

These financial statements for Waste Connections, Inc. are also included in the Form 10-Q for the quarterly period ended September 30, 2024 filed on SEDAR+ on October 24, 2024 in its entirety.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands of U.S. dollars, except share and per share amounts)

	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and equivalents	\$ 115,265	\$ 78,399
Accounts receivable, net of allowance for credit losses of \$23,660 and \$23,553 at September 30, 2024 and December 31, 2023, respectively	990,896	856,953
Prepaid expenses and other current assets	248,971	206,433
Total current assets	1,355,132	1,141,785
Restricted cash	123,243	105,639
Restricted investments	79,455	70,350
Property and equipment, net	8,234,162	7,228,331
Operating lease right-of-use assets	311,717	261,782
Goodwill	7,922,757	7,404,400
Intangible assets, net	1,982,809	1,603,541
Other assets, net	86,089	100,048
Total assets	<u>\$ 20,095,364</u>	<u>\$ 17,915,876</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 706,284	\$ 642,455
Book overdraft	14,568	14,855
Deferred revenue	377,475	355,203
Accrued liabilities	552,741	521,428
Current portion of operating lease liabilities	39,618	32,533
Current portion of contingent consideration	55,474	94,996
Current portion of long-term debt and notes payable	7,873	26,462
Total current liabilities	1,754,033	1,687,932
Long-term portion of debt and notes payable	8,160,538	6,724,771
Long-term portion of operating lease liabilities	275,547	238,440
Long-term portion of contingent consideration	27,125	20,034
Deferred income taxes	1,099,369	1,022,480
Other long-term liabilities	517,297	524,438
Total liabilities	11,833,909	10,218,095
Commitments and contingencies (Note 18)		
Equity:		
Common shares: 258,062,086 shares issued and 258,009,392 shares outstanding at September 30, 2024; 257,659,921 shares issued and 257,600,479 shares outstanding at December 31, 2023	3,282,345	3,276,661
Additional paid-in capital	310,046	284,284
Accumulated other comprehensive loss	(64,950)	(9,826)
Treasury shares: 52,694 and 59,442 shares at September 30, 2024 and December 31, 2023, respectively	—	—
Retained earnings	4,734,014	4,141,690
Total Waste Connections' equity	8,261,455	7,692,809
Noncontrolling interest in subsidiaries	—	4,972
Total equity	8,261,455	7,697,781
Total liabilities and equity	<u>\$ 20,095,364</u>	<u>\$ 17,915,876</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME
(Unaudited)
(In thousands of U.S. dollars, except share and per share amounts)

	<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>
Revenues	\$ 2,338,488	\$ 2,064,744	\$ 6,659,308	\$ 5,986,342
Operating expenses:				
Cost of operations	1,344,079	1,204,603	3,866,932	3,548,893
Selling, general and administrative	222,526	196,316	672,110	606,367
Depreciation	248,473	214,966	712,392	632,347
Amortization of intangibles	45,170	39,405	129,584	117,740
Impairments and other operating items	2,897	56,477	11,441	69,201
Operating income	475,343	352,977	1,266,849	1,011,794
Interest expense	(83,520)	(69,016)	(244,385)	(204,914)
Interest income	3,331	2,833	9,391	6,886
Other income, net	4,904	5,372	12,727	8,346
Income before income tax provision	400,058	292,166	1,044,582	822,112
Income tax provision	(92,012)	(62,975)	(232,008)	(185,915)
Net income	308,046	229,191	812,574	636,197
Plus (less): Net loss (income) attributable to noncontrolling interests	—	(165)	1,003	(150)
Net income attributable to Waste Connections	<u>\$ 308,046</u>	<u>\$ 229,026</u>	<u>\$ 813,577</u>	<u>\$ 636,047</u>
Earnings per common share attributable to Waste Connections' common shareholders:				
Basic	<u>\$ 1.19</u>	<u>\$ 0.89</u>	<u>\$ 3.15</u>	<u>\$ 2.47</u>
Diluted	<u>\$ 1.19</u>	<u>\$ 0.89</u>	<u>\$ 3.15</u>	<u>\$ 2.46</u>
Shares used in the per share calculations:				
Basic	<u>258,023,661</u>	<u>257,633,703</u>	<u>257,939,935</u>	<u>257,535,408</u>
Diluted	<u>258,756,528</u>	<u>258,229,404</u>	<u>258,601,815</u>	<u>258,110,484</u>
Cash dividends per common share	<u>\$ 0.285</u>	<u>\$ 0.255</u>	<u>\$ 0.855</u>	<u>\$ 0.765</u>

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WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(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>
Net income	\$ 308,046	\$ 229,191	\$ 812,574	\$ 636,197
Other comprehensive income (loss), before tax:				
Interest rate swap amounts reclassified into interest expense	(5,432)	(5,286)	(16,237)	(14,120)
Changes in fair value of interest rate swaps	(8,946)	7,788	4,846	20,979
Foreign currency translation adjustment	32,273	(50,020)	(46,752)	2,527
Other comprehensive income (loss), before tax	17,895	(47,518)	(58,143)	9,386
Income tax expense (benefit) related to items of other comprehensive income (loss)	3,810	(663)	3,019	(1,818)
Other comprehensive income (loss), net of tax	21,705	(48,181)	(55,124)	7,568
Comprehensive income	329,751	181,010	757,450	643,765
Plus (less): Comprehensive loss (income) attributable to noncontrolling interests	—	(165)	1,003	(150)
Comprehensive income attributable to Waste Connections	<u>\$ 329,751</u>	<u>\$ 180,845</u>	<u>\$ 758,453</u>	<u>\$ 643,615</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)
(In thousands of U.S. dollars, except share amounts)

	WASTE CONNECTIONS' EQUITY								
	COMMON SHARES		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TREASURY SHARES		RETAINED EARNINGS	NONCONTROLLING INTERESTS	TOTAL
	SHARES	AMOUNT			SHARES	AMOUNT			
Balances at December 31, 2023	257,600,479	\$ 3,276,661	\$ 284,284	\$ (9,826)	59,442	\$ —	\$ 4,141,690	\$ 4,972	\$ 7,697,781
Sale of common shares held in trust	1,750	286	—	—	(1,750)	—	—	—	286
Vesting of restricted share units	329,996	—	—	—	—	—	—	—	—
Vesting of performance-based restricted share units	153,555	—	—	—	—	—	—	—	—
Restricted share units released from deferred compensation plan	19,149	—	—	—	—	—	—	—	—
Tax withholdings related to net share settlements of equity-based compensation	(256,512)	—	(30,850)	—	—	—	—	—	(30,850)
Equity-based compensation	—	—	19,016	—	—	—	—	—	19,016
Exercise of warrants	97,901	—	—	—	—	—	—	—	—
Issuance of shares under employee share purchase plan	15,407	2,183	—	—	—	—	—	—	2,183
Cash dividends on common shares	—	—	—	—	—	(73,573)	—	—	(73,573)
Amounts reclassified into earnings, net of taxes	—	—	—	(3,958)	—	—	—	—	(3,958)
Changes in fair value of cash flow hedges, net of taxes	—	—	—	7,329	—	—	—	—	7,329
Foreign currency translation adjustment	—	—	—	(56,381)	—	—	—	—	(56,381)
Net income (loss)	—	—	—	—	—	230,054	(927)	(927)	229,127
Balances at March 31, 2024	257,961,725	3,279,130	272,450	(62,836)	57,692	—	4,298,171	4,045	7,790,960
Vesting of restricted share units	5,539	—	—	—	—	—	—	—	—
Tax withholdings related to net share settlements of equity-based compensation	(6,053)	—	(414)	—	—	—	—	—	(414)
Equity-based compensation	—	—	18,788	—	—	—	—	—	18,788
Exercise of warrants	4,337	—	—	—	—	—	—	—	—
Cash dividends on common shares	—	—	—	—	—	(73,697)	—	—	(73,697)
Amounts reclassified into earnings, net of taxes	—	—	—	(3,984)	—	—	—	—	(3,984)
Changes in fair value of cash flow hedges, net of taxes	—	—	—	2,808	—	—	—	—	2,808
Foreign currency translation adjustment	—	—	—	(22,643)	—	—	—	—	(22,643)
Purchase of noncontrolling interests	—	—	(32)	—	—	—	(3,968)	(3,968)	(4,000)
Net income (loss)	—	—	—	—	—	275,477	(77)	(77)	275,400
Balances at June 30, 2024	257,965,548	3,279,130	290,792	(86,655)	57,692	—	4,499,951	—	7,983,218
Sale of common shares held in trust	4,998	912	—	—	(4,998)	—	—	—	912
Vesting of restricted share units	4,449	—	—	—	—	—	—	—	—
Vesting of deferred share units	4,602	—	—	—	—	—	—	—	—
Tax withholdings related to net share settlements of equity-based compensation	(15,779)	—	(939)	—	—	—	—	—	(939)
Equity-based compensation	—	—	20,193	—	—	—	—	—	20,193
Exercise of warrants	31,725	—	—	—	—	—	—	—	—
Issuance of shares under employee share purchase plan	13,849	2,303	—	—	—	—	—	—	2,303
Cash dividends on common shares	—	—	—	—	—	(73,983)	—	—	(73,983)
Amounts reclassified into earnings, net of taxes	—	—	—	(3,992)	—	—	—	—	(3,992)
Changes in fair value of cash flow hedges, net of taxes	—	—	—	(6,576)	—	—	—	—	(6,576)
Foreign currency translation adjustment	—	—	—	32,273	—	—	—	—	32,273
Net income	—	—	—	—	—	308,046	—	—	308,046
Balances at September 30, 2024	258,009,392	\$ 3,282,345	\$ 310,046	\$ (64,950)	52,694	\$ —	\$ 4,734,014	\$ —	\$ 8,261,455

The accompanying notes are an integral part of these condensed consolidated financial statements.

WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)
(In thousands of U.S. dollars, except share amounts)

	WASTE CONNECTIONS' EQUITY									
	COMMON SHARES		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TREASURY SHARES		RETAINED EARNINGS	NONCONTROLLING INTERESTS	TOTAL	
	SHARES	AMOUNT			SHARES	AMOUNT				
Balances at December 31, 2022	257,145,716	\$ 3,271,958	\$ 244,076	\$ (56,830)	65,459	\$ —	\$ 3,649,494	\$ 4,946	\$ 7,113,644	
Sale of common shares held in trust	5,803	765	—	—	(5,803)	—	—	—	765	
Vesting of restricted share units	325,490	—	—	—	—	—	—	—	—	
Vesting of performance-based restricted share units	140,498	—	—	—	—	—	—	—	—	
Restricted share units released from deferred compensation plan	19,151	—	—	—	—	—	—	—	—	
Tax withholdings related to net share settlements of equity-based compensation	(176,837)	—	(22,966)	—	—	—	—	—	(22,966)	
Equity-based compensation	—	—	17,374	—	—	—	—	—	17,374	
Exercise of warrants	13,019	—	—	—	—	—	—	—	—	
Issuance of shares under employee share purchase plan	14,594	1,841	—	—	—	—	—	—	1,841	
Cash dividends on common shares	—	—	—	—	—	(65,788)	—	—	(65,788)	
Amounts reclassified into earnings, net of taxes	—	—	—	(2,999)	—	—	—	—	(2,999)	
Changes in fair value of cash flow hedges, net of taxes	—	—	—	(2,425)	—	—	—	—	(2,425)	
Foreign currency translation adjustment	—	—	—	1,682	—	—	—	—	1,682	
Net income	—	—	—	—	—	197,813	23	—	197,836	
Balances at March 31, 2023	257,487,434	3,274,564	238,484	(60,572)	59,656	—	3,781,519	4,969	7,238,964	
Vesting of restricted share units	43,431	—	—	—	—	—	—	—	—	
Vesting of performance-based restricted share units	55,167	—	—	—	—	—	—	—	—	
Tax withholdings related to net share settlements of equity-based compensation	(62,304)	—	(5,709)	—	—	—	—	—	(5,709)	
Equity-based compensation	—	—	22,892	—	—	—	—	—	22,892	
Exercise of warrants	31,287	—	—	—	—	—	—	—	—	
Cash dividends on common shares	—	—	—	—	—	(65,351)	—	—	(65,351)	
Amounts reclassified into earnings, net of taxes	—	—	—	(3,494)	—	—	—	—	(3,494)	
Changes in fair value of cash flow hedges, net of taxes	—	—	—	12,120	—	—	—	—	12,120	
Foreign currency translation adjustment	—	—	—	50,865	—	—	—	—	50,865	
Net income (loss)	—	—	—	—	—	209,208	(38)	—	209,170	
Balances at June 30, 2023	257,555,015	3,274,564	255,667	(1,081)	59,656	—	3,925,376	4,931	7,459,457	
Vesting of restricted share units	1,845	—	—	—	—	—	—	—	—	
Restricted share units released from deferred compensation plan	142	—	—	—	—	—	—	—	—	
Tax withholdings related to net share settlements of equity-based compensation	(22,917)	—	(740)	—	—	—	—	—	(740)	
Equity-based compensation	—	—	15,177	—	—	—	—	—	15,177	
Exercise of warrants	32,005	—	—	—	—	—	—	—	—	
Issuance of shares under employee share purchase plan	15,214	2,067	—	—	—	—	—	—	2,067	
Cash dividends on common shares	—	—	—	—	—	(65,676)	—	—	(65,676)	
Amounts reclassified into earnings, net of taxes	—	—	—	(3,885)	—	—	—	—	(3,885)	
Changes in fair value of cash flow hedges, net of taxes	—	—	—	5,724	—	—	—	—	5,724	
Foreign currency translation adjustment	—	—	—	(50,020)	—	—	—	—	(50,020)	
Net income	—	—	—	—	—	229,026	165	—	229,191	
Balances at September 30, 2023	257,581,304	\$ 3,276,631	\$ 270,104	\$ (49,262)	59,656	\$ —	\$ 4,088,726	\$ 5,096	\$ 7,591,295	

The accompanying notes are an integral part of these condensed consolidated financial statements.

WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands of U.S. dollars)

	Nine Months Ended September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 812,574	\$ 636,197
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss from disposal of assets, impairments and other	934	37,470
Depreciation	712,392	632,347
Amortization of intangibles	129,584	117,740
Deferred income taxes, net of acquisitions	81,270	29,060
Current period provision for expected credit losses	12,681	13,363
Amortization of debt issuance costs	7,974	4,862
Share-based compensation	61,229	56,110
Interest accretion	27,733	14,827
Payment of contingent consideration recorded in earnings	(35,035)	—
Adjustments to contingent consideration	—	30,367
Other	(1,505)	(3,535)
Net change in operating assets and liabilities, net of acquisitions	(149,833)	2,068
Net cash provided by operating activities	<u>1,659,998</u>	<u>1,570,876</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for acquisitions, net of cash acquired	(2,010,274)	(573,185)
Capital expenditures for property and equipment	(659,302)	(615,554)
Proceeds from disposal of assets	5,633	8,678
Proceeds from sale of investment in noncontrolling interests	37,000	—
Other	(18,867)	(5,552)
Net cash used in investing activities	<u>(2,645,810)</u>	<u>(1,185,613)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	4,092,166	1,242,554
Principal payments on notes payable and long-term debt	(2,759,676)	(1,383,415)
Payment of contingent consideration recorded at acquisition date	(26,625)	(4,255)
Change in book overdraft	(287)	137
Payments for cash dividends	(221,253)	(196,815)
Tax withholdings related to net share settlements of equity-based compensation	(32,203)	(29,415)
Debt issuance costs	(13,449)	—
Proceeds from issuance of shares under employee share purchase plan	4,486	3,908
Proceeds from sale of common shares held in trust	1,198	765
Other	(4,000)	—
Net cash provided by (used in) financing activities	<u>1,040,357</u>	<u>(366,536)</u>
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>
Non-cash financing activities:		
Liabilities assumed and notes payable issued to sellers of businesses acquired	\$ 222,682	\$ 127,073

The accompanying notes are an integral part of these condensed consolidated financial statements.

WASTE CONNECTIONS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER
GALLON AMOUNTS OR AS OTHERWISE NOTED)

1. BASIS OF PRESENTATION AND SUMMARY

The accompanying condensed consolidated financial statements relate to Waste Connections, Inc. and its subsidiaries (the “Company”) for the three and nine month periods ended September 30, 2024 and 2023. In the opinion of management, the accompanying balance sheets and related interim statements of net income, comprehensive income, cash flows and equity include all adjustments, consisting only of normal recurring items, necessary for their fair statement in conformity with U.S. generally accepted accounting principles (“GAAP”). Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Examples include accounting for landfills, self-insurance accruals, income taxes, allocation of acquisition purchase price, contingent consideration accruals and asset impairments. An additional area that involves estimation is when the Company estimates the amount of potential exposure it may have with respect to litigation, claims and assessments in accordance with the accounting guidance on contingencies. Actual results for all estimates could differ materially from the estimates and assumptions that the Company uses in the preparation of its condensed consolidated financial statements.

Interim results are not necessarily indicative of results for a full year. These interim financial statements should be read in conjunction with the financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

2. REPORTING CURRENCY

The functional currency of the Company, as the parent corporate entity, and its operating subsidiaries in the United States, is the U.S. dollar. The functional currency of the Company’s Canadian operations is the Canadian dollar. The reporting currency of the Company is the U.S. dollar. The Company’s consolidated Canadian dollar financial position is translated to U.S. dollars by applying the foreign currency exchange rate in effect at the consolidated balance sheet date. The Company’s consolidated Canadian dollar results of operations and cash flows are translated to U.S. dollars by applying the average foreign currency exchange rate in effect during the reporting period. The resulting translation adjustments are included in other comprehensive income or loss. Gains and losses from foreign currency transactions are included in earnings for the period.

3. NEW ACCOUNTING STANDARDS

Accounting Standards Pending Adoption

Disclosure of Significant Segment Expenses and Other Segment Items. In November 2023, the Financial Accounting Standards Board (the “FASB”) amended its existing guidance for segment reporting to require a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment’s profit or loss and assets that are currently required annually. The amended guidance does not change how a public entity identifies its operating segments, aggregates them or applies the quantitative thresholds to determine its reportable segments. The guidance is applied retrospectively to all periods presented in financial statements, unless it is impracticable. The guidance applies to all public entities and is effective for fiscal years beginning after December 15, 2023, and for interim periods beginning after December 15, 2024. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

Additional Income Tax Disclosures. In December 2023, the FASB issued a final standard on improvements to income tax disclosures. The standard requires public business entities to disclose in their rate reconciliation table additional categories of information about federal, state and foreign income taxes and to provide more details about the reconciling items in some categories if the items meet a quantitative threshold. The guidance also requires all entities to disclose

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annually income taxes paid (net of refunds received) disaggregated by federal (national), state and foreign taxes and to disaggregate the information by jurisdiction based on a quantitative threshold. The standard applies to all entities subject to income taxes. For public business entities, the new requirements will be effective for annual periods beginning after December 15, 2024. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

4. REVENUE

The Company's operations primarily consist of providing non-hazardous waste collection, transfer, disposal and recycling services, non-hazardous oil and natural gas exploration and production ("E&P") waste treatment, recovery and disposal services and intermodal services. The following table disaggregates the Company's revenues by service line for the periods indicated:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2024	2023	2024	2023
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	\$ 2,338,488	\$ 2,064,744	\$ 6,659,308	\$ 5,986,342

The factors that impact the timing and amount of revenue recognized for each service line may vary based on the nature of the service performed. Generally, the Company recognizes revenue at the time it performs a service. In the event that the Company bills for services in advance of performance, it recognizes deferred revenue for the amount billed and subsequently recognizes revenue at the time the service is provided. Substantially all of the deferred revenue recorded as of June 30, 2024 was recognized as revenue during the three months ended September 30, 2024 when the service was performed.

See Note 11 for additional information regarding revenue by reportable segment.

Contract Acquisition Costs

The incremental direct costs of obtaining a contract, which consist of sales incentives, are recognized as Other assets in the Company's Condensed Consolidated Balance Sheets, and are amortized to Selling, general and administrative expense over the estimated life of the relevant customer relationship, which ranges from one to five years. The Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company would have recognized is one year or less. The Company had \$26,413 and \$25,977 of deferred sales incentives at September 30, 2024 and December 31, 2023, respectively.

WASTE CONNECTIONS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER
GALLON AMOUNTS OR AS OTHERWISE NOTED)

5. ACCOUNTS RECEIVABLE

Accounts receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of the Company's receivables, net of the allowance for credit losses, represents their estimated net realizable value.

The allowance for credit losses is based on management's assessment of the collectability of assets pooled together with similar risk characteristics. The Company monitors the collectability of its trade receivables as one overall pool due to all trade receivables having similar risk characteristics. The Company estimates its allowance for credit losses based on historical collection trends, the age of outstanding receivables, geographical location of the customer, existing economic conditions and reasonable forecasts. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past-due receivable balances are written off when the Company's internal collection efforts have been unsuccessful in collecting the amount due.

The following is a rollforward of the Company's allowance for credit losses for the periods indicated:

	Nine Months Ended September 30,	
	2024	2023
Beginning balance	\$ 23,553	\$ 22,939
Current period provision for expected credit losses	12,681	13,363
Write-offs charged against the allowance	(16,481)	(17,049)
Recoveries collected	3,952	4,711
Impact of changes in foreign currency	(45)	6
Ending balance	<u>\$ 23,660</u>	<u>\$ 23,970</u>

6. LANDFILL ACCOUNTING

At September 30, 2024, the Company's landfills consisted of 102 owned landfills, five landfills operated under life-of-site operating agreements and seven landfills operated under limited-term operating agreements. The Company's landfills had site costs with a net book value of \$3,309,698 at September 30, 2024. For the Company's landfills operated under limited-term operating agreements and life-of-site operating agreements, the owner of the property (generally a municipality) usually owns the permit and the Company operates the landfill for a contracted term. Where the contracted term is not the life of the landfill, the property owner is generally responsible for final capping, closure and post-closure obligations. The Company is responsible for all final capping, closure and post-closure liabilities at the landfills it operates under life-of-site operating agreements.

The Company's internal and third-party engineers perform surveys at least annually to estimate the remaining disposal capacity at its landfills. Many of the Company's existing landfills have the potential for expanded disposal capacity beyond the amount currently permitted. The Company's landfill depletion rates are based on the remaining disposal capacity, considering both permitted and probable expansion airspace, at the landfills it owns and landfills it operates, but does not own, under life-of-site agreements. The Company's landfill depletion rate is based on the term of the operating agreement at its operated landfill that has capitalized expenditures. Expansion airspace consists of additional disposal capacity being pursued through means of an expansion that has not yet been permitted. Expansion airspace that meets certain criteria is included in the estimate of total landfill airspace.

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Based on remaining permitted capacity as of September 30, 2024, and projected annual disposal volumes, the average remaining landfill life for the Company’s owned landfills and landfills operated under life-of-site operating agreements is estimated to be approximately 32 years. As of September 30, 2024, the Company is seeking to expand permitted capacity at five of its owned landfills and two landfills that it operates under life-of-site operating agreements, and considers the achievement of these expansions to be probable. Although the Company cannot be certain that all future expansions will be permitted as designed, the average remaining life, when considering remaining permitted capacity, probable expansion capacity and projected annual disposal volume, of the Company’s owned landfills and landfills operated under life-of-site operating agreements is approximately 35 years. The estimated remaining lives of the Company’s owned landfills and landfills operated under life-of-site operating agreements range from two to 382 years, with approximately 90% of the projected annual disposal volume from landfills with remaining lives of less than 70 years.

During the nine months ended September 30, 2024 and 2023, the Company expensed \$207,887 and \$192,314, respectively, or an average of \$5.27 and \$5.11 per ton consumed, respectively, related to landfill depletion at owned landfills and landfills operated under life-of-site agreements.

The Company reserves for estimated final capping, closure and post-closure maintenance obligations at the landfills it owns and landfills it operates under life-of-site operating agreements. The Company calculates the net present value of its final capping, closure and post-closure liabilities by estimating the total obligation in current dollars, inflating the obligation based upon the expected date of the expenditure and discounting the inflated total to its present value using a credit-adjusted risk-free rate. Any changes in expectations that result in an upward revision to the estimated undiscounted cash flows are treated as a new liability and are inflated and discounted at rates reflecting market conditions. Any changes in expectations that result in a downward revision (or no revision) to the estimated undiscounted cash flows result in a liability that is inflated and discounted at rates reflecting the market conditions at the time the cash flows were originally estimated. This policy results in the Company’s final capping, closure and post-closure liabilities being recorded in “layers.” The Company’s discount rate assumption for purposes of computing “layers” for final capping, closure and post-closure liabilities is based on its long-term credit adjusted risk-free rate. The Company’s discount rate assumption for purposes of computing 2024 and 2023 “layers” for final capping, closure and post-closure obligations was 5.50% for both periods. The Company’s long-term inflation rate assumption is 2.75% for each of the years ending December 31, 2024 and 2023. The resulting final capping, closure and post-closure obligations are recorded on the Condensed Consolidated Balance Sheets along with an offsetting addition to site costs which is amortized to depletion expense as the remaining landfill airspace is consumed. Interest is accreted on the recorded liability using the corresponding discount rate. During the nine months ended September 30, 2024 and 2023, the Company expensed \$22,768 and \$13,554, respectively, or an average of \$0.58 and \$0.36 per ton consumed, respectively, related to final capping, closure and post-closure accretion expense. In the event that changes in an estimate for a closure and post-closure liability are associated with a significant change in facts and circumstances at a landfill or a non-operating section of a landfill, corresponding adjustments to recorded liabilities and Impairments and other operating items are made as soon as is practical.

The following is a reconciliation of the Company’s final capping, closure and post-closure liability balance from December 31, 2023 to September 30, 2024:

Final capping, closure and post-closure liability at December 31, 2023	\$ 522,233
Liability adjustments	7,510
Accretion expense associated with landfill obligations	22,768
Closure payments	(145,186)
Assumption of closure liabilities from acquisitions	60,974
Foreign currency translation adjustment	(701)
Final capping, closure and post-closure liability at September 30, 2024	<u>\$ 467,598</u>

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Liability adjustments of \$7,510 for the nine months ended September 30, 2024, represent non-cash changes to final capping, closure and post-closure liabilities and are recorded on the Condensed Consolidated Balance Sheets along with an offsetting addition to site costs, which is amortized to depletion expense as the remaining landfill airspace is consumed. The final capping, closure and post-closure liability is included in Other long-term liabilities in the Condensed Consolidated Balance Sheets. The Company performs its annual review of its cost and capacity estimates in the first quarter of each year. In the event that changes in an estimate for a closure and post-closure liability are associated with a significant change in facts and circumstances at a landfill or a non-operating section of a landfill, corresponding adjustments to recorded liabilities and Impairments and other operating items are made as soon as is practical.

At September 30, 2024 and December 31, 2023, \$10,736 and \$12,381, respectively, of the Company's restricted cash balance and \$76,420 and \$59,551, respectively, of the Company's restricted investments balance was for purposes of securing its performance of future final capping, closure and post-closure obligations.

7. ACQUISITIONS

The Company acquired 17 individually immaterial non-hazardous solid waste collection, transfer, recycling and disposal businesses and four individually immaterial E&P waste treatment and disposal business during the nine months ended September 30, 2024. The total transaction-related expenses incurred during the nine months ended September 30, 2024 for these acquisitions were \$25,169. These expenses are included in Selling, general and administrative expenses in the Company's Condensed Consolidated Statements of Net Income.

The Company acquired nine individually immaterial non-hazardous solid waste collection, transfer, recycling and disposal businesses and one immaterial E&P waste disposal business during the nine months ended September 30, 2023. The total transaction-related expenses incurred during the nine months ended September 30, 2023 for these acquisitions were \$7,014. These expenses are included in Selling, general and administrative expenses in the Company's Condensed Consolidated Statements of Net Income.

The results of operations of the acquired businesses have been included in the Company's Condensed Consolidated Financial Statements from their respective acquisition dates. The Company expects these acquired businesses to contribute towards the achievement of the Company's strategy to expand through acquisitions. Goodwill acquired is attributable to the synergies and ancillary growth opportunities expected to arise after the Company's acquisition of these businesses.

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The following table summarizes the consideration transferred to acquire these businesses and the preliminary amounts of identifiable assets acquired and liabilities assumed at the acquisition dates for the acquisitions consummated in the nine months ended September 30, 2024 and 2023:

	2024	2023
	<u>Acquisitions</u>	<u>Acquisitions</u>
Fair value of consideration transferred:		
Cash	\$ 2,010,274	\$ 573,185
Debt assumed	83,589	73,397
	<u>2,093,863</u>	<u>646,582</u>
Recognized amounts of identifiable assets acquired and liabilities assumed associated with businesses acquired:		
Accounts receivable	90,892	15,412
Prepaid expenses and other current assets	12,512	4,474
Restricted investments	—	5,462
Operating lease right-of-use assets	24,700	14,048
Property and equipment	1,038,803	186,130
Long-term franchise agreements and contracts	82,523	59,509
Customer lists	143,404	5,020
Permits and other intangibles	285,689	2,403
Other assets	1,671	24
Accounts payable and accrued liabilities	(21,824)	(11,005)
Current portion of operating lease liabilities	(2,874)	(366)
Deferred revenue	(11,975)	(1,333)
Contingent consideration	(23,926)	(13,350)
Long-term portion of operating lease liabilities	(14,773)	(13,682)
Other long-term liabilities	(63,721)	(10,439)
Deferred income taxes	—	(3,501)
Total identifiable net assets	<u>1,541,101</u>	<u>238,806</u>
Goodwill	<u>\$ 552,762</u>	<u>\$ 407,776</u>

Goodwill acquired during the nine months ended September 30, 2024 and 2023, totaling \$552,762 and \$317,190, respectively, is expected to be deductible for tax purposes. The fair value of acquired working capital related to five individually immaterial acquisitions completed during the twelve months ended September 30, 2024, is provisional pending receipt of information from the acquirees to support the fair value of the assets acquired and liabilities assumed. Any adjustments recorded relating to finalizing the working capital for these five acquisitions are not expected to be material to the Company's financial position. The adjustments recorded during the nine months ended September 30, 2024 relating to finalizing the acquired working capital for the individually immaterial acquisitions completed during the twelve months ended December 31, 2023 were not material to the Company's financial position.

The gross amount of trade receivables due under contracts acquired during the nine months ended September 30, 2024, was \$96,391, of which \$5,499 was expected to be uncollectible. The gross amount of trade receivables due under contracts acquired during the nine months ended September 30, 2023, was \$15,538, of which \$126 was expected to be uncollectible. The Company did not acquire any other class of receivable as a result of the acquisition of these businesses.

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8. INTANGIBLE ASSETS, NET

Intangible assets, exclusive of goodwill, consisted of the following at September 30, 2024:

	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Loss	Net Carrying Amount
Finite-lived intangible assets:				
Long-term franchise agreements and contracts	\$ 1,036,273	\$ (387,939)	\$ —	\$ 648,334
Customer lists	947,337	(664,027)	—	283,310
Permits and other	1,069,711	(159,375)	(40,784)	869,552
	<u>3,053,321</u>	<u>(1,211,341)</u>	<u>(40,784)</u>	<u>1,801,196</u>
Indefinite-lived intangible assets:				
Solid waste collection and transportation permits	181,613	—	—	181,613
Intangible assets, exclusive of goodwill	<u>\$ 3,234,934</u>	<u>\$ (1,211,341)</u>	<u>\$ (40,784)</u>	<u>\$ 1,982,809</u>

The weighted-average amortization period of long-term franchise agreements and contracts acquired during the nine months ended September 30, 2024 was 13.8 years. The weighted-average amortization period of customer lists acquired during the nine months ended September 30, 2024 was 10.5 years. The weighted-average amortization period of finite-lived permits and other acquired during the nine months ended September 30, 2024 was 37.6 years.

Intangible assets, exclusive of goodwill, consisted of the following at December 31, 2023:

	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Loss	Net Carrying Amount
Finite-lived intangible assets:				
Long-term franchise agreements and contracts	\$ 960,033	\$ (343,099)	\$ —	\$ 616,934
Customer lists	806,257	(606,192)	—	200,065
Permits and other	784,905	(139,192)	(40,784)	604,929
	<u>2,551,195</u>	<u>(1,088,483)</u>	<u>(40,784)</u>	<u>1,421,928</u>
Indefinite-lived intangible assets:				
Solid waste collection and transportation permits	181,613	—	—	181,613
Intangible assets, exclusive of goodwill	<u>\$ 2,732,808</u>	<u>\$ (1,088,483)</u>	<u>\$ (40,784)</u>	<u>\$ 1,603,541</u>

Estimated future amortization expense for the next five years relating to finite-lived intangible assets owned as of September 30, 2024 is as follows:

For the year ending December 31, 2024	\$ 178,198
For the year ending December 31, 2025	\$ 169,970
For the year ending December 31, 2026	\$ 149,142
For the year ending December 31, 2027	\$ 129,249
For the year ending December 31, 2028	\$ 115,294

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9. LEASES

The Company rents certain equipment and facilities under short-term agreements, non-cancelable operating lease agreements and finance leases. The Company determines if an arrangement is or contains a lease at contract inception. The Company recognizes a right-of-use (“ROU”) asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date.

Key estimates and judgments include how the Company determines (1) the discount rate it uses to discount the unpaid lease payments to present value, (2) lease term and (3) lease payments.

The lease guidance requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, the Company cannot determine the interest rate implicit in the lease because it does not have access to the lessor’s estimated residual value or the amount of the lessor’s deferred initial direct costs. Therefore, the Company generally uses its incremental borrowing rate as the discount rate for the lease. The Company’s incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms.

The lease term for the Company’s leases includes the noncancelable period of the lease, plus any additional periods covered by either a Company option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

Lease payments included in the measurement of the lease liability comprise fixed payments or variable lease payments. The variable lease payments take into account annual changes in the consumer price index and common area maintenance charges, if known.

ROU assets for operating and finance leases are periodically reviewed for impairment losses. The Company uses the long-lived asset impairment guidance in ASC Subtopic 360-10, Property, Plant, and Equipment – Overall, to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to recognize. The Company did not recognize an impairment charge for any of its ROU assets during the nine months ended September 30, 2024 and 2023.

The Company monitors for events or changes in circumstances that require a reassessment of one of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset. The Company did not recognize any significant remeasurements during the nine months ended September 30, 2024 and 2023.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company has elected to apply the short-term lease recognition and measurement exemption allowed for in the lease accounting standard. The Company recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term.

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Lease cost for operating and finance leases for the three and nine months ended September 30, 2024 and 2023 were as follows:

	<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>
Operating lease cost	\$ 14,502	\$ 11,914	\$ 39,665	\$ 34,881
Finance lease cost:				
Amortization of leased assets	898	733	2,477	2,098
Interest on leased liabilities	77	63	202	168
Total lease cost	\$ 15,477	\$ 12,710	\$ 42,344	\$ 37,147

Supplemental cash flow information and non-cash activity related to the Company's leases are as follows:

	<u>Nine Months Ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 38,274	\$ 33,967
Operating cash flows from finance leases	\$ 202	\$ 168
Financing cash flows from finance leases	\$ 2,459	\$ 2,079
Non-cash activity:		
Right-of-use assets obtained in exchange for lease liabilities - operating leases	\$ 55,723	\$ 85,377
Right-of-use assets obtained in exchange for lease liabilities - finance leases	\$ 2,569	\$ 1,388

Weighted-average remaining lease term and discount rate for the Company's leases are as follows:

	<u>Nine Months Ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term - operating leases	10.0 years	11.1 years
Weighted average remaining lease term - finance leases	3.0 years	3.9 years
Weighted average discount rate - operating leases	4.28 %	3.92 %
Weighted average discount rate - finance leases	2.95 %	2.35 %

As of September 30, 2024, future minimum lease payments, reconciled to the respective lease liabilities, are as follows:

	<u>Operating Leases</u>	<u>Finance Leases</u>
Last 3 months of 2024	\$ 13,388	\$ 967
2025	50,374	3,870
2026	47,662	3,284
2027	44,412	1,858
2028	38,472	540
Thereafter	203,495	126
Minimum lease payments	397,803	10,645
Less: imputed interest	(82,638)	(501)
Present value of minimum lease payments	315,165	10,144
Less: current portion of lease liabilities	(39,618)	(3,607)
Long-term portion of lease liabilities	\$ 275,547	\$ 6,537

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10. LONG-TERM DEBT

The following table presents the Company's long-term debt at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Revolving Credit Agreement, bearing interest ranging from 5.54% to 8.00% ^(a)	\$ 2,234,322	\$ —
Revolver under 2021 Revolving and Term Credit Agreement, bearing interest ranging from 6.40% to 8.50% ^(b)	—	453,245
Term loan under 2021 Revolving and Term Credit Agreement, bearing interest at 6.50% ^(b)	—	650,000
Term loan under 2022 Term Loan Agreement, bearing interest at 6.44% ^(b)	—	800,000
4.25% Senior Notes due 2028	500,000	500,000
3.50% Senior Notes due 2029	500,000	500,000
4.50% Senior Notes due 2029	370,400	—
2.60% Senior Notes due 2030	600,000	600,000
2.20% Senior Notes due 2032	650,000	650,000
3.20% Senior Notes due 2032	500,000	500,000
4.20% Senior Notes due 2033	750,000	750,000
5.00% Senior Notes due 2034	750,000	—
3.05% Senior Notes due 2050	500,000	500,000
2.95% Senior Notes due 2052	850,000	850,000
Notes payable to sellers and other third parties, bearing interest ranging from 2.42% to 10.35%, principal and interest payments due periodically with due dates ranging from 2028 to 2036 ^(a)	26,249	48,774
Finance leases, bearing interest ranging from 1.89% to 5.07%, with lease expiration dates ranging from 2026 to 2029 ^(a)	10,144	10,034
	<u>8,241,115</u>	<u>6,812,053</u>
Less – current portion	(7,873)	(26,462)
Less – unamortized debt discount and issuance costs	(72,704)	(60,820)
Long-term portion of debt and notes payable	<u>\$ 8,160,538</u>	<u>\$ 6,724,771</u>

(a) Interest rates represent the interest rates at September 30, 2024.

(b) Interest rates represent the interest rates at December 31, 2023.

2021 Revolving Credit and Term Loan Agreement

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.

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2022 Term Loan Agreement

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.

Revolving Credit Agreement

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.

Details of the Revolving Credit Agreement at September 30, 2024 and details of the 2021 Revolving and Term Credit Agreement at December 31, 2023 are as follows:

	September 30, 2024	December 31, 2023
<i>Revolver</i>		
Available	\$ 707,942	\$ 1,357,013
Letters of credit outstanding	\$ 57,736	\$ 39,742
Total amount drawn, as follows:	\$ 2,234,322	\$ 453,245
Amount drawn – U.S. Term SOFR rate loan	\$ 1,360,000	\$ 90,000
Interest rate applicable – U.S. Term SOFR rate loan	6.30 %	6.46 %
Amount drawn – U.S. Term SOFR rate loan	\$ 70,000	\$ 150,000
Interest rate applicable – U.S. Term SOFR rate loan	5.96 %	6.50 %
Amount drawn – U.S. base rate loan	\$ 25,000	\$ 28,000
Interest rate applicable – U.S. base rate loan	8.00 %	8.50 %
Amount drawn – Canadian Term CORRA loan	\$ 744,504	\$ —
Interest rate applicable - Canadian term CORRA loan	5.58 %	— %
Amount drawn – Canadian Term CORRA loan	\$ 29,632	\$ —
Interest rate applicable - Canadian term CORRA loan	5.54 %	— %
Amount drawn – Canadian prime rate loan	\$ 5,186	\$ 15,122
Interest rate applicable - Canadian prime rate loan	6.45 %	7.20 %
Amount drawn – Canadian bankers’ acceptance	\$ —	\$ 153,111
Interest rate applicable – Canadian bankers’ acceptance	— %	6.46 %
Amount drawn – Canadian bankers’ acceptance	\$ —	\$ 17,012
Interest rate applicable – Canadian bankers’ acceptance	— %	6.40 %
Commitment – rate applicable	0.09 %	0.09 %
<i>Term loan</i>		
Amount drawn – U.S. Term SOFR rate loan	\$ —	\$ 650,000
Interest rate applicable – U.S. Term SOFR rate loan	— %	6.50 %

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In addition to the \$57,736 of letters of credit at September 30, 2024 issued and outstanding under the Revolving Credit Agreement, the Company has issued and outstanding letters of credit totaling \$114,357 under facilities other than the Revolving Credit Agreement.

Pursuant to the terms and conditions of the Revolving Credit Agreement, the Lenders committed to provide the revolving credit facility as set forth above. The Revolving Credit Agreement (i) has a scheduled maturity date of February 27, 2029 (subject to certain extension mechanics therein by which the Company may request two additional one-year maturity date extensions), (ii) provides for revolving advances up to an aggregate principal amount of \$3,000,000 at any one time outstanding (subject to satisfaction of certain conditions at the time advances are made) and (iii) provides for, at the Company's discretion, flexibility for an uncommitted upside of the aggregate principal amount by up to \$1,000,000 (to an aggregate principal amount of up to \$4,000,000). The Revolving Credit Agreement provides for letters of credit in an aggregate amount not to exceed \$320,000 and swing line loans in an aggregate amount not to exceed \$100,000, in each case, to be issued at the request of the Company subject to the terms therein and with such sublimits included in the aggregate commitments of the credit facility.

Advances are available under the Revolving Credit Agreement in U.S. dollars and Canadian dollars. Interest accrues on revolving advances, at the Company's option, (i) at a term rate based on the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York (or a successor administrator thereof) ("term SOFR") or a base rate for U.S. dollar borrowings, plus an applicable margin, and (ii) at a term rate based on the Canadian Overnight Repo Rate Average as administered and published by the Bank of Canada (or a successor administrator thereof) ("term CORRA") or at the Canadian prime rate for Canadian dollar borrowings, plus an applicable margin. Interest for term SOFR loans has a credit spread adjustment of 0.10% for all applicable interest periods and interest for term CORRA loans has a credit spread adjustment of 0.29547% for an interest period of one month's duration and 0.32138% for an interest period of three months' duration. Fees for letters of credit in U.S. dollars and Canadian dollars are also based on the applicable margin. The applicable margin used in connection with interest rates and fees is based on the debt rating of the Company's public non-credit-enhanced, senior unsecured long-term debt (the "Debt Rating"). The applicable margin for term SOFR loans, term CORRA loans and letter of credit fees ranges from 0.750% to 1.250%, and the applicable margin for U.S. base rate loans, Canadian prime rate loans and swing line loans ranges from 0.00% to 0.250%. The Company will also pay a commitment fee based on the Debt Rating on the actual daily unused amount of the aggregate revolving commitments ranging from 0.065% to 0.150%.

Borrowings under the Revolving Credit Agreement are unsecured and there are no subsidiary guarantors under the Revolving Credit Agreement. The Revolving Credit Agreement contains customary representations, warranties, covenants and events of default, including, among others, a change of control event of default and limitations on the incurrence of indebtedness and liens, new lines of business, mergers, transactions with affiliates and burdensome agreements. During the continuance of an event of default, the Lenders may take a number of actions, including, among others, declaring the entire amount then outstanding under the Revolving Credit Agreement to be due and payable.

The Revolving Credit Agreement includes a financial covenant limiting, as of the last day of each fiscal quarter, the ratio of (a) Consolidated Total Funded Debt (as defined in the Revolving Credit Agreement) as of such date to (b) Consolidated EBITDA (as defined in the Revolving Credit Agreement), measured for the preceding 12 months, to not more than 3.75 to 1.00 (or 4.25 to 1.00 during material acquisition periods, subject to certain limitations). As of September 30, 2024, the Company was in compliance with all applicable covenants in the Revolving Credit Agreement.

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Senior Notes

On February 21, 2024, the Company completed an underwritten public offering of \$750,000 aggregate principal amount of its 5.00% Senior Notes due 2034 (the “2034 Senior Notes”). The 2034 Senior Notes were issued under an Indenture, dated as of November 16, 2018 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Indenture”), 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 (the “Trustee”), as supplemented by the Eighth Supplemental Indenture, dated as of February 21, 2024.

The Company will pay interest on the 2034 Senior Notes on March 1 and September 1 of each year, beginning September 1, 2024, and the 2034 Senior Notes will mature on March 1, 2034. The 2034 Senior Notes are the Company’s senior unsecured obligations, ranking equally in right of payment with its other existing and future unsubordinated debt and senior to any of its future subordinated debt. The 2034 Senior Notes will not be guaranteed by any of the Company’s subsidiaries.

The Company may, prior to December 1, 2033 (three months before the maturity date) (the “2034 Senior Notes Par Call Date”), redeem some or all of the 2034 Senior Notes, at any time and from time to time, at a redemption price equal to the greater of 100% of the principal amount of the 2034 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 2034 Senior Notes redeemed discounted to the redemption date (assuming the 2034 Senior Notes matured on the 2034 Senior Notes Par Call Date), plus, in either case, accrued and unpaid interest thereon to the redemption date. Commencing on December 1, 2033 (three months before the maturity date), the Company may redeem some or all of the 2034 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the 2034 Senior Notes being redeemed plus accrued and unpaid interest thereon to the redemption date.

On June 13, 2024, the Company completed an underwritten public offering of CAD \$500,000,000 aggregate principal amount of its 4.50% Senior Notes due 2029 (the “New 2029 Senior Notes” and, together with the 2034 Senior Notes, the “Senior Notes”). The New 2029 Senior Notes were issued under the Indenture, as supplemented by the Ninth Supplemental Indenture, dated as of June 13, 2024.

The Company will pay interest on the New 2029 Senior Notes on June 14 and December 14 of each year, beginning December 14, 2024, and the Notes will mature on June 14, 2029. The New 2029 Senior Notes are the Company’s senior unsecured obligations, ranking equally in right of payment with its other existing and future unsubordinated debt and senior to any of its future subordinated debt. The Notes will not be guaranteed by any of the Company’s subsidiaries.

The Company may, prior to May 14, 2029 (one month before the maturity date) (the “New 2029 Senior Notes Par Call Date”), redeem some or all of the New 2029 Senior Notes, at any time and from time to time, at a redemption price equal to the greater of 100% of the aggregate principal amount of the New 2029 Senior Notes redeemed, and the sum of the present values of the remaining scheduled payments of principal and interest (not including any portion of the payments of interest accrued as of the date of redemption) on the New 2029 Senior Notes redeemed discounted to the redemption date (assuming the New 2029 Senior Notes matured on the New 2029 Senior Notes Par Call Date), plus, in either case, accrued and unpaid interest, if any, thereon to, but excluding, the redemption date. Commencing on May 14, 2029 (one month before the maturity date), the Company may redeem some or all of the New 2029 Senior Notes, at any time and from time to time, at a redemption price equal to the aggregate principal amount of the New 2029 Senior Notes being redeemed plus accrued and unpaid interest thereon, but excluding, to the redemption date.

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Under certain circumstances, the Company may become obligated to pay additional amounts (the “Additional Amounts”) with respect to the Senior Notes to ensure that the net amounts received by each holder of the Senior Notes will not be less than the amount such holder would have received if withholding taxes or deductions were not incurred on a payment under or with respect to the Senior Notes. If such payment of Additional Amounts is a result of a change in the laws or regulations, including a change in any official position, the introduction of an official position or a holding by a court of competent jurisdiction, of any jurisdiction from or through which payment is made by or on behalf of the Senior Notes having power to tax, and the Company cannot avoid such payments of Additional Amounts through reasonable measures, then the Company may redeem the applicable series of the Senior Notes then outstanding at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date).

If the Company experiences certain kinds of changes of control, each holder of the Senior Notes may require the Company to purchase all or a portion of the Senior Notes for cash at a price equal to 101% of the aggregate principal amount of such Senior Notes, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

The covenants in the Indenture include limitations on liens, sale-leaseback transactions and mergers and sales of all or substantially all of the Company’s assets. The Indenture also includes customary events of default with respect to the Senior Notes.

Upon an event of default, the principal of and accrued and unpaid interest on all the Senior Notes may be declared to be due and payable by the Trustee or the holders of not less than 25% in principal amount of the outstanding Senior Notes of the applicable series. Upon such a declaration, such principal and accrued interest on all of the applicable series of the Senior Notes will be due and payable immediately. In the case of an event of default resulting from certain events of bankruptcy, insolvency or reorganization, the principal (or such specified amount) of and accrued and unpaid interest, if any, on all outstanding series of the Senior Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder of the applicable series of the Senior Notes. Under certain circumstances, the holders of a majority in principal amount of the outstanding Senior Notes of any series may rescind any such acceleration with respect to the Senior Notes of that series and its consequences.

Computershare Trust Company of Canada (the “Agent”) will initially act as paying agent, transfer agent, authenticating agent and registrar for the New 2029 Senior Notes. The obligations of the Company, Trustee and Agent with respect to the New 2029 Senior Notes are governed under an Agency Agreement, dated as of June 13, 2024, between the Company, the Trustee and the Agent (the “Agency Agreement”). The Company may change the paying agent, transfer agent, authenticating agent and registrar in accordance with the terms of the Indenture and the Agency Agreement.

11. SEGMENT REPORTING

The Company’s revenues are generated primarily from the collection, transfer, recycling and disposal of non-hazardous solid waste and the treatment, recovery and disposal of non-hazardous E&P waste. No single contract or customer accounted for more than 10% of the Company’s total revenues at the consolidated or reportable segment level during the periods presented.

For the nine months ended September 30, 2024, the Company managed its operations through the following six geographic solid waste operating segments: Western, Southern, Eastern, Central, Canada and MidSouth. The Company’s six geographic solid waste operating segments comprise its reportable segments. Each operating segment is responsible for managing several vertically integrated operations, which are comprised of districts. Certain corporate or regional

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overhead expense allocations may affect comparability of the segment information presented herein on a period-over-period basis.

The Company's 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. The Company defines 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. The Company's 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. A reconciliation of segment EBITDA to Income before income tax provision is included at the end of this Note 11.

Summarized financial information concerning the Company's reportable segments for the three and nine months ended September 30, 2024 and 2023, is shown in the following tables:

Three Months Ended September 30, 2024	Revenue	Intercompany Revenue ^(b)	Reported Revenue	Segment EBITDA ^(c)
Western	\$ 537,210	\$ (60,973)	\$ 476,237	\$ 147,490
Southern	511,280	(58,065)	453,215	144,384
Eastern	488,343	(80,675)	407,668	114,007
Central	439,053	(47,313)	391,740	143,486
Canada	375,986	(33,928)	342,058	153,580
MidSouth	318,655	(51,085)	267,570	77,011
Corporate ^(a)	—	—	—	(8,075)
	<u>\$ 2,670,527</u>	<u>\$ (332,039)</u>	<u>\$ 2,338,488</u>	<u>\$ 771,883</u>

Three Months Ended September 30, 2023	Revenue	Intercompany Revenue ^(b)	Reported Revenue	Segment EBITDA ^(c)
Western	\$ 486,351	\$ (53,889)	\$ 432,462	\$ 124,433
Southern	465,134	(51,556)	413,578	133,072
Eastern	420,855	(67,746)	353,109	100,779
Central	419,169	(46,307)	372,862	137,823
Canada	292,351	(29,256)	263,095	108,524
MidSouth	275,582	(45,944)	229,638	61,923
Corporate ^(a)	—	—	—	(2,729)
	<u>\$ 2,359,442</u>	<u>\$ (294,698)</u>	<u>\$ 2,064,744</u>	<u>\$ 663,825</u>

Nine Months Ended September 30, 2024	Revenue	Intercompany Revenue ^(b)	Reported Revenue	Segment EBITDA ^(c)
Western	\$ 1,526,082	\$ (173,633)	\$ 1,352,449	\$ 394,974
Southern	1,484,051	(172,614)	1,311,437	411,320
Eastern	1,384,064	(230,229)	1,153,835	312,101
Central	1,275,633	(136,925)	1,138,708	408,217
Canada	1,034,530	(92,901)	941,629	411,089
MidSouth	907,759	(146,509)	761,250	209,251
Corporate ^(a)	—	—	—	(26,686)
	<u>\$ 7,612,119</u>	<u>\$ (952,811)</u>	<u>\$ 6,659,308</u>	<u>\$ 2,120,266</u>

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Nine Months Ended September 30, 2023	Revenue	Intercompany Revenue ^(b)	Reported Revenue	Segment EBITDA ^(c)
Western	\$ 1,402,628	\$ (155,355)	\$ 1,247,273	\$ 354,682
Southern	1,382,681	(155,149)	1,227,532	384,660
Eastern	1,215,266	(189,604)	1,025,662	260,569
Central	1,218,670	(136,638)	1,082,032	384,538
Canada	824,303	(85,347)	738,956	286,703
MidSouth	799,823	(134,936)	664,887	182,072
Corporate ^(a)	—	—	—	(22,142)
	<u>\$ 6,843,371</u>	<u>\$ (857,029)</u>	<u>\$ 5,986,342</u>	<u>\$ 1,831,082</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 of the Company's Corporate segment for the periods presented.
- (b) Intercompany revenues reflect each segment's total intercompany sales, including intercompany sales within a segment and between segments. Transactions within and between segments are generally made on a basis intended to reflect the market value of the service.
- (c) For those items included in the determination of segment EBITDA, the accounting policies of the segments are the same as those described in the Company's most recent Annual Report on Form 10-K.

Total assets for each of the Company's reportable segments at September 30, 2024 and December 31, 2023, were as follows:

	September 30, 2024	December 31, 2023
Western	\$ 3,559,351	\$ 3,432,529
Southern	3,877,405	3,501,953
Eastern	3,541,431	3,228,244
Central	2,815,928	2,811,016
Canada	3,800,861	2,794,795
MidSouth	2,007,403	1,705,180
Corporate	492,985	442,159
Total Assets	<u>\$ 20,095,364</u>	<u>\$ 17,915,876</u>

The following tables show changes in goodwill during the nine months ended September 30, 2024 and 2023, by reportable segment:

	Western	Southern	Eastern	Central	Canada	MidSouth	Total
Balance as of December 31, 2023	\$ 779,455	\$ 1,559,703	\$ 1,587,491	\$ 1,008,500	\$ 1,723,068	\$ 746,183	\$ 7,404,400
Goodwill acquired	64,289	84,981	139,865	1,851	158,015	103,761	552,762
Impact of changes in foreign currency	—	—	—	—	(34,405)	—	(34,405)
Balance as of September 30, 2024	<u>\$ 843,744</u>	<u>\$ 1,644,684</u>	<u>\$ 1,727,356</u>	<u>\$ 1,010,351</u>	<u>\$ 1,846,678</u>	<u>\$ 849,944</u>	<u>\$ 7,922,757</u>

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	Western	Southern	Eastern	Central	Canada	MidSouth	Total
Balance as of December 31, 2022	\$ 732,335	\$ 1,547,894	\$ 1,189,111	\$ 1,003,470	\$ 1,684,670	\$ 744,817	\$ 6,902,297
Goodwill acquired	45,072	—	361,398	3,605	—	1,366	411,441
Goodwill acquisition adjustments	—	(1,450)	—	—	(2,215)	—	(3,665)
Impact of changes in foreign currency	—	—	—	—	3,011	—	3,011
Balance as of September 30, 2023	<u>\$ 777,407</u>	<u>\$ 1,546,444</u>	<u>\$ 1,550,509</u>	<u>\$ 1,007,075</u>	<u>\$ 1,685,466</u>	<u>\$ 746,183</u>	<u>\$ 7,313,084</u>

A reconciliation of the Company's primary measure of segment profitability (segment EBITDA) to Income before income tax provision in the Condensed Consolidated Statements of Net Income is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Western segment EBITDA	\$ 147,490	\$ 124,433	\$ 394,974	\$ 354,682
Southern segment EBITDA	144,384	133,072	411,320	384,660
Eastern segment EBITDA	114,007	100,779	312,101	260,569
Central segment EBITDA	143,486	137,823	408,217	384,538
Canada segment EBITDA	153,580	108,524	411,089	286,703
MidSouth segment EBITDA	77,011	61,923	209,251	182,072
Subtotal reportable segments	<u>779,958</u>	<u>666,554</u>	<u>2,146,952</u>	<u>1,853,224</u>
Unallocated corporate overhead	(8,075)	(2,729)	(26,686)	(22,142)
Depreciation	(248,473)	(214,966)	(712,392)	(632,347)
Amortization of intangibles	(45,170)	(39,405)	(129,584)	(117,740)
Impairments and other operating items	(2,897)	(56,477)	(11,441)	(69,201)
Interest expense	(83,520)	(69,016)	(244,385)	(204,914)
Interest income	3,331	2,833	9,391	6,886
Other income, net	4,904	5,372	12,727	8,346
Income before income tax provision	<u>\$ 400,058</u>	<u>\$ 292,166</u>	<u>\$ 1,044,582</u>	<u>\$ 822,112</u>

12. DERIVATIVE FINANCIAL INSTRUMENTS

The Company recognizes all derivatives on the Condensed Consolidated Balance Sheets at fair value. All of the Company's derivatives have been designated as cash flow hedges; therefore, the gain or loss on the derivatives will be recognized in accumulated other comprehensive income (loss) ("AOCIL") and reclassified into earnings in the same period during which the hedged transaction affects earnings and is presented in the same income statement line item as the earnings effect of the hedged item. The Company classifies cash inflows and outflows from derivatives within operating activities on the Condensed Consolidated Statements of Cash Flows.

One of the Company's objectives for utilizing derivative instruments is to reduce its exposure to fluctuations in cash flows due to changes in the variable interest rates of certain borrowings under the Revolving Credit Agreement. The Company's strategy to achieve that objective involves entering into interest rate swaps. The interest rate swaps outstanding at September 30, 2024 were specifically designated to the Revolving Credit Agreement and accounted for as cash flow hedges.

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At September 30, 2024, the Company's derivative instruments included four interest rate swap agreements as follows:

Date Entered	Notional Amount	Fixed Interest Rate Paid ^(a)	Variable Interest Rate Received	Effective Date ^(b)	Expiration Date
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, the Company amended the reference rate in all of its outstanding interest rate swap contracts to replace One-Month LIBOR with One-Month Term SOFR and certain credit spread adjustments. The Company did not record any gains or losses upon the conversion of the reference rates in these interest rate swap contracts, and the Company believes these amendments will not have a material impact on its Condensed Consolidated Financial Statements.

The fair values of derivative instruments designated as cash flow hedges at September 30, 2024, were as follows:

Derivatives Designated as Cash Flow Hedges	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swaps	Prepaid expenses and other current assets ^(a)	\$ 9,697	Accrued liabilities	\$ —
	Other assets, net	1,699		
Total derivatives designated as cash flow hedges		\$ 11,396		\$ —

(a) Represents the estimated amount of the existing unrealized gains on interest rate swaps at September 30, 2024 (based on the interest rate yield curve at that date), included in AOCIL expected to be reclassified into pre-tax earnings within the next 12 months. The actual amounts reclassified into earnings are dependent on future movements in interest rates.

The fair values of derivative instruments designated as cash flow hedges at December 31, 2023, were as follows:

Derivatives Designated as Cash Flow Hedges	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swaps	Prepaid expenses and other current assets	\$ 15,842	Accrued liabilities	\$ —
	Other assets, net	6,945		
Total derivatives designated as cash flow hedges		\$ 22,787		\$ —

The following tables summarize the impact of the Company's cash flow hedges on the results of operations, comprehensive income (loss) and AOCIL for the three and nine months ended September 30, 2024 and 2023:

Derivatives Designated as Cash Flow Hedges	Amount of Gain or (Loss) Recognized as AOCIL on Derivatives, Net of Tax ^(a)		Statement of Net Income Classification	Amount of (Gain) or Loss Reclassified from AOCIL into Earnings, Net of Tax ^(b)	
	Three Months Ended September 30,			Three Months Ended September 30,	
	2024	2023		2024	2023
Interest rate swaps	\$ (6,576)	\$ 5,724	Interest expense	\$ (3,992)	\$ (3,885)

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Derivatives Designated as Cash Flow Hedges	Amount of Gain or (Loss) Recognized as AOCIL on Derivatives, Net of Tax ^(a)		Statement of Net Income Classification	Amount of (Gain) or Loss Reclassified from AOCIL into Earnings, Net of Tax ^(b)	
	Nine Months Ended September 30,			Nine Months Ended September 30,	
	2024	2023		2024	2023
Interest rate swaps	\$ 3,562	\$ 15,419	Interest expense	\$ (11,934)	\$ (10,378)

(a) In accordance with the derivatives and hedging guidance, the changes in fair values of interest rate swaps have been recorded in equity as a component of AOCIL. As the critical terms of the interest rate swaps match the underlying debt being hedged, all unrealized changes in fair value are recorded in AOCIL.

(b) Amounts reclassified from AOCIL into earnings related to realized gains and losses on interest rate swaps are recognized when interest payments or receipts occur related to the swap contracts, which correspond to when interest payments are made on the Company's hedged debt.

See Note 16 for further discussion on the impact of the Company's hedge accounting to its consolidated comprehensive income (loss) and AOCIL.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist primarily of cash and equivalents, trade receivables, restricted cash and investments, trade payables, debt instruments, contingent consideration obligations and interest rate swaps. As of September 30, 2024 and December 31, 2023, the carrying values of cash and equivalents, trade receivables, restricted cash and investments, trade payables and contingent consideration are considered to be representative of their respective fair values. The carrying values of the Company's debt instruments, excluding certain notes as listed in the table below, approximate their fair values as of September 30, 2024 and December 31, 2023, based on current borrowing rates, current remaining average life to maturity and borrower credit quality for similar types of borrowing arrangements, and are classified as Level 2 within the fair value hierarchy. The carrying values and fair values of the Company's debt instruments where the carrying values do not approximate their fair values as of September 30, 2024 and December 31, 2023, are as follows:

	Carrying Value at		Fair Value ^(a) at	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
4.25% Senior Notes due 2028	\$ 500,000	\$ 500,000	\$ 501,500	\$ 496,800
3.50% Senior Notes due 2029	\$ 500,000	\$ 500,000	\$ 486,650	\$ 478,350
4.50% Senior Notes due 2029	\$ 370,400	\$ —	\$ 383,507	\$ —
2.60% Senior Notes due 2030	\$ 600,000	\$ 600,000	\$ 553,860	\$ 539,460
2.20% Senior Notes due 2032	\$ 650,000	\$ 650,000	\$ 558,415	\$ 543,725
3.20% Senior Notes due 2032	\$ 500,000	\$ 500,000	\$ 457,100	\$ 450,200
4.20% Senior Notes due 2033	\$ 750,000	\$ 750,000	\$ 728,250	\$ 729,600
5.00% Senior Notes due 2034	\$ 750,000	\$ —	\$ 770,175	\$ —
3.05% Senior Notes due 2050	\$ 500,000	\$ 500,000	\$ 354,950	\$ 362,600
2.95% Senior Notes due 2052	\$ 850,000	\$ 850,000	\$ 584,715	\$ 601,460

(a) Senior Notes are classified as Level 2 within the fair value hierarchy. Fair value inputs include third-party calculations of the market interest rate of notes with similar ratings in similar industries over the remaining note terms.

For details on the fair value of the Company's interest rate swaps, restricted cash and investments and contingent consideration, refer to Note 15.

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14. NET INCOME PER SHARE INFORMATION

The following table sets forth the calculation of the numerator and denominator used in the computation of basic and diluted net income per common share attributable to the Company's shareholders for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net income attributable to Waste Connections for basic and diluted earnings per share	\$ 308,046	\$ 229,026	\$ 813,577	\$ 636,047
Denominator:				
Basic shares outstanding	258,023,661	257,633,703	257,939,935	257,535,408
Dilutive effect of equity-based awards	732,867	595,701	661,880	575,076
Diluted shares outstanding	258,756,528	258,229,404	258,601,815	258,110,484

15. FAIR VALUE MEASUREMENTS

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis in periods subsequent to their initial measurement. These tiers include: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, model-based valuation techniques for which all significant assumptions are observable in the market, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and Level 3, defined as unobservable inputs that are not corroborated by market data.

The Company's financial assets and liabilities recorded at fair value on a recurring basis include derivative instruments and restricted cash and investments. At September 30, 2024 and December 31, 2023, the Company's derivative instruments included pay-fixed, receive-variable interest rate swaps. The Company's interest rate swaps are recorded at their estimated fair values based on quotes received from financial institutions that trade these contracts. The Company verifies the reasonableness of these quotes using similar quotes from another financial institution as of each date for which financial statements are prepared. For the Company's interest rate swaps, the Company also considers the Company's creditworthiness in its determination of the fair value measurement of these instruments in a net liability position and the counterparties' creditworthiness in its determination of the fair value measurement of these instruments in a net asset position. The Company's restricted cash is valued at quoted market prices in active markets for identical assets, which the Company receives from the financial institutions that hold such investments on its behalf. The Company's restricted cash measured at fair value is invested primarily in money market accounts and bank time deposits. The Company's restricted investments are valued at quoted market prices in active markets for similar assets, which the Company receives from the financial institutions that hold such investments on its behalf. The Company's restricted investments measured at fair value are invested primarily in U.S. government, agency securities and Canadian bankers' acceptance notes.

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The Company's assets and liabilities measured at fair value on a recurring basis at September 30, 2024 and December 31, 2023, were as follows:

	<u>Fair Value Measurement at September 30, 2024 Using</u>			
	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Interest rate swap derivative instruments – net asset position	\$ 11,396	\$ —	\$ 11,396	\$ —
Restricted cash	\$ 123,243	\$ 123,243	\$ —	\$ —
Restricted investments	\$ 78,963	\$ —	\$ 78,963	\$ —
Contingent consideration	\$ (82,599)	\$ —	\$ —	\$ (82,599)

	<u>Fair Value Measurement at December 31, 2023 Using</u>			
	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Interest rate swap derivative instruments – net asset position	\$ 22,787	\$ —	\$ 22,787	\$ —
Restricted cash	\$ 105,639	\$ 105,639	\$ —	\$ —
Restricted investments	\$ 70,658	\$ —	\$ 70,658	\$ —
Contingent consideration	\$ (115,030)	\$ —	\$ —	\$ (115,030)

The following table summarizes the changes in the fair value for Level 3 liabilities related to contingent consideration for the nine months ended September 30, 2024 and 2023:

	<u>Nine Months Ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 115,030	\$ 81,415
Contingent consideration recorded at acquisition date	23,926	13,350
Payment of contingent consideration recorded at acquisition date	(26,625)	(4,255)
Payment of contingent consideration recorded in earnings	(35,035)	—
Adjustments to contingent consideration	—	30,367
Interest accretion expense	5,303	1,131
Ending balance	<u>\$ 82,599</u>	<u>\$ 122,008</u>

16. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) includes changes in the fair value of interest rate swaps that qualify for hedge accounting. The components of other comprehensive income (loss) and related tax effects for the three and nine months ended September 30, 2024 and 2023 are as follows:

	<u>Three Months Ended September 30, 2024</u>		
	<u>Gross</u>	<u>Tax Effect</u>	<u>Net of Tax</u>
Interest rate swap amounts reclassified into interest expense	\$ (5,432)	\$ 1,440	\$ (3,992)
Changes in fair value of interest rate swaps	(8,946)	2,370	(6,576)
Foreign currency translation adjustment	32,273	—	32,273
	<u>\$ 17,895</u>	<u>\$ 3,810</u>	<u>\$ 21,705</u>

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	Three Months Ended September 30, 2023		
	Gross	Tax Effect	Net of Tax
Interest rate swap amounts reclassified into interest expense	\$ (5,286)	\$ 1,401	\$ (3,885)
Changes in fair value of interest rate swaps	7,788	(2,064)	5,724
Foreign currency translation adjustment	(50,020)	—	(50,020)
	<u>\$ (47,518)</u>	<u>\$ (663)</u>	<u>\$ (48,181)</u>

	Nine Months Ended September 30, 2024		
	Gross	Tax Effect	Net of Tax
Interest rate swap amounts reclassified into interest expense	\$ (16,237)	\$ 4,303	\$ (11,934)
Changes in fair value of interest rate swaps	4,846	(1,284)	3,562
Foreign currency translation adjustment	(46,752)	—	(46,752)
	<u>\$ (58,143)</u>	<u>\$ 3,019</u>	<u>\$ (55,124)</u>

	Nine Months Ended September 30, 2023		
	Gross	Tax Effect	Net of Tax
Interest rate swap amounts reclassified into interest expense	\$ (14,120)	\$ 3,742	\$ (10,378)
Changes in fair value of interest rate swaps	20,979	(5,560)	15,419
Foreign currency translation adjustment	2,527	—	2,527
	<u>\$ 9,386</u>	<u>\$ (1,818)</u>	<u>\$ 7,568</u>

A rollforward of the amounts included in AOCIL, net of taxes, for the nine months ended September 30, 2024 and 2023, is as follows:

	Interest Rate Swaps	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2023	\$ 16,749	\$ (26,575)	\$ (9,826)
Amounts reclassified into earnings	(11,934)	—	(11,934)
Changes in fair value	3,562	—	3,562
Foreign currency translation adjustment	—	(46,752)	(46,752)
Balance at September 30, 2024	<u>\$ 8,377</u>	<u>\$ (73,327)</u>	<u>\$ (64,950)</u>

	Interest Rate Swaps	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2022	\$ 23,378	\$ (80,208)	\$ (56,830)
Amounts reclassified into earnings	(10,378)	—	(10,378)
Changes in fair value	15,419	—	15,419
Foreign currency translation adjustment	—	2,527	2,527
Balance at September 30, 2023	<u>\$ 28,419</u>	<u>\$ (77,681)</u>	<u>\$ (49,262)</u>

See Note 12 for further discussion on the Company's derivative instruments.

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17. SHAREHOLDERS' EQUITY

Share-Based Compensation

Restricted Share Units

A summary of activity related to restricted share units ("RSUs") during the nine-month period ended September 30, 2024, is presented below:

	<u>Unvested Shares</u>
Outstanding at December 31, 2023	936,267
Granted	370,580
Forfeited	(44,449)
Vested and issued	(339,984)
Outstanding at September 30, 2024	<u>922,414</u>

The weighted average grant-date fair value per share for the common shares underlying the RSUs granted during the nine-month period ended September 30, 2024 was \$164.91.

Recipients of the Company's RSUs who participate in the Company's Nonqualified Deferred Compensation Plan may have elected in years prior to 2015 to defer some or all of their RSUs as they vest until a specified date or dates they choose. At the end of the deferral periods, unless a qualified participant makes certain other elections, the Company issues to recipients who deferred their RSUs common shares of the Company underlying the deferred RSUs. At September 30, 2024 and 2023, the Company had 29,980 and 62,059 vested deferred RSUs outstanding, respectively.

Performance-Based Restricted Share Units

A summary of activity related to performance-based restricted share units ("PSUs") during the nine-month period ended September 30, 2024, is presented below:

	<u>Unvested Shares</u>
Outstanding at December 31, 2023	259,532
Granted	113,166
Vested and issued	(153,555)
Outstanding at September 30, 2024	<u>219,143</u>

During the nine months ended September 30, 2024, the Company's Compensation Committee granted PSUs with three-year performance-based metrics that the Company must meet before those awards may be earned, and the performance period for those grants ends on December 31, 2026. The Compensation Committee will determine the achievement of performance results and corresponding vesting of PSUs for each performance period. The weighted average grant-date fair value per share for the common shares underlying all PSUs granted during the nine-month period ended September 30, 2024 was \$138.29.

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Deferred Share Units

A summary of activity related to deferred share units (“DSUs”) during the nine-month period ended September 30, 2024, is presented below:

	<u>Vested Shares</u>
Outstanding at December 31, 2023	30,481
Granted	3,746
Cash settled	(9,207)
Share settled	(4,602)
Outstanding at September 30, 2024	<u>20,418</u>

The DSUs consist of a combination of DSU grants outstanding under the Progressive Waste share-based compensation plans that were continued by the Company following the Progressive Waste acquisition and DSUs granted by the Company since the Progressive Waste acquisition. The weighted average grant-date fair value per share for the common shares underlying the DSUs granted during the nine-month period ended September 30, 2024 was \$168.71.

Other Restricted Share Units

RSU grants outstanding under the Progressive Waste share-based compensation plans were continued by the Company following the Progressive Waste acquisition and allow for the issuance of shares or cash settlement to employees upon vesting or other distribution events. A summary of activity related to Progressive Waste RSUs during the nine-month period ended September 30, 2024, is presented below:

Outstanding at December 31, 2023	51,812
Cash settled	(1,750)
Outstanding at September 30, 2024	<u>50,062</u>

No RSUs under the Progressive Waste share-based compensation plans were granted subsequent to June 1, 2016. All remaining RSUs were vested as of March 31, 2019.

Employee Share Purchase Plan

On May 15, 2020, the Company’s shareholders approved the 2020 Employee Share Purchase Plan (the “ESPP”). Under the ESPP, qualified employees may elect to have payroll deductions withheld from their eligible compensation on each payroll date in amounts equal to or greater than one percent (1%) but not in excess of ten percent (10%) of eligible compensation in order to purchase the Company’s common shares under certain terms and subject to certain restrictions set forth in the ESPP. The exercise price is equal to 95% of the closing price of the Company’s common shares on the last day of the relevant offering period, provided, however, that such exercise price will not be less than 85% of the volume weighted average price of the Company’s common shares as reflected on the Toronto Stock Exchange (the “TSX”) over the final five trading days of such offering period. The maximum number of shares that may be issued under the ESPP is 1,000,000. Under the ESPP, employees purchased 29,256 of the Company’s common shares for \$4,486 during the nine months ended September 30, 2024. Under the ESPP, employees purchased 29,808 of the Company’s common shares for \$3,908 during the nine months ended September 30, 2023.

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Normal Course Issuer Bid

On July 23, 2024, the Board of Directors of the Company approved, subject to receipt of regulatory approvals, the annual renewal of the Company's normal course issuer bid (the "NCIB") to purchase up to 12,901,981 of the Company's 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 the option of the Company. The renewal followed the conclusion of the Company's NCIB that expired August 9, 2024. The Company received TSX approval for its annual renewal of the NCIB on August 6, 2024. Under the NCIB, the Company may make share repurchases only in the open market, including on the New York Stock Exchange (the "NYSE"), the TSX, and/or alternative Canadian trading systems, at the prevailing market price at the time of the transaction.

In accordance with TSX rules, any daily repurchases made through the TSX and alternative Canadian trading systems is limited to a maximum of 60,089 common shares, which represents 25% of the average daily trading volume on the TSX of 240,359 common shares for the period from February 1, 2024 to July 31, 2024. The TSX rules also allow the Company to purchase, once a week, a block of common shares not owned by any insiders, which may exceed such daily limit. The maximum number of shares that can be purchased per day on the NYSE will be 25% of the average daily trading volume for the four calendar weeks preceding the date of purchase, subject to certain exceptions for block purchases.

The timing and amounts of any repurchases pursuant to the NCIB will depend on many factors, including the Company's capital structure, the market price of the common shares, any share buyback taxes applicable and overall market conditions. All common shares purchased under the NCIB shall be immediately cancelled following their repurchase.

For each of the nine months ended September 30, 2024 and 2023, the Company did not repurchase any common shares pursuant to the NCIB in effect during that period. As of September 30, 2024, the maximum number of shares available for repurchase under the current NCIB was 12,901,981.

Cash Dividend

In October 2023, the Company announced that its Board of Directors increased its regular quarterly cash dividend by \$0.03, from \$0.255 to \$0.285 per Company common share. Cash dividends of \$221,253 and \$196,815 were paid during the nine months ended September 30, 2024 and 2023, respectively.

18. COMMITMENTS AND CONTINGENCIES

In the normal course of its business and as a result of the extensive governmental regulation of the solid waste and E&P waste industries, the Company is subject to various judicial and administrative proceedings involving Canadian regulatory authorities as well as U.S. federal, state and local agencies. In these proceedings, an agency may subpoena the Company for records, or seek to impose fines on the Company or revoke or deny renewal of an authorization held or sought by the Company, including an operating permit. From time to time, the Company may also be subject to actions brought by special interest or other groups, adjacent landowners or residents in connection with the permitting and licensing of landfills, transfer stations, and E&P waste treatment, recovery and disposal operations, or alleging environmental damage or violations of the permits and licenses pursuant to which the Company operates. The Company uses \$1,000 as a threshold for disclosing environmental matters involving a governmental authority and potential monetary sanctions.

In addition, the Company is a party to various claims and suits pending for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the normal operation of the

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Company's business. Except as noted in the matters described below, as of September 30, 2024, there is no current proceeding or litigation involving the Company or its property that the Company believes could have a material adverse effect on its business, financial condition, results of operations or cash flows.

Jefferson Parish, Louisiana Landfill Litigation

Between June 2016 and December 31, 2020, one of the Company's subsidiaries, Louisiana Regional Landfill Company ("LRLC"), conducted certain operations at a municipal solid waste landfill known as the Jefferson Parish Landfill (the "JP Landfill"), located in Avondale, Louisiana, near the City of New Orleans. LRLC's operations were governed by an Operating Agreement entered into in May 2012 by LRLC under its previous name, IESI LA Landfill Corporation, and the owner of the JP Landfill, Jefferson Parish (the "Parish"). The Parish also holds the State of Louisiana permit for the operation of the JP Landfill. Aptim Corporation, and later River Birch, LLC, operated the landfill gas collection system at the JP Landfill under a separate contract with the Parish.

In July and August 2018, four separate lawsuits seeking class action status were filed against LRLC and certain other Company subsidiaries, the Parish, and Aptim Corporation in Louisiana state court, and subsequently removed to the United States District Court for the Eastern District of Louisiana, before Judge Susie Morgan in New Orleans. The court later consolidated the claims of the putative class action plaintiffs (the "*Ictech-Bendeck*" action). Beginning in December 2018, a series of 11 substantively identical mass actions were filed in Louisiana state court against LRLC and certain other Company subsidiaries, the Parish, and Aptim Corporation. The claims of the mass action plaintiffs were removed to and consolidated in federal court in the Eastern District of Louisiana, also before Judge Susie Morgan (the "*Addison*" action). On August 10, 2024, the Company's subsidiaries and the *Addison* plaintiffs reached an agreement in principle to settle the *Addison* plaintiffs' claims against the Company; the Parish and Aptim Corporation also reached agreements in principle to settle the *Addison* action. On August 12, 2024, the court entered an order dismissing the *Addison* action without prejudice pending consummation of the settlement agreements.

The *Ictech-Bendeck* plaintiffs assert claims for damages from odors allegedly emanating from the JP Landfill. The consolidated putative class action complaint alleges that the JP Landfill released "noxious odors" into the plaintiffs' properties and the surrounding community and asserts a range of liability theories—nuisance, negligence (since dismissed), and strict liability—against all defendants. The *Ictech-Bendeck* plaintiffs seek unspecified damages.

The court held an eight-day trial on general causation during January and February 2022. On November 29, 2022, the court issued a 45-page decision on the general causation trial. The court concluded that all putative class plaintiffs established general causation—specifically that emissions and gases from the JP Landfill were capable of causing certain damages alleged by the plaintiffs. The court held that it only needed to determine the level of exposure necessary to result in injuries and that the level existed somewhere offsite, and that it was not required to delineate this level of exposure within a geographic area. The court did, however, limit the time period for damages, to between July 2017 and December 2019, and the types of alleged injuries for which the plaintiffs are able to seek damages, to headaches, nausea, vomiting, loss of appetite, sleep disruption, dizziness, fatigue, anxiety and worry, a decrease in quality of life, and loss of enjoyment or use of property.

After the general causation decision, extensive discovery occurred in 2023 and 2024. On May 15, 2024, the *Ictech-Bendeck* plaintiffs filed an amended motion for class certification, which the defendants opposed. Plaintiffs currently describe the putative class as Jefferson Parish residents suffering an injury as a result of exposure to odors from the Landfill between July 1, 2017 and December 31, 2019, in five proposed geographic sub-classes encompassing residents within a delineated area of Jefferson Parish that extends roughly five miles from the Landfill to the north and east. Counsel for the putative class asks the court to certify a class on liability and allocation issues and that specific causation be left for individual determinations after a class trial. Briefing on the class action plaintiffs' motion for class certification was

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completed on June 26, 2024. An evidentiary hearing on certain class certification issues is scheduled for December 9 and 10, 2024.

On August 8, 2024, Jefferson Parish and the *Ictech-Bendeck* plaintiffs notified the court and the other parties that they had reached an agreement in principle on settlement of the plaintiffs' claims against the Parish. The court held a settlement conference on August 9, memorializing the terms of the plaintiffs' settlement with the Parish, including a settlement amount of \$4,500 to be paid by the Parish to the *Ictech-Bendeck* plaintiffs. The court must approve the proposed settlement after notice is sent to the proposed settlement class and a hearing on the fairness of the settlement terms.

The Company believes it has defenses to certification of the putative class actions and is continuing to vigorously defend itself; however, at this time, the Company is not able to determine the likelihood of any outcome regarding the underlying claims in the class action, including the allocation of any potential liability among the Company, the Parish, and Aptim Corporation.

Los Angeles County, California Landfill Expansion Litigation

A. Chiquita Canyon, LLC Lawsuit Against Los Angeles County

In October 2004, the Company's subsidiary, Chiquita Canyon, LLC ("CCL"), then under prior ownership, filed an application (the "Application") with the County of Los Angeles (the "County") Department of Regional Planning ("DRP") for a conditional use permit (the "CUP") to authorize the continued operation and expansion of the Chiquita Canyon Landfill (the "CC Landfill"). The CC Landfill has operated since 1972, and as a regional landfill, accepted approximately 2.5 million tons of materials for disposal and beneficial use in 2023. The CC Landfill is the second largest landfill in the County and plays a vital role in the County's ability to safely and quickly gather, process, and dispose of thousands of tons of waste, six days a week. A significant disruption in that function would be harmful to the County and the Company. The Application requested expansion of the existing waste footprint on CCL's contiguous property, an increase in maximum elevation, creation of a new entrance and new support facilities, construction of a facility for the County or another third-party operator to host household hazardous waste collection events, designation of an area for mixed organics/composting, and other modifications.

After many years of reviews and delays, upon the recommendation of County staff, the County's Regional Planning Commission (the "Commission") approved the Application on April 19, 2017, but imposed operating conditions, fees and exactions that substantially reduced the historical landfill operations and represented a large increase in aggregate taxes and fees. CCL objected to many of the requirements imposed by the Commission. Current estimates for new costs imposed on CCL under the CUP are in excess of \$300,000.

CCL appealed the Commission's decision to the County Board of Supervisors, but the appeal was not successful. At a subsequent hearing, on July 25, 2017, the Board of Supervisors approved the CUP. On October 20, 2017, CCL filed in the Superior Court of California, County of Los Angeles a verified petition for writ of mandate and complaint against the County and the County Board of Supervisors captioned Chiquita Canyon, LLC v. County of Los Angeles (the "Complaint"). The Complaint challenges the terms of the CUP in 13 counts generally alleging that the County violated multiple California and federal statutes and California and federal constitutional protections. CCL seeks the following relief: (a) an injunction and writ of mandate against certain of the CUP's operational restrictions, taxes and fees, (b) a declaration that the challenged conditions are unconstitutional and in violation of state and federal statutes, (c) reimbursement for any such illegal fees paid under protest, (d) damages, (e) an award of just compensation for a taking, (f) attorney fees, and (g) all other appropriate legal and equitable relief.

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Following extensive litigation in 2018 and 2019 on the permissible scope of CCL's challenge, the Superior Court issued its decision on July 2, 2020, granting CCL's petition for writ of mandate in part and denying it in part. CCL prevailed with respect to 12 of the challenged conditions, many of which imposed new fees and exactions on the CC Landfill. On October 11, 2022, CCL and the County entered into a settlement agreement that requires CCL to file a CUP modification application with the County embodying the terms of the settlement agreement. CCL filed the CUP modification application on November 10, 2022, an addendum to CCL's environmental impact report in accordance with the California Environmental Quality Act on January 12, 2024, and a revised addendum on September 30, 2024. The next steps contemplated by the settlement agreement include: completion of review by the County; scheduling the CUP modification application for a hearing before the Los Angeles County Regional Planning Commission; if appealed, a hearing before the County Board of Supervisors; and, upon approval by the County Board of Supervisors of the CUP modification application and satisfaction of certain other contingencies, CCL would dismiss this lawsuit.

At a meeting between the County and the Company on September 23, 2024, the County first stated that it would not be possible to complete the environmental review and present the CUP modification to the Regional Planning Commission in 2024. Absent approval of the modified CUP, beginning January 1, 2025, the CUP requires CCL to reduce its maximum annual solid waste tonnage capacity from approximately two million tons of solid waste per year to approximately one million tons of solid waste per year. CCL and the County are required under the settlement agreement to cooperate to take additional lawful and reasonable measures to effectuate the basic terms and goals of the settlement agreement, which include modifying this tonnage reduction to a gradual step-down in tonnage, and those efforts are underway. At this time, the Company is not able to determine the likelihood of any outcome in this matter.

B. December 11, 2017 Notice of Violation Regarding Certain CUP Conditions.

The County, through its DRP, issued a Notice of Violation, dated December 11, 2017 (the "NOV"), alleging that CCL violated certain conditions of the CUP, including Condition 79(B)(6) of the CUP by failing to pay an \$11,600 Bridge & Thoroughfare Fee ("B&T Fee") that was purportedly due on July 25, 2017. The alleged B&T fee was ostensibly to fund the construction of transportation infrastructure in the area of the CC Landfill. At the time the NOV was issued, CCL had already contested the legality of the B&T fee in the October 20, 2017 Complaint filed against the County in Los Angeles County Superior Court, described above under paragraph A (the "CUP lawsuit").

On January 12, 2018, CCL filed an appeal of the alleged violations in the NOV. Subsequently, CCL filed additional legal arguments and exhibits contesting the NOV. On March 6, 2018, a DRP employee designated as hearing officer sustained the NOV, including the \$11,600 B&T fee, and imposed an administrative penalty in the amount of \$83 and a noncompliance fee of \$0.75. A written decision memorializing the hearing officer's findings and order was issued on July 10, 2018. On April 13, 2018, CCL filed in the Superior Court of California, County of Los Angeles, a Petition for Writ of Administrative Mandamus against the County seeking to overturn the decision sustaining the NOV, contending that the NOV and decision are not supported by the facts or law. On July 17, 2018, the court granted CCL leave to pay the \$11,600 B&T fee and to amend its Complaint in the CUP lawsuit to reflect the payment under protest, allowing the challenge to the B&T fee under the Mitigation Fee Act to proceed in the CUP lawsuit. CCL paid the B&T fee under protest on August 10, 2018, and also paid on that date the administrative penalty of \$83 and the noncompliance fee of \$0.75. The court indicated that the NOV case would be coordinated with the CUP lawsuit. On October 11, 2022, CCL and the County entered into the settlement agreement, described above under paragraph A. If the CUP modification application is approved by the County and certain other contingencies are satisfied, CCL will dismiss this lawsuit. However, as described above, the Company is not able to determine the likelihood of any outcome in this matter.

Elevated Temperature Landfill Event

Beginning in May 2023, the Company's subsidiary, Chiquita Canyon, LLC ("CCL"), began receiving notices of violation ("NOVs") from the South Coast Air Quality Management District ("SCAQMD") for alleged violations of Section 41700 of the California Health & Safety Code and SCAQMD Rule 402 based on complaints from the public of odors,

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which SCAQMD inspectors stated that they verified were from the Chiquita Canyon Landfill (the “CC Landfill”). Each Rule 402 NOV alleges the CC Landfill is “discharging such quantities of air contaminants to cause injury, detriment, nuisance or annoyance to a considerable number of persons.” CCL’s retained expert consultants in Elevated Temperature Landfill (“ETLF”) events have attributed the odors and other impacts to an ETLF event that is occurring in a lined, non-active area of the CC Landfill.

Since May 2023, CCL has received approximately 275 NOVs for alleged violations of SCAQMD Rule 402. CCL has also received twelve additional NOVs from SCAQMD alleging violations of other SCAQMD rules and CCL’s Title V permit. Many of these additional NOVs appear related to the increase in liquids and landfill gas caused by the ETLF event.

On August 15, 2023, SCAQMD petitioned its Hearing Board for an Order for Abatement in Hearing Board Case No. 6177-4 to address the Rule 402 NOVs issued by SCAQMD inspectors as a result of the ETLF event. SCAQMD and CCL negotiated a Stipulated Order for Abatement (the “Stipulated Order”), which was issued by the Hearing Board on September 6, 2023. Modifications to the Stipulated Order were approved by the Hearing Board after hearings on January 16 and 17, 2024, March 21, 2024, April 24, 2024, and August 17, 20, and 27, 2024. The modified Stipulated Order contains 90 conditions. The continuation of the August 27, 2024 hearing is currently scheduled for November 13 and 14, 2024. For this continued hearing, SCAQMD is also considering pursuing additional mandates regarding the CC Landfill’s operations, including reductions in waste intake and curtailing hours of operation.

On November 22, 2023, CCL received an NOV from the Los Angeles Regional Water Quality Control Board (“Water Board”) for alleged violations of CCL’s Waste Discharge Requirements Order No. R4-2018-0172, including the Monitoring and Reporting Program. The allegations relate to increased leachate production and leachate seeps caused by the ETLF event. CCL has received three more NOVs from the Water Board regarding alleged discharges, reporting, and other compliance violations. CCL has submitted full responses to each of the November 22, 2023, and January 24, March 28, and April 9, 2024 NOVs from the Water Board.

On June 27, 2024, CCL received a fifth NOV from the Water Board for alleged non-compliance with a March 20, 2024 Investigative Order issued by the Water Board pursuant to California Water Code §§ 13267 and 13383. CCL has provided a full response to the alleged violations.

On February 15 and March 29, 2024, CCL received two Summaries of Violations (“SOV”) from the Department of Toxic Substances Control (“DTSC”). The SOVs allege violations of California’s hazardous waste control laws and their implementing regulations related to three incidents in which offsite shipments of leachate, which tested above a regulatory threshold, were shipped to non-hazardous waste treatment and disposal facilities. CCL has submitted full responses to both SOVs from DTSC.

On June 4, 2024, CCL received a Finding of Violation (“FOV”) from the U.S. Environmental Protection Agency, alleging violations of the New Source Performance Standards (“NSPS”) and National Emission Standards for Hazardous Air Pollutants (“NESHAP”) for municipal solid waste landfills, the NSPS and NESHAP General Provisions, and certain conditions of CCL’s Title V permit. CCL has submitted a full response to the alleged violations.

At this time, CCL is not able to determine the likely penalties that the regulatory agencies will seek for these alleged violations, but they could be substantial. CCL also is incurring substantial costs in conjunction with efforts to address the ETLF event and any related impacts, including attendant air emissions, and to manage the increased production and changing composition of the liquids. At this time, the Company is not able to determine the likelihood of any outcome of the resolution of these alleged violations, including the amount of penalties.

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In addition to, and distinct from these alleged violations, CCL is seeking regulatory approvals to allow the use of new cells needed for waste disposal within the CC Landfill's existing waste footprint permitted under the CUP. At this time, the Company is not able to determine the likelihood of the outcome of these regulatory reviews.

Related Civil Litigation

Given the facts related to the ETLF event and the alleged violations described above, a number of civil lawsuits have been filed against CCL and other Company subsidiaries, including Chiquita Canyon, Inc., Waste Connections of California, Inc., Waste Connections Management Services Inc. and Waste Connections US, Inc. These began with *Howse et al. v. Chiquita Canyon, LLC, et al.* (Los Angeles Co. Superior Court; filed September 5, 2023, removed to U.S.D.C. C.D. Cal. October 4, 2023). That case included class action claims, but in May 2024, those claims were dropped and the case continues as a mass tort case in federal district court. The Company is working to consolidate the additional civil lawsuits brought by over fifteen law firms in federal and state courts with the *Howse* case in federal court.

There are approximately 3,300 total plaintiffs in these civil lawsuits as of October 23, 2024, which includes some from cases filed but not yet served, and the Company expects additional complaints and plaintiffs in the future.

The claims in the ongoing cases allege, among other things, nuisance odors, chemical exposures and other torts, including private nuisance (continuing and permanent), public nuisance (continuing and permanent), negligence, negligence per se, strict liability for ultrahazardous activities, and a violation of Health and Safety Code § 41700. Plaintiffs seek damages for physical injury, fear of future physical injury, increased risk of future injury, including the need for medical monitoring, emotional distress, harm to real and personal property, medical expenses, relocation expenses, and punitive damages. Plaintiffs seek all costs of suits and attorneys' fees. Some of the cases allege that officers and directors and/or agents of the Company's subsidiaries had advance knowledge that failure to properly maintain and operate the CC Landfill would result in the sorts of harms that the plaintiffs allegedly suffered. Some of the cases seek injunctive relief to prevent further harm to the plaintiffs or to close the CC Landfill.

The additional cases include: *Suggs et al. v. Chiquita Canyon, LLC, et al.* (Los Angeles Superior Court; filed February 2, 2024, removed to U.S.D.C. C.D. Cal. March 25, 2024); *Siryani et al. v. Chiquita Canyon, LLC, et al.* (Los Angeles Superior Court; filed March 27, 2024, removed to U.S.D.C. C.D. Cal. on April 29, 2024); *Adams Evans et al. v. Chiquita Canyon, LLC et al.* (Los Angeles Superior Court; filed April 15, 2024, removed to U.S.D.C. C.D. Cal. on July 5, 2024); *Aleksanyan et al. v. Chiquita Canyon, LLC et al.* (U.S.D.C. C.D. Cal.; filed May 20, 2024); *Jolene Acosta et al., v. Chiquita Canyon, LLC et al.* (Los Angeles Superior Court; filed May 29, 2024, removed to U.S.D.C. C.D. Cal. on July 12, 2024); *Quaiden Fenstermaker et. al. v. Chiquita Canyon, LLC et al.* (Los Angeles Superior Court; filed May 29, 2024, removed to U.S.D.C. C.D. Cal. on July 13, 2024); *Briana Mejia et al. v. Chiquita Canyon, LLC et al.* (Los Angeles Superior Court; filed May 29, 2024, removed to U.S.D.C. C.D. Cal. on July 15, 2024); *Araiza et al. v. Chiquita Canyon, LLC et al.* (U.S.D.C. C.D. Cal.; filed June 3, 2024); *Melineh Gasparians et al. v. Chiquita Canyon, LLC et al.* (Los Angeles Superior Court; filed June 10, 2024; removed to U.S.D.C. C.D. Cal. on September 4, 2024); *Claudia Rivera et al. v. Chiquita Canyon, LLC et al.* (Los Angeles Superior Court; filed June 14, 2024, removed to U.S.D.C. C.D. Cal. on July 22, 2024); *Alejandra Suarez et al. v. Chiquita Canyon, LLC et al.* (Los Angeles Superior Court; filed June 20, 2024; removed to U.S.D.C. C.D. Cal. on July 29, 2024); *Geon Hwang, et al. v. Chiquita Canyon, LLC et al.* (U.S.D.C. C.D. Cal.; filed July 8, 2024); *Anabel Austin, et al. v. Chiquita Canyon, LLC et al.* (Los Angeles Superior Court; filed July 9, 2024; removed to U.S.D.C. C.D. Cal. on August 16, 2024); *Isabell Dolores Palomino et al. v. Chiquita Canyon, LLC et al.* (U.S.D.C. C.D. Cal.; filed July 12, 2024); *Stephanie Audish et al. v. Chiquita Canyon, LLC* (Los Angeles Superior Court; filed July 16, 2024); *Scott Benjamin Siegal et. al. v. Chiquita Canyon, LLC et al.* (Los Angeles Superior Court; filed July 16, 2024); *Alina Hakopyan et al. v. Chiquita Canyon, LLC* (Los Angeles Superior Court; filed August 6, 2024); *Kaiden Alim et al. v. Chiquita Canyon, LLC et al.* (Los Angeles Superior Court, filed September 27, 2024); and *Nicholas Difatta et al. v. Chiquita Canyon, LLC et al.* (Los Angeles Superior Court, filed October 5, 2024). One law firm has also filed 359

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individual cases in Los Angeles Superior Court, which the Company related and consolidated to that firm's first filed case, Serieddine et al. v. Chiquita Canyon, LLC, et al. (Los Angeles Superior Court; filed January 8, 2024), so the cases can be collectively removed to federal court.

The Company is continuing to vigorously defend itself in these lawsuits; however, at this time, the Company is not able to determine the likelihood of any outcome regarding the underlying claims.

19. SUBSEQUENT EVENT

On October 23, 2024, the Company announced that its Board of Directors increased its regular quarter cash dividend by \$0.03, from \$0.285 to \$0.315 per Company common share, and then declared a regular quarterly cash dividend of \$0.315 per Company common share. The dividend will be paid on November 21, 2024, to shareholders of record on the close of business on November 7, 2024.