

## 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”, “continue”, “estimate”, “expect”, “intend”, “may”, “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 (including IAA, Inc. (“IAA”));
- 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 [32-37](#)).

### Overview

RB Global, Inc. and its subsidiaries (collectively referred to as “RB Global”, the “Company”, “we”, or “us”) (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 in primarily the automotive, construction, and commercial transportation sectors. We also serve customers in the agriculture, energy, and natural resources sectors, as well as government entities. Our customers primarily include automotive insurance companies, as well as end users, dealers, fleet owners, and original equipment manufacturers (“OEMs”)

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<sup>1</sup> GTV represents total proceeds from all assets sold at our auctions, online marketplaces or from private brokerage services. GTV is not a measure of financial performance, liquidity, or revenue, and is not presented in our consolidated financial statements.

of commercial assets and vehicles. 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.

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.

### **Macroeconomic Conditions and Trends**

Certain macroeconomic conditions and trends have impacted our business and operating costs. Trends that drove the strong consignment market for commercial assets and vehicles equipment have started to normalize. We continue to experience inflationary pressures on our business through elevated operating costs, and we are also exposed to interest rate volatility on our variable rate long-term debt totaling approximately \$1.6 billion. Continued interest rate volatility may also impact our customers' preferences around disposal services and their ability to finance equipment or other assets.

### **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 on our onsite and online marketplaces 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 (“RBFS”) 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 original equipment manufacturers (“OEM”) and dealers.

### **Revenue Mix Fluctuations**

Our revenue is comprised of service revenue and inventory sales revenue. Service revenue includes: (1) commissions where a pre-negotiated commission or fixed fee is earned from our consignors or sellers, (2) buyer fees earned at our auctions, online marketplaces, and private brokerage services, and (3) marketplace services fees earned from various services provided to buyers and sellers, which include ancillary, parts procurement, data, towing, logistics, inspection, appraisal, online listing, financing and title and liens processing services, as well as auction-related services such as documentation and title search 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.

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

Net income (loss) available to common stockholders for the first quarter of 2024 increased 384% to \$97.1 million in income, from a \$34.2 million loss for the first quarter of 2023. Diluted earnings (loss) per share ("EPS") available to common stockholders increased 289% to \$0.53 earnings per share in the first quarter of 2024, from \$0.28 loss per share in the first quarter of 2023. Diluted adjusted EPS available to common stockholders increased 58% to \$0.90 per share in the first quarter of 2024 compared to \$0.57 per share in the first quarter of 2023.

For the first quarter of 2024 as compared to the first quarter of 2023, which includes the financial results of IAA since its acquisition on March 20, 2023:

- Total GTV increased 115% to \$4.1 billion, which includes \$2.3 billion from IAA
- Total revenue increased 108% to \$1.1 billion, which includes \$588.6 million from IAA
  - Service revenue increased 147% to \$849.1 million, which includes \$516.9 million from IAA
  - Inventory sales revenue increased 28% to \$215.6 million, which includes \$71.7 million from IAA
- Net income increased 481% to \$107.4 million
- Adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") increased 150% to \$331.0 million
- Cash on hand was \$597.4 million, of which \$462.8 million was unrestricted

## Results of Operations

The following table summarizes key components of our results of operations for the periods indicated. The financial results for the three-month period ended March 31, 2023 include the financial results of IAA for the 11-day period since its acquisition on March 20, 2023.

(in U.S. dollars in millions, except percentages)	Three months ended March 31,		
	2024	2023	% Change 2024 over 2023
Service revenue	\$ 849.1	\$ 343.6	147 %
Inventory sales revenue	215.6	168.8	28 %
Total revenue	1,064.7	512.4	108 %
Costs of services	353.0	76.4	362 %
Cost of inventory sold	196.6	151.5	30 %
Selling, general and administrative	198.1	148.2	34 %
Acquisition-related and integration costs	12.8	126.2	(90)%
Depreciation and amortization	107.7	36.2	198 %
Total operating expenses	868.2	538.5	61 %
Gain on disposition of property, plant and equipment	2.4	1.2	100 %
Operating income (loss)	198.9	(24.9)	899 %
Net income (loss)	107.4	(28.2)	481 %
Net income (loss) available to common stockholders	97.1	(34.2)	384 %
Effective tax rate	23.2 %	24.8 %	(160)bps
Total GTV	\$ 4,077.4	\$ 1,899.2	115 %
Service GTV	3,861.8	1,730.4	123 %
Inventory GTV	215.6	168.8	28 %
Inventory return	\$ 19.0	\$ 17.3	10 %
Inventory rate	8.8 %	10.2 %	(140)bps

The following table presents the selected results of RBA and IAA for the current quarter:

(in U.S. dollars in millions, except percentages)	Three months ended March 31, 2024		
	RBA	IAA	Total
Commissions	\$ 137.1	\$ 90.3	\$ 227.4
Buyer fees	109.0	393.7	502.7
Marketplace services revenue	86.1	32.9	119.0
Total service revenue	332.2	516.9	849.1
Inventory sales revenue	143.9	71.7	215.6
Total revenue	\$ 476.1	\$ 588.6	\$ 1,064.7
Service GTV	\$ 1,648.3	\$ 2,213.5	\$ 3,861.8
Inventory GTV	143.9	71.7	215.6
Total GTV	\$ 1,792.2	\$ 2,285.2	\$ 4,077.4
Total service revenue take rate	18.5 %	22.6 %	20.8 %

### **Total GTV**

Total GTV increased 115% to \$4.1 billion in the first quarter of 2024, of which IAA accounted for 90% of the increase. Excluding IAA, total GTV increased 13% to \$1.8 billion in the first quarter of 2024.

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

<b>(in U.S. dollars in millions, except percentages)</b>	<b>Three months ended March 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>% Change 2024 over 2023</b>
United States	\$ 3,261.8	\$ 1,400.9	133 %
Canada	553.5	291.9	90 %
International	262.1	206.4	27 %
Total GTV	<u>\$ 4,077.4</u>	<u>\$ 1,899.2</u>	<u>115 %</u>

In the first quarter of 2024, total GTV increased year-over-year, primarily driven by the inclusion of GTV from IAA, since its acquisition March 20, 2023, for a full quarter compared to an 11-day period in the prior year. IAA contributed \$2.0 billion of the total GTV increase in the quarter generating strong volumes in the automotive sector primarily across North America. Excluding IAA, the increase in total GTV was mainly driven by higher lot volumes from our strategic accounts team, most notably in the United States, partially offset by lower price per lot sold due to the asset mix and lower price realization. In the United States, we saw higher total GTV from strong execution by our strategic accounts and from favorable performances year-over-year at our auction events, which included significant volume this quarter from a large consignor contract in the transportation sector following its bankruptcy. In Canada, we also saw stronger year-over-year performances at our auction events driven by a higher volume of imports from the United States and Europe, and in International, favorable year-over-year performances were primarily driven by a larger scale auction event held in Europe.

### **Total Revenue**

Total revenue increased 108% to \$1.1 billion in the first quarter of 2024, with total service revenue increasing by 147% and inventory sales revenue increasing by 28%. IAA contributed \$508.7 million, or 92% of the increase in total revenue in the first quarter of 2024. Excluding IAA, total revenue increased 10% to \$476.1 million for the first quarter of 2024, with total service revenue increasing by 20%, offset by a decrease in inventory sales revenue by 8%.

### **Service Revenue**

Service revenue is comprised of commissions earned on service GTV, buyer fees earned on total GTV, as well as revenues earned from our marketplace services. Commissions include revenue earned from consignors or sellers from the sale of assets from straight, fixed or guarantee commission contracts. Buyer fees include buyer fees earned from purchasers on the sale of inventory or consigned equipment. Marketplace services revenue includes fees earned from value-added services provided to customers such as refurbishment, parts procurement, data, transportation and logistics, inspection, appraisals, online listing, financing, title and liens processing, as well as other auction-related fees.

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

<b>(in U.S. dollars in millions, except percentages)</b>	<b>Three months ended March 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>% Change 2024 over 2023</b>
Commissions	\$ 227.4	\$ 130.6	74 %
Buyer fees	502.7	140.7	257 %
Marketplace services revenue	119.0	72.3	65 %
Total service revenue	<u>\$ 849.1</u>	<u>\$ 343.6</u>	<u>147 %</u>

In the first quarter of 2024, service GTV increased 123% to \$3.9 billion, partly due to the inclusion of IAA for a full quarter as IAA contributed \$1.9 billion, or 90%, of the total increase in service GTV. Excluding IAA, we also saw strong performances in the commercial construction and transportation sector, primarily in the United States and Canada.

In the first quarter of 2024, total service revenue increased 147%, with buyer fees increasing 257%, commissions revenue increasing 74%, and marketplace services revenue increasing 65%.

Buyer fees increased 257% primarily due to the inclusion of IAA for a full quarter compared to the 11-day period in the prior year. IAA contributed \$340.4 million, or 94%, of the increase in total buyer fees. Excluding IAA, buyer fees increased in line with higher total GTV. We also saw higher buyer fees from a change in our buyer fee structure implemented in early 2024 across all regions and from a higher proportion of low value lots sold, primarily in North America.

Commissions revenue increased 74%, less than the 123% increase in service GTV, mainly due to the inclusion of IAA as IAA earns lower commission rates on service GTV through its fixed fee commission contracts with its consignors. IAA contributed \$77.8 million, or 80%, of the increase in commissions revenue. Excluding IAA, we saw softer straight commission rate performances in the United States as a result of an increase in volumes sold by our strategic accounts team.

Marketplace services revenue increased 65% in the first quarter of 2024, partly driven by the inclusion of IAA. IAA contributed \$31.5 million, or 68% of the increase in marketplace services revenue, which includes revenues from salvage buyer services, title and liens processing and buyer subscription fees. Excluding IAA, we saw higher marketplace services revenue primarily from higher transportation services provided to a large consignor contract in the transportation sector in the United States. We also saw higher document fee revenue from a higher volume of titled lots sold, and higher online listing fee revenue from an increase in online listings.

### ***Inventory Sales Revenue***

In the first quarter of 2024, inventory sales revenue increased 28% due to the inclusion of IAA for a full quarter, which contributed 126% of the increase. Excluding IAA, inventory sales revenue decreased due to a lower mix of inventory contracts, primarily in the United States, partially offset by an increase in inventory sales revenue in Canada driven by several large contracts, mainly in the commercial construction and transportation sector.

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

In the first quarter of 2024, costs of services increased 362% to \$353.0 million, primarily due to the inclusion of IAA for a full quarter, which accounted for 95% of the increase. Cost of services for IAA includes direct expenses at auction yards which conduct regular weekly events, including employee compensation expenses, building and facility costs including operating lease costs for auction sites, as well as costs to provide title, search and towing services to buyers. Excluding IAA, cost of services primarily increased due to higher costs to provide transportation services and costs paid to a third party as part of a profit sharing arrangement in connection with a large consignor contract in the transportation sector in the United States.

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

In the first quarter of 2024, cost of inventory sold increased 30% to \$196.6 million, primarily in line with a 28% increase in inventory sales revenue. Cost of inventory sold increased at a higher rate than the increase in sales revenue mainly driven by softer performance on our inventory contracts in North America, partially offset by higher inventory rates on assets sold through our GovPlanet business.

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

In the first quarter of 2024, selling, general and administrative expenses increased 34% to \$198.1 million, mainly due to the inclusion of IAA for a full quarter, which contributed 75% of the increase, and primarily relates to employee compensation expenses, technology costs and professional fees. Excluding IAA, the remaining increase was primarily driven by higher employee compensation expenses, mainly from higher share-based payments expense due to timing and increase in the fair value of stock awards granted, as well as higher employee benefit costs due to changes in our benefit plans as part of the IAA integration. We also saw wages and salaries increase, primarily from investments in our sales coverage teams and business operations to grow our market share. Technology costs were also higher in the current quarter as we continue to modernize our operations and technology platforms through use of cloud environments. These increases were partially offset by lower travel, advertising and promotion costs primarily due to lower activity and attendance at conferences and events, as well as due to timing.

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

In the first quarter of 2024, acquisition-related and integration costs decreased 90% to \$12.8 million, primarily given the non-repeat of significant acquisition-related costs, including investment banking and consulting costs, as well as financing fees and legal costs, incurred in early 2023 to effect the acquisition of IAA on March 20, 2023. In addition, we saw higher severance costs in the prior year due to the integration restructuring activities across functions from the IAA acquisition.

### ***Operating Income (Loss)***

For the first quarter of 2024, operating income increased 899% to \$198.9 million from a loss of \$24.9 million, primarily driven by the decrease in significant acquisition-related and integration costs as discussed above. In addition, the increase in operating income is

also significantly driven by the inclusion of operating income from IAA for a full quarter, compared to 11 days in the prior year. We also saw higher flow through from higher service revenue, partially offset by higher depreciation and amortization driven by the acquisition of IAA.

### ***Income Tax Expense (Benefit) 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 2024, we estimate that our effective tax rate will be favorably impacted by a higher estimate of income taxed in jurisdictions with lower tax rates, a higher benefit related to Foreign-Derived Intangible Income ("FDII") and lower estimated non-deductible expenses as compared to 2023.

Our income tax expense for the first quarter of 2024 was \$32.5 million, which included \$2.1 million of net discrete benefits, consisting primarily of deductions for share-based payments in excess of book expense. Our income tax benefit for the first quarter of 2023 was \$9.3 million, which included \$4.8 million of net discrete tax benefits, consisting of deductions for share-based payments in excess of book expense and a benefit on the revaluation of opening deferred tax liabilities that increased our income tax benefit.

### ***Net Income (Loss) Attributable to Controlling Interests***

In the first quarter of 2024, net income attributable to controlling interests increased 481% to \$107.4 million from a loss of \$28.1 million, primarily driven by an increase in operating income, partially offset by higher interest expense in the current quarter due to timing of our debt financing to fund the acquisition of IAA, higher debt levels from the acquisition and a rise in interest rates. We also incurred higher income tax expense, as discussed above.

### ***Diluted EPS***

Diluted EPS available to common stockholders increased 289% to \$0.53 per share for the first quarter of 2024, compared to a \$0.28 loss per share for the first quarter of 2023. The increase was primarily due to the increase in net income attributable to controlling interests as discussed above, partially offset by an increase in the number of shares issued for the acquisition of IAA.

### **U.S. Dollar Exchange Rate Comparison**

We conduct global operations in many different 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:

<b>Value of one local currency to U.S. dollar</b>	<b>2024</b>	<b>2023</b>	<b>% Change 2024 over 2023</b>
<b>Period-end exchange rate - March 31,</b>			
Canadian dollar	0.7386	0.7410	— %
Euro	1.0798	1.0881	(1)%
British pound sterling	1.2625	1.2343	2 %
Australian dollar	0.6521	0.6684	(2)%
<b>Average exchange rate - Three months ended March 31,</b>			
Canadian dollar	0.7419	0.7397	— %
Euro	1.0861	1.0732	1 %
British pound sterling	1.2683	1.2146	4 %
Australian dollar	0.6579	0.6841	(4)%

In the first 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 British pound sterling, Canadian dollar, the Euro and the Australian dollar exchange rates 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 increased 139% to \$165.5 million in the first quarter of 2024.

Diluted adjusted EPS available to common stockholders increased 58% to \$0.90 per share in the first quarter of 2024.

Adjusted EBITDA increased 150% to \$331.0 million in the first quarter of 2024.

Refer to the non-GAAP measures section below on pages [32-37](#) for further information.

## 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*: Represents total proceeds from all items sold at the Company’s auctions and online marketplaces. GTV is not a measure of financial performance, liquidity, or revenue, and is not presented in the Company’s consolidated financial statements.

*Total service revenue take rate*: Total service revenue divided by total GTV.

*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.”

### GTV by Sector

The following table illustrates the breakdown of total GTV by sector for the first quarter of 2024 compared to the same period in 2023.

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

(in U.S. dollars in millions, except percentages)	Three months ended March 31,		
	2024	2023	% Change 2024 over 2023
Automotive	\$ 2,113.7	\$ 331.7	537 %
Commercial construction and transportation	1,562.8	1,190.0	31 %
Other	400.9	377.5	6 %
	<u>\$ 4,077.4</u>	<u>\$ 1,899.2</u>	<u>115 %</u>

In the first quarter of 2024, total GTV compared to the first quarter of 2023 increased by 537% in the automotive sector, due to the inclusion of IAA for a full quarter. GTV increased by 31% in the commercial construction and transportation sector, mainly in the United States, primarily driven by an increase in lot volumes predominantly from our strategic accounts, partially offset by lower

selling prices driven by an unfavorable asset mix. GTV increased 6% in the other sector primarily from increased sales volumes in the agricultural sector.

### **Total Lots Sold by Sector**

The following table illustrates the breakdown of total lots sold by sector for the first quarter of 2024, compared to the same period in 2023.

(in '000's of lots sold, except percentages)	<b>Three months ended March 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>% Change 2024 over 2023</b>
Automotive	585.3	87.5	569 %
Commercial construction and transportation	108.8	56.6	92 %
Other	112.5	105.2	7 %
	<u>806.6</u>	<u>249.3</u>	<u>224 %</u>

In the first quarter of 2024, the total lots sold compared to the first quarter of 2023 increased by 569% in the automotive sector due to the inclusion of lots sold from IAA for a full quarter. Total lots sold increased by 92% in the commercial construction and transportation sector, mainly driven by a higher proportion of low value lots in the United States, as well as from the inclusion of IAA. Total lots sold increased 7% in the other sector primarily from the inclusion of IAA for a full quarter, driven by an increase in the sale of motorcycles.

### **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 three months ended March 31, 2024, the Company repaid \$150.0 million of principal on the USD TLA Facility. As of March 31, 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.

Credit facilities at March 31, 2024 and December 31, 2023 were as follows:

(in U.S. dollars in millions, except percentages)	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>% Change</b>
<i>Committed</i>			
CAD TLA Facility	\$ 80.1	\$ 83.1	(4)%
USD TLA Facility	1,525.0	1,675.0	(9)%
Revolving credit facilities	750.0	750.0	— %
<i>Uncommitted</i>			
Revolving credit facilities	5.0	5.0	— %
Total credit facilities	<u>\$ 2,360.1</u>	<u>\$ 2,513.1</u>	<u>(6)%</u>
<i>Unused</i>			
Revolving credit facilities	717.8	729.7	(2)%
Total credit facilities unused	<u>\$ 717.8</u>	<u>\$ 729.7</u>	<u>(2)%</u>

At March 31, 2024, of the \$755.0 million in revolving credit facilities, \$750.0 million relates to our syndicated credit facility, \$712.8 million of which was unused, and \$5.0 million relates to a foreign demand credit facility with no maturity date, all of which was unused.

At March 31, 2024, the Company also had \$550.0 million aggregate principal amount of 6.750% senior secured notes due March 15, 2028 and (ii) \$800.0 million aggregate principal amount of 7.750% senior unsecured notes due March 15, 2031 (collectively, the "2023 Notes"). These 2023 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 2023 Secured Notes are jointly and severally guaranteed on a senior secured basis and the 2023 Unsecured Notes are jointly and severally guaranteed on a senior unsecured basis by certain of the Company's subsidiaries.

### ***Debt Covenants***

We were in compliance with all financial and other covenants applicable to our credit facilities at March 31, 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.

### **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 bonuses 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 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.

We believe that our existing working capital and availability under our credit facilities are sufficient to satisfy our present operating requirements and contractual obligations.

Our long-term cash requirements include scheduled principal repayments of long-term debt on the TLA Facility of \$1.6 billion and the 2023 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 \$717.8 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.

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<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.

## Cash Flows

(in U.S. dollars in millions, except percentages)	Three months ended March 31,		
	2024	2023	% Change 2024 over 2023
Cash provided by (used in):			
Operating activities	\$ 124.8	\$ (57.3)	318 %
Investing activities	(77.5)	(2,823.0)	(97)%
Financing activities	(190.9)	2,958.5	(106)%
Effect of changes in foreign currency rates	(6.9)	2.9	(338)%
Net decrease in cash, cash equivalents, and restricted cash	\$ (150.5)	\$ 81.1	(286)%

Net cash provided by operating activities was \$124.8 million in the first three months of 2024, as compared to net cash used in operating activities of \$57.3 million in the first three months of 2023. Net cash provided by operating activities increased \$182.1 million mainly due to net cash generated by higher net income from the inclusion of IAA income from operations for the full quarter and lower acquisition-related and integration costs, partially offset by higher interest expense and a decrease from the net change in operating assets and liabilities of \$55.0 million. The increase in cash outflow from operating assets and liabilities was primarily driven by the timing, size and number of auctions, lower book overdrafts, and higher interest payments on our debt in the current quarter. Further net cash outflows were from higher operating lease payments and incentive-based employee compensation payments from the inclusion of IAA. The above increases in outflows were partially offset by lower tax payments due to the timing of tax installments, as well as the non-repeat of taxes paid in 2023 for the taxable gain portion on the sale of the Bolton property. In addition, we also saw lower cash outflows mainly due to timing of payments for certain large inventory packages in the prior year, prepaid consigned vehicle charges with the inclusion of IAA, and payments for trade and other payables.

Net cash used in investing activities was \$77.5 million in the first three months of 2024, as compared to net cash used in investing activities of \$2.8 billion in the first three months of 2023. The decrease is primarily due to cash used in the prior quarter to fund the acquisitions of IAA and VeriTread.

Net cash used in financing activities was \$190.9 million in the first three months of 2024, as compared to net cash provided by financing activities of \$3.0 billion in the first three months of 2023. The change is primarily driven by higher cash inflows in the prior quarter, as we raised \$3.1 billion in debt to fund the acquisition of IAA through the TLA Facility and the 2023 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. These decreases in cash inflows were partially offset by a \$150.0 million principal debt repayment made on our USD TLA Facility during the quarter, as compared to the redemption of our 2016 Notes of \$500.0 million in 2023. We also saw \$101.1 million in lower dividends paid to common stockholders in the current quarter primarily due to the payment of a one-time special dividend in connection with the IAA acquisition in the first three months of 2023. In addition, we received higher proceeds from the exercise of stock options driven by a higher share price.

### Dividend Information

We declared a dividend of \$0.27 per common share for each of the quarters ended December 31, 2023, September 30, 2023, June 30, 2023, and March 31, 2023. We have declared, but not yet paid, a dividend of \$0.27 per common share for the quarter ended March 31, 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 first quarter of 2024 represented 8.6 times net income at and for the twelve months ended March 31, 2024, compared to debt at the first quarter of 2023, which represented 28.6 times net income at and for the twelve months ended March 31, 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 only 11 days in the prior quarter, as well as slightly lower levels of debt driven by repayments of principal on our TLA Facility. The adjusted net debt/adjusted EBITDA was 2.0 times at and for the twelve months ended March 31, 2024, compared to 5.4 times at and for the twelve months ended March 31, 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 March 31, 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.

Following the recent changes in the Company's leadership team and integration with IAA, the Company reevaluated the metrics used to measure profitability and business performance. As a result, beginning in the first quarter of 2024, the Company will no longer report non-GAAP adjusted operating income and non-GAAP operating free cash flow.

### **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 (loss) 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 (loss) available to common stockholders that we do not consider to be part of our normal operating results. Please refer to pages [37-39](#) for a summary of adjusting items during the three months ended March 31, 2024 and March 31, 2023.

Adjusted net income available to common stockholders is calculated as net income (loss) 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 (loss) available to common stockholders is calculated as net income (loss) 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 (loss) available to common stockholders and diluted EPS available to common stockholders, which are the most directly comparable GAAP measures in our consolidated financial statements:

<b>(in U.S. dollars in millions, except share, per share data, and percentages)</b>	<b>Three months ended March 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>% Change 2024 over 2023</b>
Net income (loss) available to common stockholders	\$ 97.1	\$ (34.2)	384 %
Share-based payments expense	13.3	6.7	99 %
Acquisition-related and integration costs	12.8	126.2	(90)%
Amortization of acquired intangible assets	69.6	16.6	319 %
(Gain) loss on disposition of property, plant and equipment and related costs	(1.8)	—	(100)%
Prepaid consigned vehicles charges	(2.1)	(12.4)	(83)%
Loss on redemption of the 2016 and 2021 Notes and certain related interest expense	—	3.3	(100)%
Other advisory, legal and restructuring costs	2.2	0.2	1000 %
Executive transition costs	1.7	—	100 %
Remeasurements in connection with business combinations	—	(2.9)	(100)%
Related tax effects of the above	(24.8)	(33.6)	(26)%
Related allocation of the above to participating securities	(2.5)	(0.7)	257 %
Adjusted net income available to common stockholders	<u>\$ 165.5</u>	<u>\$ 69.2</u>	<u>139 %</u>
Weighted average number of dilutive shares outstanding	184,581,054	120,487,251	53 %
Diluted earnings (loss) per share available to common stockholders	\$ 0.53	\$ (0.28)	289 %
Diluted adjusted earnings per share available to common stockholders	<u>\$ 0.90</u>	<u>\$ 0.57</u>	<u>58 %</u>

**Adjusted EBITDA**

We believe adjusted EBITDA provides useful information about the growth or decline of our net income (loss) 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 (benefit), and subtracting interest income from net income (loss), as well as adding back the adjusting items as described on pages [37-39](#).

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

<b>(in U.S. dollars in millions, except percentages)</b>	<b>Three months ended March 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>% Change 2024 over 2023</b>
Net income (loss)	\$ 107.4	\$ (28.2)	481 %
Add: depreciation and amortization	107.7	36.2	198 %
Add: interest expense	63.9	20.9	206 %
Less: interest income	(6.6)	(6.3)	5 %
Add: income tax expense (benefit)	32.5	(9.3)	449 %
EBITDA	304.9	13.3	2192 %
Share-based payments expense	13.3	6.7	99 %
Acquisition-related and integration costs	12.8	126.2	(90)%
(Gain) loss on disposition of property, plant and equipment and related costs	(1.8)	—	(100)%
Remeasurements in connection with business combinations	—	(1.4)	(100)%
Prepaid consigned vehicles charges	(2.1)	(12.4)	(83)%
Other advisory, legal and restructuring costs	2.2	0.2	1000 %
Executive transition costs	1.7	—	100 %
Adjusted EBITDA	<u>\$ 331.0</u>	<u>\$ 132.6</u>	<u>150 %</u>

**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)	<b>At and for the twelve months ended March 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>% Change</b>
	<b>2024 over 2023</b>		
Short-term debt	\$ 24.8	\$ 23.6	5 %
Long-term debt	2,926.2	3,220.4	(9)%
Debt	2,951.0	3,244.0	(9)%
Less: cash and cash equivalents	(462.8)	(568.3)	(19)%
Adjusted net debt	2,488.2	2,675.7	(7)%
Net income	\$ 341.6	\$ 113.4	201 %
Add: depreciation and amortization	423.7	109.2	288 %
Add: interest expense	256.8	58.1	342 %
Less: interest income	(22.3)	(12.7)	76 %
Add: income tax expense	118.1	40.7	190 %
EBITDA	1,117.9	308.7	262 %
Share-based payments expense	52.2	38.3	36 %
Acquisition-related and integration costs	102.7	153.8	(33)%
(Gain) loss on disposition of property, plant and equipment and related costs	(2.5)	2.9	(186)%
Remeasurements in connection with business combinations	—	(1.4)	(100)%
Prepaid consigned vehicles charges	(56.6)	(12.4)	356 %
Other advisory, legal and restructuring costs	4.1	2.9	41 %
Executive transition costs	13.7	—	100 %
Adjusted EBITDA	\$ 1,231.5	\$ 492.8	150 %
Debt/net income	8.6 x	28.6 x	(70)%
Adjusted net debt/adjusted EBITDA	2.0 x	5.4 x	(63)%

### 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 March 31,		
	2024	2023	% Change 2024 over 2023
Net income attributable to controlling interests	\$ 342.0	\$ 113.4	202 %
Add:			
Interest expense	256.8	58.1	342 %
Interest income	(22.3)	(12.7)	76 %
Interest, net	234.5	45.4	417 %
Tax on interest, net	(56.9)	(11.1)	413 %
Reported return	\$ 519.6	\$ 147.7	252 %
Add:			
Share-based payments expense	52.2	38.3	36 %
Acquisition-related and integration costs	102.7	153.8	(33)%
Amortization of acquired intangible assets	279.2	33.4	736 %
(Gain) loss on disposition of property, plant and equipment and related costs	(2.5)	2.9	(186)%
Remeasurements in connection with business combinations	0.1	(2.9)	103 %
Prepaid consigned vehicles charges	(56.6)	(12.4)	356 %
Other advisory, legal and restructuring costs	4.1	2.9	41 %
Executive transition costs	13.7	—	100 %
Related tax effects of the above	(87.0)	(52.2)	67 %
Adjusted return	\$ 825.5	\$ 311.5	165 %
Short-term debt - opening balance	\$ 23.6	\$ 22.1	7 %
Short-term debt - ending balance	24.8	23.6	5 %
Average short-term debt	24.2	22.9	6 %
Long-term debt - opening balance	3,220.4	1,582.0	104 %
Less: long-term debt in escrow	—	(939.8)	(100)%
Adjusted opening long-term debt	3,220.4	642.2	401 %
Long-term debt - ending balance	2,926.2	3,220.4	(9)%
Average long-term debt	3,073.3	2,401.2	28 %
Adjusted average long-term debt	3,073.3	1,931.3	59 %
Preferred equity - opening balance	482.0	—	100 %
Preferred equity - ending balance	482.0	482.0	— %
Average preferred equity	482.0	241.0	100 %
Stockholders' equity - opening balance	4,861.5	1,225.0	297 %
Stockholders' equity - ending balance	5,066.3	4,861.5	4 %
Average stockholders' equity	4,963.9	3,043.3	63 %
Average invested capital	\$ 8,543.4	\$ 5,708.4	50 %
Adjusted average invested capital	\$ 8,543.4	\$ 5,238.5	63 %
ROIC	6.1 %	2.6 %	350bps
Adjusted ROIC	9.7 %	5.9 %	380bps

## Adjusting Items

Adjusting items during the trailing twelve months ended March 31, 2024 were:

### *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.
- \$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, \$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.

### *Recognized in the fourth quarter of 2023*

- \$13.8 million share-based payments expense.
- \$20.5 million of acquisition-related and integration costs primarily relating to the acquisition of IAA.
- \$69.6 million amortization of acquired intangible assets, which includes \$61.9 million of amortization relating to the acquired intangible assets from IAA since its acquisition, \$0.7 million from the acquisition of VeriTread, as well as amortization of acquired intangible assets from past acquisitions of SmartEquip and Rouse, completed in 2022 and 2021, respectively.
- \$0.2 million loss on disposition of property, plant and equipment and related costs, which primarily includes a \$0.7 million non-cash cost in the quarter relating to the adjustment made to recognize the Bolton property sale proceeds at fair value when calculating the \$169.1 million gain on the Bolton property in the first quarter of 2022, partially offset by a \$0.5 million gain on the disposition of property, plant and equipment.
- \$7.3 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.
- \$0.7 million of other advisory, legal, and restructuring costs, including costs associated with the CRA's investigation.
- \$2.2 million of estimated executive transition costs associated with the departures of certain executives on August 1, 2023 and related costs.

### *Recognized in the third quarter of 2023*

- \$12.7 million share-based payments expense.
- \$23.1 million of acquisition-related and integration costs primarily relating to the acquisition of IAA.
- \$63.9 million amortization of acquired intangible assets, which includes \$56.1 million of amortization relating to the acquired intangible assets from IAA since its acquisition, \$0.7 million from the acquisition of VeriTread, as well as amortization of acquired intangible assets from past acquisitions of SmartEquip and Rouse, completed in 2022 and 2021, respectively.
- \$0.5 million loss on disposition of property, plant and equipment and related costs, which primarily includes a \$1.0 million non-cash cost in the quarter relating to the adjustment made to recognize the Bolton property sale proceeds at fair value when calculating the \$169.1 million gain on the Bolton property in the first quarter of 2022, partially offset by a \$0.5 million gain on the disposition of property, plant and equipment.
- \$7.6 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.
- \$0.6 million of other advisory, legal, and structuring costs, which includes \$0.5 million of terminated and ongoing transaction costs and \$0.1 million of legal and other consulting costs associated with the CRA's investigation.
- \$9.8 million of estimated executive transition costs associated with the departures of certain executives on August 1, 2023, which includes severance, estimated settlement amounts, less recapture of previously expensed share-based compensation of the former CEO upon resignation.

***Recognized in the second quarter of 2023***

- \$12.3 million share-based payments expense.
- \$46.3 million of acquisition-related and integration costs primarily relating to the acquisition of IAA. Acquisition-related and integration costs includes a net \$16.3 million settlement expense made to terminate a non-compete agreement to which IAA was bound, consulting and other costs incurred in integration of IAA, severance and related accelerated share-based payment expenses for employees as certain functions are integrated, and other legal and acquisition-related costs.
- \$76.0 million amortization of acquired intangible assets, which includes \$67.6 million of amortization relating to the acquired intangible assets from IAA since its acquisition, \$0.7 million from the acquisition of VeriTread, as well as amortization of acquired intangible assets from past acquisitions of SmartEquip and Rouse, completed in 2022 and 2021, respectively.
- \$1.5 million gain on disposition of property, plant and equipment and related costs, which primarily includes a \$2.0 million gain for the sale of a property in the United States, partially offset by a \$1.2 million non-cash cost in the quarter relating to the adjustment made to recognize the Bolton property sale proceeds at fair value when calculating the \$169.1 million gain on the Bolton property in the first quarter of 2022.
- \$39.7 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.
- \$0.5 million of legal and other consulting costs associated with the CRA's investigation.

Adjusting items during the trailing twelve months ended March 31, 2023 were:

***Recognized in the first quarter of 2023***

- \$6.7 million share-based payments expense.
- \$126.2 million of acquisition-related and integration costs primarily relating to the acquisition of IAA. Acquisition-related and integration costs include financing, severance for certain IAA executives, related accelerated share-based payment expenses and other consulting, legal and other costs incurred to effect the acquisition or integration of the combined businesses.
- \$16.6 million amortization of acquired intangible assets, which includes \$7.7 million of amortization relating to the acquired intangible assets from IAA for the 11-day period since its acquisition, \$0.7 million from the acquisition of VeriTread, as well as amortization of acquired intangible assets from past acquisitions of SmartEquip and Rouse, completed in 2022 and 2021 respectively.
- \$4.0 thousand loss on disposition of property, plant and equipment and related costs includes a \$1.2 million non-cash cost in the quarter relating to the adjustment made to recognize the Bolton property sale proceeds at fair value when calculating the \$169.1 million gain on the Bolton property in the first quarter of 2022, primarily offset by \$1.2 million gain related to a sale of a property located in Dubai, United Arab Emirates.
- \$2.9 million remeasurements in connection with business combinations, which includes \$1.4 million gain relating to the remeasurement of the Company's previously held 11% interest in VeriTread, in connection with the acquisition of VeriTread in January 2023, and \$1.5 million from the remeasurement of the Company's US opening deferred tax balances driven by a recalculation of a new U.S. tax rate for the Company following the acquisition of IAA.
- \$12.4 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.
- \$3.3 million loss on redemption of the 2016 Notes due to the difference between the reacquisition price of the 2016 Notes and the net carrying amount of the extinguishment debt (primarily unrecognized deferred debt issuance costs).
- \$0.2 million of legal and other consulting costs associated with the CRA's investigation.

***Recognized in the fourth quarter of 2022***

- \$9.1 million share-based payments expense.
- \$22.2 million of acquisition-related and integration costs primarily relating to the proposed acquisition of IAA, and the share-based continuing employment costs for the acquisitions of Rouse and SmartEquip.
- \$8.2 million amortization of acquired intangible assets primarily from the acquisitions of IronPlanet, SmartEquip, and Rouse.
- \$0.9 million loss on disposition of property, plant and equipment and related costs includes a \$1.3 million non-cash cost in the quarter relating to the adjustment made to recognize the Bolton property sale proceeds at fair value when calculating the \$169.1 million gain on the Bolton property in the first quarter of 2022, partially offset by \$0.3 million gain on disposition of property, plant and equipment in the quarter.

- \$0.2 million of restructuring costs relating to retention costs in connection with the restructuring of our information technology team during the year.

***Recognized in the third quarter of 2022***

- \$8.8 million share-based payments expense.
- \$2.0 million of acquisition-related and integration costs primarily relating to the share-based continuing employment costs for the acquisitions of Rouse and SmartEquip.
- \$8.2 million amortization of acquired intangible assets primarily from the acquisitions of IronPlanet, SmartEquip, and Rouse.
- \$0.9 million loss on disposition of property, plant and equipment and related costs includes a \$1.3 million non-cash cost in the quarter relating to the adjustment made to recognize the Bolton property sale proceeds at fair value when calculating the \$169.1 million gain on the Bolton property in the first quarter of 2022, offset by \$0.3 million gain on disposition of property, plant and equipment in the quarter.
- \$1.5 million of other advisory, legal and restructuring costs, which include \$1.1 million of terminated and ongoing transaction and legal costs relating to mergers and acquisition activity, \$0.3 million of severance and retention costs in connection with the restructuring of our information technology team during the first quarter of 2022, driven by our strategy to build a new digital technology platform, and \$0.1 million of advisory costs relating to a cybersecurity incident detected in the fourth quarter of 2021.

***Recognized in the second quarter of 2022***

- \$13.6 million share-based payments expense.
- \$3.4 million of acquisition-related and integration costs related to the terminated acquisition of Euro Auctions and the completed acquisitions of SmartEquip and Rouse.
- \$8.4 million amortization of acquired intangible assets primarily from the acquisitions of IronPlanet, SmartEquip, and Rouse.
- \$1.2 million gain on disposition of property, plant and equipment and related costs includes a \$1.3 million non-cash cost in the quarter relating to the adjustment made to recognize the Bolton property sale proceeds at fair value when calculating the \$169.1 million gain on the Bolton property in the first quarter of 2022, and \$0.1 million gain on disposition of property, plant and equipment in the quarter.
- \$9.7 million loss on redemption of the 2021 Notes and certain related interest expense includes (a) \$4.8 million of loss on redemption of the 2021 Notes due to a difference between the reacquisition price of the 2021 Notes and the net carrying amount of the extinguished debt (primarily the write off of the unamortized debt issuance costs), (b) \$0.7 million of deferred debt issuance costs written off due to the expiry of the undrawn \$205.0 million DDTL Facility in the quarter, and (c) interest expense of \$4.2 million incurred in the quarter relating to the 2021 Notes, which were redeemed as a result of the terminated Euro Auctions acquisition in April 2022.
- \$1.1 million of other advisory, legal and restructuring costs, which include \$0.6 million of terminated and ongoing transaction and legal costs relating to mergers and acquisition activity, \$0.3 million of severance and retention costs in connection with the restructuring of our information technology team driven by our strategy to build a new digital technology platform, and \$0.2 million of advisory costs relating to a cybersecurity incident detected in the fourth quarter of 2021.

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

There have been no material changes to our market risk during the three months ended March 31, 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 March 31, 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 March 31, 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 months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.