in acquisition activity, higher professional fees, increased incentive compensation costs, increased administrative payroll costs and an increase in deferred compensation costs, partially offset by increased allocation of costs to our operating segments and a decrease in executive separation costs incurred in the prior year periods.

## LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth cash flow information for the nine months ended September 30, 2024 and 2023 (in thousands of U.S. dollars):

	Nine Months Ended September 30,	
	2024	2023
Net cash provided by operating activities	\$ 1,659,998	\$ 1,570,876
Net cash used in investing activities	(2,645,810)	(1,185,613)
Net cash provided by (used in) financing activities	1,040,357	(366,536)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(75)	(1,060)
Net increase in cash, cash equivalents and restricted cash	54,470	17,667
Cash, cash equivalents and restricted cash at beginning of period	184,038	181,364
Cash, cash equivalents and restricted cash at end of period	<u>\$ 238,508</u>	<u>\$ 199,031</u>

### Operating Activities Cash Flows

Net cash provided by operating activities increased \$89.1 million to \$1.660 billion for the nine months ended September 30, 2024, from net cash provided by operating activities of \$1.571 billion for the nine months ended September 30, 2023. The significant components of the increase included the following:

- 1) *Increase in earnings* — Our increase in net cash provided by operating activities was favorably impacted by \$171.4 million from an increase in net income, excluding depreciation, amortization of intangibles, share-based compensation, adjustments to closure and post-closure liabilities, adjustments to and payments of contingent consideration and loss on disposal of assets and impairments, due primarily to price increases, earnings from acquisitions closed during, or subsequent to, the nine months ended September 30, 2023, contributions from higher recyclable commodity pricing, an increase in renewable energy credits associated with the generation of landfill gas and an increase in earnings at our E&P waste operations.
- 2) *Accounts payable and accrued liabilities* — Our increase in net cash provided by operating activities was favorably impacted by \$58.0 million from accounts payable and accrued liabilities as changes in accounts payable and accrued liabilities resulted in an increase to operating cash flows of \$85.7 million for the nine months ended September 30, 2024, compared to an increase to operating cash flows of \$27.7 million for the nine months ended September 30, 2023. The increase for the nine months ended September 30, 2024 was due primarily to an increase in accrued insurance costs, an increase in outstanding obligations to vendors as of the nine months ended September 30, 2024 and an increase in accrued interest due to the timing of interest payments. The increase for the nine months ended September 30, 2023 was due primarily to an increase in accrued insurance costs, an increase in accrued interest due to the timing of interest payments and increased property taxes attributable to payment timing, partially offset by lower outstanding obligations to vendors.
- 3) *Deferred income taxes* — Our increase in net cash provided by operating activities was favorably impacted by \$52.2 million from deferred income taxes as changes in deferred income taxes resulted in an increase to operating cash flows of \$81.3 million for the nine months ended September 30, 2024, compared to an increase to operating cash flows of \$29.1 million for the nine months ended September 30, 2023. The increase for the nine months ended September 30, 2024 was attributable to capital expenditures providing tax benefits resulting from accelerated depreciation and tax benefits resulting from payments for closure and post-closure activities in the period. The increase in deferred taxes for the nine months ended September 30, 2023 was primarily due to accelerated tax depreciation from capital expenditures.
- 4) *Closure and post-closure expenditures* — Our increase in net cash provided by operating activities was unfavorably impacted by \$130.3 million from an increase in payments for closure and post-closure activities as changes in expenditures for these items resulted in a decrease to operating cash flows of \$145.2 million for the nine months ended September 30, 2024, compared to a decrease in operating cash flows of \$14.9 million for the nine months ended September 30, 2023.
- 5) *Prepaid expenses* — Our increase in net cash provided by operating activities was unfavorably impacted by \$59.8 million from prepaid expenses as changes in prepaid expenses resulted in a decrease to operating cash flows of

\$34.9 million for the nine months ended September 30, 2024, compared to an increase to operating cash flows of \$24.9 million for the nine months ended September 30, 2023. The decrease for the nine months ended September 30, 2024 was due primarily to an increase in prepaids related to higher insurance payments. The increase for the nine months ended September 30, 2023 was due primarily to decreased prepaid income tax payments.

- 6) *Accounts receivable* — Our increase in net cash provided by operating activities was unfavorably impacted by \$25.9 million from accounts receivable as changes in accounts receivable resulted in a decrease to operating cash flows of \$57.8 million for the nine months ended September 30, 2024, compared to a decrease to operating cash flows of \$31.9 million for the nine months ended September 30, 2023. The decrease for the nine months ended September 30, 2024 was due to increases in revenue, which remained as outstanding receivables at September 30, 2024, partially offset by one additional collection day in the period. The decrease for the nine months ended September 30, 2023 was due to increases in revenue, which remained as outstanding receivables at the end of the period.

At September 30, 2024, we had a working capital deficit of \$398.9 million, including cash and equivalents of \$115.3 million. Our working capital deficit decreased \$147.2 million from a working capital deficit of \$546.1 million at December 31, 2023 including cash and equivalents of \$78.4 million, due primarily to an increase in accounts receivables as a result of increases in revenue, an increase in cash and cash equivalents, a decrease in outstanding liabilities for contingent consideration and an increase in prepaid expenditures, partially offset by increases in accounts payable and accrued liabilities driven by an increase in accrued insurance costs and an increase in outstanding obligations to vendors and an increase in deferred revenue. To date, we have experienced no loss or lack of access to our cash and equivalents; however, we can provide no assurances that access to our cash and equivalents will not be impacted by adverse conditions in the financial markets. Our strategy in managing our working capital is generally to apply the cash generated from our operations that remains after satisfying our working capital and capital expenditure requirements, along with share repurchase and dividend programs, to reduce the unhedged portion of our indebtedness under our Revolving Credit Agreement and to minimize our cash balances.

#### Investing Activities Cash Flows

Net cash used in investing activities increased \$1.460 billion to \$2.646 billion for the nine months ended September 30, 2024, from \$1.186 billion for the nine months ended September 30, 2023. The significant components of the increase included the following:

- 1) An increase in cash paid for acquisitions of \$1.437 billion; and
- 2) An increase in capital expenditures at operations acquired during the comparative periods of \$35.4 million due to expenditures for landfill site costs, trucks and equipment; and
- 3) An increase in capital expenditures at operations owned in the comparable periods of \$8.3 million due to increased truck purchases and facility expenditures, partially offset by decreases in landfill site costs and container purchases; less
- 4) An increase in cash received of \$37.0 million from proceeds from the sale of investment in noncontrolling interests in the period.

#### Financing Activities Cash Flows

Net cash provided by financing activities increased \$1.407 billion to \$1.040 billion for the nine months ended September 30, 2024, from net cash used in financing activities of \$366.5 million for the nine months ended September 30, 2023. The significant components of the increase included the following:

- 1) An increase from the net change in long-term borrowings of \$1.474 billion in which long-term borrowings increased \$1.335 billion during the nine months ended September 30, 2024 and decreased \$138.8 million during the nine months ended September 30, 2023; less
- 2) A decrease from higher cash dividends paid of \$24.4 million due primarily to an increase in our quarterly dividend rate for the nine months ended September 30, 2024 to \$0.285 per share, from \$0.255 per share for the nine months ended September 30, 2023; and

- 3) A decrease from higher payments of contingent consideration of \$22.4 million not included in earnings that occurred during the nine months ended September 30, 2024; and
- 4) A decrease from higher payments related to the issuance of debt of \$13.4 million that occurred during the nine months ended September 30, 2024.

On July 23, 2024, our Board of Directors approved, subject to receipt of regulatory approvals, the annual renewal of our normal course issuer bid, or the NCIB, to purchase up to 12,901,981 of our common shares during the period of August 12, 2024 to August 11, 2025 or until such earlier time as the NCIB is completed or terminated at our option. Shareholders may obtain a copy of our TSX Form 12 – Notice of Intention to Make a Normal Course Issuer Bid, without charge, by request directed to our Executive Vice President and Chief Financial Officer at (832) 442-2200. The timing and amounts of any repurchases pursuant to the NCIB will depend on many factors, including our capital structure, the market price of our common shares, any share buyback taxes applicable and overall market conditions. All common shares purchased under the NCIB will be immediately cancelled following their repurchase. Information regarding our NCIB plan can be found under the section “Normal Course Issuer Bid” in Note 17 to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Our Board of Directors authorized the initiation of a quarterly cash dividend in October 2010 and has increased it on an annual basis. In October 2024, we announced that our Board of Directors increased our regular quarterly cash dividend by \$0.03, from \$0.285 to \$0.315 per share. Cash dividends of \$221.3 million and \$196.8 million were paid during the nine months ended September 30, 2024 and 2023, respectively. We cannot assure as to the amounts or timing of future dividends.

Our business is capital intensive. Our capital requirements include acquisitions and capital expenditures, including for landfill cell construction, landfill development, landfill closure activities and intermodal facility construction in the future. We made \$659.3 million in capital expenditures for property and equipment during the nine months ended September 30, 2024, and we expect to make total capital expenditures for property and equipment of approximately \$1.150 billion in 2024. We have funded and intend to fund the balance of our planned 2024 capital expenditures principally through cash on hand, internally generated funds and borrowings under our Revolving Credit Agreement. In addition, we may make substantial additional capital expenditures in acquiring land and solid waste businesses. If we acquire additional landfill disposal facilities, we may also have to make significant expenditures to bring them into compliance with applicable regulatory requirements, obtain permits or expand our available disposal capacity. We cannot currently determine the amount of these expenditures because they will depend on the number, nature, condition and permitted status of any acquired landfill disposal facilities. We believe that our cash and equivalents, Revolving Credit Agreement and the funds we expect to generate from operations will provide adequate cash to fund our working capital and other cash needs for the foreseeable future. However, disruptions in the capital and credit markets could adversely affect our ability to draw on our Revolving Credit Agreement or raise other capital. Our access to funds under the Revolving Credit Agreement is dependent on the ability of the banks that are parties to the agreement to meet their funding commitments. Those banks may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time.

On February 21, 2024, we completed an underwritten public offering of \$750.0 million aggregate principal amount of our 5.00% Senior Notes due 2034 (the “2034 Senior Notes”). The 2034 Senior Notes were issued under the Indenture, dated as of November 16, 2018, by and between the Company and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee, as supplemented by the Eighth Supplemental Indenture, dated as of February 21, 2024. See Note 10 to our Condensed Consolidated Financial Statements for further details on the 2034 Senior Notes.

On February 27, 2024, the Company used a portion of the proceeds from borrowings under the Revolving Credit Agreement (as defined and described below) to (i) prepay the amounts outstanding under that certain Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of July 30, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “2021 Revolving and Term Credit Agreement”), among the Company, as borrower, Bank of America, N.A., acting through its Canada Branch, as the global agent, the swing line lender and a letter of credit issuer, Bank of America, N.A., as the U.S. agent and a letter of credit issuer, and the lenders and any other

financial institutions from time to time party thereto and (ii) terminate the 2021 Revolving and Term Credit Agreement and the loan documents associated therewith.

On February 27, 2024, the Company used a portion of the proceeds from borrowings under the Revolving Credit Agreement to (i) prepay the amounts outstanding under that certain Term Loan Agreement, dated as of October 31, 2022 (as amended, restated, supplemented or otherwise modified from time to time, the “2022 Term Loan Agreement”), among the Company, as borrower, Bank of America, N.A., as administrative agent, and the lenders and any other financial institutions from time to time party thereto and (ii) terminate the 2022 Term Loan Agreement and the loan documents associated therewith.

On February 27, 2024, the Company, as borrower, Bank of America, N.A., acting through its Canada Branch, as the global agent, the swing line lender, and a letter of credit issuer, Bank of America, N.A., as the U.S. agent and a letter of credit issuer, and the other lenders from time to time party thereto (the “Lenders”) entered into that certain Revolving Credit Agreement (as amended, restated, supplemented or otherwise modified from time to time, the “Revolving Credit Agreement”), pursuant to which the Lenders made loans and other credit extensions to the Company under a revolving credit facility. The Company intends to use substantially all of the proceeds of the borrowings under the Revolving Credit Agreement (i) to repay certain outstanding indebtedness under other credit facilities, (ii) to finance acquisitions, dividends or other equity distributions, in each case as permitted thereunder, (iii) for capital expenditures, working capital and payment of certain transaction fees, costs and expenses and (iv) other lawful corporate purposes. See Note 10 to our Condensed Consolidated Financial Statements for further details on the new Revolving Credit Agreement.

On June 13, 2024, we completed an underwritten public offering of CAD \$500.0 million aggregate principal amount of our 4.50% Senior Notes due 2029 (the “New 2029 Senior Notes”). The New 2029 Senior Notes were issued under the Indenture, dated as of November 16, 2018, by and between the Company and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee, as supplemented by the Ninth Supplemental Indenture, dated as of June 13, 2024. See Note 10 to our Condensed Consolidated Financial Statements for further details on the New 2029 Senior Notes.

At September 30, 2024, \$2.234 billion under the revolving credit facility was outstanding under the Revolving Credit Agreement, exclusive of outstanding standby letters of credit of \$57.7 million. We also had \$114.4 million of letters of credit issued and outstanding at September 30, 2024 under a facility other than the Revolving Credit Agreement. Our Revolving Credit Agreement matures on February 27, 2029.

We are a well-known seasoned issuer planning to file a shelf registration statement on Form S-3 and register an unspecified amount of debt securities, including debentures, notes or other types of debt. In the future, we may issue debt securities under such shelf registration statement or in private placements from time to time on an opportunistic basis, based on market conditions and available pricing. Unless otherwise indicated in the relevant offering documents, we expect to use the proceeds from any such offerings for general corporate purposes, including repaying, redeeming or repurchasing debt, acquiring additional assets or businesses, capital expenditures and increasing our working capital.

At September 30, 2024, we had the following contractual obligations:

Recorded Obligations	Payments Due by Period				
	(amounts in thousands of U.S. dollars)				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years
Long-term debt	\$ 8,241,115	\$ 7,873	\$ 13,933	\$ 3,614,491	\$ 4,604,818
Cash interest payments	\$ 2,878,415	\$ 329,218	\$ 683,537	\$ 608,536	\$ 1,257,124
Contingent consideration	\$ 98,468	\$ 55,474	\$ 3,795	\$ 3,887	\$ 35,312
Operating leases	\$ 397,803	\$ 13,388	\$ 98,036	\$ 82,884	\$ 203,495
Final capping, closure and post-closure	\$ 1,955,434	\$ 34,808	\$ 70,696	\$ 51,896	\$ 1,798,034

Long-term debt payments include:

- 1) \$2.234 billion in principal payments due February 27, 2029 related to our revolving credit facility under our Revolving Credit Agreement. We may elect to draw amounts on our Revolving Credit Agreement in U.S. dollar term SOFR rate loans, U.S. dollar base rate loans, Canadian dollar term CORRA rate loans, and Canadian dollar prime rate loans. At September 30, 2024, \$1.430 billion of the outstanding borrowings drawn under the revolving credit facility were in U.S. term SOFR rate loans, which bear interest at the term SOFR rate plus the applicable margin (for a total rate ranging from 5.96% to 6.30% on such date). At September 30, 2024, \$25.0 million of the outstanding borrowings drawn under the revolving credit facility were in U.S. base rate loans, which bear interest at the base rate plus the applicable margin (for a total rate of 8.00% on such date). At September 30, 2024, \$774.1 million of the outstanding borrowings drawn under the revolving credit facility were in Canadian-based CORRA rate loans, which bear interest at the term CORRA rate plus the applicable margin (for a total rate ranging from 5.54% to 5.58% on such date). At September 30, 2024, \$5.2 million of the outstanding borrowings drawn under the revolving credit facility were in Canadian-based prime rate loans, which bear interest at the Canadian prime rate plus the applicable prime rate margin (for a total rate of 6.45% on such date).
- 2) \$500.0 million in principal payments due 2028 related to our 2028 Senior Notes. The 2028 Senior Notes bear interest at a rate of 4.25%.
- 3) \$500.0 million in principal payments due 2029 related to our 2029 Senior Notes. The 2029 Senior Notes bear interest at a rate of 3.50%.
- 4) \$370.4 million in principal payments due 2029 related to our New 2029 Senior Notes. The New 2029 Senior Notes bear interest at a rate of 4.50%.
- 5) \$600.0 million in principal payments due 2030 related to our 2030 Senior Notes. The 2030 Senior Notes bear interest at a rate of 2.60%.
- 6) \$650.0 million in principal payments due 2032 related to our 2032 Senior Notes. The 2032 Senior Notes bear interest at a rate of 2.20%.
- 7) \$500.0 million in principal payments due 2032 related to our New 2032 Senior Notes. The New 2032 Senior Notes bear interest at a rate of 3.20%.
- 8) \$750.0 million in principal payments due 2033 related to our 2033 Senior Notes. The 2033 Senior Notes bear interest at a rate of 4.20%.
- 9) \$750.0 million in principal payments due 2034 related to our 2034 Senior Notes. The 2034 Senior Notes bear interest at a rate of 5.00%.
- 10) \$500.0 million in principal payments due 2050 related to our 2050 Senior Notes. The 2050 Senior Notes bear interest at a rate of 3.05%.

- 11) \$850.0 million in principal payments due 2052 related to our 2052 Senior Notes. The 2052 Senior Notes bear interest at a rate of 2.95%.
- 12) \$26.2 million in principal payments related to our notes payable to sellers and other third parties. Our notes payable to sellers and other third parties bear interest at rates between 2.42% and 10.35% at September 30, 2024, and have maturity dates ranging from 2028 to 2036.
- 13) \$10.1 million in principal payments related to our financing leases. Our financing leases bear interest at rates between 1.89% and 5.07% at September 30, 2024, and have expiration dates ranging from 2026 to 2029.

The following assumptions were made in calculating cash interest payments:

- 1) We calculated cash interest payments on the Revolving Credit Agreement using the term SOFR rate plus the applicable term SOFR margin, the base rate plus the applicable base rate margin, the term CORRA rate plus the applicable margin and the Canadian prime rate plus the applicable prime rate margin at September 30, 2024. We assumed the Revolving Credit Agreement is paid off when it matures on February 27, 2029.
- 2) We calculated cash interest payments on our interest rate swaps using the stated interest rate in the swap agreement less the Term SOFR rate through the earlier expiration of the term of the swaps or the term of the credit facility.

Contingent consideration payments include \$82.6 million recorded as liabilities in our Condensed Consolidated Financial Statements at September 30, 2024, and \$15.9 million of future interest accretion on the recorded obligations.

We are party to operating lease agreements and finance leases. These lease agreements are established in the ordinary course of our business and are designed to provide us with access to facilities and equipment at competitive, market-driven prices.

The estimated final capping, closure and post-closure expenditures presented above are in current dollars.

	<b>Amount of Commitment Expiration Per Period</b>				
	(amounts in thousands of U.S. dollars)				
<b>Unrecorded Obligations<sup>(1)</sup></b>	<b>Total</b>	<b>Less Than 1 Year</b>	<b>1 to 3 Years</b>	<b>3 to 5 Years</b>	<b>Over 5 Years</b>
Unconditional purchase obligations	\$ 191,641	\$ 134,917	\$ 55,482	\$ 1,242	\$ —

- (1) We are party to unconditional purchase obligations. These purchase obligations are established in the ordinary course of our business and are designed to provide us with access to products at competitive, market-driven prices. At September 30, 2024, our unconditional purchase obligations consisted of multiple fixed-price fuel purchase contracts under which we have 62.9 million gallons remaining to be purchased for a total of \$191.6 million. The current fuel purchase contracts expire on or before September 30, 2029. These arrangements have not materially affected our financial position, results of operations or liquidity during the nine months ended September 30, 2024, nor are they expected to have a material impact on our future financial position, results of operations or liquidity.

We have obtained financial surety bonds, primarily to support our financial assurance needs and landfill and E&P waste operations. We provided customers and various regulatory authorities with surety bonds in the aggregate amounts of approximately \$1.966 billion and \$1.645 billion at September 30, 2024 and December 31, 2023, respectively. These arrangements have not materially affected our financial position, results of operations or liquidity during the nine months ended September 30, 2024, nor are they expected to have a material impact on our future financial position, results of operations or liquidity.

From time to time, we evaluate our existing operations and their strategic importance to us. If we determine that a given operating unit does not have future strategic importance, we may sell or otherwise dispose of those operations. Although we believe our reporting units would not be impaired by such dispositions, we could incur losses on them.

The disposal tonnage that we received in the nine month periods ended September 30, 2024 and 2023, at all of our landfills during the respective period, is shown below (tons in thousands):

	<b>Nine Months Ended September 30,</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Number of Sites</b>	<b>Total Tons</b>	<b>Number of Sites</b>	<b>Total Tons</b>
Owned operational landfills and landfills operated under life-of-site agreements	107	39,418	96	37,631
Operated landfills	7	538	7	512
	<b>114</b>	<b>39,956</b>	<b>103</b>	<b>38,143</b>

## NON-GAAP FINANCIAL MEASURES

### Adjusted Free Cash Flow

We present adjusted free cash flow, a non-GAAP financial measure, supplementally because it is widely used by investors as a liquidity measure in the solid waste industry. We calculate adjusted free cash flow as net cash provided by operating activities, plus or minus change in book overdraft, plus proceeds from disposal of assets, less capital expenditures for property and equipment. We further adjust this calculation to exclude the effects of items management believes impact the ability to evaluate the liquidity of our business operations. This measure is not a substitute for, and should be used in conjunction with, GAAP liquidity or financial measures. Other companies may calculate adjusted free cash flow differently. Our adjusted free cash flow for the nine month periods ended September 30, 2024 and 2023, are calculated as follows (amounts in thousands of U.S. dollars):

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2024</b>	<b>2023</b>
Net cash provided by operating activities	\$ 1,659,998	\$ 1,570,876
Plus (less): Change in book overdraft	(287)	137
Plus: Proceeds from disposal of assets	5,633	8,678
Less: Capital expenditures for property and equipment	(659,302)	(615,554)
<b>Adjustments:</b>		
Payment of contingent consideration recorded in earnings <sup>(a)</sup>	35,035	—
Transaction-related expenses <sup>(a)</sup>	12,348	3,836
Executive separation costs <sup>(b)</sup>	1,670	1,686
Pre-existing Progressive Waste share-based grants <sup>(c)</sup>	1,170	841
Tax effect <sup>(d)</sup>	(12,556)	(1,221)
<b>Adjusted free cash flow</b>	<b>\$ 1,043,709</b>	<b>\$ 969,279</b>

- (a) Reflects the addback of acquisition-related payments for contingent consideration that were recorded as expenses in earnings and as a component of cash flows from operating activities as the amounts paid exceeded the fair value of the contingent consideration recorded at the acquisition date.
- (b) Reflects the addback of acquisition-related transaction costs.
- (c) Reflects the cash component of severance expense associated with an executive departure.
- (d) Reflects the cash settlement of pre-existing Progressive Waste share-based awards during the period.
- (e) The aggregate tax effect of footnotes (a) through (d) is calculated based on the applied tax rates for the respective periods.

## Adjusted EBITDA

We present adjusted EBITDA, a non-GAAP financial measure, supplementally because it is widely used by investors as a performance and valuation measure in the solid waste industry. Management uses adjusted EBITDA as one of the principal measures to evaluate and monitor the ongoing financial performance of our operations. We define adjusted EBITDA as net income attributable to Waste Connections, plus or minus net income (loss) attributable to noncontrolling interests, plus income tax provision, plus interest expense, less interest income, plus depreciation and amortization expense, plus closure and post-closure accretion expense, plus or minus any loss or gain on impairments and other operating items, plus other expense, less other income. We further adjust this calculation to exclude the effects of other items management believes impact the ability to assess the operating performance of our business. This measure is not a substitute for, and should be used in conjunction with, GAAP financial measures. Other companies may calculate adjusted EBITDA differently. Our adjusted EBITDA for the three and nine month periods ended September 30, 2024 and 2023, are calculated as follows (amounts in thousands of U.S. dollars):

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net income attributable to Waste Connections	\$ 308,046	\$ 229,026	\$ 813,577	\$ 636,047
Plus (less): Net income (loss) attributable to noncontrolling interests	—	165	(1,003)	150
Plus: Income tax provision	92,012	62,975	232,008	185,915
Plus: Interest expense	83,520	69,016	244,385	204,914
Less: Interest income	(3,331)	(2,833)	(9,391)	(6,886)
Plus: Depreciation and amortization	293,643	254,371	841,976	750,087
Plus: Closure and post-closure accretion	7,387	4,609	22,879	13,696
Plus: Impairments and other operating items	2,897	56,477	11,441	69,201
Less: Other income, net	(4,904)	(5,372)	(12,727)	(8,346)
Adjustments:				
Plus: Transaction-related expenses <sup>(a)</sup>	8,067	3,108	25,169	7,014
Plus (less): Fair value changes to equity awards <sup>(b)</sup>	99	(379)	1,602	65
Plus: Executive separation costs <sup>(c)</sup>	—	—	—	15,063
Adjusted EBITDA	<u>\$ 787,436</u>	<u>\$ 671,163</u>	<u>\$ 2,169,916</u>	<u>\$ 1,866,920</u>

(a) Reflects the addback of acquisition-related transaction costs.

(b) Reflects fair value accounting changes associated with certain equity awards.

(c) Reflects the cash and non-cash components of severance expense associated with an executive departure.

Adjusted Net Income Attributable to Waste Connections and Adjusted Net Income per Diluted Share Attributable to Waste Connections

We present adjusted net income attributable to Waste Connections and adjusted net income per diluted share attributable to Waste Connections, both non-GAAP financial measures, supplementally because they are widely used by investors as valuation measures in the solid waste industry. Management uses adjusted net income attributable to Waste Connections and adjusted net income per diluted share attributable to Waste Connections as one of the principal measures to evaluate and monitor the ongoing financial performance of our operations. We provide adjusted net income attributable to Waste Connections to exclude the effects of items management believes impact the comparability of operating results between periods. Adjusted net income attributable to Waste Connections has limitations due to the fact that it excludes items that have an impact on our financial condition and results of operations. Adjusted net income attributable to Waste Connections and adjusted net income per diluted share attributable to Waste Connections are not a substitute for, and should be used in conjunction with, GAAP financial measures. Other companies may calculate these non-GAAP financial measures differently. Our adjusted net income attributable to Waste Connections and adjusted net income per diluted share attributable to Waste Connections for the three and nine month periods ended September 30, 2024 and 2023, are calculated as follows (amounts in thousands of U.S. dollars, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Reported net income attributable to Waste Connections	\$ 308,046	\$ 229,026	\$ 813,577	\$ 636,047
Adjustments:				
Amortization of intangibles <sup>(a)</sup>	45,170	39,405	129,584	117,740
Impairments and other operating items <sup>(b)</sup>	2,897	56,477	11,441	69,201
Transaction-related expenses <sup>(c)</sup>	8,067	3,108	25,169	7,014
Fair value changes to equity awards <sup>(d)</sup>	99	(379)	1,602	65
Executive separation costs <sup>(e)</sup>	—	—	—	15,063
Tax effect <sup>(f)</sup>	(14,275)	(24,586)	(42,655)	(49,356)
Adjusted net income attributable to Waste Connections	<u>\$ 350,004</u>	<u>\$ 303,051</u>	<u>\$ 938,718</u>	<u>\$ 795,774</u>
Diluted earnings per common share attributable to Waste Connections' common shareholders:				
Reported net income	<u>\$ 1.19</u>	<u>\$ 0.89</u>	<u>\$ 3.15</u>	<u>\$ 2.46</u>
Adjusted net income	<u>\$ 1.35</u>	<u>\$ 1.17</u>	<u>\$ 3.63</u>	<u>\$ 3.08</u>

(a) Reflects the elimination of the non-cash amortization of acquisition-related intangible assets.

(b) Reflects the addback of impairments and other operating items.

(c) Reflects the addback of acquisition-related transaction costs.

(d) Reflects fair value accounting changes associated with certain equity awards.

(e) Reflects the cash and non-cash components of severance expense associated with an executive departure.

(f) The aggregate tax effect of the adjustments in footnotes (a) through (e) is calculated based on the applied tax rates for the respective periods.

**INFLATION**

In the current environment, we have seen inflationary pressures resulting from higher fuel, materials and labor costs in certain markets and higher resulting third-party costs in areas such as brokerage, repairs and construction. Consistent with industry practice, many of our contracts allow us to pass through certain costs to our customers, including increases in landfill tipping fees and, in some cases, fuel costs. To the extent that there are decreases in fuel costs, in some cases, a portion of these reductions are passed through to customers in the form of lower fuel and material surcharges. Therefore, we believe that we should be able to increase prices to offset many cost increases that result from inflation in the ordinary course of business. However, competitive pressures or delays in the timing of rate increases under certain of our contracts may require us to absorb at least part of these cost increases, especially if cost increases exceed the average rate of inflation. Management's estimates associated with inflation have an impact on our accounting for landfill liabilities.

## SEASONALITY

Based on historic trends, excluding any impact from an economic recession, we would expect our operating results to vary seasonally, with revenues typically lowest in the first quarter, higher in the second and third quarters and lower in the fourth quarter than in the second and third quarters. This seasonality reflects (a) the lower volume of solid waste generated during the late fall, winter and early spring because of decreased construction and demolition activities during winter months in Canada and the U.S. and (b) reduced E&P activity during harsh weather conditions, with expected fluctuation due to such seasonality between our highest and lowest quarters of approximately 10%. In addition, some of our operating costs may be higher in the winter months. Adverse winter weather conditions slow waste collection activities, resulting in higher labor and operational costs. Greater precipitation in the winter increases the weight of collected municipal solid waste, resulting in higher disposal costs, which are calculated on a per ton basis.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, we are exposed to market risk, including changes in interest rates, prices of certain commodities and foreign currency exchange rate risks. We use hedge agreements to manage a portion of our risks related to interest rates. While we are exposed to credit risk in the event of non-performance by counterparties to our hedge agreements, in all cases such counterparties are highly rated financial institutions and we do not anticipate non-performance under current market conditions. We do not hold or issue derivative financial instruments for trading purposes. We monitor our hedge positions by regularly evaluating the positions at market and by performing sensitivity analyses over the unhedged variable rate debt positions.

At September 30, 2024, our derivative instruments included four interest rate swap agreements that effectively fix the interest rate on the applicable notional amounts of our variable rate debt as follows (dollars in thousands of U.S. dollars):

<b>Date Entered</b>	<b>Notional Amount</b>	<b>Fixed Interest Rate Paid <sup>(a)</sup></b>	<b>Variable Interest Rate Received</b>	<b>Effective Date <sup>(b)</sup></b>	<b>Expiration Date</b>
August 2017	\$ 200,000	2.1230 %	1-month Term SOFR	November 2022	October 2025
June 2018	\$ 200,000	2.8480 %	1-month Term SOFR	November 2022	October 2025
June 2018	\$ 200,000	2.8284 %	1-month Term SOFR	November 2022	October 2025
December 2018	\$ 200,000	2.7715 %	1-month Term SOFR	November 2022	July 2027

(a) Plus applicable margin.

(b) In October 2022, we amended the reference rate in all of our outstanding interest rate swap contracts to replace One-Month LIBOR with One-Month Term SOFR and certain credit spread adjustments. We did not record any gains or losses upon the conversion of the reference rates in these interest rate swap contracts, and we believe these amendments will not have a material impact on our Condensed Consolidated Financial Statements.

Under derivatives and hedging guidance, the interest rate swap agreements are considered cash flow hedges for a portion of our variable rate debt, and we apply hedge accounting to account for these instruments. The notional amounts and all other significant terms of the swap agreements are matched to the provisions and terms of the variable rate debt being hedged.

We have performed sensitivity analyses to determine how market rate changes will affect the fair value of our unhedged floating rate debt. Such an analysis is inherently limited in that it reflects a singular, hypothetical set of assumptions. Actual market movements may vary significantly from our assumptions. Fair value sensitivity is not necessarily indicative of the ultimate cash flow or earnings effect we would recognize from the assumed market rate movements. We are exposed to cash flow risk due to changes in interest rates with respect to the unhedged floating rate balances owed at September 30, 2024 and December 31, 2023, of \$1.434 billion and \$1.099 billion, respectively, including floating rate debt under our Revolving Credit Agreement (or, as of December 31, 2023, the 2021 Revolving and Term Credit Agreement and the 2022 Term Loan Agreement). A one percentage point increase in interest rates on our variable-rate debt at September 30, 2024 and December 31, 2023, would decrease our annual pre-tax income by approximately \$14.3 million and \$11.0 million, respectively. All of our remaining debt instruments are at fixed rates, or effectively fixed under the interest rate swap agreements described above; therefore, changes in market interest rates under these instruments would not significantly impact our cash flows or results of operations, subject to counterparty default risk.

The market price of diesel fuel is unpredictable and can fluctuate significantly. Because of the volume of fuel we purchase each year, a significant increase in the price of fuel could adversely affect our business and reduce our operating margins. To manage a portion of this risk, we periodically enter into fuel hedge agreements related to forecasted diesel fuel purchases, and we also enter into fixed price fuel purchase contracts. At September 30, 2024, we had no fuel hedge agreements in place; however, we have entered into fixed price diesel fuel purchase contracts for the nine months ended September 30, 2024 as described below.

For the year ending December 31, 2024, we expect to purchase approximately 91.4 million gallons of diesel fuel, of which 52.1 million gallons will be purchased at market prices and 39.3 million gallons will be purchased under our fixed price diesel fuel purchase contracts. We have performed sensitivity analyses to determine how market rate changes will affect the fair value of our unhedged, market rate diesel fuel purchases. Such an analysis is inherently limited in that it reflects a singular, hypothetical set of assumptions. Actual market movements may vary significantly from our assumptions. Fair value sensitivity is not necessarily indicative of the ultimate cash flow or earnings effect we would recognize from the assumed market rate movements. During the three month period of October 1, 2024 to December 31, 2024, we expect to purchase approximately 13.0 million gallons of diesel fuel at market prices; therefore, a \$0.10 per gallon increase in the price of diesel fuel over the remaining three months in 2024 would decrease our pre-tax income during this period by approximately \$1.3 million.

We market a variety of recyclable materials, including compost, cardboard, mixed paper, plastic containers, glass bottles and ferrous and aluminum metals. We own and operate recycling operations and market collected recyclable materials to third parties for processing before resale. Where possible, to reduce our exposure to commodity price risk with respect to recycled materials, we have adopted a pricing strategy of charging collection and processing fees for recycling volume collected from third parties. In the event of a decline in recycled commodity prices, a 10% decrease in average recycled commodity prices from the average prices that were in effect during the nine months ended September 30, 2024 and 2023, would have had a \$17.5 million and \$10.3 million impact on revenues, respectively.

We have operations in Canada and, where significant, we have quantified and described the impact of foreign currency translation on components of income, including operating revenue and operating costs. However, the impact of foreign currency has not materially affected our results of operations in 2024 or 2023. A \$0.01 change in the Canadian dollar to U.S. dollar exchange rate would impact our annual revenue and EBITDA by approximately \$18.0 million and \$8.0 million, respectively.

#### Item 4. Controls and Procedures

As required by Rule 13a-15(b) under the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) as of the end of the fiscal quarter covered by this Quarterly Report on Form 10-Q. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on this evaluation, our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded as of September 30, 2024, that our disclosure controls and procedures were effective at the reasonable assurance level such that information required to be disclosed in our Exchange Act reports: (1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and (2) is accumulated and communicated to our management, including our President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

During the quarter ended September 30, 2024, there was no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

Information regarding our legal proceedings can be found in Note 18 of our Condensed Consolidated Financial Statements included in Part I, Item 1 of this report and is incorporated herein by reference.