

**The Management's Discussion and Analysis of Financial Condition and Results of Operations for Waste Connections, Inc. is also included in the Form 10-K for the year ended December 31, 2025 filed on SEDAR+ on February 12, 2026 in its entirety.**

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K.

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

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

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

Our business and operations are subject to a variety of risks and uncertainties and, consequently, actual results may differ materially from those projected by any forward-looking statements. Factors that could cause actual results to differ from those projected include, but are not limited to, those listed under the heading "ITEM 1A. Risk Factors" and elsewhere in this Annual Report on Form 10-K.

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

### **Industry Overview**

The solid waste industry is local and highly competitive in nature, requiring substantial labor and capital resources. We compete for collection accounts primarily on the basis of price and, to a lesser extent, the quality of service, and compete for landfill business on the basis of tipping fees, geographic location and quality of operations. The solid waste industry has been consolidating and continues to consolidate as a result of a number of factors, including the increasing

costs and complexity associated with waste management operations and regulatory compliance. Some small independent operators and municipalities lack the capital resources, management, operating skills and technical expertise necessary to operate effectively in such an environment. The consolidation trend has caused solid waste companies to operate larger landfills that have complementary collection routes that can use company-owned disposal capacity. Owning a point of transfer to landfills has become increasingly important as landfills continue to close and some disposal capacity is farther from collection areas.

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

## **Executive Overview**

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

We generally target markets where we can operate efficiently, including secondary and rural markets, which often allows us to establish a substantial presence and operate profitably through exclusive contracts, vertical integration or asset positioning. In markets where waste collection services are provided under exclusive arrangements, or where waste disposal is municipally owned or funded or available at multiple municipal sources, we seek to achieve efficiencies through our collection services that aid our growth and profitability. We also target niche markets, like non-hazardous E&P waste treatment, recovery and disposal services.

## **2025 Financial Performance**

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.

## **Operating Results**

Revenues in 2025 increased 6.1% to \$9.467 billion from \$8.920 billion in 2024. Acquisitions closed during, or subsequent to, the prior year, net of divestitures, accounted for \$377.2 million in incremental revenues in 2025. Excluding the impact of such acquisitions, revenues increased 1.9% due predominantly to higher internal growth in solid waste. Solid waste internal growth was up 2.3%, due to higher price increases, partially offset by declines in surcharges, volumes and recycled commodities, along with the closure of an operating facility at year-end 2024. Pricing growth was 6.4%, with core pricing up 6.5%, with offsets from lower materials and environmental surcharges of 0.1%. Volumes decreased by 2.8% due primarily to the intentional shedding of lower quality revenue, including through the purposeful non-renewal of certain residential hauling contracts. Additionally, internal solid waste growth declined by 0.8% as a result of the facility closure and 0.5% as a result of decreases in recycled commodities revenue. Higher E&P waste activity contributed 0.2% to overall growth, which was offset by lower landfill gas sales, including renewable energy credits, and other revenue, down 0.2%, and foreign exchange impacts resulted in a 0.3% decrease to overall growth.

Net income attributable to Waste Connections increased 74% to \$1.077 billion in 2025, from \$617.6 million in 2024, principally as a result of impairments and other operating items, which decreased to \$109.7 million in 2025 from \$613.0 million in 2024. In 2025, adjusted earnings before interest, taxes, depreciation and amortization, or adjusted EBITDA, a non-GAAP financial measure (refer to page 74 of this Annual Report on Form 10-K for a definition and reconciliation to Net income attributable to Waste Connections), increased 7.7% to \$3.125 billion, from \$2.902 billion in 2024. As a percentage of revenue, adjusted EBITDA increased from 32.5% in 2024, to 33.0% in 2025. This 0.5 percentage point increase reflects price-led organic growth in solid waste exceeding cost inflation and lower cost of fuel during the year, partially offset by lower recycled commodity and landfill gas revenues. Adjusted net income attributable to Waste Connections, a non-GAAP financial measure (refer to page 75 of this Annual Report on Form 10-K for a definition and reconciliation to Net income attributable to Waste Connections), in 2025 increased 7.2% to \$1.328 billion from \$1.239 billion in 2024.

#### Return of Capital and Distributions to Shareholders

In 2025, we distributed \$839.3 million to shareholders through a combination of cash dividends and share repurchases. We paid \$333.8 million to shareholders through cash dividends declared by our Board of Directors, which also increased the quarterly cash dividend by 11.1%, from \$0.315 to \$0.350 per common share in October 2025. Cash dividends increased \$31.5 million, or 10.4%, from \$302.3 million in 2024 due to a 10.5% increase in the quarterly cash dividend declared by our Board of Directors in October 2024, followed by the additional increase in October 2025 and reflects the reduced share count resulting from repurchases. In 2025, we also repurchased 2.8 million common shares at an aggregate cost of \$505.5 million pursuant to our normal course issuer bid, which was renewed in August 2025 and provides for repurchases of up to 12,855,691 shares, being 5% of the shares outstanding as of July 31, 2025. Our Board of Directors intends to review the quarterly dividend during the fourth quarter of each year, with a long-term objective of increasing the amount of the dividend. We expect the amount of capital we return to shareholders through share repurchases to vary depending on our financial condition and results of operations, capital structure, the amount of cash we deploy on acquisitions, expectations regarding the timing and size of acquisitions, the market price of our common shares, and overall market conditions. We cannot assure as to the amounts or timing of future dividends or share repurchases. We have the ability under our Revolving Credit Agreement to repurchase our common shares and pay dividends provided that we maintain specified financial ratios.

#### Capital Position

We target a Leverage Ratio, as defined in our Revolving Credit Agreement, of approximately 2.5x – 3.0x total debt to EBITDA. The Leverage Ratio is a non-GAAP ratio (refer to page 75 of this Annual Report on Form 10-K for more information on this ratio). Higher debt resulting from outlays for acquisitions and share repurchases during 2025 were largely offset by higher EBITDA in 2025, resulting in a nominal increase in our Leverage Ratio from 2.67x at December 31, 2024 to 2.75x at December 31, 2025. Cash balances decreased from \$62.4 million at December 31, 2024 to \$46.0 million at December 31, 2025, and we had \$581.1 million of remaining borrowing capacity under our Revolving Credit Agreement, which matures in February 2029. In total, we had \$2.2 billion in prepayable debt outstanding at December 31, 2025.

#### Critical Accounting Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in the consolidated financial statements. As described by the SEC, critical accounting estimates and assumptions are those that may be material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change, and that have a material impact on the financial condition or operating performance of a company. Such critical accounting estimates and assumptions are applicable to our reportable segments.

We believe that of our significant accounting policies, which are described in Note 3 of our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, we believe these are the most critical to fully understand and evaluate our financial condition and results of operations.

Insurance liabilities. We maintain insurance policies for automobile, general, employer's, environmental, cyber, employment practices and directors' and officers' liability as well as for employee group health insurance, property insurance and workers' compensation. We carry umbrella policies for certain types of claims to provide excess coverage over the underlying policies and per incident deductibles or self-insured retentions. Our insurance accruals are based on claims filed and estimates of claims incurred but not reported and are developed by our management with assistance from our third-party actuary and third-party claims administrator. The insurance accruals are influenced by our past claims experience factors and by published industry development factors. If we experience insurance claims or costs above or below our historically evaluated levels, our estimates could be materially affected. The frequency and amount of claims or incidents could vary significantly over time, which could materially affect our self-insurance liabilities. Additionally, the actual costs to settle the self-insurance liabilities could materially differ from the original estimates and cause us to incur additional costs in future periods associated with prior year claims.

Income taxes. Deferred income tax assets and liabilities are determined based on differences between the financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. If our judgment and estimates concerning assumptions made in calculating our expected future income tax rates are incorrect, our deferred income tax assets and liabilities would change. Based on our deferred income tax liability balance at December 31, 2025, each 0.1 percentage point change to our expected future income tax rates would change our deferred income tax liability balance and income tax expense by approximately \$4.2 million.

Accounting for landfills. We recognize landfill depletion expense as airspace of a landfill is consumed. Our landfill depletion rates are based on the remaining disposal capacity at our landfills, considering both permitted and probable expansion airspace. We calculate the net present value of our final capping, closure and post-closure commitments 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 our final capping, closure and post-closure liabilities being recorded in "layers." The resulting final capping, closure and post-closure obligations are recorded on the consolidated balance sheet 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. 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 accounting methods discussed below require us to make certain estimates and assumptions. Changes to these estimates and assumptions, including as a result of inflation, could have a material effect on our financial condition and results of operations. Any changes to our estimates are applied prospectively.

Landfill development costs. Landfill development costs include the costs of acquisition, construction associated with excavation, liners, site berms, groundwater monitoring wells, gas recovery systems and leachate collection systems. We estimate the total costs associated with developing each landfill site to its final capacity. Total landfill costs include the development costs associated with expansion airspace. Expansion airspace is described below. Landfill development costs depend on future events and thus actual costs could vary significantly from our estimates. Material differences between estimated and actual development costs may affect our cash flows by increasing our capital expenditures and thus affect our results of operations by increasing our landfill depletion expense.

Final capping, closure and post-closure obligations. We accrue for estimated final capping, closure and post-closure maintenance obligations at the landfills we own, and the landfills that we operate, but do not own, under life-of-site agreements. We could have additional material financial obligations relating to final capping, closure and post-closure costs at other disposal facilities that we currently own or operate or that we may own or operate in the future. Our discount rate assumption for purposes of computing 2025 and 2024 "layers" for final capping, closure and post-closure obligations is based on our long-term credit adjusted risk-free rate. Our discount rate was 5.50% for each of 2025 and 2024. Our long-term inflation rate assumption was 2.75% for each of the years ended December 31, 2025 and 2024. Significant

reductions in our estimates of the remaining lives of our landfills or significant increases in our estimates of the landfill final capping, closure and post-closure maintenance costs could have a material adverse effect on our financial condition and results of operations. 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. In 2023, we recorded an additional \$159.5 million of charges to adjust the carrying value of a closure and post-closure liability at an area of a landfill site that has been deemed to reach final capacity. Furthermore, during the quarter ended December 31, 2024, we recorded an additional \$480.8 million of charges to adjust the carrying value of the closure and post-closure liability at the same landfill, which ceased active waste disposal operations as of December 31, 2024. Additionally, changes in regulatory or legislative requirements could increase our costs related to our landfills, resulting in a material adverse effect on our financial condition and results of operations.

Disposal capacity. Our internal and third-party engineers perform surveys at least annually to estimate the remaining disposal capacity at our landfills. Our landfill depletion rates are based on the remaining disposal capacity, considering both permitted and probable expansion airspace, at the landfills that we own and at landfills that we operate, but do not own, under life-of-site agreements. Our landfill depletion rate is based on the term of the operating agreement at our 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 the following criteria is included in our estimate of total landfill airspace:

- 1) whether the land where the expansion is being sought is contiguous to the current disposal site, and we either own the expansion property or have rights to it under an option, purchase, operating or other similar agreement;
- 2) whether total development costs, final capping costs, and closure/post-closure costs have been determined;
- 3) whether internal personnel have performed a financial analysis of the proposed expansion site and have determined that it has a positive financial and operational impact;
- 4) whether internal personnel or external consultants are actively working to obtain the necessary approvals to obtain the landfill expansion permit; and
- 5) whether we consider it probable that we will achieve the expansion (for a pursued expansion to be considered probable, there must be no significant known technical, legal, community, business or political restrictions or similar issues existing that we believe are more likely than not to impair the success of the expansion).

We may be unsuccessful in obtaining permits for expansion disposal capacity at our landfills. In such cases, we will charge the previously capitalized development costs to expense. This will adversely affect our operating results and cash flows and could result in greater landfill depletion expense being recognized on a prospective basis.

We periodically evaluate our landfill sites for potential impairment indicators. Our judgments regarding the existence of impairment indicators are based on regulatory factors, market conditions and operational performance of our landfills. Future events could cause us to conclude that impairment indicators exist and that our landfill carrying costs are impaired. Any resulting impairment loss could have a material adverse effect on our financial condition and results of operations.

Loss Contingencies. We record accruals for various contingencies including legal exposures as they arise in the normal course of business. We determine whether to disclose and accrue for loss contingencies based on an assessment of whether the risk of loss is remote, reasonably possible, or probable, and if it can be reasonably estimated. Our assessment is developed in consultation with our internal and external legal counsel and other advisors and is based on an analysis of possible outcomes under various strategies. Loss contingency assumptions involve judgments that are inherently subjective and can involve matters that are in litigation, which, by its nature, is unpredictable. We believe that our qualitative and quantitative assessment of the probability of loss contingencies is reasonable, but because of the subjectivity involved and the unpredictable nature of the subject matter at issue, our assessment may prove ultimately to be incorrect, which could harm our financial condition, operating results, or cash flow.

Goodwill and indefinite-lived intangible assets testing. Goodwill and indefinite-lived intangible assets are tested for impairment on at least an annual basis in the fourth quarter of the year. In addition, we evaluate our reporting units for

impairment if events or circumstances change between annual tests indicating a possible impairment. Examples of such events or circumstances include, but are not limited to, the following:

- a significant adverse change in legal factors or in the business climate;
- an adverse action or assessment by a regulator;
- a more likely than not expectation that a segment or a significant portion thereof will be sold;
- the testing for recoverability of a significant asset group within a segment; or
- current period or expected future operating cash flow losses.

As part of our goodwill impairment test, we estimate the fair value of each of our reporting units using discounted cash flow analyses. Our reporting units consisted of our six geographic solid waste operating segments at December 31, 2025, 2024 and 2023. We compare the fair value of each reporting unit with the carrying value of the net assets assigned to the reporting unit. If the fair value of a reporting unit is greater than the carrying value of the net assets, including goodwill, assigned to the reporting unit, then no impairment results. If the fair value is less than its carrying value, an impairment charge is recorded for the amount by which the carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. In testing indefinite-lived intangible assets for impairment, we compare the estimated fair value of each indefinite-lived intangible asset to its carrying value. If the fair value of the indefinite-lived intangible asset is less than its carrying value, an impairment charge would be recorded to earnings in our Consolidated Statements of Net Income.

Discounted cash flow analyses require significant assumptions and estimates about the future operations of each reporting unit and the future discrete cash flows related to each indefinite-lived intangible asset. Significant judgments inherent in these analyses include the determination of appropriate discount rates, the amount and timing of expected future cash flows, growth rates and income tax rates. In assessing the reasonableness of our determined fair values of our reporting units, we evaluate our results against our current market capitalization. For our impairment testing of our operating segments for the year ended December 31, 2025, we determined that the indicated fair value of each of our reporting units exceeded their carrying value in excess of 200% and, therefore, we did not record an impairment charge. The detailed results of our 2025, 2024 and 2023 impairment tests are described in Note 3 of our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

**Business Combination Accounting.** We recognize, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values. We measure and recognize goodwill as of the acquisition date as the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of the noncontrolling interest in the acquiree (if any) and the acquisition date fair value of our previously held equity interest in the acquiree (if any), over (b) the fair value of assets acquired and liabilities assumed. At the acquisition date, we measure the fair values of all assets acquired and liabilities assumed that arise from contractual contingencies. We measure the fair values of all noncontractual contingencies if, as of the acquisition date, it is more likely than not that the contingency will give rise to an asset or liability.

## **General**

Our revenues consist mainly of fees we charge customers for collection, transfer, recycling and disposal of non-hazardous solid waste and treatment, recovery and disposal of non-hazardous E&P waste.

Our solid waste collection business involves the collection of waste from residential, commercial and industrial customers for transport to transfer stations, or directly to landfills or recycling centers. Solid waste collection services include both recurring and temporary customer relationships. The services are performed under service agreements, municipal contracts or franchise agreements with governmental entities. Our existing franchise agreements and most of our existing municipal contracts give us the exclusive right to provide specified waste services in the specified territory during the contract term. These exclusive arrangements are awarded, at least initially, on a competitive bid basis and subsequently on a bid or negotiated basis. The standard customer service agreements generally range from one to five

years in duration, although some exclusive franchises are for significantly longer periods. Residential collection services are also provided on a subscription basis with individual households.

The fees we charge for collection services are based primarily on the market, collection frequency and level of service, route density, type and volume or weight of the waste collected, type of equipment and containers furnished, the distance to the disposal or processing facility, the cost of disposal or processing, and prices charged by competitors for similar services.

The terms of our contracts sometimes limit our ability to pass on price increases. Long-term solid waste collection contracts often contain a formula, generally based on a published price index, that automatically adjusts fees to cover increases in some, but not all, operating costs, or that limit increases to less than 100% of the increase in the applicable price index.

Revenue at landfills is primarily generated by charging tipping fees on a per ton and/or per yard basis to third parties based on the volume disposed and the nature of the waste.

Revenue at transfer stations is primarily generated by charging tipping or disposal fees on a per ton and/or per yard basis. The fees charged to third parties are based primarily on the market, type and volume or weight of the waste accepted, the distance to the disposal facility, the method of transportation used and the cost of disposal.

Many of our landfill and transfer station customers have entered into one to ten year disposal contracts with us, most of which provide for annual indexed price increases.

Our revenues from E&P waste services are primarily generated through the treatment, recovery and disposal of non-hazardous exploration and production waste from vertical and horizontal drilling, hydraulic fracturing, production and clean-up activity, as well as other services.

Our revenues from recycling services result from the sale of recycled commodities, which are generated by offering residential, commercial, industrial and municipal customers recycling services for a variety of recyclable materials, including compost, cardboard, mixed paper, plastic containers, glass bottles and ferrous and aluminum metals. We own and operate recycling operations and market collected recyclable materials to third parties for processing before resale. In some instances, we utilize a third party to market recycled materials. In certain instances, we issue recycling rebates to municipal or commercial customers, which can be based on the price we receive upon the sale of recycled commodities, a fixed contractual rate or other measures. We also receive rebates when we dispose of recycled commodities at third-party facilities.

Other revenues consist primarily of the sale of methane gas and renewable energy credits generated from our MSW landfills and revenues from intermodal services. Intermodal revenue is primarily generated through providing intermodal services for the rail haul movement of cargo and solid waste containers in the Pacific Northwest through a network of intermodal facilities. The fees received for intermodal services are based on negotiated rates and vary depending on volume commitments by the shipper and destination.

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

	Years Ended December 31,		
	2025	2024	2023
Commercial	\$ 2,944,279	\$ 2,670,549	\$ 2,476,891
Residential	2,364,536	2,258,911	2,125,068
Industrial and construction roll off	1,439,281	1,403,313	1,333,020
Total collection	6,748,096	6,332,773	5,934,979
Landfill	1,541,904	1,557,872	1,483,397
Transfer	1,461,636	1,349,080	1,198,385
Recycling	240,057	241,873	147,039
E&P	688,761	521,504	232,211
Intermodal and other	175,465	191,887	171,721
Intercompany	(1,389,004)	(1,275,398)	(1,145,781)
<b>Total</b>	<b>\$ 9,466,915</b>	<b>\$ 8,919,591</b>	<b>\$ 8,021,951</b>

Cost of operations includes labor and benefits, tipping fees paid to third-party disposal facilities, vehicle and equipment maintenance, workers' compensation, vehicle and equipment insurance, insurance and employee group health claims expense, third-party transportation expense, fuel, the cost of materials we purchase for recycling, district and state taxes and host community fees and royalties. Our significant costs of operations in 2025 were labor, employee benefits, third-party disposal and transportation, vehicle, equipment and property maintenance, taxes and fees, risk management and fuel. We use a number of programs to reduce overall cost of operations, including increasing the use of automated routes to reduce labor and workers' compensation exposure, utilizing comprehensive maintenance and health and safety programs, and increasing the use of transfer stations to further enhance internalization rates. We carry insurance for automobile liability, general liability, employer's liability, environmental liability, cyber liability, employment practices liability and directors' and officers' liability as well as for employee group health claims, property and workers' compensation. If we experience insurance claims or costs above or below our historically evaluated levels, our estimates could be materially affected.

Selling, general and administrative, or SG&A, expense includes management, sales force, clerical and administrative employee compensation and benefits, legal, accounting and other professional services, acquisition expenses, bad debt expense and lease cost for our administrative offices.

Depreciation expense includes depreciation of equipment and fixed assets over their estimated useful lives using the straight-line method. Depletion expense includes depletion of landfill site costs and total future development costs as remaining airspace of the landfill is consumed. Remaining airspace at our landfills includes both permitted and probable expansion airspace. Amortization expense includes the amortization of finite-lived intangible assets, consisting primarily of long-term franchise agreements and contracts, customer lists, permits and other agreements. We use an accelerated or straight-line basis for amortization, depending on the attributes of the related intangibles. Goodwill and indefinite-lived intangible assets, consisting primarily of certain perpetual rights to provide solid waste collection and transportation services in specified territories, are not amortized.

We capitalize some third-party expenditures related to development projects, such as information technology, legal and engineering. We expense all third-party and indirect acquisition costs, including third-party legal and engineering expenses, executive and corporate overhead, public relations and other corporate services, as we incur them. We charge against net income any unamortized capitalized expenditures and advances (net of any portion that we believe we may recover, through sale or otherwise) that may become impaired, such as those that relate to any operation that is permanently shut down and any landfill development project that we believe will not be completed. We routinely evaluate all capitalized costs, and expense those related to projects that we believe are not likely to succeed. For example, if we are unsuccessful in our attempts to obtain or defend permits that we are seeking or have been awarded to operate or expand a landfill, we will no longer generate anticipated income from the landfill and we will be required to expense in a future period up to the carrying value of the landfill or expansion project, less the recoverable value of the property and other amounts recovered.

## Presentation of Results of Operations, Segment Reporting, and Liquidity and Capital Resources

The following discussion and analysis of our Results of Operations, Segment Reporting, and Liquidity and Capital Resources includes a comparison for the year ended December 31, 2025 to the year ended December 31, 2024. A similar discussion and analysis that compares the year ended December 31, 2024 to the year ended December 31, 2023 can be found in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2024.

### Results of Operations

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

	Years Ended December 31,			
	2025	% of Revenues	2024	% of Revenues
Revenues	\$ 9,466,915	100.0 %	\$ 8,919,591	100.0 %
Cost of operations	5,455,382	57.6	5,191,706	58.2
Selling, general and administrative	959,544	10.1	883,445	9.9
Depreciation	1,030,565	10.9	974,001	10.9
Amortization of intangibles	201,541	2.1	189,768	2.1
Impairments and other operating items	109,709	1.2	613,012	6.9
Operating income	1,710,174	18.1	1,067,659	12.0
Interest expense	(334,551)	(3.5)	(326,804)	(3.7)
Interest income	12,139	0.1	11,607	0.1
Other income, net	30,154	0.3	10,471	0.1
Income tax provision	(341,359)	(3.6)	(146,363)	(1.6)
Net income	1,076,557	11.4	616,570	6.9
Net loss attributable to noncontrolling interests	—	—	1,003	0.0
Net income attributable to Waste Connections	<u>\$ 1,076,557</u>	<u>11.4 %</u>	<u>\$ 617,573</u>	<u>6.9 %</u>

#### Years Ended December 31, 2025 and 2024

**Revenues.** Total revenues increased \$547.3 million, or 6.1%, to \$9.467 billion for the year ended December 31, 2025, from \$8.920 billion for the year ended December 31, 2024.

Acquisitions closed during, or subsequent to, the year ended December 31, 2024, increased revenues by \$387.9 million, for the year ended December 31, 2025.

Operations that were divested during, or subsequent to, the year ended December 31, 2024, decreased revenues by \$10.7 million for the year ended December 31, 2025.

The impact of operations that were closed during, or subsequent to, the year ended December 31, 2024, decreased revenues by \$59.4 million for the year ended December 31, 2025.

During the year ended December 31, 2025, the net increase in prices charged to our customers at our existing operations was \$526.6 million, consisting of \$537.0 million of core price increases and decreases in surcharges of \$10.4 million.

During the year ended December 31, 2025, we recognized volume losses totaling \$238.0 million resulting from a decrease in roll off volumes, lower post-collection volumes in our Eastern, Southern and Central segments, lower residential collection volumes due primarily to the purposeful shedding of certain low-margin municipal contracts and lower commercial revenues.

E&P waste revenues at facilities owned during the year ended December 31, 2025 increased \$17.6 million, due to nominal increases in overall activity levels in our Canada segment.

Revenues from sales of recyclable commodities at facilities owned during the years ended December 31, 2025 and 2024 decreased \$37.7 million. The decrease was primarily attributable to lower prices for old corrugated cardboard and plastics.

A decrease in the average Canadian dollar to U.S. dollar currency exchange rate resulted in a decrease in revenues of \$23.2 million for the year ended December 31, 2025. The average Canadian dollar to U.S. dollar exchange rates on our Canadian revenues were 0.7160 and 0.7298 for the years ended December 31, 2025 and 2024, respectively.

Other revenues decreased \$15.8 million during the year ended December 31, 2025, due primarily to a \$13.6 million decrease in landfill gas revenues on lower values of renewable energy credits and a \$3.1 million decrease in intermodal revenues, partially offset by a \$0.9 million increase in other non-core revenue sources.

Cost of Operations. Total cost of operations increased \$263.7 million, or 5.1%, to \$5.455 billion for the year ended December 31, 2025, from \$5.192 billion for the year ended December 31, 2024. The increase was primarily the result of \$187.4 million of additional operating costs from acquisitions closed during, or subsequent to, the year ended December 31, 2024, and an increase in operating costs at our existing operations of \$96.0 million, assuming foreign currency parity, partially offset by a decrease in operating costs of \$11.3 million resulting from a lower average foreign currency exchange rate in effect during the current period and a decrease of \$8.4 million from operations divested during, or subsequent to, the year ended December 31, 2024.

The increase in operating costs of \$96.0 million, assuming foreign currency parity, at our existing operations for the year ended December 31, 2025, consisted of higher labor and recurring incentive compensation expenses of \$53.7 million, an increase in trucking costs of \$23.3 million, higher post-closure liability interest accretion expense of \$17.4 million, an increase in risk management expenses of \$11.1 million, an increase in taxes on revenues of \$9.1 million, higher benefits costs of \$9.0 million and a net increase of other expenses of \$2.3 million, partially offset by a decrease in fuel expense of \$11.3 million due to diesel prices, lower disposal costs of \$10.4 million and a decrease in truck, container, equipment and facility maintenance and repair expenses of \$8.2 million.

Cost of operations as a percentage of revenues decreased 0.6 percentage points to 57.6% for the year ended December 31, 2025, from 58.2% for the year ended December 31, 2024. The decrease as a percentage of revenues was primarily driven by the impact of price-led revenue growth, a 0.4 percentage point decrease in disposal costs as a result of increased internalization in certain markets, a 0.2 percentage point decrease due to the impact of acquisitions having lower operating costs as a percentage of revenue as compared to existing operations and a 0.2 percentage point decrease in fuel costs due to diesel prices, partially offset by a 0.2 percentage point increase in labor and benefits costs.

SG&A. SG&A expenses increased \$76.1 million, or 8.6%, to \$959.5 million for the year ended December 31, 2025, from \$883.4 million for the year ended December 31, 2024. The increase was comprised of \$53.1 million, assuming foreign currency parity, at our existing operations and \$25.2 million from acquisitions closed during, or subsequent to, the year ended December 31, 2024, partially offset by a decrease of \$2.2 million resulting from a lower average foreign currency exchange rate in effect during the current period.

The increase in SG&A expenses at our existing operations of \$53.1 million, assuming foreign currency parity, for the year ended December 31, 2025 was comprised of an increase in administrative payroll expenses of \$32.7 million, higher incentive compensation expense of \$9.6 million, an increase in professional fees of \$7.2 million and \$3.6 million of other net expense increases.

SG&A expenses as a percentage of revenues increased 0.2 percentage points to 10.1% for the year ended December 31, 2025, from 9.9% for the year ended December 31, 2024. The increase as a percentage of revenues was primarily driven by a 0.3 percentage point increase in administrative payroll and incentive compensation expenses, partially offset by a 0.1 percentage point decrease in SG&A expenses from acquisitions closed during, or subsequent to, the year ended December 31, 2024.

Depreciation. Depreciation expense increased \$56.6 million, or 5.8%, to \$1.031 billion for the year ended December 31, 2025, from \$974.0 million for the year ended December 31, 2024. The increase was comprised of an increase in depreciation and depletion expense of \$45.1 million from acquisitions closed during, or subsequent to, the year ended December 31, 2024, and an increase in depreciation expense of \$41.4 million from the impact of additions to our fleet and equipment purchased to support our existing operations, partially offset by a decrease of \$26.3 million in depletion expense, a decrease of \$2.7 million resulting from a lower average foreign currency exchange rate in effect during the current period and a decrease of \$0.9 million from operations divested during, or subsequent to, the year ended December 31, 2024.

Depreciation expense as a percentage of revenues remained flat at 10.9% for the year ended December 31, 2025 and the year ended December 31, 2024. For both comparable periods, depreciation expense as a percentage of revenues was impacted by capital expenditures to support our existing operations and acquisitions closed during, or subsequent to, the year ended December 31, 2024 having higher depreciation expense as a percentage of revenue than our company average, partially offset by the impact of decreased depletion expenses as a result of lower landfill volumes.

Amortization of Intangibles. Amortization of intangibles expense increased \$11.7 million, or 6.2%, to \$201.5 million for the year ended December 31, 2025, from \$189.8 million for the year ended December 31, 2024. The increase was the result of \$33.6 million from intangible assets acquired in acquisitions closed during, or subsequent to, the year ended December 31, 2024, partially offset by a decrease of \$21.0 million from certain intangible assets becoming fully amortized during the comparable periods, a decrease of \$0.7 million due to a lower average foreign currency exchange rate in effect during the current period and a decrease of \$0.2 million due to intangible assets divested during, or subsequent to, the year ended December 31, 2024.

Amortization of intangibles expense as a percentage of revenues remained flat at 2.1% for the year ended December 31, 2025 and the year ended December 31, 2024. For both comparable periods, amortization expense as a percentage of revenues was impacted by acquisitions closed during, or subsequent to, the year ended December 31, 2024 having higher amortization expense as a percentage of revenue than our company average, partially offset by decreases related to certain intangible assets becoming fully amortized during the comparable periods.

Impairments and Other Operating Items. Impairments and other operating items decreased \$503.3 million, to net losses totaling \$109.7 million for the year ended December 31, 2025, from net losses totaling \$613.0 million for the year ended December 31, 2024.

The net losses of \$109.7 million recorded during the year ended December 31, 2025 consisted of net losses of \$67.4 million for an environmental liability at an operating facility in the period, net losses of \$30.0 million for charges to write off the carrying cost of certain contracts and non-operating facility permits that were not, or are not expected to be, renewed prior to the original estimated termination date and net losses of \$12.7 million on the disposal of property and equipment, partially offset by other net gains of \$0.4 million.

During and prior to the year ended December 31, 2024, we worked to address regulatory constraints related to the active waste disposal operations that were preventing our Chiquita Canyon Landfill (“Chiquita”) from continuing to receive and manage waste from its customers. The primary constraints were tonnage limitations effective January 1, 2025 and the final permit approval needed for Chiquita to access otherwise permitted and constructed airspace. Without any resolution of these matters, we determined it was no longer economically feasible to operate Chiquita and made the decision to cease active waste disposal operations as of December 31, 2024. As a result, it became necessary to record charges of \$480.8 million to adjust the carrying value of the landfill closure and post-closure liability and record an impairment charge of \$116.1 million to adjust the carrying value of the landfill. See “Accounting for landfills” and “Final capping, closure and post-closure obligations” within “Critical Accounting Estimates and Assumptions” included in this Item 7 of Part II – “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

The remaining net losses of \$16.1 million recorded during the year ended December 31, 2024 consisted of \$14.3 million of net losses on the disposal of property and equipment and uninsured damages to an operating facility, \$2.8 million of charges to write off the carrying cost of certain contracts that were not, or are not expected to be, renewed prior to the

original estimated termination date and \$1.5 million of other net losses, partially offset by net gains of \$2.5 million on settlement of litigation.

Operating Income. Operating income increased \$642.5 million, or 60.2%, to \$1.710 billion for the year ended December 31, 2025, from \$1.068 billion for the year ended December 31, 2024.

The increase in our operating income for the year ended December 31, 2025 was due primarily to price increases for our solid waste services, a decrease in impairments and other operating items, and operating income generated from acquisitions closed during, or subsequent to, the year ended December 31, 2024, partially offset by lower volumes, an increase in labor and recurring incentive compensation expenses and the impact of operations that were closed during, or subsequent to, the year ended December 31, 2024.

Operating income as a percentage of revenues increased 6.1 percentage points to 18.1% for the year ended December 31, 2025, from 12.0% for the year ended December 31, 2024. The increase as a percentage of revenues was comprised of a 5.7 percentage point decrease in impairments and other operating items and a 0.6 percentage point decrease in cost of operations, partially offset by a 0.2 percentage point increase in selling, general and administrative expenses.

Interest Expense. Interest expense increased \$7.8 million, or 2.4%, to \$334.6 million for the year ended December 31, 2025, from \$326.8 million for the year ended December 31, 2024. The increase was primarily attributable to an increase of \$15.1 million from the issuance of \$500.0 million of senior unsecured notes during the year ended December 31, 2025, an increase of \$7.2 million from the issuance of CAD \$500.0 million of senior unsecured notes in the prior period, an increase of \$5.3 million from the issuance of \$750.0 million of senior unsecured notes in the prior period and an increase of \$4.2 million due to higher average borrowings outstanding under our credit facilities during the year ended December 31, 2025, partially offset by a decrease of \$22.1 million from lower interest rates on borrowings outstanding during the comparable periods and a decrease of \$1.9 million from other net expense decreases.

Interest Income. Interest income increased \$0.5 million, or 4.6%, to \$12.1 million for the year ended December 31, 2025, from \$11.6 million for the year ended December 31, 2024. The increase was primarily attributable to higher average investment rates in the current period.

Other Income, Net. Other income, net increased \$19.7 million, or 188.0%, to \$30.2 million for the year ended December 31, 2025, from \$10.5 million for the year ended December 31, 2024.

Other income of \$30.2 million recorded during the year ended December 31, 2025 consisted of \$11.2 million from proceeds on insurance claims, \$5.5 million of gains from a decrease in the average foreign currency exchange rate in effect during the comparable reporting period, \$5.1 million from an increase in the value of investments purchased to fund our employee deferred compensation obligations, \$3.7 million from a vendor rebate and the reimbursement of expenditures and \$4.7 million of income from other sources.

Other income of \$10.5 million recorded during the year ended December 31, 2024 consisted of \$12.0 million from a gain on sale of certain investments, \$2.8 million from an increase in the value of investments purchased to fund our employee deferred compensation obligations and \$0.7 million of other income, partially offset by \$2.7 million from a decrease in the average foreign currency exchange rate in effect during the comparable reporting period and \$2.3 million from the write off of unamortized loan fees as a result of the early extinguishment of our 2021 Revolving and Term Credit Agreement and 2022 Term Loan Agreement.

Income Tax Provision. Income taxes increased \$195.0 million, to \$341.4 million for the year ended December 31, 2025, from \$146.4 million for the year ended December 31, 2024. Our effective tax rate for the year ended December 31, 2025 was 24.1%. Our effective tax rate for the year ended December 31, 2024 was 19.2%.

The income tax provision for the year ended December 31, 2025 included a benefit of \$5.3 million from share-based payment awards being recognized in the income statement when settled, as well as a portion of our internal financing being taxed at effective rates substantially lower than the U.S. federal statutory rate.

The income tax provision for the year ended December 31, 2024 included a benefit of \$5.8 million from share-based payment awards being recognized in the income statement when settled, as well as a portion of our internal financing being taxed at effective rates substantially lower than the U.S. federal statutory rate.

Our effective tax rate is dependent upon the proportion of pre-tax income among the jurisdictions where we do business. As such, our effective tax rate will be subject to some variability depending upon the proportional contribution of pre-tax income across jurisdictions in any period.

## Segment Reporting

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

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

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

	Year Ended December 31, 2025		Segment		EBITDA Margin
	Revenue	Segment Expenses	EBITDA		
Southern	\$ 1,907,809	\$ 1,275,413	\$ 632,396	33.1 %	
Western	1,849,419	1,336,182	513,237	27.8 %	
Eastern	1,702,247	1,250,493	451,754	26.5 %	
Central	1,589,885	1,015,023	574,862	36.2 %	
Canada	1,324,877	726,628	598,249	45.2 %	
MidSouth	1,092,678	786,599	306,079	28.0 %	
Corporate <sup>(a)</sup>	—	24,588	(24,588)	—	
	<u>\$ 9,466,915</u>	<u>\$ 6,414,926</u>	<u>\$ 3,051,989</u>	32.2 %	

	Year Ended December 31, 2024		Segment		EBITDA Margin
	Revenue	Segment Expenses	EBITDA		
Southern	\$ 1,757,193	\$ 1,200,768	\$ 556,425	31.7 %	
Western	1,798,669	1,277,911	520,758	29.0 %	
Eastern	1,564,211	1,146,988	417,223	26.7 %	
Central	1,514,902	972,101	542,801	35.8 %	
Canada	1,260,980	709,501	551,479	43.7 %	
MidSouth	1,023,636	740,227	283,409	27.7 %	
Corporate <sup>(a)</sup>	—	27,655	(27,655)	—	
	<u>\$ 8,919,591</u>	<u>\$ 6,075,151</u>	<u>\$ 2,844,440</u>	31.9 %	

- (a) The majority of Corporate expenses are allocated to the six operating segments. Direct acquisition expenses, expenses associated with common shares held in the deferred compensation plan exchanged for other investment options and share-based compensation expenses associated with Progressive Waste share-based grants outstanding at June 1, 2016 that were continued by the Company are not allocated to the six operating segments and comprise the net EBITDA for our Corporate segment for the periods presented.

A reconciliation of segment EBITDA to Income before income tax provision is included in Note 17 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

Significant changes in revenue, segment expenses and EBITDA for our reportable segments for the year ended December 31, 2025, compared to the year ended December 31, 2024, are discussed below.

### **Southern**

Revenue increased \$150.6 million to \$1.908 billion for 2025, from \$1.757 billion for 2024, due to contributions from acquisitions, price increases and an increase in landfill gas sales, partially offset by lower commercial and residential collection volumes, a decrease in roll off volumes, lower E&P waste revenues attributable to decreases in drilling and production activity and a decrease in recyclable commodity revenues as compared to the prior period.

Segment expenses increased \$74.6 million to \$1.275 billion for 2025, from \$1.201 billion for 2024 due to an increase in expenses from acquisitions closed during the comparable periods, an increase in allocated corporate overhead, higher labor costs, an increase in third-party brokerage, an increase in equipment rental fees and higher landfill monitoring and maintenance costs, partially offset by a decrease in expenses from operations divested during the current period, lower fuel costs, a decrease in disposal expense and lower truck, container, equipment and facility maintenance and repair expenses.

EBITDA increased \$76.0 million to \$632.4 million, or a 33.1% EBITDA margin for 2025, from \$556.4 million, or a 31.7% EBITDA margin for 2024. The increase in our EBITDA margin was due to the impact of acquisitions having higher EBITDA margins than our segment average, price-led increases in revenue, lower fuel costs and a decrease in truck, container, equipment and facility maintenance and repair expenses, partially offset by lower E&P activity from decreases in drilling and production activity, higher allocated corporate overhead and increased landfill monitoring and maintenance costs.

### **Western**

Revenue increased \$50.7 million to \$1.849 billion for 2025, from \$1.799 billion for 2024, due to price increases, contributions from acquisitions and increases in residential and commercial collection volumes, partially offset by a decrease from an operation closed at the end of the prior period, a decrease in recyclable commodity revenues as compared to the prior period and lower intermodal activity.

Segment expenses increased \$58.3 million to \$1.336 billion for 2025, from \$1.278 billion for 2024 due to an increase in expenses from acquisitions closed during the comparable periods, increased labor and benefits costs, higher allocated corporate overhead, increased operating costs associated with higher collection volumes and higher risk management costs, partially offset by a decrease from an operation closed at the end of the prior period and a decrease in third-party brokerage.

EBITDA decreased \$7.6 million to \$513.2 million, or a 27.8% EBITDA margin for 2025, from \$520.8 million, or a 29.0% EBITDA margin for 2024. The decrease in our EBITDA margin was due to an increase in post-closure liability interest accretion expense, an increase in contract labor and higher risk management costs, partially offset by price-led revenue growth and a decrease in other operating costs relative to revenue.

### **Eastern**

Revenue increased \$138.0 million to \$1.702 billion for 2025, from \$1.564 billion for 2024, due to contributions from acquisitions and price increases, partially offset by decreases in roll off and post-collection volumes, lower commercial collection volumes due to the purposeful non-renewal of lower margin contracts and a decrease in recyclable commodity revenues as compared to the prior period.

Segment expenses increased \$103.5 million to \$1.250 billion for 2025, from \$1.147 billion for 2024 due to an increase in expenses from acquisitions closed during the comparable periods, increases in allocated corporate overhead, higher trucking costs due to higher transfer volumes, an increase in risk management costs and higher labor costs, partially offset

by lower disposal expense, a decrease in truck, container, equipment and facility maintenance and repair expenses and lower fuel costs due to diesel prices.

EBITDA increased \$34.6 million to \$451.8 million, or a 26.5% EBITDA margin for 2025, from \$417.2 million, or a 26.7% EBITDA margin for 2024. The decrease in our EBITDA margin was due primarily to higher allocated corporate overhead, an increase in trucking costs associated with internal transfer volumes, higher risk management costs and an increase in labor costs, partially offset by price-led revenue growth, the impact of acquisitions having higher EBITDA margins than our segment average, a decrease in truck, container, equipment and facility maintenance and repair expenses, lower fuel costs and a decrease in landfill monitoring and maintenance costs.

### **Central**

Revenue increased \$75.0 million to \$1.590 billion for 2025, from \$1.515 billion for 2024, due to price increases, contributions from acquisitions and an increase in landfill gas sales, partially offset by lower roll-off and post-collection volumes and a decrease in recyclable commodity revenues.

Segment expenses increased \$42.9 million to \$1.015 billion for 2025, from \$972.1 million for 2024 due to an increase in labor and benefits expenses, higher allocated corporate overhead, an increase in third-party brokerage, higher risk management costs, an increase in disposal expense and an increase in landfill monitoring and maintenance costs.

EBITDA increased \$32.1 million to \$574.9 million, or a 36.2% EBITDA margin for 2025, from \$542.8 million, or a 35.8% EBITDA margin for 2024. The increase in our EBITDA margin was due to price-led revenue growth and lower fuel costs, partially offset by an increase in allocated corporate overhead and higher risk management costs.

### **Canada**

Revenue increased \$63.9 million to \$1.325 billion for 2025, from \$1.261 billion for 2024, due to price increases, contributions from acquisitions and higher E&P waste revenues attributable to an increase in volumes, partially offset by a decrease in commercial and residential collection volumes, a decrease in the average foreign currency exchange rate in effect during the comparable reporting periods, lower landfill gas sales primarily from lower renewable energy credits and a decrease in recyclable commodity revenues.

Segment expenses increased \$17.1 million to \$726.6 million for 2025, from \$709.5 million for 2024 due to an increase in expenses from acquisitions closed during the comparable periods, higher labor and benefits costs, increased taxes associated with incremental volume and higher trucking costs, partially offset by a decrease in the average foreign currency exchange rate in effect during the comparable reporting periods, a decrease in truck, container, equipment and facility maintenance and repair expenses and lower fuel costs.

EBITDA increased \$46.7 million to \$598.2 million, or a 45.2% EBITDA margin for 2025, from \$551.5 million, or a 43.7% EBITDA margin for 2024. The increase in our EBITDA margin was due to price-led increases in revenue, favorable fuel pricing, lower risk management expenses and a decrease in truck, container, equipment and facility maintenance and repair expenses, partially offset by a decline in renewable energy credit pricing, higher disposal expenses and an increase in allocated corporate overhead.

### **MidSouth**

Revenue increased \$69.0 million to \$1.093 billion for 2025, from \$1.024 billion for 2024, due to price increases and contributions from acquisitions, partially offset by a decrease in roll off and residential collection volumes, lower landfill gas sales primarily from lower renewable energy credits and a decrease in recyclable commodity revenues.

Segment expenses increased \$46.4 million to \$786.6 million for 2025, from \$740.2 million for 2024 due to an increase in expenses from acquisitions closed during the comparable periods, higher labor and benefits expenses, an increase in third-party brokerage, higher allocated corporate overhead, an increase in truck, container, equipment and facility maintenance and repair expenses and higher risk management costs.

EBITDA increased \$22.7 million to \$306.1 million, or a 28.0% EBITDA margin for 2025, from \$283.4 million, or a 27.7% EBITDA margin for 2024. The increase in our EBITDA margin was due primarily to price-led revenue growth and lower fuel costs due to diesel prices, partially offset by an increase in allocated corporate overhead.

### Corporate

Segment expenses decreased \$3.1 million to \$24.6 million for 2025, from \$27.7 million for 2024, due to increased allocation of costs to our operating segments and a decrease in deal costs associated with acquisitions closed during the comparable periods, partially offset by higher incentive compensation costs and higher administrative payroll costs to support continued growth in the business and increased professional fees. EBITDA increased \$3.1 million in 2025 as compared to the prior period due to the decrease in segment expenses.

### Liquidity and Capital Resources

The following table sets forth certain cash flow information for the years ended December 31, 2025 and 2024 (in thousands of U.S. dollars):

	2025	2024
Net cash provided by operating activities	\$ 2,414,069	\$ 2,228,927
Net cash used in investing activities	(2,023,243)	(3,159,176)
Net cash provided by (used in) financing activities	(360,041)	944,945
Effect of exchange rate changes on cash, cash equivalents and restricted cash	622	(561)
Net increase in cash, cash equivalents and restricted cash	31,407	14,135
Cash, cash equivalents and restricted cash at beginning of year	198,173	184,038
Cash, cash equivalents and restricted cash at end of year	<u>\$ 229,580</u>	<u>\$ 198,173</u>

### Operating Activities Cash Flows

Net cash provided by operating activities increased \$185.1 million to \$2.414 billion for the year ended December 31, 2025, from net cash provided by operating activities of \$2.229 billion for the year ended December 31, 2024. The significant components of the increase included the following:

- 1) *Deferred income taxes* — Our increase in net cash provided by operating activities was favorably impacted by \$173.9 million from deferred income taxes as changes in deferred income taxes resulted in an increase to operating cash flows of \$116.6 million for the year ended December 31, 2025, compared to a decrease to operating cash flows of \$57.3 million for the year ended December 31, 2024. The increase for the year ended December 31, 2025 was attributable to capital expenditures providing tax benefits resulting from accelerated depreciation and tax benefits resulting from payments for closure and post-closure activities in the period. The decrease for the year ended December 31, 2024 was attributable to capital expenditures providing tax benefits resulting from accelerated depreciation and tax benefits resulting from payments for closure and post-closure activities in the period.
- 2) *Increase in earnings* — Our increase in net cash provided by operating activities was favorably impacted by \$68.4 million from an increase in net income, excluding depreciation, amortization of intangibles, share-based compensation, adjustments to closure, post-closure, and remediation liabilities, adjustments to and payments of contingent consideration, and loss on disposal of assets and impairments, due primarily to price increases for our solid waste services, operating income generated from acquisitions closed during, or subsequent to, the year ended December 31, 2024, and lower fuel costs, partially offset by increased other operating items, higher labor and benefits costs, higher risk management costs and an increase in trucking costs.

- 3) *Accounts payable and accrued liabilities* — Our increase in net cash provided by operating activities was favorably impacted by \$54.7 million from accounts payable and accrued liabilities as changes in accounts payable and accrued liabilities resulted in an increase to operating cash flows of \$111.4 million for the year ended December 31, 2025, compared to an increase to operating cash flows of \$56.7 million for the year ended December 31, 2024. The increase for the year ended December 31, 2025, was due primarily to an increase in accrued insurance costs, outstanding obligations to vendors and an increase in accrued payroll and benefits. The increase for the year ended December 31, 2024 was due primarily to an increase in accrued insurance costs and an increase in accrued interest due to the timing of interest payments, partially offset by a decrease in outstanding obligations to vendors.
- 4) *Closure and post-closure expenditures* — Our increase in net cash provided by operating activities was unfavorably impacted by \$57.6 million from an increase in payments for closure and post-closure activities as changes in expenditures for these items resulted in a decrease to operating cash flows of \$305.5 million for the year ended December 31, 2025, compared to a decrease in operating cash flows of \$247.9 million for the year ended December 31, 2024.
- 5) *Accounts receivable* — Our increase in net cash provided by operating activities was unfavorably impacted by \$57.4 million from accounts receivable as changes in accounts receivable resulted in a decrease to operating cash flows of \$68.0 million for the year ended December 31, 2025, compared to a decrease to operating cash flows of \$10.6 million for the year ended December 31, 2024. The decrease for the year ended December 31, 2025 was driven by higher revenues, which remained as outstanding receivables at the end of the period, and a reduction of receivables turnover relative to the prior period. The decrease for the year ended December 31, 2024 was due to increases in revenue, which remained as outstanding receivables at December 31, 2024, partially offset by an improvement in collections.

At December 31, 2025, we had a working capital deficit of \$812.7 million, including cash and equivalents of \$46.0 million. Our working capital deficit increased \$160.8 million from a working capital deficit of \$651.9 million at December 31, 2024, including cash and equivalents of \$62.4 million, due primarily to an increase in accounts payable from an increase in accrued insurance costs, outstanding obligations to vendors and an increase in accrued payroll, and an increase in deferred revenue, partially offset by an increase in outstanding receivables driven by higher revenues and a reduction of receivables turnover relative to the prior period. To date, we have experienced no loss or lack of access to our cash and equivalents; however, we can provide no assurances that access to our cash and equivalents will not be impacted by adverse conditions in the financial markets. Our strategy in managing our working capital is generally to apply the cash generated from our operations that remains after satisfying our working capital and capital expenditure requirements, along with share repurchase and dividend programs, to reduce the unhedged portion of our indebtedness under our Revolving Credit Agreement and to minimize our cash balances.

#### Investing Activities Cash Flows

Net cash used in investing activities decreased \$1.136 billion to \$2.023 billion for the year ended December 31, 2025, from \$3.159 billion for the year ended December 31, 2024. The significant components of the decrease included the following:

- 1) A decrease in cash paid for acquisitions of \$1.303 billion; less
- 2) An increase in capital expenditures at operations owned in the comparable periods of \$71.5 million due to ongoing projects, expenditures for trucks and equipment and landfill site costs, partially offset by a decrease in expenditures for containers and compactors, land and facility improvements;
- 3) An increase in capital expenditures at operations acquired during the comparable period of \$51.8 million due to expenditures for facility improvements, landfill site costs and trucks and equipment;
- 4) An increase of \$37.0 million from proceeds from the sale of investment in noncontrolling interests in the prior period; and
- 5) An increase in capital expenditures for undeveloped landfill property of \$15.1 million.

### Financing Activities Cash Flows

Net cash used in financing activities was \$360.0 million for the year ended December 31, 2025, compared to net cash provided by financing activities of \$944.9 million for the year ended December 31, 2024, representing a decrease of \$1.305 billion. The significant components of the decrease included the following:

- 1) A decrease from the net change in long-term borrowings of \$773.8 million in which long-term borrowings increased \$548.6 million during the year ended December 31, 2025 and increased \$1.322 billion during the year ended December 31, 2024;
- 2) A decrease from higher payments to repurchase our common shares of \$505.5 million during the year ended December 31, 2025;
- 3) A decrease from higher cash dividends paid of \$31.5 million due primarily to an increase in our average quarterly dividend rate for the year ended December 31, 2025 to \$0.324 per share, from \$0.293 per share for the year ended December 31, 2024; less
- 4) An increase from lower payments related to the issuance of debt of \$8.5 million in which debt issuance costs increased \$4.9 million during the year ended December 31, 2025 and increased \$13.4 million during the year ended December 31, 2024.

On August 8, 2025, we announced the annual renewal of our normal course issuer bid, or the NCIB, to purchase up to 12,855,691 of our common shares during the period of August 12, 2025 to August 11, 2026 or until such earlier time as the NCIB is completed or terminated at our option. The timing and amounts of any repurchases pursuant to the NCIB will depend on market conditions, share price and other factors, including potential acquisition growth opportunities. All common shares purchased under the NCIB will be immediately cancelled following their repurchase. Information regarding the NCIB can be found under the section Normal Course Issuer Bid in Note 14, "Shareholders' Equity," of our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K and is incorporated herein by reference.

The Board of Directors of the Company authorized the initiation of a quarterly cash dividend in October 2010 and has increased it on an annual basis. In October 2025, we announced that our Board of Directors increased our regular quarterly cash dividend by \$0.035, from \$0.315 to \$0.350 per share. Cash dividends of \$333.8 million and \$302.3 million were paid during the years ended December 31, 2025 and 2024, respectively. We cannot assure as to the amounts or timing of future dividends.

Our business is capital intensive. Our capital requirements include acquisitions and capital expenditures, including for landfill cell construction, landfill development, landfill closure activities and intermodal facility construction in the future. We made \$1.179 billion in capital expenditures for property and equipment during the year ended December 31, 2025, and we expect to make total capital expenditures for property and equipment in 2026 of approximately \$1.250 billion. In addition, we made \$15.1 million in capital expenditures for undeveloped landfill property during the year ended December 31, 2025 and may opportunistically make other capital expenditures for undeveloped landfill property in 2026. We intend to fund our planned 2026 capital expenditures principally through cash on hand, internally generated funds and borrowings under our Revolving Credit Agreement. In addition, we may make substantial additional capital expenditures in acquiring land and solid waste businesses. If we acquire additional landfill disposal facilities, we may also have to make significant expenditures to bring them into compliance with applicable regulatory requirements, obtain permits or expand our available disposal capacity. We cannot currently determine the amount of these expenditures because they will depend on the number, nature, condition and permitted status of any acquired landfill disposal facilities. We believe that our cash and equivalents, Revolving Credit Agreement and the funds we expect to generate from operations will provide adequate cash to fund our working capital and other cash needs for the foreseeable future. However, disruptions in the capital and credit markets could adversely affect our ability to draw on our Revolving Credit Agreement or raise other capital. Our access to funds under the Revolving Credit Agreement is dependent on the ability of the banks that are parties to the agreement to meet their funding commitments. Those banks may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time.

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 and financial institutions from time to time party thereto (the “Lenders”) are party to that certain Revolving Credit Agreement, dated as of February 27, 2024 (as amended, restated, supplemented or otherwise modified from time to time, the “Revolving Credit Agreement”), pursuant to which the Lenders provide loans and other credit extensions to the Company under a revolving credit facility. Borrowings under the Revolving Credit Agreement are unsecured and there are no subsidiary guarantors under the Revolving Credit Agreement. The Revolving Credit Agreement 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.

As of December 31, 2025, \$2.382 billion under the revolving credit facility were outstanding under the Revolving Credit Agreement, exclusive of outstanding standby letters of credit of \$37.3 million. We also had \$183.3 million of letters of credit issued and outstanding at December 31, 2025 under a facility other than the Revolving Credit Agreement.

On November 16, 2018, we completed an underwritten public offering of \$500.0 million aggregate principal amount of 4.25% Senior Notes due December 1, 2028 (the “2028 Senior Notes”). The 2028 Senior Notes were issued under the 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 National Association, as trustee (the “Trustee”), as supplemented through the First Supplemental Indenture, dated as of November 16, 2018.

On April 16, 2019, we completed an underwritten public offering of \$500.0 million aggregate principal amount of 3.50% Senior Notes due May 1, 2029 (the “2029 Senior Notes”). The 2029 Senior Notes were issued under the Indenture, as supplemented through the Second Supplemental Indenture, dated as of April 16, 2019.

On January 23, 2020, we completed an underwritten public offering of \$600.0 million aggregate principal amount of 2.60% Senior Notes due February 1, 2030 (the “2030 Senior Notes”). The 2030 Senior Notes were issued under the Indenture, as supplemented through the Third Supplemental Indenture, dated as of January 23, 2020.

On March 13, 2020, we completed an underwritten public offering of \$500.0 million aggregate principal amount of 3.05% Senior Notes due April 1, 2050 (the “2050 Senior Notes”). The 2050 Senior Notes were issued under the Indenture, as supplemented through the Fourth Supplemental Indenture, dated as of March 13, 2020.

On September 20, 2021, we completed an underwritten public offering (the “Offering”) of \$650.0 million aggregate principal amount of 2.20% Senior Notes due January 15, 2032 (the “2032 Senior Notes”) and \$850.0 million aggregate principal amount of 2.95% Senior Notes due January 15, 2052 (the “2052 Senior Notes”). The 2032 Senior Notes and the 2052 Senior Notes were issued under the Indenture, as supplemented through the Fifth Supplemental Indenture, dated as of September 20, 2021.

On March 9, 2022, we completed an underwritten public offering of \$500.0 million aggregate principal amount of 3.20% Senior Notes due June 1, 2032 (the “New 2032 Senior Notes”). The New 2032 Senior Notes were issued under the Indenture, as supplemented through the Sixth Supplemental Indenture, dated as of March 9, 2022.

On August 18, 2022, we completed an underwritten public offering of \$750.0 million aggregate principal amount of 4.20% Senior Notes due January 15, 2033 (the “2033 Senior Notes”). The 2033 Senior Notes were issued under the Indenture, as supplemented through the Seventh Supplemental Indenture, dated as of August 18, 2022.

On February 21, 2024, we completed an underwritten public offering of \$750.0 million aggregate principal amount of 5.00% Senior Notes due March 1, 2034 (the “2034 Senior Notes”). The 2034 Senior Notes were issued under the Indenture, as supplemented through the Eighth Supplemental Indenture, dated as of February 21, 2024.

On June 13, 2024, we completed an underwritten public offering of CAD \$500.0 million aggregate principal amount of 4.50% Senior Notes due June 14, 2029 (the “New 2029 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 New 2029 Senior Notes were issued in Canada on a private placement basis.

On June 4, 2025, we completed an underwritten public offering of \$500.0 million aggregate principal amount of 5.25% Senior Notes due September 1, 2035 (the “2035 Senior Notes” and, together with the 2028 Senior Notes, the 2029 Senior Notes, the New 2029 Senior Notes, the 2030 Senior Notes, the 2032 Senior Notes, the New 2032 Senior Notes, the 2033 Senior Notes, the 2034 Senior Notes, the 2050 Senior Notes and the 2052 Senior Notes, the “Senior Notes”). The 2035 Senior Notes were issued under the Indenture, as supplemented by the Tenth Supplemental Indenture, dated as of June 4, 2025.

We pay interest on the Senior Notes semi-annually in arrears. The Senior Notes are our senior unsecured obligations, ranking equally in right of payment with our other existing and future unsubordinated debt and senior to any of our future subordinated debt. The Senior Notes are not guaranteed by any of our subsidiaries.

See Note 11 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further details on the debt agreements and Senior Notes.

## Contractual Obligations

As of December 31, 2025, we had the following contractual obligations:

Recorded Obligations	Payments Due by Period				
	(amounts in thousands of U.S. dollars)				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years
Long-term debt	\$ 8,888,839	\$ 8,667	\$ 514,021	\$ 3,856,843	\$ 4,509,308
Cash interest payments	\$ 2,629,791	\$ 340,055	\$ 670,120	\$ 392,398	\$ 1,227,218
Contingent consideration	\$ 98,882	\$ 65,029	\$ 3,224	\$ 3,224	\$ 27,405
Operating leases	\$ 392,330	\$ 57,662	\$ 99,348	\$ 73,607	\$ 161,713
Final capping, closure and post-closure	\$ 2,308,339	\$ 146,772	\$ 106,275	\$ 16,346	\$ 2,038,946

Long-term debt payments include:

- 1) \$2.382 billion in principal payments due February 2029 related to our revolving credit facility under our Revolving Credit Agreement. Advances are available under the Revolving Credit Agreement in U.S. dollars and Canadian dollars and bear interest at fluctuating rates (See Note 11). At December 31, 2025, \$1.115 billion of the outstanding borrowings drawn under the revolving credit facility were in U.S. term SOFR rate loans, bearing interest at a total rate ranging from 4.59% to 4.75% on such date. At December 31, 2025, \$38.0 million of the outstanding borrowings drawn under the revolving credit facility were in U.S. base rate loans, bearing interest at a total rate of 6.75% on such date. At December 31, 2025, \$1.215 billion of the outstanding borrowings drawn under the revolving credit facility were in Canadian-based CORRA rate loans, bearing interest at a total rate ranging from 3.41% to 3.44% on such date. At December 31, 2025, \$13.9 million of the outstanding borrowings drawn under the revolving credit facility were in Canadian-based prime rate loans, bearing interest at a total rate of 4.45% on such date.
- 2) \$500.0 million in principal payments due 2028 related to our 2028 Senior Notes. The 2028 Senior Notes bear interest at a rate of 4.25%.
- 3) \$500.0 million in principal payments due 2029 related to our 2029 Senior Notes. The 2029 Senior Notes bear interest at a rate of 3.50%.
- 4) \$364.8 million in principal payments due 2029 related to our New 2029 Senior Notes. The New 2029 Senior Notes bear interest at a rate of 4.50%.
- 5) \$600.0 million in principal payments due 2030 related to our 2030 Senior Notes. The 2030 Senior Notes bear interest at a rate of 2.60%.

- 6) \$650.0 million in principal payments due 2032 related to our 2032 Senior Notes. The 2032 Senior Notes bear interest at a rate of 2.20%.
- 7) \$500.0 million in principal payments due 2032 related to our New 2032 Senior Notes. The New 2032 Senior Notes bear interest at a rate of 3.20%.
- 8) \$750.0 million in principal payments due 2033 related to our 2033 Senior Notes. The 2033 Senior Notes bear interest at a rate of 4.20%.
- 9) \$750.0 million in principal payments due 2034 related to our 2034 Senior Notes. The 2034 Senior Notes bear interest at a rate of 5.00%.
- 10) \$500.0 million in principal payments due 2035 related to our 2035 Senior Notes. The 2035 Senior Notes bear interest at a rate of 5.25%.
- 11) \$500.0 million in principal payments due 2050 related to our 2050 Senior Notes. The 2050 Senior Notes bear interest at a rate of 3.05%.
- 12) \$850.0 million in principal payments due 2052 related to our 2052 Senior Notes. The 2052 Senior Notes bear interest at a rate of 2.95%.
- 13) \$26.4 million in principal payments related to our notes payable to sellers and other third parties. Our notes payable to sellers and other third parties bear interest at rates between 2.42% and 10.35% at December 31, 2025, and have maturity dates ranging from 2028 to 2044.
- 14) \$16.0 million in principal payments related to our financing leases. Our financing leases bear interest at rates between 1.89% and 5.35% at December 31, 2025, and have expiration dates ranging from 2026 to 2035.

The following assumptions were made in calculating cash interest payments:

- 1) We calculated cash interest payments on the Revolving Credit Agreement using the term SOFR rate plus the applicable term SOFR margin, the base rate plus the applicable base rate margin, the term CORRA rate plus the applicable margin and the Canadian prime rate plus the applicable prime rate margin at December 31, 2025. We assumed the Revolving Credit Agreement is paid off when it matures in February 2029.
- 2) We calculated cash interest payments on our interest rate swaps using the stated interest rate in the swap agreement less the term SOFR rate through the earlier expiration of the term of the swaps or the term of the credit facility.

Contingent consideration payments include \$84.7 million recorded as liabilities in our consolidated financial statements at December 31, 2025, and \$14.2 million of future interest accretion on the recorded obligations.

We are party to operating lease agreements and finance leases as discussed in Note 7 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. These lease agreements are established in the ordinary course of our business and are designed to provide us with access to facilities and equipment at competitive, market-driven prices.

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

	<b>Amount of Commitment Expiration Per Period</b>				
	(amounts in thousands of U.S. dollars)				
<b>Unrecorded Obligations<sup>(1)</sup></b>	<b>Total</b>	<b>Less Than 1 Year</b>	<b>1 to 3 Years</b>	<b>3 to 5 Years</b>	<b>Over 5 Years</b>
Unconditional purchase obligations	\$ 173,644	\$ 136,579	\$ 36,599	\$ 466	\$ —

- (1) We are party to unconditional purchase obligations as discussed in Note 13 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. These purchase obligations are established in the ordinary course of our business and are designed to provide us with access to products at competitive, market-driven prices. At December 31, 2025, our unconditional purchase obligations consisted of multiple fixed-price fuel purchase contracts under which we have 56.2 million gallons remaining to be purchased for a total of \$173.6 million. The current fuel purchase contracts expire on or before September 30, 2029. These arrangements have not materially affected our financial position, results of operations or liquidity during the year ended December 31, 2025, nor are they expected to have a material impact on our future financial position, results of operations or liquidity.

We have obtained standby letters of credit as discussed in Note 11 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K and financial surety bonds as discussed in Note 13 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. These standby letters of credit and financial surety bonds are generally obtained to support our financial assurance needs and landfill and E&P waste operations. These arrangements have not materially affected our financial position, results of operations or liquidity during the year ended December 31, 2025, nor are they expected to have a material impact on our future financial position, results of operations or liquidity.

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

### **New Accounting Pronouncements**

See Note 2 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for a description of the new accounting standards that are applicable to us.

## Non-GAAP Financial Measures

### Adjusted EBITDA

We present adjusted EBITDA, a non-GAAP financial measure, supplementally because it is widely used by investors as a performance and valuation measure in the solid waste industry. Management uses adjusted EBITDA as one of the principal measures to evaluate and monitor the ongoing financial performance of our operations. We define adjusted EBITDA as net income attributable to Waste Connections, plus or minus net income (loss) attributable to noncontrolling interests, plus income tax provision, plus interest expense, less interest income, plus depreciation and amortization expense, plus closure and post-closure accretion expense, plus or minus any loss or gain on impairments and other operating items, plus other expense, less other income. We further adjust this calculation to exclude the effects of other items management believes impact the ability to assess the operating performance of our business. This measure is not a substitute for, and should be used in conjunction with, GAAP financial measures. Other companies may calculate adjusted EBITDA differently. Our adjusted EBITDA for the years ended December 31, 2025, 2024 and 2023, are calculated as follows (amounts in thousands of U.S. dollars):

	<u>Years Ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net income attributable to Waste Connections	\$ 1,076,557	\$ 617,573	\$ 762,800
Plus (less): Net income (loss) attributable to noncontrolling interests	—	(1,003)	26
Plus: Income tax provision	341,359	146,363	220,675
Plus: Interest expense	334,551	326,804	274,642
Less: Interest income	(12,139)	(11,607)	(9,350)
Plus: Depreciation and amortization	1,232,106	1,163,769	1,003,211
Plus: Closure and post-closure accretion	47,955	29,774	19,605
Plus: Impairments and other operating items	109,709	613,012	238,796
Less: Other income, net	(30,154)	(10,471)	(12,481)
Adjustments:			
Plus: Transaction-related expenses <sup>(a)</sup>	24,178	26,059	10,653
Plus (less): Fair value changes to equity awards <sup>(b)</sup>	433	1,592	(1,726)
Plus: Executive separation costs <sup>(c)</sup>	—	—	16,105
Adjusted EBITDA	<u>\$ 3,124,555</u>	<u>\$ 2,901,865</u>	<u>\$ 2,522,956</u>

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

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

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

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

We present adjusted net income attributable to Waste Connections and adjusted net income per diluted share attributable to Waste Connections, both non-GAAP financial measures, supplementally because they are widely used by investors as valuation measures in the solid waste industry. Management uses adjusted net income attributable to Waste Connections and adjusted net income per diluted share attributable to Waste Connections as one of the principal measures to evaluate and monitor the ongoing financial performance of our operations. We provide adjusted net income attributable to Waste Connections to exclude the effects of items management believes impact the comparability of operating results between periods. Adjusted net income attributable to Waste Connections has limitations due to the fact that it excludes items that have an impact on our financial condition and results of operations. Adjusted net income attributable to Waste Connections and adjusted net income per diluted share attributable to Waste Connections are not a substitute for, and should be used in conjunction with, GAAP financial measures. Other companies may calculate these non-GAAP financial measures differently. Our adjusted net income attributable to Waste Connections and adjusted net income per diluted share attributable to Waste Connections for the years ended December 31, 2025, 2024 and 2023, are calculated as follows (amounts in thousands of U.S. dollars, except per share amounts):

	<u>Years Ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Reported net income attributable to Waste Connections	\$ 1,076,557	\$ 617,573	\$ 762,800
Adjustments:			
Amortization of intangibles <sup>(a)</sup>	201,541	189,768	157,573
Impairments and other operating items <sup>(b)</sup>	109,709	613,012	238,796
Transaction-related expenses <sup>(c)</sup>	24,178	26,059	10,653
Fair value changes to equity awards <sup>(d)</sup>	433	1,592	(1,726)
Executive separation costs <sup>(e)</sup>	—	—	16,105
Tax effect <sup>(f)</sup>	(84,084)	(208,711)	(102,948)
Adjusted net income attributable to Waste Connections	<u>\$ 1,328,334</u>	<u>\$ 1,239,293</u>	<u>\$ 1,081,253</u>
<b>Diluted earnings per common share attributable to Waste Connections’</b>			
<b>common shareholders:</b>			
Reported net income	\$ 4.17	\$ 2.39	\$ 2.95
Adjusted net income	<u>\$ 5.15</u>	<u>\$ 4.79</u>	<u>\$ 4.19</u>

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

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

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

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

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

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

## Leverage Ratio

The Leverage Ratio is calculated by dividing our Consolidated Total Funded Debt by Consolidated EBITDA (as defined in our Revolving Credit Agreement). The Leverage Ratio is based on EBITDA, a non-GAAP financial measure. We present this ratio because it is used for the purpose of calculating financial covenants under our Revolving Credit Agreement. Management also uses this ratio as one of the principal measures to evaluate and monitor the indebtedness of the Company relative to its ability to generate income to service such debt. The Leverage Ratio is not a substitute for, and should be used in conjunction with, GAAP financial ratios. Other companies may calculate leverage ratios differently.

## Inflation

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

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

At December 31, 2025, our derivative instruments included one interest rate swap agreement that effectively fixes the interest rate on the applicable notional amounts of our variable rate debt as follows (dollars in thousands of U.S. dollars):

Date Entered	Notional Amount	Fixed Interest Rate Paid <sup>(a)</sup>	Variable Interest Rate Received	Effective Date <sup>(b)</sup>	Expiration Date
December 2018	\$ 200,000	2.7715 %	1-month term SOFR	November 2022	July 2027

(a) Plus applicable margin.

(b) In October 2022, we amended the reference rate in our outstanding interest rate swap contract to replace One-Month LIBOR with One-Month term SOFR and certain credit spread adjustments. We did not record any gains or losses upon the conversion of the reference rate in this interest rate swap contract, and we believe this amendment will not have a material impact on our consolidated financial statements.

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

We have performed sensitivity analyses to determine how market rate changes will affect the fair value of our unhedged floating rate debt. Such an analysis is inherently limited in that it reflects a singular, hypothetical set of assumptions. Actual market movements may vary significantly from our assumptions. Fair value sensitivity is not necessarily indicative of the ultimate cash flow or earnings effect we would recognize from the assumed market rate movements. We are exposed to cash flow risk due to changes in interest rates with respect to the unhedged floating rate balances owed at December 31, 2025 and 2024, of \$2.182 billion and \$1.364 billion, respectively, including floating rate debt under our Revolving Credit Agreement. A one percentage point increase in interest rates on our variable-rate debt as of December 31, 2025 and 2024, would decrease our annual pre-tax income by approximately \$21.8 million and \$13.6 million, respectively. All of our remaining debt instruments are at fixed rates, or effectively fixed under the interest rate swap agreement described above; therefore, changes in market interest rates under these instruments would not significantly impact our cash flows or results of operations, subject to counterparty default risk.

The market price of diesel fuel is unpredictable and can fluctuate significantly. Because of the volume of fuel we purchase each year, a significant increase in the price of fuel could adversely affect our business and reduce our operating margins. To manage a portion of this risk, we periodically enter into fuel hedge agreements related to forecasted diesel fuel purchases, and we also enter into fixed price fuel purchase contracts. At December 31, 2025, we had no fuel hedge agreements in place; however, we have entered into fixed price diesel fuel purchase contracts for 2026 as described below.

For the year ending December 31, 2026, we expect to purchase approximately 91.9 million gallons of diesel fuel, of which 50.1 million gallons will be purchased at market prices and 41.8 million gallons will be purchased under our fixed price diesel fuel purchase contracts. We have performed sensitivity analyses to determine how market rate changes will affect the fair value of our unhedged, market rate diesel fuel purchases. Such an analysis is inherently limited in that it reflects a singular, hypothetical set of assumptions. Actual market movements may vary significantly from our assumptions. Fair value sensitivity is not necessarily indicative of the ultimate cash flow or earnings effect we would recognize from the assumed market rate movements. With respect to the approximately 50.1 million gallons of unhedged diesel fuel we expect to purchase in 2026 at market prices, a \$0.10 per gallon increase in the price of diesel fuel over the year would decrease our pre-tax income during this period by approximately \$5.0 million.

We market a variety of recyclable materials, including compost, cardboard, mixed paper, plastic containers, glass bottles and ferrous and aluminum metals. We own and operate recycling operations and market collected recyclable materials to third parties for processing before resale. Where possible, to reduce our exposure to commodity price risk with respect to recycled materials, we have adopted a pricing strategy of charging collection and processing fees for recycling volume collected from third parties. In the event of a decline in recycled commodity prices, a 10% decrease in average recycled commodity prices from the average prices that were in effect during the years ended December 31, 2025 and 2024, would have had a \$23.1 million and \$23.3 million impact on revenues for the years ended December 31, 2025 and 2024, respectively.

We have operations in Canada and, where significant, we have quantified and described the impact of foreign currency translation on components of income, including operating revenue and operating costs. However, the impact of foreign currency has not materially affected our results of operations in 2025 or 2024. A \$0.01 change in the Canadian dollar to U.S. dollar exchange rate would impact our annual revenue and EBITDA by approximately \$19.0 million and \$9.0 million, respectively.