

## ITEM 2: MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Cautionary Note Regarding Forward-Looking Statements

Forward-looking statements may appear throughout this Quarterly Report on Form 10-Q, including the following section “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Forward-looking statements are typically identified by such words as “aim”, “anticipate”, “believe”, “could”, “confident”, “continue”, “estimate”, “expect”, “intend”, “may”, “remain”, “ongoing”, “plan”, “potential”, “predict”, “will”, “should”, “would”, “could”, “likely”, “generally”, “future”, “long-term”, or the negative of these terms, and similar expressions intended to identify forward-looking statements. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause actual results to differ materially, and may include, among others, statements relating to:

- our future strategy, objectives, targets, projections and performance;
- potential growth and market opportunities;
- potential future mergers and acquisitions;
- our ability to integrate acquisitions;
- the impact of our new initiatives, services, investments, and acquisitions on us and our customers;
- our future capital expenditures and returns on those expenditures; and
- financing available to us from our credit facilities or other sources, our ability to refinance borrowings, and the sufficiency of our working capital to meet our financial needs.

While we have not described all potential risks related to our business and owning our common shares, the important factors discussed in “Part I, Item 1A: Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2023, which are available on our website at <https://investor.rbglobal.com>, on EDGAR at [www.sec.gov](http://www.sec.gov), or on SEDAR at [www.sedar.com](http://www.sedar.com), are among those that we consider may affect our performance materially or could cause our actual financial and operational results to differ significantly from our expectations. Except as required by applicable securities law and regulations of relevant securities exchanges, we do not intend to update publicly any forward-looking statements, even if our expectations have been affected by new information, future events or other developments.

We prepare our consolidated financial statements in accordance with United States generally accepted accounting principles (“US GAAP”). Except for Gross Transaction Value (“GTV”)<sup>1</sup>, which is a measure of operational performance and not a measure of financial performance, liquidity, or revenue, the amounts discussed below are based on our consolidated financial statements.

Unless otherwise indicated, all amounts in the following tables are in millions, except share and per share amounts.

In the accompanying analysis of financial information, we sometimes use information derived from consolidated financial data but not presented in our financial statements prepared in accordance with U.S. GAAP. Certain of these data are considered “non-GAAP financial measures” under the SEC rules. The definitions of and reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable U.S. GAAP financial measures are included either with the first use thereof or in the Non-GAAP Measures section within this document (refer to pages [34-40](#)).

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<sup>1</sup> GTV represents total proceeds from all items sold on our auctions and online marketplaces, third-party online marketplaces, private brokerage services and other disposition channels.

## Overview

RB Global, Inc. and its subsidiaries (collectively referred to as “RB Global”, the “Company”, "our", "us", or “we”) (NYSE & TSX: RBA) is a leading global marketplace that connects sellers and buyers of commercial assets and vehicles. Through our omnichannel platform we facilitate transactions for customers primarily in our automotive and commercial construction and transportation ("CC&T") sectors. We also provide our customers value-added marketplace services, technology solutions for vehicle merchandising, platforms for lifecycle management of assets, and a market data intelligence platform to help customers make more informed business decisions.

Our customers primarily include automotive insurance companies, as well as end users, dealers, fleet owners, and original equipment manufacturers (“OEMs”) of commercial assets and vehicles. We also serve customers in the agriculture, energy, and natural resources sectors, as well as government entities.

Our CC&T sector includes heavy equipment such as excavators, dozers, lift and material handling, vocational and commercial trucks and trailers. Our automotive sector includes all consumer automotive vehicles. The other sector primarily includes assets and equipment in the agricultural, forestry and energy industries, government surplus assets, smaller consumer recreational transportation items and parts sold in our vehicle dismantling business. All sectors include salvage and non-salvage transactions.

We have a global presence, primarily with operations in the United States, Canada and across Europe, and employ more than 7,900 full-time employees worldwide, of which approximately 67% are located in the United States.

## Service Offerings

We offer our customers multiple distinct, complementary, multi-channel brand solutions that address the range of their buying and selling needs for commercial assets, vehicles and other types of assets. Our global customer base has a variety of transaction options, breadth of services, and the widest selection of used assets available to them. For a complete listing of channels and brand solutions available, please refer to our Annual Report on Form 10-K for the year ended December 31, 2023, which is available on our website at <https://investor.rbglobal.com>, on EDGAR at [www.sec.gov](http://www.sec.gov), or on SEDAR at [www.sedar.com](http://www.sedar.com).

## Contract Options

We offer consignors several contract options to meet their individual needs and sale objectives for selling used equipment or vehicles, which include:

- Straight commission contracts, where the consignor receives the gross proceeds from the sale less a pre-negotiated commission rate;
- Fixed commission contracts, where the consignor receives the gross proceeds from the sale less a pre-negotiated fixed commission fee;
- Guarantee commission contracts, where the consignor receives a guaranteed minimum amount plus an additional amount if proceeds exceed a specified level; and
- Inventory contracts, where we purchase, take custody, and hold used equipment and other assets before they are resold in the ordinary course of business.

We collectively refer to guarantee and inventory contracts as underwritten or “at-risk” contracts.

## Value-added Services

We also provide a wide array of value-added services to make the process of selling and buying equipment and vehicles convenient for our customers, including refurbishment services such as repair, paint and make-ready services, and parts services to connect equipment owners with parts manufacturers, inspection and appraisals, financial services through Ritchie Bros. Financial Services and loan payoff services through IAA, end-to-end transportation and logistics services, as well as other services such as insights, data intelligence, performance benchmarking solutions, and title and liens processing. We offer equipment listing services under the RitchieList brand in North America and Mascus brand in Europe to make private selling more efficient and safer for customers, including a secure transaction management service, complete with invoicing. We also provide an innovative technology platform that supports customers' vehicle merchandising, manages the asset life cycle and integrates procurement with both OEM and dealers.

## Revenue Mix Fluctuations

In the third quarter of 2024, the Company updated its presentation of disaggregated revenue to align to how management evaluates its financial and business performance. The prior year disaggregation of revenue amounts have been recast in the current quarter to conform with current period presentation.

Our revenue continues to be comprised of service revenue and inventory sales revenue. Total service revenue includes revenue by customer type, between revenue earned from buyers or sellers who transact in live and online auctions, online marketplaces and private brokerage, as well as marketplace services revenue, revenue earned from optional services provided to our customers.

Prior to the third quarter of 2024, the Company disaggregated its revenue by commissions earned from its consignors, buyer fees earned from its buyers in each sale transaction, and presented all other fees earned in the rendering of services, whether related to auctions, online marketplaces, private brokerage or other services, within marketplace services revenue. In the current quarter, the Company has updated its presentation of revenue, and as a result transactional seller revenue now includes commissions, pre-negotiated or fixed, as well as certain auction-related fees earned from sellers to complete the sale of an asset, such as towing to our yards, liens search, title processing and online listing and inspection fees. Transactional buyer revenue now includes buyer transaction fees based on a tiered structure earned from purchasers upon purchase of an asset, as well as other auction-related fees earned from buyers to complete the purchase of an asset, such as title processing, late-pick up, salvage buyer platform registration and other administrative processing charges. Accordingly, certain auction-related fees were reclassified from marketplace services revenue to transactional seller or transactional buyer revenue. These changes were made in order to align with how management categorize revenues for internal management purposes.

Marketplace services revenue include fees earned from various optional services provided to buyers, sellers or other third parties, and includes transportation, buyer towing, refurbishment, financing, parts procurement, data and appraisal, and other ancillary services.

Inventory sales revenue relates to revenue earned through our inventory contracts and is recognized at the GTV of the assets sold, with the related cost recognized in cost of inventory sold.

Our revenue each period can fluctuate significantly based on the mix of sales arrangements, which is driven by customer preferences. Completed straight commission, fixed commission or guarantee commission contracts result in the commission being recognized as service revenue based on a percentage of gross transaction value or based on a fixed value, while completed inventory contracts result in the full GTV of the assets sold being recorded as inventory sales revenue. As a result, a change in the revenue mix between service revenue and revenue from inventory sales can have a significant impact on our revenue growth percentages.

## Macroeconomic Conditions and Trends

Gross transaction value and operating costs are impacted by various macroeconomic conditions and trends. The combination of unit volume growth and trends in average selling prices impact total gross transaction value.

In our CC&T sector, the need for transaction solutions following the surge experienced post-pandemic has normalized, and customers are increasingly delaying decisions over disposition of assets as they evaluate the current business conditions in face of an uncertain macro environment, negatively impacting unit volume growth for higher value assets. In addition, macro uncertainty in the construction and transportation end markets is putting pressure on asset prices within the sector. The higher interest rate environment, as well as higher cost of new assets, is driving some customers to delay replacing their existing assets which is contributing to a lower need to transact equipment.

In our automotive sector, the total number of accidents and the number of accidents deemed a total loss influence unit volume growth in the industry. The current inflation spread between automotive repair and used vehicles is providing a productive environment for a higher number of vehicles deemed a total loss as a percent of total accidents, which is driving industry salvage unit volume growth. Used automotive prices are declining following the surge in prices observed during the pandemic.

We also see an increase in competitive pressures across all geographies and sectors, continue to experience inflationary pressures on our business through elevated operating costs, and are exposed to interest rate volatility on our variable rate long-term debt totaling approximately \$1.4 billion.

## Key Operating Metrics

We regularly review a number of metrics, including the following key operating metrics, to evaluate our business, measure our performance, identify trends affecting our business, and make operating decisions. We believe these key operating metrics are useful

to investors because management uses these metrics to assess the growth of our business and the effectiveness of our operational strategies.

We define our key operating metrics as follows:

Gross transaction value ("GTV"): Represents total proceeds from all items sold on our auctions and online marketplaces, third-party online marketplaces, private brokerage services and other disposition channels. GTV is not a measure of financial performance, liquidity, or revenue, and is not presented in the Company's consolidated financial statements.

Inventory return: Inventory sales revenue less cost of inventory sold.

Inventory rate: Inventory return divided by inventory sales revenue.

Total lots sold: A single asset to be sold or a group of assets bundled for sale as one unit. Low value assets are sometimes bundled into a single lot, collectively referred to as "small value lots."

Historically, we presented GTV from the sale of parts in our vehicle dismantling business within our automotive sector and excluded the number of parts sold from our total lots sold metric. Commencing in the second quarter of 2024, management has begun to review the number of parts sold in our vehicle dismantling business within our other sector and as part of our total lots sold metric.

### **Performance Overview and Consolidated Results**

For the third quarter of 2024 as compared to the third quarter of 2023:

- Total GTV decreased 7% to \$3.6 billion
- Total revenue decreased 4% to \$981.8 million
  - Service revenue increased 1% to \$779.9 million
  - Inventory sales revenue decreased 18% to \$201.9 million
- Net income increased 20% to \$76.0 million
- Net income available to common stockholders increased 22% to \$66.9 million
- Diluted earnings per share ("EPS") available to common stockholders increased 20% to \$0.36 earnings per share
- Diluted adjusted EPS available to common stockholders decreased 1% to \$0.71 per share
- Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") decreased 1% to \$283.7 million

## Results of Operations

The following table summarizes key components of our results of operations for the periods indicated. The financial results include IAA from its acquisition on March 20, 2023.

(in U.S. dollars in millions, except percentages)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
			2024 over 2023			2024 over 2023
Service revenue	\$ 779.9	\$ 773.8	1%	\$ 2,488.1	\$ 1,923.4	29%
Inventory sales revenue	201.9	246.0	(18)%	654.5	715.3	(8)%
Total revenue	981.8	1,019.8	(4)%	3,142.6	2,638.7	19%
Costs of services	339.7	316.8	7%	1,041.5	680.5	53%
Cost of inventory sold	193.5	230.0	(16)%	612.8	673.4	(9)%
Selling, general and administrative	177.8	203.5	(13)%	584.5	546.2	7%
Acquisition-related and integration costs	6.0	23.1	(74)%	22.9	195.6	(88)%
Depreciation and amortization	111.9	101.1	11%	329.9	246.9	34%
Total operating expenses	828.9	874.5	(5)%	2,591.6	2,342.6	11%
Gain on disposition of property, plant and equipment	0.5	0.5	—%	3.2	4.4	(27)%
Operating income	153.4	145.8	5%	554.2	300.5	84%
Net income	76.0	63.2	20%	294.4	121.8	142%
Net income available to common stockholders	66.9	54.7	22%	264.7	99.1	167%
Effective tax rate	25.6%	26.8%	(120)bps	24.5%	27.6%	(310)bps
Total GTV	\$ 3,622.2	\$ 3,875.4	(7)%	\$ 11,803.6	\$ 9,918.6	19%
Service GTV	3,420.3	3,629.4	(6)%	11,149.1	9,203.3	21%
Inventory GTV	201.9	246.0	(18)%	654.5	715.3	(8)%
Inventory return	\$ 8.4	\$ 16.0	(48)%	\$ 41.7	\$ 41.9	—%
Inventory rate	4.2%	6.5%	(230)bps	6.4%	5.9%	50bps

### Total GTV

Total GTV decreased 7% to \$3.6 billion in the third quarter of 2024, and increased 19% to \$11.8 billion in the first nine months of 2024.

The following summarizes our total GTV by geography and by sector for the periods indicated:

(in U.S. dollars in millions, except percentages)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
			2024 over 2023			2024 over 2023
United States	\$ 2,822.8	\$ 3,047.6	(7)%	\$ 9,015.8	\$ 7,360.0	22 %
Canada	520.4	540.9	(4)%	1,917.5	1,723.0	11 %
International	279.0	286.9	(3)%	870.3	835.6	4 %
Total GTV	\$ 3,622.2	\$ 3,875.4	(7)%	\$ 11,803.6	\$ 9,918.6	19 %

(in U.S. dollars in millions, except percentages)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
			2024 over 2023			2024 over 2023
Automotive	\$ 2,031.1	\$ 2,051.1	(1)%	\$ 6,143.7	\$ 4,484.8	37 %
Commercial construction and transportation	1,217.6	1,352.5	(10)%	4,392.1	4,023.7	9 %
Other	373.5	471.8	(21)%	1,267.8	1,410.1	(10)%
Total GTV	\$ 3,622.2	\$ 3,875.4	(7)%	\$ 11,803.6	\$ 9,918.6	19 %

The following table illustrates the breakdown of total lots sold by sector for the periods indicated:

(in '000's of lots sold, except percentages)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
			2024 over 2023			2024 over 2023
Automotive	553.8	555.0	— %	1,686.1	1,215.9	39 %
Commercial construction and transportation	103.1	86.6	19 %	330.1	227.6	45 %
Other	140.8	157.8	(11)%	459.9	435.8	6 %
Total Lots Sold	797.7	799.4	— %	2,476.1	1,879.3	32 %

In the third quarter of 2024, total GTV decreased year over year, primarily due to lower average selling prices across all sectors, and mainly in the United States and Canada in our CC&T sector. Average selling prices in our CC&T and other sector experienced unfavorable asset mix as well as price declines. Although we saw lower GTV volume in our CC&T sector, lot volumes in the United States increased primarily due to a large consignor contract in the transportation sector. In addition, volumes decreased due to the non-repeat of several large one-time auction events within our other sector in the United States. In our automotive sector, GTV decreased slightly year over year, driven by International.

For the first nine months of 2024, total GTV increased year over year, mainly due to the inclusion of IAA in the first quarter of 2024 for the full quarter, compared to the 11-day stub period in the first quarter of 2023. Excluding the impact of the IAA acquisition in the first quarter, total GTV decreased year over year, primarily driven by lower volumes in our automotive sector in the United States driven by the previously announced shift in assignment volumes from a customer, and due to asset mix and lower price realization within our other and CC&T sectors across North America. These decreases were partially offset by an increase in volume from our strategic accounts within our CC&T sector.

### **Total Revenue**

Total revenue decreased 4% to \$981.8 million in the third quarter of 2024 primarily due to an 18% decrease in inventory sales revenue, partially offset by an 1% increase in total service revenue.

Total revenue increased 19% to \$3.1 billion in the first nine months of 2024 due to a 29% increase in service revenue, partially offset by an 8% decrease in inventory sales revenue.

### **Service Revenue**

Service revenue is comprised of transactional seller revenue, which mainly includes commissions earned on service GTV from our straight, fixed or guarantee commission contracts, transactional buyer revenue, which mainly includes buyer transaction fees earned on total GTV from purchasers on the sale of inventory or consigned equipment, and revenues earned from our marketplace services.

The following table summarizes key components of total service revenue for the periods indicated:

(in U.S. dollars in millions, except percentages)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
			2024 over 2023			2024 over 2023
Transactional seller revenue	\$ 206.6	\$ 223.2	(7)%	\$ 695.9	\$ 607.0	15 %
Transactional buyer revenue	486.9	476.6	2 %	1,522.3	1,104.5	38 %
Marketplace services revenue	86.4	74.0	17 %	269.9	211.9	27 %
Total service revenue	\$ 779.9	\$ 773.8	1 %	\$ 2,488.1	\$ 1,923.4	29 %

In the third quarter of 2024, total service revenue increased 1%, with marketplace services revenue increasing 17%, transactional buyer revenue increasing 2%, primarily offset by transactional seller revenue decreasing 7%.

Marketplace services revenue increased 17% in the third quarter of 2024, primarily driven by higher fees earned from transportation services provided to a large consignor contract in the United States in our CC&T sector.

Transactional buyer revenue increased 2%, while total GTV decreased 7%, primarily from higher buyer fee rate structures implemented in early 2024 across all sectors. We also saw an increase in buyer fees in our CC&T sector due to a higher proportion of low value lots sold.

Transactional seller revenue decreased 7%, primarily in line with the decrease in service GTV of 6%.

In the first nine months of 2024, total service revenue increased 29%, with transactional buyer revenue increasing 38%, marketplace services revenue increasing 27%, and transactional seller revenue increasing 15%.

Transactional buyer revenue increased 38%, primarily driven by the inclusion of IAA in the first quarter of 2024 for the full quarter compared to the 11-day stub period in the first quarter of 2023. In addition, transactional buyer revenue increased higher than the 19% increase in total GTV, primarily for the same reasons as discussed above.

Marketplace services revenue increased 27%, mainly in our CC&T sector for the same reason as discussed above, as well as due to the increase in fees from the inclusion of IAA in the first quarter of 2024 for the full quarter compared to the 11-day stub period in the first quarter of 2023.

Transactional seller revenue increased 15%, primarily due to the inclusion of IAA in the first quarter of 2024 for the full quarter compared to the 11-day stub period in the first quarter of 2023. In addition, transactional seller revenue increased less than the 21% increase in service GTV, due to softer performances primarily in our guarantee contracts in Canada within our CC&T sector.

### **Inventory Sales Revenue**

In the third quarter of 2024, inventory sales revenue decreased 18%, primarily driven by lower volumes in our CC&T sector from softer year over year performances due to lower price realization and contract mix. We also saw a decrease in inventory sales revenue in our automotive sector, driven by lower volumes primarily from an unfavorable contract mix in International and the United States.

For the first nine months of 2024, inventory sales revenue decreased 8%, primarily driven by lower volumes in our CC&T sector, mainly in the United States, for the same reasons as discussed above, as well as due to the non-repeat of a large inventory package in the utilities sector in the prior year, partially offset by favorable performances in Canada. In addition, the decreases were also partially offset by the inclusion of inventory sales revenue from IAA in the first quarter of 2024 for the full quarter compared to the 11-day stub period in the prior year.

#### ***Costs of Services***

In the third quarter of 2024, costs of services increased 7% to \$339.7 million, primarily due to higher costs of services in connection with a large consignor contract in the transportation sector in the United States, which included higher costs to provide transportation services and higher payments to a third party as part of a profit-sharing arrangement. In addition, we saw higher costs of services in our automotive sector as prior year included a benefit related to a fair value adjustment made on the opening balance sheet of IAA at acquisition, as well as due to higher employee compensation expense driven by higher employee benefit costs from changes made to our benefit plans. These increases were partially offset by lower tow costs driven by streamlined processes and improved efficiencies in our automotive sector.

For the first nine months of 2024, costs of services increased 53% to \$1.0 billion, primarily due to the inclusion of IAA in the first quarter of 2024 for the full quarter compared to the 11-day stub period in the prior year. Cost of services also increased in our CC&T sector as a result of higher costs incurred in providing transportation services in a large consignor contract, as discussed above. We also saw higher prepaid consigned vehicle charges and employee benefit costs in our automotive sector, as discussed above.

#### ***Cost of Inventory Sold***

In the third quarter of 2024, cost of inventory sold decreased 16% to \$193.5 million, primarily in line with an 18% decrease in inventory sales revenue. Cost of inventory sold decreased at a lower rate than the decrease in inventory sales revenue mainly due to pricing pressure in both our automotive and CC&T sectors between time of purchase and time of sale.

For the first nine months of 2024, cost of inventory sold decreased 9% to \$612.8 million, primarily in line with the decrease in inventory sales revenue of 8%.

#### ***Selling, General and Administrative***

In the third quarter of 2024, selling, general and administrative expenses decreased 13% to \$177.8 million, primarily due to lower employee compensation expenses from a decrease in short-term performance-based incentive compensation, lower severance and settlement costs relating to the departure of certain former executives in the prior year, and a decrease in share-based payments expense relating to lower long-term performance-based incentive compensation. In addition, we incurred lower costs for technology consultants in the development of our software and technology platforms, as well as lower travel, advertising and promotion expenses due to strategic cost reduction initiatives.

For the first nine months of 2024, selling, general and administrative expenses increased 7% to \$584.5 million, mainly due to the inclusion of IAA in the first quarter of 2024 for the full quarter compared to the 11-day stub period in the prior year. We also saw higher employee compensation expense, driven by higher share-based payments expense due to timing, and an increase in the size and fair value of grants. In addition, our costs increased due to a new digital services tax accrual in Canada on certain in-scope revenues which was retroactively applied to the period from January 1, 2022 to June 30, 2024, and higher consulting fees and legal costs. These increases were partially offset by lower short-term incentive-based compensation expense, lower travel, advertising, and promotional expenses, and lower costs due to our strategic cost reduction initiatives.

#### ***Acquisition-related and Integration Costs***

In the third quarter of 2024, acquisition-related and integration costs decreased 74% to \$6.0 million, due to lower integration, severance and other acquisition-related costs in connection with the acquisition of IAA on March 20, 2023.

For the first nine months of 2024, acquisition-related and integration costs decreased 88% to \$22.9 million, primarily given the significant investment banking, consulting, financing, legal and other acquisition-related costs incurred in the prior year to complete the acquisition of IAA on March 20, 2023. We have also incurred lower severance and integration costs as integration activities and restructuring is being completed. In addition, we recognized a net \$16.3 million expense as settlement for the termination of a non-compete agreement bound by IAA prior to the acquisition in the prior year.

#### ***Operating Income***

For the third quarter of 2024, operating income increased 5% to \$153.4 million, driven by a decrease in selling, general and administrative expenses and acquisition-related and integration costs, partially offset by lower flow-through of revenue, as discussed above.

For the first nine months of 2024, operating income increased 84% to \$554.2 million, primarily driven by the significant decrease in acquisition-related and integration costs and the inclusion of IAA operating income in the first quarter of 2024 for the full quarter compared to the 11-day stub period in the prior year. In addition, we saw a higher flow-through of service revenue, driven by the CC&T sector, partially offset by higher depreciation and amortization driven by the acquisition of IAA.

#### ***Income Tax Expense and Effective Tax Rate***

At the end of each interim period, we estimate the effective tax rate expected to be applicable for the full fiscal year. The estimate reflects, among other items, management's best estimate of operating results. It does not include the estimated impact of foreign exchange rates or unusual and/or infrequent items, which may cause significant variations in the customary relationship between income tax expense and income before income taxes.

For the third quarter of 2024, income tax expense increased by 13% to \$26.2 million, and our effective tax rate decreased 120 bps to 25.6%, as compared to the third quarter of 2023. For the first nine months of 2024, income tax expense increased 105% to \$95.3 million, primarily due to the increase in net income before tax, and our effective tax rate decreased 310 bps to 24.5% as compared to the first nine months of 2023.

In the third quarter of 2024, the effective tax rate decreased slightly year over year.

The decrease in the effective tax rate for the first nine months of 2024 compared to the first nine months of 2023 was primarily due to a decrease in non-deductible expenses. Partially offsetting this decrease was a lower proportionate benefit related to Foreign-Derived Intangible Income ("FDII") and a lower tax deduction for PSU and RSU share unit expenses that exceeded the related compensation expense.

#### ***Net Income Attributable to Controlling Interests***

In the third quarter of 2024, net income attributable to controlling interests increased 20% to \$76.1 million, primarily driven by higher operating income and lower interest expense in the current quarter due to lower long-term debt levels driven by repayments of principal.

For the first nine months of 2024, net income attributable to controlling interests increased 141% to \$294.6 million, primarily driven by higher operating income, as discussed above, partially offset by higher income tax expense and higher interest expense due to an increase in long-term debt from funding the IAA acquisition on March 20, 2023.

#### ***Diluted EPS***

Diluted EPS available to common stockholders increased 20% to \$0.36 per share for the third quarter of 2024, compared to \$0.30 per share for the third quarter of 2023. The increase is primarily due to the increase in net income attributable to controlling interests, as discussed above, partially offset by the cumulative dividends and allocated earnings on Series A Senior Preferred Shares.

## U.S. Dollar Exchange Rate Comparison

We conduct global operations in various currencies, with our presentation currency being the U.S. dollar. The following table presents the variance in select foreign exchange rates over the comparative reporting periods:

Value of one local currency to U.S. dollar	2024	2023	% Change 2024 over 2023
<b>Period-end exchange rate - September 30,</b>			
Canadian dollar	0.7394	0.7365	— %
Euro	1.1142	1.0581	5 %
British pound sterling	1.3380	1.2198	10 %
Australian dollar	0.6917	0.6429	8 %
<b>Average exchange rate - Three months ended September 30,</b>			
Canadian dollar	0.7329	0.7455	(2)%
Euro	1.0990	1.0886	1 %
British pound sterling	1.3001	1.2662	3 %
Australian dollar	0.6696	0.6546	2 %
<b>Average exchange rate - Nine months ended September 30,</b>			
Canadian dollar	0.7353	0.7432	(1)%
Euro	1.0873	1.0839	— %
British pound sterling	1.2767	1.2441	3 %
Australian dollar	0.6622	0.6690	(1)%

In the third quarter of 2024, foreign exchange had an unfavorable impact on total revenue and a favorable impact on expenses when compared to the prior year quarter. These impacts were primarily due to the fluctuations in the Canadian dollar relative to the U.S. dollar.

### Non-GAAP Measures

As part of management's non-GAAP measures, we may eliminate the financial impact of certain items that we do not consider to be part of our normal operating results.

Adjusted net income available to common stockholders decreased 1% to \$130.8 million in the third quarter of 2024.

Diluted adjusted EPS available to common stockholders decreased 1% to \$0.71 per share in the third quarter of 2024.

Adjusted EBITDA decreased 1% to \$283.7 million in the third quarter of 2024.

Refer to the non-GAAP measures section below on pages [34-40](#) for further information.

### Debt

We have a credit agreement, which is comprised of multicurrency revolving facilities and the Term Loan A facility (the "TLA Facility"). The TLA Facility is comprised of a facility denominated in US dollars (the "USD TLA Facility"), and a facility denominated in Canadian dollars (the "CAD TLA Facility"). The Credit Agreement matures on September 21, 2026.

The TLA Facility loans are subject to quarterly installments of 1.25% of principal, with the balance payable at maturity. During the nine months ended September 30, 2024, the Company repaid \$350.0 million of principal on the USD TLA Facility. At September 30, 2024, there are no mandatory principal repayments remaining on the USD TLA Facility until maturity of the debt. We continue to seek opportunities to prepay our debt.

At September 30, 2024, the Company also had \$550.0 million aggregate principal amount of 6.750% senior secured notes due March

15, 2028 (the "Secured Notes"), and (ii) \$800.0 million aggregate principal amount of 7.750% senior unsecured notes due March 15, 2031 (the "Unsecured Notes") (collectively, the "Notes"). These Notes were used, along with the USD TLA Facility, to fund the acquisition of IAA, and accrue interest to be paid in cash semi-annually in arrears. The Secured Notes are jointly and severally guaranteed on a senior secured basis and the Unsecured Notes are jointly and severally guaranteed on a senior unsecured basis by certain of the Company's subsidiaries.

The below were our committed and uncommitted revolving credit facilities at September 30, 2024 and December 31, 2023:

<b>(in U.S. dollars in millions)</b>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<i>Committed</i>		
Multicurrency revolving credit facilities	\$ 750.0	\$ 750.0
<i>Uncommitted</i>		
Foreign demand revolving credit facilities	15.0	5.0
Total revolving credit facilities	<u>\$ 765.0</u>	<u>\$ 755.0</u>
<i>Unused</i>		
Multicurrency revolving credit facilities	\$ 703.2	\$ 724.7
Foreign demand revolving credit facilities	15.0	5.0
Total revolving credit facilities unused	<u>\$ 718.2</u>	<u>\$ 729.7</u>

#### **Debt Covenants**

We were in compliance with all financial and other covenants applicable to our credit facilities at September 30, 2024.

Our ability to borrow under the Credit Agreement is subject to compliance with financial covenants of a consolidated leverage ratio and a consolidated interest coverage ratio. In the event of sustained deterioration of global markets and economies, we expect the covenants pertaining to our leverage ratio would be the most restrictive to our ability to access funding under our Credit Agreement. We continue to evaluate courses of action to maintain current levels of liquidity and compliance with our debt covenants.

For more information on our debt, see "Item 1 – Financial Statements: Note 14 Debt" in our consolidated financial statements.

#### **Liquidity and Capital Resources**

Our short-term cash requirements include (i) payment of quarterly dividends to common shareholders on an as-declared basis, and payment of participating dividends and preferential dividends to preferred equity holders, (ii) settlement of contracts with consignors and other suppliers, (iii) personnel expenditures, with a majority of short-term incentive compensation paid annually in the first quarter following each fiscal year, (iv) income tax payments, primarily paid in quarterly installments, (v) payments on short-term and long-term debt, (vi) payment of amounts committed under certain service agreements to build our modern IT architecture, (vii) payments on our operating and finance lease obligations, (viii) other capital expenditures and working capital needs, and (ix) advances.

In order to begin the appeals process, we will be obligated to pay a deposit of at least 50% of any assessed amount to the Canada Revenue Agency ("CRA") when the Company receives a notice of assessment for additional taxes, interest and penalties from the CRA with respect to the Company's Luxembourg subsidiary relating to taxation years 2010 through 2015. Such deposit is required by law as part of the CRA's objection process or subsequent legal proceedings. The notice of assessment is expected to be received in the fourth quarter of 2024. For more information on the matter, see "Item 1 – Financial Statements: Note 7 Income Taxes" in our consolidated financial statements.

We believe that our existing working capital and availability under our credit facilities are sufficient to satisfy our present operating requirements and contractual obligations, including the CRA matter noted above. In the current interest rate environment, the Company intends to continue to evaluate and pursue the most financially beneficial arrangements to fund future capital expenditures, which may include lease agreements or cash purchases.

Our long-term cash requirements include scheduled principal repayments of long-term debt on the TLA Facility of \$1.4 billion and the Notes of \$1.4 billion, repayment of any drawn funds under our revolving credit facilities, as well as scheduled repayments of operating and finance lease obligations relating to the Company's commercial leases for various auctions sites, branches and offices, operating leases for computer equipment, software, motor vehicles and small office equipment, and finance lease arrangements for certain vehicles, computers, yard equipment, fixtures, and office furniture. For more information on our debt and leases, see "Item 1 –

Financial Statements: Note 14 Debt" and "Item 1 – Financial Statements: Note 17 Leases," respectively, in our consolidated financial statements, as well as our audited consolidated financial statements for the year ended December 31, 2023.

Cash provided by operating activities can fluctuate significantly from period to period. We assess our liquidity based on our ability to generate cash and secure credit to fund operating, investing, and financing activities. Our liquidity is primarily affected by fluctuations in cash provided by operating activities, significant acquisitions of businesses, payment of dividends, our net capital spending<sup>1</sup>, and repayments of debt. We are also committed under various letters of credit and provide certain guarantees in the normal course of business. We believe our principal sources of liquidity, which include cash flow from operations and our unused capacity under our revolving credit facilities of \$718.2 million, is sufficient to fund our current and planned operating activities.

Book overdrafts represent outstanding checks and other pending disbursements, which are in excess of cash account balances with a right of offset. The excess of such amounts is included within trade and other liabilities in our consolidated balance sheet.

If we were to consider further acquisitions to deliver on our strategic growth drivers, we may seek financing through equity markets or additional debt markets. The issuance of additional equity securities may result in dilution to our shareholders. Issuance of preferred equity securities could provide for rights, preferences or privileges senior to those of our common stock. Further, this additional capital may not be available on reasonable terms, or at all.

### Cash Flows

(in U.S. dollars in millions)	Nine months ended September 30,		
	2024	2023	Change 2024 over 2023
Cash provided by (used in):			
Operating activities	\$ 747.5	\$ 206.7	\$ 540.8
Investing activities	(209.6)	(3,002.3)	2,792.7
Financing activities	(491.6)	2,728.8	(3,220.4)
Effect of changes in foreign currency rates	(4.1)	0.1	(4.2)
Net decrease in cash, cash equivalents, and restricted cash	\$ 42.2	\$ (66.7)	\$ 108.9

Net cash provided by operating activities was \$747.5 million in the first nine months of 2024, as compared to net cash provided by operating activities of \$206.7 million in the first nine months of 2023. Net cash provided by operating activities increased \$540.8 million mainly due to a lower cash outflow from the net change in operating assets and liabilities of \$240.7 million and a decrease in acquisition-related and integration costs in the current year. We also saw a higher net cash inflow from the inclusion of IAA income from operations for a full quarter in the first quarter of 2024 compared to the 11-day stub period in the prior year. These cash inflows were partially offset by higher interest expense. The lower cash outflow from the net change in operating assets and liabilities was primarily driven by the timing, size and number of our auctions, an increase in book overdrafts and prepaid consigned vehicle charges due to the inclusion of IAA, lower tax payments due to the non-repeat of taxes paid in 2023 for the taxable gain portion on the sale of the Bolton property, and lower tax prepayments compared to the prior year. In addition, we saw lower cash outflows due to an increase in recovery of advances from customers and reimbursement of leasehold improvements from lessors. The above decreases in cash outflows were partially offset by the timing of higher interest payments on our debt and higher operating lease payments with the inclusion of IAA.

Net cash used in investing activities was \$209.6 million in the first nine months of 2024, as compared to net cash used in investing activities of \$3.0 billion in the first nine months of 2023. The decrease is primarily due to cash used in the prior period to fund the acquisitions of IAA and VeriTread, as well as lower capital expenditures on property, plant and equipment.

Net cash used in financing activities was \$491.6 million in the first nine months of 2024, as compared to net cash provided by financing activities of \$2.7 billion in the first nine months of 2023. The change is primarily driven by higher cash inflows in the prior period, as we raised \$3.1 billion in debt to fund the acquisition of IAA through the TLA Facility and the Notes, net of debt issuance costs, and received \$496.9 million in net proceeds from the issuance of the Series A Senior Preferred Shares and common stock. In addition, we repaid \$600.0 million of long-term debt in the first half of 2023, for the redemption of our 2016 Notes and \$100.0 million repayment of debt on our USD TLA Facility, as compared to \$350.0 million repayment on our USD TLA Facility in the current year. We also paid less dividends to common stockholders in the current year, primarily due to the payment of a one-time special dividend

<sup>1</sup> We calculate net capital spending as property, plant and equipment additions plus intangible asset additions less proceeds on disposition of property, plant and equipment.

in connection with the IAA acquisition in the prior year, and received higher proceeds from the exercise of stock options in the current year, driven by a higher share price.

### ***Dividend Information***

We declared a dividend of \$0.29 per common share for the quarter ended June 30, 2024, and \$0.27 per common share for each of the quarters ended March 31, 2024, December 31, 2023, September 30, 2023, and June 30, 2023. We have declared, but not yet paid, a dividend of \$0.29 per common share for the quarter ended September 30, 2024. All dividends that we pay are “eligible dividends” for Canadian income tax purposes unless indicated otherwise.

### ***Debt over Net Income***

Debt at the end of the third quarter of 2024 represented 7.3 times net income at and for the trailing twelve months ended September 30, 2024, compared to 18.7 times net income at and for the trailing twelve months ended September 30, 2023. The decrease in this debt/net income multiplier was primarily due to higher net income from the inclusion of IAA's net income compared to the stub period in the prior year, as well as lower levels of debt driven by repayments of principal on our TLA Facility. The adjusted net debt/adjusted EBITDA was 1.7 times at and for the trailing twelve months ended September 30, 2024, compared to 3.2 times at and for the trailing twelve months ended September 30, 2023. The decrease in this debt/net income multiplier was due to the same reasons as discussed above.

### **Critical Accounting Policies, Judgments, Estimates and Assumptions**

In preparing our consolidated financial statements in conformity with US GAAP, we must make decisions that impact the reported amounts and related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgments based on our understanding and analysis of the relevant circumstances and historical experience. At September 30, 2024, there were no material changes in our critical accounting policies, and there were no material changes in judgments, estimates and assumptions from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

### **Non-GAAP Measures**

We reference various non-GAAP measures throughout this Quarterly Report on Form 10-Q. These measures do not have a standardized meaning and are, therefore, unlikely to be comparable to similar measures presented by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with US GAAP.

### ***Adjusted Net Income Available to Common Stockholders and Diluted Adjusted EPS Available to Common Stockholders Reconciliation***

We believe that adjusted net income available to common stockholders provides useful information about the growth or decline of our net income available to common stockholders for the relevant financial period and eliminates the financial impact of adjusting items we do not consider to be part of our normal operating results. Diluted adjusted EPS available to common stockholders eliminates the financial impact of adjusting items from net income available to common stockholders that we do not consider to be part of our normal operating results. Please refer to page [40](#) for a summary of adjusting items.

Adjusted net income available to common stockholders is calculated as net income available to common stockholders, excluding the effects of adjusting items that we do not consider to be part of our normal operating results, such as share-based payments expense, acquisition-related and integration costs, amortization of acquired intangible assets, executive transition costs and certain other items.

Net income available to common stockholders is calculated as net income attributable to controlling interests, less cumulative dividends on Series A Senior Preferred Shares and allocated earnings to participating securities.

Diluted adjusted EPS available to common stockholders is calculated by dividing adjusted net income available to common stockholders by the weighted average number of dilutive shares outstanding, except that it is computed based upon the lower of the two-class method or the if-converted method, which includes the effects of the assumed conversion of the Series A Senior Preferred Shares and the effect of shares issuable under the Company's stock-based incentive plans, if such effect is dilutive.

The following table reconciles adjusted net income available to common stockholders and diluted adjusted EPS available to common stockholders to net income available to common stockholders and diluted EPS available to common stockholders, which are the most directly comparable GAAP measures in our consolidated financial statements:

(in U.S. dollars in millions, except share, per share data, and percentages)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
			2024 over 2023			2024 over 2023
Net income available to common stockholders	\$ 66.9	\$ 54.7	22 %	\$ 264.7	\$ 99.1	167 %
Share-based payments expense	9.7	12.7	(24)%	41.1	31.7	30 %
Acquisition-related and integration costs	6.0	23.1	(74)%	22.9	195.6	(88)%
Amortization of acquired intangible assets	67.9	63.9	6 %	206.5	156.5	32 %
Loss (gain) on disposition of property, plant and equipment and related costs	0.2	0.6	(67)%	(1.2)	(0.9)	33 %
Prepaid consigned vehicles charges	(0.6)	(7.6)	(92)%	(4.0)	(59.7)	(93)%
Loss on redemption of the 2016 and 2021 Notes and certain related interest expense	—	—	— %	—	3.3	NM
Other legal, advisory, restructuring and non-income tax expenses	2.2	0.6	267 %	12.1	1.3	831 %
Executive transition costs	0.6	9.8	(94)%	4.3	9.8	(56)%
Remeasurements in connection with business combinations	1.2	—	NM	1.2	(2.9)	NM
Related tax effects of the above	(21.0)	(22.2)	(5)%	(69.8)	(74.7)	(7)%
Related allocation of the above to participating securities	(2.3)	(2.9)	(21)%	(7.6)	(7.6)	— %
Adjusted net income available to common stockholders	\$ 130.8	\$ 132.7	(1)%	\$ 470.2	\$ 351.5	34 %
Weighted average number of dilutive shares outstanding	185,499,988	183,601,601	1 %	184,999,899	162,916,593	14 %
Diluted earnings per share available to common stockholders	\$ 0.36	\$ 0.30	20 %	\$ 1.43	\$ 0.61	134 %
Diluted adjusted earnings per share available to common stockholders	\$ 0.71	\$ 0.72	(1)%	\$ 2.54	\$ 2.16	18 %

NM = Not meaningful

### Adjusted EBITDA

We believe adjusted EBITDA provides useful information about the growth or decline of our net income when compared between different financial periods. We use adjusted EBITDA as a key performance measure because we believe it facilitates operating performance comparisons from period to period and it provides management with the ability to monitor its controllable incremental revenues and costs.

Adjusted EBITDA is calculated by adding back depreciation and amortization, interest expense, income tax expense, and subtracting interest income from net income, as well as adding back the adjusting items as described on page 40.

The following table reconciles adjusted EBITDA to net income, which is the most directly comparable GAAP measure in, or calculated from, our consolidated financial statements:

(in U.S. dollars in millions, except percentages)	Three months ended September 30,			Nine months ended September 30,		
			% Change			% Change
	2024	2023	2023	2024	2023	2023
Net income	\$ 76.0	\$ 63.2	20 %	\$ 294.4	\$ 121.8	142 %
Add: depreciation and amortization	111.9	101.1	11 %	329.9	246.9	34 %
Add: interest expense	57.2	63.7	(10)%	181.0	149.6	21 %
Less: interest income	(6.9)	(4.5)	53 %	(20.3)	(15.8)	28 %
Add: income tax expense	26.2	23.1	13 %	95.3	46.5	105 %
EBITDA	264.4	246.6	7 %	880.3	549.0	60 %
Share-based payments expense	9.7	12.7	(24)%	41.1	31.7	30 %
Acquisition-related and integration costs	6.0	23.1	(74)%	22.9	195.6	(88)%
Loss (gain) on disposition of property, plant and equipment and related costs	0.2	0.6	(67)%	(1.2)	(0.9)	33 %
Remeasurements in connection with business combinations	1.2	—	NM	1.2	(1.4)	NM
Prepaid consigned vehicles charges	(0.6)	(7.6)	(92)%	(4.0)	(59.7)	(93)%
Other legal, advisory, restructuring and non-income tax expenses	2.2	0.6	267 %	12.1	1.3	831 %
Executive transition costs	0.6	9.8	(94)%	4.3	9.8	(56)%
Adjusted EBITDA	<u>\$ 283.7</u>	<u>\$ 285.8</u>	<u>(1)%</u>	<u>\$ 956.7</u>	<u>\$ 725.4</u>	<u>32 %</u>

NM = Not meaningful

### **Adjusted Net Debt and Adjusted Net Debt/Adjusted EBITDA Reconciliation**

We believe that comparing adjusted net debt/adjusted EBITDA on a trailing twelve-month basis for different financial periods provides useful information about the performance of our operations as an indicator of the amount of time it would take us to settle both our short and long-term debt. We do not consider this to be a measure of our liquidity, which is our ability to settle only short-term obligations, but rather a measure of how well we fund liquidity. Measures of liquidity are noted under “Liquidity and Capital Resources.”

Adjusted net debt is calculated by subtracting cash and cash equivalents from short and long-term debt and long-term debt in escrow. Adjusted net debt/Adjusted EBITDA is calculated by dividing adjusted net debt by adjusted EBITDA.

The following table reconciles adjusted net debt to debt, adjusted EBITDA to net income, and adjusted net debt/ adjusted EBITDA to debt/ net income, respectively, which are the most directly comparable GAAP measures in, or calculated from, our consolidated financial statements.

(in U.S. dollars in millions, except percentages)	At and for the twelve months ended September 30,		
	2024	2023	% Change 2024 over 2023
Short-term debt	\$ 31.4	\$ 4.7	568 %
Long-term debt	2,729.3	3,122.2	(13)%
Debt	2,760.7	3,126.9	(12)%
Less: cash and cash equivalents	(650.7)	(428.3)	52 %
Adjusted net debt	2,110.0	2,698.6	(22)%
Net income	\$ 378.6	\$ 167.1	127 %
Add: depreciation and amortization	435.2	271.3	60 %
Add: interest expense	245.2	159.1	54 %
Less: interest income	(26.5)	(19.5)	36 %
Add: income tax expense	125.2	60.1	108 %
EBITDA	1,157.7	638.2	81 %
Share-based payments expense	54.8	40.8	34 %
Acquisition-related and integration costs	43.4	217.8	(80)%
(Gain) loss on disposition of property, plant and equipment and related costs	(1.1)	—	NM
Remeasurements in connection with business combinations	1.3	(1.4)	NM
Prepaid consigned vehicles charges	(11.3)	(59.7)	(81)%
Other legal, advisory, restructuring and non-income tax expenses	12.9	1.5	760 %
Executive transition costs	6.5	9.8	(34)%
Adjusted EBITDA	\$ 1,264.2	\$ 847.0	49 %
Debt/net income	7.3 x	18.7 x	(61)%
Adjusted net debt/adjusted EBITDA	1.7 x	3.2 x	(47)%

NM = Not meaningful

### ***Adjusted Return and Adjusted ROIC Reconciliation***

We believe that comparing adjusted ROIC on a trailing twelve-month basis for different financial periods provides useful information about the after-tax return generated by our investments. Adjusted ROIC is a measure used by management to determine how productively the Company uses its long-term capital to gauge investment decisions.

ROIC is calculated as reported return divided by average invested capital. Reported return is defined as net income attributable to controlling interests excluding the impact of net interest expense, tax effected at the Company's adjusted annualized effective tax rate. Adjusted ROIC is calculated as adjusted return divided by adjusted average invested capital. Adjusted return is defined as reported return and adjusted for items that we do not consider to be part of our normal operating results, tax effected at the applicable tax rate. Adjusted average invested capital is calculated as average invested capital but excludes any long-term debt in escrow.

The following table reconciles adjusted return and adjusted ROIC to net income attributable to controlling interests and adjusted average invested capital to average invested capital, which are the most directly comparable GAAP measures in, or calculated from, our consolidated financial statements:

(in U.S. dollars in millions, except percentages)	At and for the twelve months ended		
	2024	2023	% Change
			2024 over 2023
Net income attributable to controlling interests	\$ 378.9	\$ 167.5	126 %
Add:			
Interest expense	245.2	159.1	54 %
Interest income	(26.5)	(19.5)	36 %
Interest, net	218.7	139.6	57 %
Tax on interest, net	(53.3)	(34.0)	57 %
Reported return	\$ 544.3	\$ 273.2	99 %
Add:			
Share-based payments expense	54.8	40.8	34 %
Acquisition-related and integration costs	43.4	217.8	(80)%
Amortization of acquired intangible assets	276.2	164.7	68 %
(Gain) loss on disposition of property, plant and equipment and related costs	(1.1)	—	NM
Remeasurements in connection with business combinations	1.3	(2.9)	NM
Prepaid consigned vehicles charges	(11.3)	(59.7)	(81)%
Other legal, advisory, restructuring and non-income tax expenses	12.9	1.5	760 %
Executive transition costs	6.5	9.8	(34)%
Related tax effects of the above	(90.8)	(83.6)	9 %
Adjusted return	\$ 836.2	\$ 561.6	49 %
Short-term debt - opening balance	\$ 4.7	\$ 1.6	194 %
Short-term debt - ending balance	31.4	4.7	568 %
Average short-term debt	18.1	3.2	466 %
Long-term debt - opening balance	3,122.2	637.3	390 %
Long-term debt - ending balance	2,729.3	3,122.2	(13)%
Average long-term debt	2,925.8	1,879.8	56 %
Preferred equity - opening balance	482.0	—	NM
Preferred equity - ending balance	482.0	482.0	— %
Average preferred equity	482.0	241.0	100 %
Stockholders' equity - opening balance	4,911.8	1,238.8	296 %
Stockholders' equity - ending balance	5,209.1	4,911.8	6 %
Average stockholders' equity	5,060.5	3,075.3	65 %
Average invested capital	\$ 8,486.4	\$ 5,199.3	63 %
ROIC	6.4 %	5.3 %	110bps
Adjusted ROIC	9.9 %	10.8 %	(90)bps

NM = Not meaningful

## Adjusting Items

### *Recognized in the third quarter of 2024*

- \$9.7 million share-based payments expense.
- \$6.0 million of acquisition-related and integration costs, primarily relating to the acquisition of IAA.
- \$67.9 million amortization of acquired intangible assets from past acquisitions.
- \$0.2 million loss on disposition of property, plant and equipment and related costs, primarily driven by non-cash costs arising from the accounting for the sale of the Bolton property, recorded in selling, general and administrative cost, partially offset by a \$0.5 million gain on the disposition of property, plant and equipment.
- \$0.6 million relating to a fair value adjustment made to the prepaid consigned vehicle charges on the opening balance sheet of IAA at acquisition.
- \$2.2 million of other legal, advisory, restructuring and non-income tax expenses, which primarily includes an estimated accrual for the settlement amount of an unusual legal claim recorded in other income (loss), as well as terminated and ongoing transaction costs recorded in selling, general and administrative costs.
- \$0.6 million of estimated executive transition costs, primarily legal costs, associated with the departure of our ex-CEO on August 1, 2023.
- \$1.2 million of remeasurements in connection with business combination which relates to the revaluation of a contingent consideration liability for IAA's acquisition of Marisat, Inc. in 2021.

### *Recognized in the second quarter of 2024*

- \$18.1 million share-based payments expense.
- \$4.1 million of acquisition-related and integration costs, primarily relating to the acquisition of IAA.
- \$69.0 million amortization of acquired intangible assets from past acquisitions.
- \$0.4 million loss on disposition of property, plant and equipment and related costs, primarily driven by non-cash costs arising from the accounting for the sale of the Bolton property, recorded in selling, general and administrative costs.
- \$1.3 million relating to a fair value adjustment made to the prepaid consigned vehicle charges on the opening balance sheet of IAA at acquisition.
- \$7.7 million of other legal, advisory, restructuring and non-income tax expenses, which includes an estimated accrual for a new digital services tax in Canada on certain in-scope revenues earned for the period from January 1, 2022 to June 30, 2024, legal costs in connection with the settlement of an unusual legal claim accrued in the first quarter of 2024, as well as terminated and ongoing transaction costs.
- \$2.0 million of estimated executive transition costs associated with the departure of our ex-CEO on August 1, 2023, which includes estimated settlement amounts and related costs.

### *Recognized in the first quarter of 2024*

- \$13.3 million share-based payments expense.
- \$12.8 million of acquisition-related and integration costs primarily relating to the acquisition of IAA.
- \$69.6 million amortization of acquired intangible assets from past acquisitions, of which \$61.9 million related to the acquired intangible assets from the acquisition of IAA.
- \$1.8 million gain on disposition of property, plant and equipment and related costs, primarily driven by a \$2.2 million gain on a lease modification, offset by non-cash costs arising from the accounting for the sale of the Bolton property, recorded in selling, general and administrative costs.
- \$2.1 million relating to a fair value adjustment made to the prepaid consigned vehicle charges on the opening balance sheet of IAA, which do not have a future benefit at acquisition, and therefore has created a favorable reduction to our cost of services in the quarter.
- \$2.2 million of other advisory, legal and restructuring costs, which primarily includes a \$1.9 million loss on the settlement of an unusual legal claim recorded in other income, \$0.3 million of terminated and ongoing transaction costs and \$0.1 million of costs incurred with the Canada Revenue Agency's ("CRA") investigation.
- \$1.7 million of estimated executive transition costs associated with the departures of certain executives on August 1, 2023, which includes severance, estimated settlement amounts and related costs.

The adjusting items recognized in our prior quarters are discussed in "Part I, Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2023.

### **ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes to our market risk during the three and nine months ended September 30, 2024 from those disclosed in Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2023, which is available on our website at <https://investor.rbglobal.com>, on EDGAR at [www.sec.gov](http://www.sec.gov), or on SEDAR at [www.sedar.com](http://www.sedar.com).

### **ITEM 4: CONTROLS AND PROCEDURES**

#### **Disclosure Controls and Procedures**

Management of the Company, including the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”), have evaluated the effectiveness of the Company’s disclosure controls and procedures as of September 30, 2024. The term “disclosure controls and procedures” means controls and other procedures established by the Company that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Based upon their evaluation of the Company’s disclosure controls and procedures, the CEO and the CFO concluded that, as of September 30, 2024, the disclosure controls are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms.

The Company, including its CEO and CFO, does not expect that its internal controls and procedures will prevent or detect all error and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

#### **Changes in Internal Control over Financial Reporting**

On March 20, 2023, the Company completed the acquisition of IAA. Except as it relates to the continued integration of IAA, there were no changes in the Company’s internal control over financial reporting that occurred during the three and nine months ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.