

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, including the recently acquired J.M. Wood;
- the impact of our new initiatives, services, investments, and acquisitions on us and our customers;
- our future capital expenditures and returns on those expenditures;
- the effect of any current, proposed or future tariffs on our results of operations; 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, 2024, which are available on our website at <https://investor.rbglobal.com>, on EDGAR at www.sec.gov, or on SEDAR at 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 (“U.S. GAAP”). Except for Gross Transaction Value (“GTV”)¹, 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 [33-38](#)).

¹ 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 marketplace brands include Ritchie Bros., the world's largest auctioneer of commercial assets and vehicles offering online bidding and IAA, Inc. ("IAA"), a leading global digital marketplace connecting vehicle buyers and sellers. Our portfolio of brands include Rouse Services ("Rouse"), which provides a complete end-to-end asset management, data-driven intelligence and performance benchmarking system; SmartEquip Inc. ("SmartEquip"), an innovative technology platform that supports customers' management of the equipment lifecycle and integrates parts procurement with both original equipment manufacturers ("OEMs") and dealers; and VeriTread LLC ("VeriTread"), an online marketplace for heavy haul transport. On July 14, 2025, we also completed the acquisition of J.M. Wood Auction Co., Inc. ("J.M. Wood"), an auction business located in Alabama, United States.

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.

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

We have a global presence, primarily with operations in the United States, Canada and across Europe, and employ more than 8,000 full-time employees worldwide, of which approximately 70% are located in the United States.

Acquisition of J.M. Wood

On July 14, 2025, we completed the acquisition of J.M. Wood, for consideration of approximately \$235 million, plus approximately \$8 million for inventory held for auction at the time of closing. Approximately 67% of the purchase price, net of certain closing adjustments, was paid on closing with the remainder to be paid in equal installments on the first, second, and third anniversaries of the closing date.

J.M. Wood was founded in 1973 and has evolved from a family run operation into a leading auction house in the southeastern United States. The company is recognized for its exceptional customer service, with deep local relationships and experience with municipal customers, and delivers consistent operating results. The acquisition of J.M. Wood is expected to enhance our geographical coverage and expand the Company's customer base in the United States, combining extensive experience in heavy equipment auctions with shared values, deep industry knowledge and customer focus. J.M. Wood will keep its headquarters in Montgomery, Alabama, where its live auction format and leadership team reside.

Transaction to jointly provide vehicle parts and dismantling services

On June 21, 2025, the Company, through our wholly-owned subsidiary SYNETIQ Ltd., entered into an agreement with LKQ Europe to jointly provide vehicle parts dismantling and distribution services through the newly created venture LKQ SYNETIQ. To prepare for the transaction, the Company moved the net assets to be used in the operations of the joint venture to a newly created entity, and pursuant to the agreement, the Company retained a 40% equity interest and LKQ Europe acquired a 60% equity interest in the new entity in exchange for proceeds of £8.0 million (approximately \$11.0 million) to be paid in equal installments on the third, fourth, and fifth anniversaries of the closing date.

LKQ Europe is a distributor of automotive aftermarket parts for cars, commercial vans and industrial vehicles in Europe. LKQ SYNETIQ will combine LKQ Europe's distribution reach and data-driven logistics network with its dismantling, reuse and remanufacturing expertise. The strategic venture is a key building block in expanding the vehicle parts dismantling business and channel across Europe, put sustainable and affordable mobility within reach of workshops and body shops, and further enhance our

strategical goals to maximize the environmental and financial potential of every vehicle by providing customers with choice over whether to reduce the carbon footprint of repair.

We also provided LKQ SYNETIQ certain loans, subleased certain premises, and entered into a transitional services and vehicle supply contract. The arrangements allow LKQ SYNETIQ to obtain access to certain premises required to conduct operations, obtain access to our auction platform to continue to generate a supply of vehicles, and receive certain transitional services to support its operations.

Service Offerings

We provide a global marketplace for our partners and customers to buy and sell a variety of asset classes by leveraging our proprietary transaction solutions, services and market insights. We offer various branded solutions to help our partners and customers more efficiently manage their asset lifecycles and improve on their return on investments. For a complete list of our branded solutions, please refer to our Annual Report on Form 10-K for the year ended December 31, 2024, which is available on our website at <https://investor.rbglobal.com>, on EDGAR at www.sec.gov, or on SEDAR at www.sedar.com.

Contract Options

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

- Straight commission contracts, where the consignor receives the gross proceeds from the sale less a pre-negotiated commission rate;
- Fixed fee commission contracts, where the consignor receives the gross proceeds from the sale less a fixed flat fee; and
- Guarantee contracts, where the consignor receives a guaranteed minimum amount plus an additional amount if proceeds exceed a specified level.

We also offer our customers the option to enter into inventory contracts, where we purchase assets before they are resold in the auctions or marketplaces. We may also sell consigned assets or purchased inventory in private sales transactions.

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"), 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 and Boom & Bucket brands in North America and the Mascus brand in Europe to make private selling more efficient and safe for customers, including a secure transaction management service, complete with invoicing. We also provide an innovative technology platform that supports customers' vehicle merchandising and selling.

Revenue Mix Fluctuations

Our revenue is comprised of service revenue and inventory sales revenue. Service revenue includes transactional revenue earned from buyers or sellers who transact in live and online auctions, online marketplaces and private brokerages, and marketplace services revenue, as well as revenue earned from additional value-added services provided to our customers.

Transactional seller revenue includes pre-negotiated and fixed commissions, 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 includes buyer transaction fees based on a tiered structure earned from buyers 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 fees, salvage buyer platform registration and other administrative processing charges.

Marketplace services revenue include fees earned from various optional value-added 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 can fluctuate significantly each period, depending on the mix of sales arrangements driven by customer preferences. Completed straight commission, fixed commission or guarantee commission contracts are recognized as service revenue based on a

percentage of GTV 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

Various macroeconomic conditions and trends, such as continued inflationary pressures, the potential impact of current, proposed or future tariffs, and interest rate volatility, impact our business, GTV and operating costs. Our GTV is also impacted by the combination of unit volume growth and fluctuations in average selling prices from changes in market conditions.

In our CC&T sector, our customers are increasingly delaying decisions over disposition of assets as they continue to evaluate the current business conditions in the face of an uncertain macro environment, global trade tensions and changing trade policies, which negatively has an impact on the unit volume growth of our higher value assets. In addition, market uncertainty in the CC&T end markets is putting pressure on asset prices within the sector. Our customers and partners continue to experience lower equipment utilization rates, weaker end market demand, a higher interest rate environment, and higher costs to acquire new assets, resulting in delays in replacing or adding assets to their existing asset base. These trends are contributing to a lower need for our customers to transact equipment and machinery.

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 total number of accidents is a function of the number of vehicles in service and the aggregated number of miles driven. Used automotive prices, the age, and the complexity of the design and technology content of vehicles, in combination with the cost of repair, are some of the factors that influence if a vehicle is deemed a total loss. 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. Despite these positive trends, we have also seen used automotive prices remain fairly flat year over year, as pricing has normalized following the pandemic.

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:

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."

Performance Overview and Consolidated Results

For the second quarter of 2025 as compared to the second quarter of 2024:

- Total GTV increased 2% to \$4.2 billion
- Total revenue increased 8% to \$1.2 billion
 - Service revenue increased 3% to \$887.2 million
 - Inventory sales revenue increased 26% to \$298.8 million
- Net income decreased 1% to \$109.7 million
- Net income available to common stockholders decreased 1% to \$99.5 million
- Diluted earnings per share ("EPS") available to common stockholders decreased 2% to \$0.53 earnings per share
- Diluted adjusted EPS available to common stockholders increased 14% to \$1.07 per share
- Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") increased 7% to \$364.5 million

Results of Operations

The following table summarizes key components of our results of operations for the periods indicated.

(in U.S. dollars in millions, except percentages)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
			2025 over 2024			2025 over 2024
Service revenue	\$ 887.2	\$ 859.1	3%	\$ 1,739.7	\$ 1,708.2	2%
Inventory sales revenue	298.8	237.0	26%	554.9	452.6	23%
Total revenue	\$ 1,186.0	\$ 1,096.1	8%	\$ 2,294.6	\$ 2,160.8	6%
Costs of services	353.9	348.8	1%	715.8	701.8	2%
Cost of inventory sold	286.4	222.7	29%	521.4	419.3	24%
Selling, general and administrative	222.2	208.6	7%	427.2	406.7	5%
Acquisition-related and integration costs	2.7	4.1	(34)%	5.8	16.9	(66)%
Depreciation and amortization	116.7	110.3	6%	231.2	218.0	6%
Total operating expenses	\$ 981.9	\$ 894.5	10%	\$ 1,901.4	\$ 1,762.7	8%
Gain on disposition of property, plant and equipment	—	0.3	NM	0.4	2.7	(85)%
Loss on deconsolidation	(15.5)	—	NM	(15.5)	—	NM
Operating income	188.6	201.9	(7)%	378.1	400.8	(6)%
Net income	109.7	111.0	(1)%	223.0	218.4	2%
Net income available to common stockholders	99.5	100.7	(1)%	202.4	197.8	2%
Effective tax rate	24.6%	24.8%	(20)bps	22.7%	24.0%	(130)bps
Total GTV	\$ 4,198.1	\$ 4,104.1	2%	\$ 8,027.0	\$ 8,181.5	(2)%
Service GTV	3,899.3	3,867.1	1%	7,472.1	7,728.9	(3)%
Inventory GTV	298.8	237.0	26%	554.9	452.6	23%
Inventory return	\$ 12.4	\$ 14.3	(13)%	\$ 33.5	\$ 33.3	1%
Inventory rate	4.1%	6.0%	(190)bps	6.0%	7.4%	(140)bps

NM = Not meaningful

Total GTV

Total GTV increased 2% to \$4.2 billion in the second quarter of 2025 and decreased 2% to \$8.0 billion in the first six months of 2025.

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 June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
			2025 over 2024			2025 over 2024
United States	\$ 2,955.2	\$ 2,931.3	1 %	\$ 6,016.3	\$ 6,193.1	(3)%
Canada	906.2	843.6	7 %	1,395.0	1,397.1	— %
International	336.7	329.2	2 %	615.7	591.3	4 %
Total GTV	\$ 4,198.1	\$ 4,104.1	2 %	\$ 8,027.0	\$ 8,181.5	(2)%

(in U.S. dollars in millions, except percentages)	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
			2025 over 2024			2025 over 2024
Automotive	\$ 2,161.5	\$ 2,007.7	8 %	\$ 4,306.2	\$ 4,112.7	5 %
Commercial construction and transportation	1,523.2	1,613.3	(6)%	2,799.9	3,174.5	(12)%
Other ¹	513.4	483.1	6 %	920.9	894.3	3 %
Total GTV	\$ 4,198.1	\$ 4,104.1	2 %	\$ 8,027.0	\$ 8,181.5	(2)%

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 June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
			2025 over 2024			2025 over 2024
Automotive	595.9	547.7	9 %	1,221.5	1,132.3	8 %
Commercial construction and transportation	97.5	118.2	(18)%	185.1	227.0	(18)%
Other ¹	153.8	173.6	(11)%	295.7	319.2	(7)%
Total lots sold	847.2	839.5	1 %	1,702.3	1,678.5	1 %

Total GTV increased year over year in the second quarter of 2025, driven primarily by higher GTV in our automotive sector, partially offset by lower GTV in our CC&T sector. The increase in the automotive sector's GTV was driven by higher unit volumes, resulting from strong growth from existing partners, as well as market share gains. The average price per lot sold in the automotive sector primarily declined slightly due to shifts in asset mix. The decline in our CC&T sector was driven by lower unit volumes, resulting from ongoing market uncertainty, as well as the non-repeat of some significant large customer contracts. The average price per lot sold in the CC&T sector increased due to a shift in asset mix.

For the first six months of 2025, total GTV decreased year over year, driven primarily by lower GTV in our CC&T sector due to lower lot volumes in the United States and Canada, partially offset by higher GTV in our automotive sector for the same reasons as discussed above.

Total Revenue

Total revenue increased 8% to \$1.2 billion in the second quarter of 2025 due to a 26% increase in inventory sales revenue and a 3% increase in total service revenue.

Total revenue increased 6% to \$2.3 billion in the first six months of 2025 due to a 23% increase in inventory sales revenue and a 2% increase in service 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 buyers on the sale of inventory or consigned equipment, and revenues earned from our marketplace services.

¹ Total GTV and total lots sold in the other sector exclude the results from LKQ SYNETIQ from June 21 2025, the date of its deconsolidation from the Company.

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 June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
			2025 over 2024			2025 over 2024
Transactional seller revenue	\$ 241.0	\$ 250.7	(4)%	\$ 457.8	\$ 489.3	(6)%
Transactional buyer revenue	560.6	510.0	10 %	1,117.3	1,035.4	8 %
Marketplace services revenue	85.6	98.4	(13)%	164.6	183.5	(10)%
Total service revenue	\$ 887.2	\$ 859.1	3 %	\$ 1,739.7	\$ 1,708.2	2 %

Total service revenue increased in the second quarter of 2025, with transactional buyer revenue increasing 10%, partially offset by marketplace services revenue decreasing 13% and transactional seller revenue decreasing 4%.

Transactional buyer revenue increased 10%, while total GTV increased 2%, primarily from higher buyer fees within our automotive sector driven by higher GTV and increases in our buyer fee rate structures implemented in late 2024 and early 2025. Partially offsetting these increases, we saw lower buyer fees in our CC&T sector driven primarily by lower GTV and unfavorable asset mix, despite a higher buyer fee rate structure implemented in early 2025.

Marketplace services revenue decreased 13% in the second quarter of 2025, primarily driven by the non-repeat of fees earned in our CC&T sector from transportation services provided to a large consignor contract in the United States.

Transactional seller revenue decreased 4% driven by lower unit volume and slightly softer seller commission rates in our CC&T sector, partially offset by growth in our automotive sector.

In the first six months of 2025, total service revenue increased 2%, with transactional buyer revenue increasing 8%, partially offset by marketplace services revenue decreasing 10%, and transactional seller revenue decreasing 6%.

Transactional buyer revenue increased 8%, despite a decrease in total GTV of 2%, primarily from higher buyer fees earned in our automotive sector driven by higher GTV sold and higher buyer fee rate structures implemented in late 2024 and early 2025, partially offset by lower buyer fees from lower GTV sold in our CC&T sector.

Marketplace services revenue decreased 10%, driven by lower fees earned from a decrease in transportation services provided in our CC&T sector, as discussed above.

Transactional seller revenue decreased 6%, driven by the decrease in service GTV of 3% and a lower commission rate primarily driven by a shift in asset mix.

Inventory Sales Revenue

Inventory sales revenue increased 26% in the second quarter of 2025, driven primarily by a shift in contract mix in our CC&T sector, across all regions, and most notably within our enterprise accounts in the United States. We also saw higher inventory GTV from a large auction event held in Australia this quarter and a large customer contract in the construction sector in Canada.

For the first six months of 2025, inventory sales revenue increased 23%, primarily driven by a shift in contract mix within our CC&T sector, across all regions, as discussed above.

Costs of Services

In the second quarter of 2025, costs of services increased 1% to \$353.9 million, primarily driven by higher costs of services incurred in our automotive sector in line with higher volume, mainly higher tow costs and employee labor expenses. We also saw higher rent expense as a result of an increase of properties under lease to support the volume in our operations. These increases were partially offset by lower costs of services in our CC&T sector, primarily as a result of lower transportation and third-party profit-sharing costs associated with a large customer contract in the prior year.

For the first six months of 2025, costs of services increased 2% to \$0.7 billion, primarily for the same reasons as discussed above. In addition, we also saw higher employee compensation expenses as a result of changes to our employee benefit plans implemented in the second quarter of 2024.

Cost of Inventory Sold

In the second quarter of 2025, cost of inventory sold increased 29% to \$286.4 million, primarily in line with a 26% increase in inventory sales revenue. Our inventory rate declined 190 basis points year over year to 4.1%, attributable to softer performances in all sectors.

For the first six months of 2025, cost of inventory sold increased 24% to \$521.4 million, primarily in line with the increase in inventory sales revenue of 23%.

Selling, General and Administrative

In the second quarter of 2025, selling, general and administrative expenses increased 7% to \$222.2 million, driven by higher employee compensation expenses, higher professional fees, as well as an increase in technology expenses. We saw higher employee compensation expenses driven by an increase in share-based payment expense, as well as higher payroll costs primarily driven by higher headcount to support our IT technology initiatives. We also incurred higher professional fees for the refinancing of our Credit Agreement in April 2025, higher consulting expenses in connection with strategic initiatives, and higher legal costs. Technology expenses also increased mainly due to higher cloud service costs and the increase in the amortization of implementation costs associated with the recent development of our new payroll and finance cloud computing systems. These increases were partially offset by the non-repeat of an accrual for the new digital services tax ("DST") in Canada on certain in-scope revenues earned for the period from January 1, 2022 to June 30, 2024 implemented in the prior period, and lower expense from the termination of the Bolton lease arrangement in Ontario, Canada at the beginning of the year.

For the first six months of 2025, selling, general and administrative expenses increased 5% to \$427.2 million, primarily for the same reasons as discussed above.

On June 29, 2025 the Government of Canada announced that it intends to rescind the DST and that legislation will soon be brought forward to rescind the DST Act. At June 30, 2025, the Company continues to accrue DST given that the legislation to rescind the DST Act has not yet been enacted.

Acquisition-related and Integration Costs

In the second quarter of 2025, acquisition-related and integration costs decreased 34% to \$2.7 million, primarily due to lower severance and integration costs in connection with the acquisition of IAA, partially offset by an increase in transaction costs incurred in connection with the recent J.M. Wood acquisition.

For the first six months of 2025, acquisition-related and integration costs decreased 66% to \$5.8 million primarily due to lower costs incurred in connection with the acquisition of IAA.

Operating Income

For the second quarter of 2025, operating income decreased 7% to \$188.6 million, primarily driven by the loss on deconsolidation of \$15.5 million and related costs in connection with the LKQ SYNETIQ transaction. We also saw higher selling, general and administrative expenses, as discussed above. These decreases are partially offset by a higher flow-through of service revenue.

For the first six months of 2025, operating income decreased 6% to \$378.1 million, primarily driven by higher selling, general and administrative expenses and the loss on deconsolidation, as discussed above, as well as by higher depreciation and amortization expense mainly from an increase in internally developed software and technology assets. These decreases are partially offset by a higher flow-through of service revenue and lower acquisition-related and integration costs.

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 second quarter of 2025, income tax expense decreased slightly by 2% to \$35.8 million, and our effective tax rate decreased 20 bps to 24.6%, as compared to the second quarter of 2024. For the six months of 2025, income tax expense decreased 5% to \$65.4 million, and our effective tax rate decreased 130 bps to 22.7% as compared to the first six months of 2024.

The decrease in the effective tax rate for the first six months of 2025 compared to the first six months of 2024 was primarily due to foreign exchange tax benefits and a higher tax deduction for expenses relating to performance share units and restricted share units that exceeded the related compensation expense. Partially offsetting these decreases was an increase in valuation allowance for certain deferred tax assets relating to the transaction described in Item 1 – Financial Statements: Note. 14 Loss on Deconsolidation and Recognition of Equity Method Investment.

Net Income Attributable to Controlling Interests

In the second quarter of 2025, net income attributable to controlling interests decreased 1% to \$109.8 million, primarily driven by the decrease in operating income, as discussed above, partially offset by lower interest expense due to lower long-term debt levels driven by repayments of principal and lower interest rates partly as a result of the recent refinancing of our Credit Agreement.

For the first six months of 2025, net income attributable to controlling interests increased 2% to \$223.2 million, primarily driven by lower interest expense partially offset by a decrease in operating income, as discussed above, as well as lower interest income from lower rates.

Diluted EPS

Diluted EPS available to common stockholders decreased 2% to \$0.53 per share for the second quarter of 2025, compared to \$0.54 per share for the second quarter of 2024. The decrease is primarily due to an increase in the diluted weighted average shares outstanding and the decrease in net income attributable to controlling interests, as discussed above.

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	2025	2024	% Change 2025 over 2024
Period-end exchange rate - June 30,			
Canadian dollar	0.7349	0.7309	1 %
Euro	1.1786	1.0716	10 %
British pound sterling	1.3731	1.2647	9 %
Australian dollar	0.6582	0.6683	(2)%
Average exchange rate - Three months ended June 30,			
Canadian dollar	0.7224	0.7309	(1)%
Euro	1.1337	1.0767	5 %
British pound sterling	1.3347	1.2618	6 %
Australian dollar	0.6404	0.6590	(3)%
Average exchange rate - Six months ended June 30,			
Canadian dollar	0.7095	0.7364	(4)%
Euro	1.0927	1.0814	1 %
British pound sterling	1.2967	1.2650	3 %
Australian dollar	0.6338	0.6584	(4)%

In the second quarter of 2025, foreign exchange had a small unfavorable impact on total revenue and a minimal impact on expenses when compared to the prior year quarter. The unfavorable impact on total revenue was primarily due to the fluctuations in the Canadian dollar, partially offset by the Euro, 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 15% at \$200.5 million in the second quarter of 2025.

Diluted adjusted EPS available to common stockholders increased 14% to \$1.07 per share in the second quarter of 2025.

Adjusted EBITDA increased 7% to \$364.5 million in the second quarter of 2025.

Refer to the non-GAAP measures section below on pages [33-38](#) for further information.

Debt

Our Credit Agreement is comprised of multicurrency revolving credit facilities (the "Revolving Facility") and the Term Loan A facility (the "TLA Facility"). The TLA Facility is comprised of a facility denominated in U.S. dollars (the "USD TLA Facility"), and a facility denominated in Canadian dollars (the "CAD TLA Facility").

On April 3, 2025, we amended the Credit Agreement to, among other things, increase the aggregate principal amount of the Revolving Facility from \$750.0 million to \$1.3 billion, reduce the USD TLA Facility from \$1.2 billion to \$950.0 million, reduce certain loan margins and fees, adjust certain covenants for more financial flexibility, and extend the maturity of the Credit Agreement from September 21, 2026 to April 3, 2030. The Revolving Facility and TLA Facility loans bear interest at a benchmark rate plus an applicable margin. The TLA Facility loans are subject to quarterly installment payments of 1.25% of principal beginning on September 30, 2025, with the balance payable at maturity.

At June 30, 2025, 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"). Interest on the Notes is payable in cash semi-annually in arrears on March 15 and September 15 of each year. 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 June 30, 2025 and December 31, 2024:

(in U.S. dollars in millions)	June 30, 2025	December 31, 2024
<i>Committed</i>		
Multicurrency revolving credit facilities	\$ 1,300.0	\$ 750.0
<i>Uncommitted</i>		
Foreign demand revolving credit facilities	15.0	15.0
Total revolving credit facilities	<u>\$ 1,315.0</u>	<u>\$ 765.0</u>
<i>Unused</i>		
Multicurrency revolving credit facilities	\$ 973.7	\$ 705.9
Foreign demand revolving credit facilities	15.0	15.0
Total revolving credit facilities unused	<u>\$ 988.7</u>	<u>\$ 720.9</u>

Debt Covenants

We were in compliance with all financial and other covenants applicable to our Credit Agreement at June 30, 2025.

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. 15 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, partners 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 of principal and interest on our short 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.

On December 3, 2024, the Canada Revenue Agency ("CRA") issued the Company a Notice of Assessment and Statement of Interest ("NOA") for C\$79.1 million (\$58.1 million) for additional taxes, interest and penalties with respect to the Company's Luxembourg subsidiary relating to taxation years 2010 through 2015. In February 2025, we filed a Notice of Objection with the CRA, and in June 2025 we filed a Notice of Appeal with the Tax Court of Canada, as we believe we are and has been in full compliance with Canadian tax laws. To begin the appeal process, we paid a required deposit of 50% of the assessed amount, or C\$39.5 million (\$29.0 million) to the CRA. In the event our tax filing position is not upheld, we would be required to pay the remaining 50% of the assessed amount with interest. However, in the event that the Company prevails in its objection or subsequent legal proceedings, the deposit would be refunded with interest to us. The matter is expected to take years to resolve. The CRA has also requested information regarding the 2016 to 2020 taxation years for the same matter. As at June 30, 2025, we have not received a NOA relating to the 2016 to 2020 taxation years. For more information on the matter, see "Item 1 – Financial Statements: Note. 7 Income Taxes" in our consolidated financial statements.

As part of the amended Credit Agreement, we increased the capacity available for borrowing on our long-term debt. We believe that our existing working capital and availability under our revolving credit facilities are sufficient to satisfy our present operating requirements and contractual obligations. In the current interest rate environment, we will continue to evaluate and pursue the most financially beneficial arrangements to fund future capital expenditures, which may include lease agreements or cash purchases.

On July 14, 2025, we completed the acquisition of J.M. Wood for consideration of approximately \$235.0 million, subject to certain adjustments, plus approximately \$8 million for inventory held for auction at the time of closing. We paid approximately 67% of the purchase price, net of certain closing adjustments, on closing using cash on hand with the remainder to be paid in equal installments on the first, second, and third anniversaries of the closing date, which we expect to fund by using either cash on hand or borrowing under our revolving credit facilities, or a combination of both.

Our long-term cash requirements include purchase consideration for the J.M. Wood acquisition, scheduled principal and interest payments of long-term debt on the TLA Facility of \$1.3 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. 15 Debt" and "Item 1 – Financial Statements: Note. 18 Leases," respectively, in our consolidated financial statements, as well as in our audited consolidated financial statements for the year ended December 31, 2024.

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 spending¹, 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 \$988.7 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.

¹ 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)	Six months ended June 30,		
	2025	2024	Change 2025 over 2024
Cash provided by (used in):			
Operating activities	\$ 483.3	\$ 462.1	\$ 21.2
Investing activities	(227.9)	(131.7)	(96.2)
Financing activities	(130.9)	(322.4)	191.5
Effect of changes in foreign currency rates	22.7	(10.3)	33.0
Net decrease in cash, cash equivalents, and restricted cash	<u>\$ 147.2</u>	<u>\$ (2.3)</u>	<u>\$ 149.5</u>

Net cash provided by operating activities was \$483.3 million in the first six months of 2025, as compared to net cash provided by operating activities of \$462.1 million in the first six months of 2024. Net cash provided by operating activities increased \$21.2 million due to higher net income from operations, partially offset by a higher cash outflow from the net change in operating assets and liabilities of \$44.7 million. The higher cash outflow from the net change in operating assets and liabilities was primarily driven by the timing of book overdrafts, higher income tax installments paid driven by timing, payment of the required deposit in connection with the CRA matter, and the timing of advance payments with customers. These increases in cash outflows are partially offset by lower cash outflows from the size and timing of our auctions, lower incentive-based employee compensation costs paid in the current year, and lower prepayment costs given the non-repeat of a large consignor contract in the transportation sector.

Net cash used in investing activities was \$227.9 million in the first six months of 2025, as compared to net cash used in investing activities of \$131.7 million in the first six months of 2024. The increase in cash outflow is primarily due to higher capital expenditures of property, plant and equipment, mainly relating to the purchase of properties and real estate improvements to support our IAA operations, including expansion of IAA in Australia, as well as due to an increase in lending arrangements resulting in higher issuance of loans receivable within RBFS.

Net cash used in financing activities was \$130.9 million in the first six months of 2025, as compared to net cash used in financing activities of \$322.4 million in the first six months of 2024. The decrease in cash outflow is primarily driven by lower net principal repayments on our long-term debt borrowings and lower proceeds from the exercise of stock options. The decrease in cash outflows was partially offset by an increase in short term debt to primarily finance land purchases in Australia to expand our IAA operations, as well as higher withholding taxes paid on the issuance of common stock, higher dividend payments to our common stockholders, and payment of debt issuance costs in connection with our long-term debt refinancing.

Dividend Information

We declared a dividend of \$0.29 per common share for each of the quarters ended March 31, 2025, December 31, 2024, September 30, 2024, and June 30, 2024. We have declared, but not yet paid, a dividend of \$0.31 per common share for the quarter ended June 30, 2025. 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 second quarter of 2025 represented 6.4 times net income at and for the trailing twelve months ended June 30, 2025, compared to 7.8 times net income at and for the trailing twelve months ended June 30, 2024. The decrease in this debt/net income multiplier was primarily due to lower levels of debt driven by repayments of principal and higher net income. The adjusted net debt/adjusted EBITDA was 1.5 times at and for the trailing twelve months ended June 30, 2025, compared to 1.8 times at and for the trailing twelve months ended June 30, 2024. The decrease in this debt/net income multiplier was due to the same reasons as discussed above, as well as a higher cash balance at the end of the current quarter.

Critical Accounting Policies, Judgments, Estimates and Assumptions

In preparing our consolidated financial statements in conformity with U.S. 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 June 30, 2025, 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, 2024.

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 U.S. 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 [38](#) 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 June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
			2025 over 2024			2025 over 2024
Net income available to common stockholders	\$ 99.5	\$ 100.7	(1)%	\$ 202.4	\$ 197.8	2 %
Share-based payments expense	25.2	18.1	39 %	39.6	31.4	26 %
Acquisition-related and integration costs	2.7	4.1	(34)%	5.8	16.9	(66)%
Amortization of acquired intangible assets	68.3	69.0	(1)%	136.6	138.6	(1)%
(Gain) loss on disposition of property, plant and equipment and related costs	—	0.4	NM	(0.2)	(1.4)	(86)%
Prepaid consigned vehicles charges	(0.2)	(1.3)	(85)%	(0.5)	(3.4)	(85)%
Executive transition costs	3.1	2.0	55 %	5.8	3.7	57 %
Loss on deconsolidation and related costs	19.7	—	NM	19.7	—	NM
Debt refinancing costs	3.9	—	NM	3.9	—	NM
Remeasurements in connection with business combinations	0.1	—	NM	0.1	—	NM
Other legal, advisory, restructuring and non-income tax expenses	4.3	7.7	(44)%	8.2	10.0	(18)%
Related tax effects of the above	(22.4)	(24.0)	(7)%	(49.7)	(48.8)	2 %
Related allocation of the above to participating securities	(3.7)	(2.6)	42 %	(6.0)	(5.2)	15 %
Adjusted net income available to common stockholders	\$ 200.5	\$ 174.1	15 %	\$ 365.7	\$ 339.6	8 %
Weighted average number of dilutive shares outstanding	186,649,132	184,912,584	1 %	186,502,548	184,746,818	1 %
Diluted earnings per share available to common stockholders	\$ 0.53	\$ 0.54	(2)%	\$ 1.09	\$ 1.07	2 %
Diluted adjusted earnings per share available to common stockholders	\$ 1.07	\$ 0.94	14 %	\$ 1.96	\$ 1.84	7 %

NM = Not meaningful

Adjusted EBITDA Reconciliation

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 38.

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 June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
			2025 over			2025 over
Net income	\$ 109.7	\$ 111.0	(1)%	\$ 223.0	\$ 218.4	2 %
Add: depreciation and amortization	116.7	110.3	6 %	231.2	218.0	6 %
Add: interest expense	47.5	59.9	(21)%	97.4	123.8	(21)%
Less: interest income	(4.0)	(6.8)	(41)%	(7.0)	(13.4)	(48)%
Add: income tax expense	35.8	36.6	(2)%	65.4	69.1	(5)%
EBITDA	305.7	311.0	(2)%	610.0	615.9	(1)%
Share-based payments expense	25.2	18.1	39 %	39.6	31.4	26 %
Acquisition-related and integration costs	2.7	4.1	(34)%	5.8	16.9	(66)%
(Gain) loss on disposition of property, plant and equipment and related costs	—	0.4	NM	(0.2)	(1.4)	(86)%
Prepaid consigned vehicles charges	(0.2)	(1.3)	(85)%	(0.5)	(3.4)	(85)%
Executive transition costs	3.1	2.0	55 %	5.8	3.7	57 %
Loss on deconsolidation and related costs	19.7	—	NM	19.7	—	NM
Debt refinancing costs	3.9	—	NM	3.9	—	NM
Remeasurements in connection with business combinations	0.1	—	NM	0.1	—	NM
Other legal, advisory, restructuring and non-income tax expenses	4.3	7.7	(44)%	8.2	10.0	(18)%
Adjusted EBITDA	\$ 364.5	\$ 342.0	7 %	\$ 692.4	\$ 673.1	3 %

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 June 30,		
			% Change
	2025	2024	2025 over 2024
Short-term debt	\$ 89.1	\$ 29.9	198 %
Long-term debt	2,581.1	2,826.9	(9)%
Debt	2,670.2	2,856.8	(7)%
Less: cash and cash equivalents	(710.2)	(599.5)	18 %
Adjusted net debt	1,960.0	2,257.3	(13)%
Net income	\$ 417.4	\$ 365.8	14 %
Add: depreciation and amortization	457.6	424.4	8 %
Add: interest expense	207.3	251.7	(18)%
Less: interest income	(19.8)	(24.1)	(18)%
Add: income tax expense	133.6	122.1	9 %
EBITDA	1,196.1	1,139.9	5 %
Share-based payments expense	64.5	57.9	11 %
Acquisition-related and integration costs	17.9	60.5	(70)%
Gain on disposition of property, plant and equipment and related costs	—	(0.7)	NM
Prepaid consigned vehicles charges	(1.9)	(18.3)	(90)%
Executive transition costs	8.8	15.7	(44)%
Loss on deconsolidation and related costs	19.7	—	NM
Debt refinancing costs	3.9	—	NM
Remeasurements in connection with business combinations	1.3	—	NM
Other legal, advisory, restructuring and non-income tax expenses	11.7	11.3	4 %
Adjusted EBITDA	\$ 1,322.0	\$ 1,266.3	4 %
Debt/net income	6.4 x	7.8 x	(18)%
Adjusted net debt/adjusted EBITDA	1.5 x	1.8 x	(17)%

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 and 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 and 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 June 30,		
	2025	2024	% Change 2025 over 2024
Net income attributable to controlling interests	\$ 417.8	\$ 366.2	14 %
Add:			
Interest expense	207.3	251.7	(18)%
Interest income	(19.8)	(24.1)	(18)%
Interest, net	187.5	227.6	(18)%
Tax on interest, net	(45.5)	(55.0)	(17)%
Reported return	\$ 559.8	\$ 538.8	4 %
Add:			
Share-based payments expense	64.5	57.9	11 %
Acquisition-related and integration costs	17.9	60.5	(70)%
Amortization of acquired intangible assets	272.9	272.2	— %
(Gain) loss on disposition of property, plant and equipment and related costs	—	(0.7)	NM
Prepaid consigned vehicles charges	(1.9)	(18.3)	(90)%
Executive transition costs	8.8	15.7	(44)%
Loss on deconsolidation and related costs	19.7	—	NM
Debt refinancing costs	3.9	—	NM
Remeasurements in connection with business combinations	1.3	0.1	1200 %
Other legal, advisory, restructuring and non-income tax expenses	11.7	11.3	4 %
Related tax effects of the above	(92.5)	(94.6)	(2)%
Adjusted return	\$ 866.1	\$ 842.9	3 %
Short-term debt - opening balance	\$ 29.9	\$ 17.2	74 %
Short-term debt - ending balance	89.1	29.9	198 %
Average short-term debt	59.5	23.6	152 %
Long-term debt - opening balance	2,826.9	3,123.3	(9)%
Long-term debt - ending balance	2,581.1	2,826.9	(9)%
Average long-term debt	2,704.0	2,975.1	(9)%
Preferred equity - opening balance	482.0	482.0	— %
Preferred equity - ending balance	482.0	482.0	— %
Average preferred equity	482.0	482.0	— %
Stockholders' equity - opening balance	5,155.3	4,919.8	5 %
Stockholders' equity - ending balance	5,452.6	5,155.3	6 %
Average stockholders' equity	5,304.0	5,037.6	5 %
Average invested capital	\$ 8,549.5	\$ 8,518.3	— %
ROIC	6.5 %	6.3 %	20bps
Adjusted ROIC	10.1 %	9.9 %	20bps

NM = Not meaningful

Adjusting Items

Recognized in the second quarter of 2025

- \$25.2 million share-based payments expense.
- \$2.7 million of acquisition-related and integration costs, primarily relating to costs associated with the acquisition of J.M. Wood, and integration activities in connection with the acquisition of IAA.
- \$68.3 million amortization of acquired intangible assets from past acquisitions, primarily IAA.
- \$0.2 million relating to a fair value adjustment made to the prepaid consigned vehicle charges on the opening balance sheet of IAA at acquisition.
- \$3.1 million of executive transition costs, primarily legal costs, associated with the departure of our former CEO in August 2023.
- \$19.7 million relating to the completed agreement with LKQ Europe to jointly provide vehicle parts dismantling and distribution services through LKQ SYNETIQ, and primarily includes the loss on deconsolidation of \$15.5 million and \$1.7 million write down of inventory included in cost of goods sold, and \$2.5 million of related transaction costs.
- \$3.9 million of debt refinancing costs incurred in connection with the amendment of our Credit Agreement in April 2025.
- \$0.1 million relating to the remeasurements in connection with business combinations which includes the remeasurement of a contingent consideration liability for IAA's acquisition of Marisat, Inc. in 2021.
- \$4.3 million of other legal, advisory, restructuring and non-income tax expenses, which primarily includes consulting fees in connection with strategic initiatives, certain legal costs, severance from certain restructuring activities and the wind-down of our Xcira business, partially offset by lower non-income tax related expenses.

Recognized in the first quarter of 2025

- \$14.4 million share-based payments expense.
- \$3.1 million of acquisition-related and integration costs, primarily relating to integration activities in connection with the acquisition of IAA and acquisition-related costs associated with the potential acquisition of J.M. Wood.
- \$68.3 million amortization of acquired intangible assets from past acquisitions, primarily IAA.
- \$0.2 million gain on disposition of property, plant and equipment and related costs.
- \$0.3 million relating to a fair value adjustment made to the prepaid consigned vehicle charges on the opening balance sheet of IAA at acquisition.
- \$2.7 million of executive transition costs, primarily legal costs, associated with the departure of our former CEO in August 2023.
- \$3.9 million of other legal, advisory, restructuring and non-income tax expenses, which primarily includes severance associated with the wind-down of our Xcira business, costs incurred for the settlement of remediation costs in connection with a fire at one of our branches, which occurred prior to the acquisition of IAA, as well as costs in connection with the CRA dispute.

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, 2024.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our market risk during the three and six months ended June 30, 2025 from those disclosed in Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2024, which is available on our website at <https://investor.rbglobal.com>, on EDGAR at www.sec.gov, or on SEDAR at 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 June 30, 2025. 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 June 30, 2025, 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

During the second quarter of 2025, our new digital payment platform ("DPP") system, which allows for automated auction payouts, improved invoicing details, and certain automated calculations, within our Ritchie Brothers business, was used across 25 auction events in the United States. The new DPP system replaces our legacy payment systems to improve customer experience and enhance operational functionality. We intend to continue to implement the new DPP in stages and expand to other regions. The implementation of the new DPP system resulted in material changes to our internal controls over financial reporting. The Company has updated its internal controls over financial reporting as appropriate and will continue to monitor the impact of the implementation on our financial reporting business processes.

Except as described above, there were no material changes to our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the second quarter of 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.