

These financial statements for Waste Connections, Inc. are also included in the Form 10-K for the year ended December 31, 2023 filed on SEDAR+ on February 14, 2024 in its entirety.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Waste Connections, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Waste Connections, Inc. (an Ontario, Canada corporation) and subsidiaries (the “Company”) as of December 31, 2023 and 2022, the related consolidated statements of net income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedule included under Item 15(a) (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated February 14, 2024 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Landfill Accounting

As described further in Note 3 to the consolidated financial statements, the net present value of landfill final capping, closure and post-closure liabilities are calculated by estimating the total obligation in current dollars, inflating the

obligation based upon the expected future date of the expenditures and discounting the inflated total to its present value using a credit-adjusted risk-free rate.

The principal consideration for our determination that landfill accounting represents a critical audit matter is the judgments and estimates associated with management's determination of the liability due to the nature of the inputs and significant assumptions used in the process including the discount rate, inflation rate, accretion rate, survey data, acreage information, estimated permitted airspace, estimated deemed airspace, and remaining airspace and probability of landfill expansions, all of which can have a significant impact on the calculation of the final capping, closure and post-closure liability. Auditing the net present value of the obligation involved a high degree of subjectivity, auditor judgment and effort in evaluating management's assumptions primarily due to the complexity of the models used to measure the landfill liability, as well as the sensitivity of the underlying significant assumptions.

Our audit procedures related to the accounting for the final capping, closure and post-closure liability included the following, among others:

- We tested the design and operating effectiveness of key controls related to landfill accounting, including controls relating to management's development of discount rate, inflation rate, accretion rates, survey data, acreage information, estimated permitted airspace, estimated deemed airspace, remaining airspace, and probability of landfill expansions;
- We assessed the qualifications and competence of management and the third-party specialists used to provide the inputs used in developing the models;
- We tested key inputs such as discount rate, inflation rate, accretion rate, survey data, acreage information, estimated permitted airspace, estimated deemed airspace, remaining airspace, and probability of landfill expansions;
- We tested mathematical accuracy of the calculations in a sample of the models;
- We obtained and reviewed the associated permits for a sample of landfill models to further validate certain inputs used in the models;
- We compared previously deemed expansion amounts to the subsequent actual permitted amounts;
- We obtained and reviewed supporting documentation to support management's criteria for deemed expansions;
- We evaluated the fair value allocation of assumed liabilities for landfills acquired in business combinations;
- We tested the accuracy of one-time charges taken at a landfill including key inputs such as: estimated volume and remaining volume, estimated repair and restoration costs, and estimated timing of the completion of such events.

Valuation of intangible assets in business combinations

As described further in Note 8 to the consolidated financial statements, the Company acquired 13 businesses during 2023. These transactions were accounted for as business combinations in accordance with ASC 805, *Business Combinations*.

The principal consideration for our determination that the accounting for these acquisitions represents a critical audit matter, is the judgments and assumptions associated with management's determination of the fair value of intangible assets acquired, including fair value determinations related to recycling and transfer station permits, residential and commercial customer lists, and long-term contracts, all of which are recorded as intangible assets. Auditing the fair value of these assets involved a high degree of subjectivity, auditor judgment and effort in evaluating management's significant assumptions, primarily due to the complexity of the valuation models used to measure the fair value of the aforementioned intangible assets, as well as the sensitivity of the underlying significant assumptions. The Company used a discounted cash flow model to estimate the fair values of the intangible assets, which included assumptions such as discount rate, revenue

growth rates, operating expenses, earnings before interest, taxes, depreciation and amortization (“EBITDA”) margins, capital expenditures, customer turnover rates, and contributory asset charges (as applicable) that form the basis of the forecasted results. These significant assumptions are forward-looking and could be affected by future economic and market conditions.

The audit procedures related to the accounting for the acquisitions included the following, among others:

- We tested the design and operating effectiveness of key controls related to the accounting for the 2023 acquisitions, including controls relating to management’s development of forecasts for discount rates, revenue growth rates, operating expenses, EBITDA margins, capital expenditures, customer turnover rates and contributory asset charges;
- We obtained certain of the purchase price allocation analyses from management. We assessed the qualifications and competence of management and evaluated the methodologies used to determine the fair value of the intangible assets;
- We tested the assumptions used within the discounted cash-flow models to estimate the fair value of the intangible assets which included assumptions such as discount rate, revenue growth rate, operating expenses, EBITDA margin, capital expenditures, customer turnover rate and contributory asset charges;
- We tested the Company’s ability to forecast future cash flows for acquired businesses by reviewing actual results in the first year after being acquired compared to amounts forecasted when the fair values of acquired assets and liabilities were determined;
- We utilized an internal valuation specialist to assist the engagement team in evaluating: the methodologies used and whether they were acceptable for the underlying acquisitions and whether such methodologies were being applied correctly, the appropriateness of the discount rate used by performing a sensitivity analysis, and the qualifications of the valuation specialist engaged by the Company based on their credentials and experience;
- We applied analytical procedures to the range of significant inputs utilized across all of the business combinations to evaluate consistency of significant inputs among intangible asset valuation models.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2017.

Houston, Texas
February 14, 2024

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Waste Connections, Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Waste Connections, Inc. (an Ontario, Canada corporation) and subsidiaries (the “Company”) as of December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2023, and our report dated February 14, 2024 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Houston, Texas
February 14, 2024

WASTE CONNECTIONS, INC.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	December 31,	
	2023	2022
ASSETS		
Current assets:		
Cash and equivalents	\$ 78,399	\$ 78,637
Accounts receivable, net of allowance for credit losses of \$23,553 and \$22,939 at December 31, 2023 and 2022, respectively	856,953	833,862
Prepaid expenses and other current assets	206,433	205,146
Total current assets	1,141,785	1,117,645
Restricted cash	105,639	102,727
Restricted investments	70,350	68,099
Property and equipment, net	7,228,331	6,950,915
Operating lease right-of-use assets	261,782	192,506
Goodwill	7,404,400	6,902,297
Intangible assets, net	1,603,541	1,673,917
Other assets, net	100,048	126,497
Total assets	<u>\$ 17,915,876</u>	<u>\$ 17,134,603</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 642,455	\$ 638,728
Book overdraft	14,855	15,645
Deferred revenue	355,203	325,002
Accrued liabilities	521,428	431,247
Current portion of operating lease liabilities	32,533	35,170
Current portion of contingent consideration	94,996	60,092
Current portion of long-term debt and notes payable	26,462	6,759
Total current liabilities	1,687,932	1,512,643
Long-term portion of debt and notes payable	6,724,771	6,890,149
Long-term portion of operating lease liabilities	238,440	165,462
Long-term portion of contingent consideration	20,034	21,323
Deferred income taxes	1,022,480	1,013,742
Other long-term liabilities	524,438	417,640
Total liabilities	10,218,095	10,020,959
Commitments and contingencies (Note 13)		
Equity:		
Common shares: 257,659,921 shares issued and 257,600,479 shares outstanding at December 31, 2023; 257,211,175 shares issued and 257,145,716 shares outstanding at December 31, 2022	3,276,661	3,271,958
Additional paid-in capital	284,284	244,076
Accumulated other comprehensive loss	(9,826)	(56,830)
Treasury shares: 59,442 and 65,459 shares at December 31, 2023 and 2022, respectively	—	—
Retained earnings	4,141,690	3,649,494
Total Waste Connections' equity	7,692,809	7,108,698
Noncontrolling interest in subsidiaries	4,972	4,946
Total equity	7,697,781	7,113,644
Total liabilities and equity	<u>\$ 17,915,876</u>	<u>\$ 17,134,603</u>

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

WASTE CONNECTIONS, INC.
CONSOLIDATED STATEMENTS OF NET INCOME
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Years Ended December 31,		
	2023	2022	2021
Revenues	\$ 8,021,951	\$ 7,211,859	\$ 6,151,361
Operating expenses:			
Cost of operations	4,744,513	4,336,012	3,654,074
Selling, general and administrative	799,119	696,467	612,337
Depreciation	845,638	763,285	673,730
Amortization of intangibles	157,573	155,675	139,279
Impairments and other operating items	238,796	18,230	32,316
Operating income	1,236,312	1,242,190	1,039,625
Interest expense	(274,642)	(202,331)	(162,796)
Interest income	9,350	5,950	2,916
Other income, net	12,481	3,154	6,285
Loss on early extinguishment of debt	—	—	(115,288)
Income before income tax provision	983,501	1,048,963	770,742
Income tax provision	(220,675)	(212,962)	(152,253)
Net income	762,826	836,001	618,489
Less: Net income attributable to noncontrolling interests	(26)	(339)	(442)
Net income attributable to Waste Connections	\$ 762,800	\$ 835,662	\$ 618,047
Earnings per common share attributable to Waste Connections' common shareholders:			
Basic	\$ 2.96	\$ 3.25	\$ 2.37
Diluted	\$ 2.95	\$ 3.24	\$ 2.36
Shares used in the per share calculations:			
Basic	257,551,129	257,383,578	261,166,723
Diluted	258,149,244	258,038,801	261,728,470
Cash dividends per common share	\$ 1.050	\$ 0.945	\$ 0.845

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

WASTE CONNECTIONS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN THOUSANDS OF U.S. DOLLARS)

	Years Ended December 31,		
	2023	2022	2021
Net income	\$ 762,826	\$ 836,001	\$ 618,489
Other comprehensive income (loss), before tax:			
Interest rate swap amounts reclassified into interest expense	(19,607)	6,551	20,321
Changes in fair value of interest rate swaps	10,588	76,336	23,287
Foreign currency translation adjustment	53,633	(157,336)	8,183
Other comprehensive income (loss), before tax	44,614	(74,449)	51,791
Income tax expense (benefit) related to items of other comprehensive income (loss)	2,390	(21,965)	(11,556)
Other comprehensive income (loss), net of tax	47,004	(96,414)	40,235
Comprehensive income	809,830	739,587	658,724
Less: Comprehensive income attributable to noncontrolling interests	(26)	(339)	(442)
Comprehensive income attributable to Waste Connections	<u>\$ 809,804</u>	<u>\$ 739,248</u>	<u>\$ 658,282</u>

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

WASTE CONNECTIONS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
YEARS ENDED DECEMBER 31, 2021, 2022 AND 2023
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT SHARE AMOUNTS)

	WASTE CONNECTIONS' EQUITY								
	COMMON SHARES		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TREASURY SHARES		RETAINED EARNINGS	NONCONTROLLING INTERESTS	TOTAL
	SHARES	AMOUNT			SHARES	AMOUNT			
Balances at December 31, 2020	262,824,990	\$ 4,030,368	\$ 170,555	\$ (651)	74,184	\$ —	\$ 2,659,001	\$ 4,165	\$ 6,863,438
Sale of common shares held in trust	3,522	430	—	—	(3,522)	—	—	—	430
Vesting of restricted share units	343,480	—	—	—	—	—	—	—	—
Vesting of performance-based restricted share units	154,251	—	—	—	—	—	—	—	—
Restricted share units released from deferred compensation plan	19,510	—	—	—	—	—	—	—	—
Fair value adjustment for common shares in deferred compensation plan exchanged for other investment options	—	—	(1,177)	—	—	—	—	—	(1,177)
Tax withholdings related to net share settlements of equity-based compensation	(186,978)	—	(18,606)	—	—	—	—	—	(18,606)
Equity-based compensation	—	—	48,710	—	—	—	—	—	48,710
Exercise of warrants	46,730	—	—	—	—	—	—	—	—
Issuance of shares under employee share purchase plan	10,813	1,222	—	—	—	—	—	—	1,222
Repurchase of common shares	(3,003,822)	(338,993)	—	—	—	—	—	—	(338,993)
Cash dividends on common shares	—	—	—	—	—	—	(220,203)	—	(220,203)
Amounts reclassified into earnings, net of taxes	—	—	—	14,936	—	—	—	—	14,936
Changes in fair value of cash flow hedges, net of taxes	—	—	—	17,116	—	—	—	—	17,116
Foreign currency translation adjustment	—	—	—	8,183	—	—	—	—	8,183
Net income	—	—	—	—	—	—	618,047	442	618,489
Balances at December 31, 2021	260,212,496	3,693,027	199,482	39,584	70,662	—	3,056,845	4,607	6,993,545
Sale of common shares held in trust	5,203	660	—	—	(5,203)	—	—	—	660
Vesting of restricted share units	318,851	—	—	—	—	—	—	—	—
Vesting of performance-based restricted share units	57,677	—	—	—	—	—	—	—	—
Restricted share units released from deferred compensation plan	19,509	—	—	—	—	—	—	—	—
Tax withholdings related to net share settlements of equity-based compensation	(210,700)	—	(18,358)	—	—	—	—	—	(18,358)
Equity-based compensation	—	—	62,952	—	—	—	—	—	62,952
Exercise of warrants	104,253	—	—	—	—	—	—	—	—
Issuance of shares under employee share purchase plan	26,582	3,270	—	—	—	—	—	—	3,270
Repurchase of common shares	(3,388,155)	(424,999)	—	—	—	—	—	—	(424,999)
Cash dividends on common shares	—	—	—	—	—	—	(243,013)	—	(243,013)
Amounts reclassified into earnings, net of taxes	—	—	—	4,815	—	—	—	—	4,815
Changes in fair value of cash flow hedges, net of taxes	—	—	—	56,107	—	—	—	—	56,107
Foreign currency translation adjustment	—	—	—	(157,336)	—	—	—	—	(157,336)
Net income	—	—	—	—	—	—	835,662	339	836,001
Balances at December 31, 2022	257,145,716	\$ 3,271,958	\$ 244,076	\$ (56,830)	65,459	\$ —	\$ 3,649,494	\$ 4,946	\$ 7,113,644

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

WASTE CONNECTIONS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
YEARS ENDED DECEMBER 31, 2021, 2022 AND 2023
(IN THOUSANDS OF U.S. DOLLARS, EXCEPT SHARE AMOUNTS)

	WASTE CONNECTIONS' EQUITY								
	COMMON SHARES		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TREASURY SHARES		RETAINED EARNINGS	NONCONTROLLING INTERESTS	TOTAL
	SHARES	AMOUNT			SHARES	AMOUNT			
Balances at December 31, 2022	257,145,716	\$ 3,271,958	\$ 244,076	\$ (56,830)	65,459	\$ —	\$ 3,649,494	\$ 4,946	\$ 7,113,644
Sale of common shares held in trust	6,017	794	—	—	(6,017)	—	—	—	794
Vesting of restricted share units	378,121	—	—	—	—	—	—	—	—
Vesting of performance-based restricted share units	195,665	—	—	—	—	—	—	—	—
Restricted share units released from deferred compensation plan	32,223	—	—	—	—	—	—	—	—
Tax withholdings related to net share settlements of equity-based compensation	(353,385)	—	(31,009)	—	—	—	—	—	(31,009)
Equity-based compensation	—	—	71,217	—	—	—	—	—	71,217
Exercise of warrants	166,314	—	—	—	—	—	—	—	—
Issuance of shares under employee share purchase plan	29,808	3,909	—	—	—	—	—	—	3,909
Cash dividends on common shares	—	—	—	—	—	—	(270,604)	—	(270,604)
Amounts reclassified into earnings, net of taxes	—	—	—	(14,411)	—	—	—	—	(14,411)
Changes in fair value of cash flow hedges, net of taxes	—	—	—	7,782	—	—	—	—	7,782
Foreign currency translation adjustment	—	—	—	53,633	—	—	—	—	53,633
Net income	—	—	—	—	—	—	762,800	26	762,826
Balances at December 31, 2023	<u>257,600,479</u>	<u>\$ 3,276,661</u>	<u>\$ 284,284</u>	<u>\$ (9,826)</u>	<u>59,442</u>	<u>\$ —</u>	<u>\$ 4,141,690</u>	<u>\$ 4,972</u>	<u>\$ 7,697,781</u>

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

WASTE CONNECTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS OF U.S. DOLLARS)

	Years Ended December 31,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 762,826	\$ 836,001	\$ 618,489
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on disposal of assets and impairments	38,877	9,519	27,727
Adjustment to closure and post-closure liabilities	159,547	—	—
Depreciation	845,638	763,285	673,730
Amortization of intangibles	157,573	155,675	139,279
Loss on early extinguishment of debt	—	—	115,288
Deferred income taxes, net of acquisitions	6,329	93,481	14,563
Current period provision for expected credit losses	17,430	17,353	9,719
Amortization of debt issuance costs	6,483	5,454	5,055
Share-based compensation	70,436	63,485	58,221
Interest accretion	22,720	17,668	15,970
Payment of contingent consideration recorded in earnings	—	(2,982)	(520)
Adjustments to contingent consideration	30,367	(1,030)	2,954
Other	(3,943)	(8,217)	(1,260)
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable, net	(20,630)	(100,546)	(54,688)
Prepaid expenses and other current assets	10,262	(752)	(8,229)
Accounts payable	32,327	192,850	66,752
Deferred revenue	26,519	42,252	31,707
Accrued liabilities	21,753	(28,082)	3,853
Capping, closure and post-closure expenditures	(39,427)	(18,881)	(21,040)
Other long-term liabilities	(18,270)	(14,041)	659
Net cash provided by operating activities	<u>2,126,817</u>	<u>2,022,492</u>	<u>1,698,229</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for acquisitions, net of cash acquired	(676,793)	(2,206,901)	(960,449)
Capital expenditures for property and equipment	(934,000)	(912,677)	(744,315)
Investment in noncontrolling interests	—	—	(25,000)
Proceeds from disposal of assets	31,581	30,676	42,768
Other	(1,867)	1,731	(6,486)
Net cash used in investing activities	<u>(1,581,079)</u>	<u>(3,087,171)</u>	<u>(1,693,482)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term debt	1,818,765	4,816,146	2,112,193
Principal payments on notes payable and long-term debt	(2,052,153)	(3,073,985)	(1,893,100)
Premiums paid on early extinguishment of debt	—	—	(110,617)
Payment of contingent consideration recorded at acquisition date	(13,317)	(16,911)	(12,934)
Change in book overdraft	(790)	(1,076)	(367)
Payments for repurchase of common shares	—	(424,999)	(338,993)
Payments for cash dividends	(270,604)	(243,013)	(220,203)
Tax withholdings related to net share settlements of equity-based compensation	(31,009)	(18,358)	(18,606)
Debt issuance costs	—	(13,271)	(18,521)
Proceeds from issuance of shares under employee share purchase plan	3,909	3,270	1,222
Proceeds from sale of common shares held in trust	794	660	430
Net cash provided by (used in) financing activities	<u>(544,405)</u>	<u>1,028,463</u>	<u>(499,496)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>1,341</u>	<u>(2,035)</u>	<u>(25)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	2,674	(38,251)	(494,774)
Cash, cash equivalents and restricted cash at beginning of year	181,364	219,615	714,389
Cash, cash equivalents and restricted cash at end of year	<u>\$ 184,038</u>	<u>\$ 181,364</u>	<u>\$ 219,615</u>

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

WASTE CONNECTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS OF U.S. DOLLARS)

SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION AND NON-CASH TRANSACTIONS:

	Years Ended December 31,		
	2023	2022	2021
Cash paid for income taxes	\$ 207,020	\$ 100,156	\$ 146,198
Cash paid for interest	\$ 260,923	\$ 177,424	\$ 157,485
Changes in accrued capital expenditures for property and equipment	\$ (41,505)	\$ 36,671	\$ 22,153
In connection with its acquisitions, the Company assumed liabilities as follows:			
Fair value of assets acquired	\$ 813,136	\$ 2,471,202	\$ 1,230,396
Cash paid for current year acquisitions	(676,793)	(2,206,901)	(960,449)
Liabilities assumed and notes payable issued to sellers of businesses acquired	\$ 136,343	\$ 264,301	\$ 269,947

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

WASTE CONNECTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLAR AMOUNTS IN THOUSANDS OF U.S. DOLLARS, EXCEPT PER SHARE, PER TON AND PER
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1. BUSINESS

The financial statements presented in this report represent the consolidation of Waste Connections, Inc., a corporation organized under the laws of Ontario, Canada, and its wholly-owned and majority-owned subsidiaries. When the terms the “Company” or “Waste Connections” are used in this document, those terms refer to Waste Connections, Inc. and its consolidated subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company is an integrated solid waste services company that provides non-hazardous waste collection, transfer and disposal services, including by rail, along with resource recovery primarily through recycling and renewable fuels generation, in mostly exclusive and secondary markets in the U.S. and Canada. Waste Connections also provides non-hazardous oil and natural gas exploration and production (“E&P”) waste treatment, recovery and disposal services in several basins across the U.S. and Canada, as well as intermodal services for the movement of cargo and solid waste containers in the Pacific Northwest.

2. NEW ACCOUNTING STANDARDS AND RECLASSIFICATIONS

Accounting Standards Adopted

Clawback of Executive Compensation Rules. In October 2022, the Securities and Exchange Commission (the “SEC”) adopted final rules regarding the recovery of erroneously awarded incentive-based executive compensation. The rules direct U.S. securities exchanges to establish standards to require listed issuers to develop and implement a written policy providing for the recovery of incentive-based compensation received by current and former executive officers in the event of a required accounting restatement when that compensation was based on an erroneously reported financial reporting measure. The new rule and related amendments include a number of new disclosure requirements, including requiring issuers to file their recovery policy as an exhibit to their annual reports and establishing new cover page disclosures on Form 10-K indicating whether the financial statements included in the filing reflect the correction of an error and whether the error correction required an incentive-based compensation recovery analysis. The exchanges must file proposed listing standards to implement the SEC’s directive no later than February 26, 2023 (which is 90 days after the final rules were published in the Federal Register), and those listing standards must be effective no later than November 28, 2023. Affected issuers will be required to adopt a recovery policy no later than 60 days after the listing standards become effective. The Company adopted the new rules as required.

Accounting Standards Pending Adoption

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

Additional Income Tax Disclosures. In December 2023, the FASB issued a final standard on improvements to income tax disclosures. The standard requires public business entities to disclose in their rate reconciliation table additional categories of information about federal, state and foreign income taxes and to provide more details about the reconciling items in some categories if the items meet a quantitative threshold. The guidance also requires all entities to disclose annually income taxes paid (net of refunds received) disaggregated by federal (national), state and foreign taxes and to disaggregate the information by jurisdiction based on a quantitative threshold. The standard applies to all entities subject

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to income taxes. For public business entities, the new requirements will be effective for annual periods beginning after December 15, 2024. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

Reclassification

As disclosed within other notes to the financial statements, segment information reported in the Company's prior year periods has been reclassified to conform with the 2023 presentation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Currency

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

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at purchase to be cash equivalents. As of December 31, 2023 and 2022, cash equivalents consisted of demand money market accounts.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and equivalents, restricted cash, restricted investments and accounts receivable. The Company maintains cash and equivalents with banks that at times exceed applicable insurance limits. The Company reduces its exposure to credit risk by maintaining such deposits with high quality financial institutions. The Company's restricted cash and restricted investments are invested primarily in money market accounts, bank time deposits, U.S. government and agency securities and Canadian bankers' acceptance notes. The Company has not experienced any losses related to its cash and equivalents, restricted cash or restricted investment accounts. The Company generally does not require collateral on its trade receivables. Credit risk on accounts receivable is minimized as a result of the large and diverse nature of the Company's customer base. The Company maintains allowances for credit losses based on the expected collectability of accounts receivable.

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Revenue Recognition and Accounts Receivable

The Company's operations primarily consist of providing non-hazardous waste collection, transfer, disposal and recycling services, E&P services, and intermodal services. The following table disaggregates the Company's revenues by service line for the periods indicated:

	Years Ended December 31,		
	2023	2022	2021
Commercial	\$ 2,476,891	\$ 2,176,295	\$ 1,813,426
Residential	2,125,068	1,891,108	1,673,819
Industrial and construction roll off	1,333,020	1,183,624	954,181
Total collection	5,934,979	5,251,027	4,441,426
Landfill	1,483,397	1,328,942	1,233,499
Transfer	1,198,385	1,026,050	859,113
Recycling	147,039	204,876	205,076
E&P	232,211	210,562	138,707
Intermodal and other	171,721	188,471	152,194
Intercompany	(1,145,781)	(998,069)	(878,654)
Total	<u>\$ 8,021,951</u>	<u>\$ 7,211,859</u>	<u>\$ 6,151,361</u>

The factors that impact the timing and amount of revenue recognized for each service line may vary based on the nature of the service performed. Generally, the Company recognizes revenue at the time it performs a service. In the event that the Company bills for services in advance of performance, it recognizes deferred revenue for the amount billed and subsequently recognizes revenue at the time the service is provided.

See Note 17 for additional information regarding revenue by reportable segment.

Revenue by Service Line

Solid Waste Collection

The Company's solid waste collection business involves the collection of waste from residential, commercial and industrial customers for transport to transfer stations, or directly to landfills or recycling centers. Solid waste collection services include both recurring and temporary customer relationships. The services are performed under service agreements, municipal contracts or franchise agreements with governmental entities. Existing franchise agreements and most of the existing municipal contracts give the Company the exclusive right to provide specified waste services in the specified territory during the contract term. These exclusive arrangements are awarded, at least initially, on a competitive bid basis and subsequently on a bid or negotiated basis. The standard customer service agreements generally range from one to five years in duration, although some exclusive franchises are for significantly longer periods. Residential collection services are also provided on a subscription basis with individual households. The fees the Company charges for collection services are based primarily on the market, collection frequency and level of service, route density, type and volume or weight of the waste collected, type of equipment and containers furnished, the distance to the disposal or processing facility, the cost of disposal or processing, and prices charged by competitors for similar services.

In general, residential collection fees are billed monthly or quarterly in advance. Substantially all of the deferred revenue recorded as of September 30, 2023 was recognized as revenue during the three months ended December 31, 2023 when the service was performed. Commercial customers are typically billed on a monthly basis based on the nature of the services provided during the period. Revenue recognized under these agreements is variable in nature based on the number of residential homes or businesses serviced during the period, the frequency of collection and the volume of waste collected. In addition, certain contracts have annual price escalation clauses that are tied to changes in an underlying base index such as a consumer price index which are unknown at contract inception.

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Solid waste collection revenue from sources other than customer contracts primarily relates to lease revenue associated with compactors. Revenue from these leasing arrangements was not material and represented an insignificant amount of total revenue for each of the reported periods.

Landfill and Transfer Station

Revenue at landfills is primarily generated by charging tipping fees on a per ton and/or per yard basis to third parties based on the volume disposed and the nature of the waste. In general, fees are variable in nature and revenue is recognized at the time the waste is disposed at the facility.

Revenue at transfer stations is primarily generated by charging tipping or disposal fees on a per ton and/or per yard basis. The fees charged to third parties are based primarily on the market, type and volume or weight of the waste accepted, the distance to the disposal facility, the method of transportation used and the cost of disposal. In general, fees are billed and revenue is recognized at the time the service is performed. Revenue recognized under these agreements is variable in nature based on the volume of waste accepted at the transfer facility.

Many of the Company's landfill and transfer station customers have entered into one to ten year disposal contracts, most of which provide for annual indexed price increases.

Solid Waste Recycling

Solid waste recycling revenues result from the sale of recycled commodities, which are generated by offering residential, commercial, industrial and municipal customers recycling services for a variety of recyclable materials, including compost, cardboard, mixed paper, plastic containers, glass bottles and ferrous and aluminum metals. The Company owns and operates recycling operations and markets collected recyclable materials to third parties for processing before resale. In some instances, the Company utilizes a third party to market recycled materials. In certain instances, the Company issues recycling rebates to municipal or commercial customers, which can be based on the price it receives upon the sale of recycled commodities, a fixed contractual rate or other measures. The Company also receives rebates when it disposes of recycled commodities at third-party facilities. The fees received are based primarily on the market, type and volume or weight of the materials sold. In general, fees are billed and revenue is recognized at the time title is transferred. Revenue recognized under these agreements is variable in nature based on the volume of materials sold. In addition, the amount of revenue recognized is based on commodity prices at the time of sale, which are unknown at contract inception.

E&P Waste Treatment, Recovery and Disposal

E&P waste revenue is primarily generated through the treatment, recovery and disposal of non-hazardous exploration and production waste from vertical and horizontal drilling, hydraulic fracturing, production and clean-up activity, as well as other services. Revenue recognized under these agreements is variable in nature based on the volume of waste accepted or processed during the period.

Intermodal and Other

Intermodal revenue is primarily generated through providing intermodal services for the rail haul movement of cargo and solid waste containers in the Pacific Northwest through a network of intermodal facilities. The fees received for intermodal services are based on negotiated rates and vary depending on volume commitments by the shipper and destination. In general, fees are billed and revenue is recognized upon delivery.

Other revenues consist primarily of the sale of methane gas and renewable energy credits generated from the Company's MSW landfills.

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Revenue Recognition

Service obligations of a long-term nature, such as solid waste collection service contracts, are satisfied over time, and revenue is recognized based on the value provided to the customer during the period. In many of the Company's markets, solid waste collection service contracts exist as exclusive franchise agreements or municipal contracts. The amount billed to the customer is based on variable elements such as the number of residential homes or businesses for which collection services are provided, the volume of waste collected, transported and disposed, and the nature of the waste accepted. Such contracts are generally within the Company's collection, recycling and other lines of business and have a weighted average remaining contract life of approximately four years, excluding certain exclusive and perpetual agreements, such as governmental certificates. The Company does not disclose the value of unsatisfied performance obligations for these contracts as its right to consideration corresponds directly to the value provided to the customer for services completed to date and all future variable consideration is allocated to wholly unsatisfied performance obligations.

Additionally, certain elements of long-term customer contracts are unknown upon entering into the contract, including the amount that will be billed in accordance with annual price escalation clauses, fuel recovery fee programs and commodity prices. The amount to be billed is often tied to changes in an underlying base index such as a consumer price index or a fuel or commodity index, and revenue is recognized once the index is established for the period.

Accounts Receivable

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

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

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

	Years Ended December 31,	
	2023	2022
Beginning balance	\$ 22,939	\$ 18,480
Current period provision for expected credit losses	17,430	17,353
Write-offs charged against the allowance	(22,743)	(18,273)
Recoveries collected	5,853	5,473
Impact of changes in foreign currency	74	(94)
Ending balance	<u>\$ 23,553</u>	<u>\$ 22,939</u>

Contract Acquisition Costs

The incremental direct costs of obtaining a contract, which consist of sales incentives, are recognized as Other assets in the Company's Consolidated Balance Sheets, and are amortized to Selling, general and administrative expense over the estimated life of the relevant customer relationship, which ranges from one to five years. The Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the

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Company would have recognized is one year or less. The Company had \$25,977 and \$23,818 of deferred sales incentives at December 31, 2023 and 2022, respectively. During the years ended December 31, 2023, 2022 and 2021, the Company recorded a total of \$25,855, \$22,675 and \$23,671, respectively, of sales incentive amortization expense for deferred sales incentives and sales incentive expense for contracts with original terms of less than one year.

Property and Equipment

Property and equipment are stated at cost. Improvements or betterments, not considered to be maintenance and repair, which add new functionality or significantly extend the life of an asset are capitalized. Third-party expenditures related to pending development projects, such as legal and engineering expenses, are capitalized. Expenditures for maintenance and repair costs, including planned major maintenance activities, are charged to expense as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains and losses resulting from disposals of property and equipment are recognized in the period in which the property and equipment is disposed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or the lease term, whichever is shorter.

The estimated useful lives are as follows:

Buildings	10 – 20 years
Leasehold and land improvements	3 – 10 years
Machinery and equipment	3 – 12 years
Rolling stock	3 – 10 years
Containers	3 – 12 years

Landfill Accounting

The Company utilizes the life cycle method of accounting for landfill costs. This method applies the costs to be capitalized associated with acquiring, developing, closing and monitoring the landfills over the associated consumption of landfill capacity. The Company utilizes the units of consumption method to amortize landfill development costs over the estimated remaining capacity of a landfill. Under this method, the Company includes future estimated construction costs using current dollars, as well as costs incurred to date, in the amortization base. When certain criteria are met, the Company includes expansion airspace, which has not been permitted, in the calculation of the total remaining capacity of the landfill.

- Landfill development costs. Landfill development costs include the costs of acquisition, construction associated with excavation, liners, site berms, groundwater monitoring wells, gas recovery systems and leachate collection systems. The Company estimates the total costs associated with developing each landfill site to its final capacity. This includes certain projected landfill site costs that are uncertain because they are dependent on future events and thus actual costs could vary significantly from estimates. The total cost to develop a site to its final capacity includes amounts previously expended and capitalized, net of accumulated depletion, and projections of future purchase and development costs, liner construction costs, and operating construction costs. Total landfill costs include the development costs associated with expansion airspace. Expansion airspace is addressed below.
- Final capping, closure and post-closure obligations. The Company accrues for estimated final capping, closure and post-closure maintenance obligations at the landfills it owns and the landfills that it operates, but does not own, under life-of-site agreements. Accrued final capping, closure and post-closure costs represent an estimate of the current value of the future obligation associated with final capping, closure and post-closure monitoring of non-hazardous solid waste landfills currently owned or operated under life-of-site agreements by the Company. Final capping costs represent the costs related to installation of clay liners, drainage and compacted soil layers and topsoil constructed over areas of the landfill where total airspace capacity has been consumed. Closure and post-closure monitoring and maintenance costs represent the costs related to cash expenditures yet to be incurred

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when a landfill facility ceases to accept waste and closes. Accruals for final capping, closure and post-closure monitoring and maintenance requirements in the U.S. consider site inspection, groundwater monitoring, leachate management, methane gas control and recovery, and operating and maintenance costs to be incurred during the period after the facility closes. Certain of these environmental costs, principally capping and methane gas control costs, are also incurred during the operating life of the site in accordance with the landfill operation requirements of Subtitle D and the air emissions standards. Daily maintenance activities, which include many of these costs, are expensed as incurred during the operating life of the landfill. Daily maintenance activities include leachate disposal; surface water, groundwater, and methane gas monitoring and maintenance; other pollution control activities; mowing and fertilizing the landfill final cap; fence and road maintenance; and third-party inspection and reporting costs. Site specific final capping, closure and post-closure engineering cost estimates are prepared annually for landfills owned or landfills operated under life-of-site agreements by the Company.

The net present value of landfill final capping, closure and post-closure liabilities are calculated by estimating the total obligation in current dollars, inflating the obligation based upon the expected date of the expenditure and discounting the inflated total to its present value using a credit adjusted risk-free rate. Any changes in expectations that result in an upward revision to the estimated undiscounted cash flows are treated as a new liability and are inflated and discounted at rates reflecting market conditions. Any changes in expectations that result in a downward revision (or no revision) to the estimated undiscounted cash flows result in a liability that is inflated and discounted at rates reflecting the market conditions at the time the cash flows were originally estimated. This policy results in the Company's final capping, closure and post-closure liabilities being recorded in "layers." The Company's discount rate assumption for purposes of computing layers for final capping, closure and post-closure liabilities is based on its long-term credit adjusted risk-free rate. The Company's discount rate assumption for purposes of computing 2023 and 2022 "layers" for final capping, closure and post-closure obligations was 5.50% for 2023 and ranged from 3.25% to 5.50% for 2022. The Company's long-term inflation rate assumption was 2.75% for 2023 and ranged from 2.25% to 2.75% for 2022.

In accordance with the accounting guidance on asset retirement obligations, the final capping, closure and post-closure liability is recorded on the balance sheet along with an offsetting addition to site costs which is amortized to depletion expense on a units-of-consumption basis as remaining landfill airspace is consumed. The impact of changes determined to be changes in estimates, based on an annual update, is accounted for on a prospective basis. In the event that changes in an estimate for a closure and post-closure liability are associated with a significant change in facts and circumstances at a landfill or a non-operating section of a landfill, corresponding adjustments to recorded liabilities and Impairments and other operating items are made as soon as is practical. Depletion expense resulting from final capping, closure and post-closure obligations recorded as a component of landfill site costs will generally be less during the early portion of a landfill's operating life and increase thereafter. Owned landfills and landfills operated under life-of-site agreements have estimated remaining lives, based on remaining permitted capacity, probable expansion capacity and projected annual disposal volumes, that range from approximately 1 to 307 years, with approximately 90% of the projected annual disposal volume from landfills with remaining lives of less than 70 years. The costs for final capping, closure and post-closure obligations at landfills the Company owns or operates under life-of-site agreements are generally estimated based on interpretations of current requirements and proposed or anticipated regulatory changes.

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The following is a reconciliation of the Company's final capping, closure and post-closure liability balance from December 31, 2021 to December 31, 2023:

Final capping, closure and post-closure liability at December 31, 2021	\$ 302,537
Liability adjustments	39,321
Accretion expense associated with landfill obligations	16,068
Closure payments	(18,834)
Assumption of closure liabilities from acquisitions	8,575
Disposition of closure liabilities from divested operations	(916)
Foreign currency translation adjustment	(2,145)
Final capping, closure and post-closure liability at December 31, 2022	344,606
Liability adjustments	189,136
Accretion expense associated with landfill obligations	19,418
Closure payments	(39,429)
Assumption of closure liabilities from acquisitions	7,687
Foreign currency translation adjustment	815
Final capping, closure and post-closure liability at December 31, 2023	<u>\$ 522,233</u>

Liability adjustments of \$189,136 and \$39,321 for the years ended December 31, 2023 and 2022, respectively, represent non-cash changes to final capping, closure and post-closure liabilities and are recorded on the Consolidated Balance Sheets along with an offsetting addition to site costs, which is amortized to depletion expense as the remaining landfill airspace is consumed. The final capping, closure and post-closure liability is included in Other long-term liabilities in the Consolidated Balance Sheets. The Company performs its annual review of its cost and capacity estimates in the first quarter of each year. In the event that changes in an estimate for a closure and post-closure liability are associated with a significant change in facts and circumstances at a landfill or a non-operating section of a landfill, corresponding adjustments to recorded liabilities and Impairments and other operating items are made as soon as is practical.

- Disposal capacity. The Company's internal and third-party engineers perform surveys at least annually to estimate the remaining disposal capacity at its landfills. This is done by using surveys and other methods to calculate, based on the terms of the permit, height restrictions and other factors, how much airspace is left to fill and how much waste can be disposed of at a landfill before it has reached its final capacity. The Company's landfill depletion rates are based on the remaining disposal capacity, considering both permitted and probable expansion airspace, at the landfills it owns and landfills it operates, but does not own, under life-of-site agreements. The Company's landfill depletion rate is based on the term of the operating agreement at its operated landfill that has capitalized expenditures. Expansion airspace consists of additional disposal capacity being pursued through means of an expansion that has not yet been permitted. Expansion airspace that meets the following criteria is included in the estimate of total landfill airspace:
 - 1) whether the land where the expansion is being sought is contiguous to the current disposal site, and the Company either owns the expansion property or has rights to it under an option, purchase, operating or other similar agreement;
 - 2) whether total development costs, final capping costs, and closure/post-closure costs have been determined;
 - 3) whether internal personnel have performed a financial analysis of the proposed expansion site and have determined that it has a positive financial and operational impact;
 - 4) whether internal personnel or external consultants are actively working to obtain the necessary approvals to obtain the landfill expansion permit; and
 - 5) whether the Company considers it probable that the Company will achieve the expansion (for a pursued expansion to be considered probable, there must be no significant known technical, legal, community, business, or political restrictions or similar issues existing that the Company believes are more likely than not to impair the success of the expansion).

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It is possible that the Company's estimates or assumptions could ultimately be significantly different from actual results. In some cases, the Company may be unsuccessful in obtaining an expansion permit or the Company may determine that an expansion permit that the Company previously thought was probable has become unlikely. To the extent that such estimates, or the assumptions used to make those estimates, prove to be significantly different than actual results, or the belief that the Company will receive an expansion permit changes adversely in a significant manner, the costs of the landfill, including the costs incurred in the pursuit of the expansion, may be subject to impairment testing, as described below, and lower profitability may be experienced due to higher amortization rates, higher capping, closure and post-closure rates, and higher expenses or asset impairments related to the removal of previously included expansion airspace.

The Company periodically evaluates its landfill sites for potential impairment indicators. The Company's judgments regarding the existence of impairment indicators are based on regulatory factors, market conditions and operational performance of its landfills. Future events could cause the Company to conclude that impairment indicators exist and that its landfill carrying costs are impaired.

Business Combination Accounting

The Company accounts for business combinations as follows:

- The Company recognizes, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values. The Company measures and recognizes goodwill as of the acquisition date as the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of the noncontrolling interest in the acquiree (if any) and the acquisition date fair value of the Company's previously held equity interest in the acquiree (if any), over (b) the fair value of assets acquired and liabilities assumed.
- At the acquisition date, the Company measures the fair values of all assets acquired and liabilities assumed that arise from contractual contingencies. The Company measures the fair values of all noncontractual contingencies if, as of the acquisition date, it is more likely than not that the contingency will give rise to an asset or liability.

Finite-Lived Intangible Assets

The amounts assigned to franchise agreements, contracts, customer lists, permits and other agreements are being amortized over the expected term of the related agreements (ranging from 1 to 56 years). The Company uses an accelerated or straight line basis for amortization, depending on the attributes of the related intangibles.

Goodwill and Indefinite-Lived Intangible Assets

The Company acquired indefinite-lived intangible assets in connection with certain of its acquisitions. The amounts assigned to indefinite-lived intangible assets consist of the value of certain perpetual rights to provide solid waste collection and transportation services in specified territories. The Company measures and recognizes acquired indefinite-lived intangible assets at their estimated acquisition date fair values. Indefinite-lived intangible assets are not amortized. Goodwill represents the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of any noncontrolling interest in the acquiree (if any) and the acquisition date fair value of the Company's previously held equity interest in the acquiree (if any), over (b) the fair value of assets acquired and liabilities assumed. Goodwill and intangible assets, deemed to have indefinite lives, are subject to annual impairment tests as described below.

Goodwill and indefinite-lived intangible assets are tested for impairment on at least an annual basis in the fourth quarter of the year. In addition, the Company evaluates its reporting units for impairment if events or circumstances change

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

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

As part of the Company's goodwill impairment test, the Company estimates the fair value of each of its reporting units using discounted cash flow analyses. The Company's reporting units consisted of its six geographic solid waste operating segments at December 31, 2023, 2022 and 2021. The Company compares the fair value of each reporting unit with the carrying value of the net assets assigned to each reporting unit. If the fair value of a reporting unit is greater than the carrying value of the net assets, including goodwill, assigned to the reporting unit, then no impairment results. If the fair value is less than its carrying value, an impairment charge is recorded for the amount by which the carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. In testing indefinite-lived intangible assets for impairment, the Company compares the estimated fair value of each indefinite-lived intangible asset to its carrying value. If the fair value of the indefinite-lived intangible asset is less than its carrying value, an impairment charge would be recorded to earnings in the Company's Consolidated Statements of Net Income.

During the Company's annual impairment analysis of its solid waste operations, the Company determined the fair value of each of its six geographic operating segments at December 31, 2023, 2022 and 2021 and each indefinite-lived intangible asset within those segments using discounted cash flow analyses, which require significant assumptions and estimates about the future operations of each reporting unit and the future discrete cash flows related to each indefinite-lived intangible asset. Significant judgments inherent in these analyses include the determination of appropriate discount rates, the amount and timing of expected future cash flows, growth rates and income tax rates. The cash flows employed in the Company's 2023 discounted cash flow analyses were based on ten-year financial forecasts, which in turn were based on the 2024 annual budget developed internally by management. These forecasts reflect operating profit margins that were consistent with 2023 results and perpetual revenue growth rates of 4.5%. The Company's discount rate assumptions are based on an assessment of the market participant rate which approximated 8.1%. In assessing the reasonableness of the Company's determined fair values of its reporting units, the Company evaluates its results against its current market capitalization. The Company did not record an impairment charge to any of its six geographic operating segments as a result of its annual goodwill impairment tests for the years ended December 31, 2023, 2022 or 2021. The Company did not record an impairment charge to any of its six geographic operating segments as a result of its indefinite-lived intangible assets impairment tests for the years ended December 31, 2023 or 2022. During the fourth quarter of 2021, the Company recorded an impairment charge of \$2,277, which is included in Impairments and other operating items in the Consolidated Statements of Net Income, on certain indefinite-lived intangible assets at two of its E&P sites in its Southern segment.

Impairments of Property and Equipment and Finite-Lived Intangible Assets

Property, equipment and finite-lived intangible assets are carried on the Company's consolidated financial statements based on their cost less accumulated depreciation or amortization. Finite-lived intangible assets consist of long-term franchise agreements, contracts, customer lists, permits and other agreements. The recoverability of these assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Typical indicators that an asset may be impaired include, but are not limited to, the following:

- a significant adverse change in legal factors or in the business climate;
- an adverse action or assessment by a regulator;
- a more likely than not expectation that a segment or a significant portion thereof will be sold;

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- the testing for recoverability of a significant asset group within a segment; or
- current period or expected future operating cash flow losses.

If any of these or other indicators occur, a test of recoverability is performed by comparing the carrying value of the asset or asset group to its undiscounted expected future cash flows. If the carrying value is in excess of the undiscounted expected future cash flows, impairment is measured by comparing the fair value of the asset to its carrying value. Fair value is determined by an internally developed discounted projected cash flow analysis of the asset. Cash flow projections are sometimes based on a group of assets, rather than a single asset. If cash flows cannot be separately and independently identified for a single asset, the Company will determine whether an impairment has occurred for the group of assets for which the projected cash flows can be identified. If the fair value of an asset is determined to be less than the carrying amount of the asset or asset group, an impairment in the amount of the difference is recorded in the period that the impairment indicator occurs. Several impairment indicators are beyond the Company's control, and whether or not they will occur cannot be predicted with any certainty. Estimating future cash flows requires significant judgment and projections may vary from cash flows eventually realized. There are other considerations for impairments of landfills, as described below.

During the years ended December 31, 2023 and 2022, the Company did not record any significant impairment charges for finite-lived intangible assets or property and equipment. During the year ended December 31, 2021, the Company recorded a \$16,379 impairment charge, which is included in Impairments and other operating items in the Consolidated Statements of Net Income, for property and equipment and finite-lived intangible assets at three of its E&P waste sites in its Southern segment.

There are certain indicators listed above that require significant judgment and understanding of the waste industry when applied to landfill development or expansion projects. A regulator or court may deny or overturn a landfill development or landfill expansion permit application before the development or expansion permit is ultimately granted. Management may periodically divert waste from one landfill to another to conserve remaining permitted landfill airspace. Therefore, certain events could occur in the ordinary course of business and not necessarily be considered indicators of impairment due to the unique nature of the waste industry.

Restricted Cash and Restricted Investments

Restricted cash and restricted investments consist of the following:

	December 31, 2023		December 31, 2022	
	Restricted Cash	Restricted Investments	Restricted Cash	Restricted Investments
Settlement of insurance claims	\$ 83,270	\$ —	\$ 88,360	\$ —
Landfill closure and post-closure obligations	12,381	59,551	6,890	57,469
Other financial assurance requirements	9,988	10,799	7,477	10,630
	<u>\$ 105,639</u>	<u>\$ 70,350</u>	<u>\$ 102,727</u>	<u>\$ 68,099</u>

See Note 12 for further information on restricted cash and restricted investments.

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Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and equivalents, trade receivables, restricted cash and investments, trade payables, debt instruments, contingent consideration obligations and interest rate swaps. As of December 31, 2023 and 2022, the carrying values of cash and equivalents, trade receivables, restricted cash and investments, trade payables and contingent consideration are considered to be representative of their respective fair values. The carrying values of the Company's debt instruments, excluding certain notes as listed in the table below, approximate their fair values as of December 31, 2023 and 2022, based on current borrowing rates, current remaining average life to maturity and borrower credit quality for similar types of borrowing arrangements, and are classified as Level 2 within the fair value hierarchy. The carrying values and fair values of the Company's debt instruments where the carrying values do not approximate their fair values as of December 31, 2023 and 2022, are as follows:

	Carrying Value at		Fair Value ^(a) at	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
4.25% Senior Notes due 2028	\$ 500,000	\$ 500,000	\$ 496,800	\$ 470,850
3.50% Senior Notes due 2029	\$ 500,000	\$ 500,000	\$ 478,350	\$ 457,650
2.60% Senior Notes due 2030	\$ 600,000	\$ 600,000	\$ 539,460	\$ 510,540
2.20% Senior Notes due 2032	\$ 650,000	\$ 650,000	\$ 543,725	\$ 514,540
3.20% Senior Notes due 2032	\$ 500,000	\$ 500,000	\$ 450,200	\$ 429,000
4.20% Senior Notes due 2033	\$ 750,000	\$ 750,000	\$ 729,600	\$ 699,450
3.05% Senior Notes due 2050	\$ 500,000	\$ 500,000	\$ 362,600	\$ 343,300
2.95% Senior Notes due 2052	\$ 850,000	\$ 850,000	\$ 601,460	\$ 561,425

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

For details on the fair value of the Company's interest rate swaps, restricted cash and investments and contingent consideration, see Note 12.

Derivative Financial Instruments

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

One of the Company's objectives for utilizing derivative instruments is to reduce its exposure to fluctuations in cash flows due to changes in the variable interest rates of certain borrowings under the Credit Agreement (defined below). The Company's strategy to achieve that objective involves entering into interest rate swaps. The interest rate swaps outstanding at December 31, 2023 were specifically designated to the Credit Agreement and accounted for as cash flow hedges.

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At December 31, 2023, the Company's derivative instruments included four interest rate swap agreements as follows:

Date Entered	Notional Amount	Fixed Interest Rate Paid ^(a)	Variable Interest Rate Received	Effective Date ^(b)	Expiration Date
August 2017	\$ 200,000	2.1230 %	1-month Term SOFR	November 2022	October 2025
June 2018	\$ 200,000	2.8480 %	1-month Term SOFR	November 2022	October 2025
June 2018	\$ 200,000	2.8284 %	1-month Term SOFR	November 2022	October 2025
December 2018	\$ 200,000	2.7715 %	1-month Term SOFR	November 2022	July 2027

(a) Plus applicable margin.

(b) In October 2022, the Company amended the reference rate in all of its outstanding interest rate swap contracts to replace One-Month LIBOR with One-Month Term SOFR and certain credit spread adjustments. The Company did not record any gains or losses upon the conversion of the reference rates in these interest rate swap contracts, and the Company believes these amendments will not have a material impact on its Consolidated Financial Statements.

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

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

(a) Represents the estimated amount of the existing unrealized gains on interest rate swaps as of December 31, 2023 (based on the interest rate yield curve at that date), included in AOCIL expected to be reclassified into pre-tax earnings within the next 12 months. The actual amounts reclassified into earnings are dependent on future movements in interest rates.

The fair values of derivative instruments designated as cash flow hedges as of December 31, 2022, were as follows:

Derivatives Designated as Cash Flow Hedges	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swaps	Prepaid expenses and other current assets	\$ 17,906	Accrued liabilities	\$ —
	Other assets, net	13,901		
Total derivatives designated as cash flow hedges		\$ 31,807		\$ —

The following table summarizes the impact of the Company's cash flow hedges on the results of operations, comprehensive income (loss) and AOCIL for the years ended December 31, 2023, 2022 and 2021:

Derivatives Designated as Cash Flow Hedges	Amount of Gain or (Loss) Recognized as AOCIL on Derivatives, Net of Tax ^(a)			Statement of Net Income Classification	Amount of (Gain) or Loss Reclassified from AOCIL into Earnings, Net of Tax ^(b)		
	Years Ended December 31,				Years Ended December 31,		
	2023	2022	2021		2023	2022	2021
Interest rate swaps	\$ 7,782	\$ 56,107	\$ 17,116	Interest expense	\$ (14,411)	\$ 4,815	\$ 14,936

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

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

See Note 15 for further discussion on the impact of the Company's hedge accounting to its consolidated comprehensive income (loss) and AOCIL.

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Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The Company records valuation allowances to reduce net deferred tax assets to the amount considered more likely than not to be realized.

The Company is required to evaluate whether the tax positions taken on its income tax returns will more likely than not be sustained upon examination by the appropriate taxing authority. If the Company determines that such tax positions will not be sustained, it records a liability for the related unrecognized tax benefits. The Company classifies its liability for unrecognized tax benefits as a current liability to the extent it anticipates making a payment within one year.

Share-Based Compensation

Under the 2020 Employee Share Purchase Plan (the “ESPP”), participants will be granted an option to purchase Company common shares on the first business day of each offering period, with such option to be automatically exercised on the last business day of such offering period to purchase a whole number of the Company’s common shares determined by dividing the accumulated payroll deductions in the participant’s notional account on such exercise date by the applicable exercise price. The exercise price is equal to 95% of the closing price of the Company’s common shares on the last day of the relevant offering period; provided, however, that such exercise price will not be less than 85% of the volume weighted average price of the Company’s common shares as reflected on the Toronto Stock Exchange (the “TSX”) over the final five trading days of the offering period.

The fair value of restricted share unit (“RSU”) awards is determined based on the number of RSUs granted and the closing price of the common shares in the capital of the Company adjusted for future dividends. The fair value of deferred share unit (“DSU”) awards is determined based on the number of DSUs granted and the closing price of the common shares in the capital of the Company.

Compensation expense associated with outstanding performance-based restricted share unit (“PSU”) awards is measured using the fair value of the Company’s common shares adjusted for future dividends and is based on the estimated achievement of the established performance criteria at the end of each reporting period until the performance period ends, recognized ratably over the performance period. Compensation expense is only recognized for those awards that the Company expects to vest, which it estimates based upon an assessment of the probability that the performance criteria will be achieved.

All share-based compensation cost is measured at the grant date, based on the estimated fair value of the award adjusted for future dividends, and is recognized on a straight-line basis as expense over the employee’s requisite service period. The Company recognizes gross share compensation expense with actual forfeitures as they occur.

Warrants are valued using the Black-Scholes pricing model with a contractual life of five years, a risk free interest rate based on the 5-year U.S. treasury yield curve and expected volatility. The Company uses the historical volatility of its common shares over a period equivalent to the contractual life of the warrants to estimate the expected volatility. The fair market value of warrants issued to consultants for acquisitions are recorded immediately as share-based compensation expense.

Share-based compensation expense recognized during the years ended December 31, 2023, 2022 and 2021, was \$70,436 (\$52,708 net of taxes), \$63,485 (\$47,503 net of taxes) and \$58,221 (\$43,495 net of taxes), respectively. This share-based compensation expense includes RSUs, PSUs, DSUs, share option and warrant expense. The share-based compensation expense totals include amounts associated with the Progressive Waste share-based compensation plans, continued by the Company following the Progressive Waste acquisition, which allow for the issuance of shares or cash

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settlement to employees upon vesting. The Company records share-based compensation expense in Selling, general and administrative expenses in the Consolidated Statements of Net Income. The total unrecognized compensation cost at December 31, 2023, related to unvested RSU awards was \$76,770 and this future expense will be recognized over the remaining vesting period of the RSU awards, which extends to 2027. The weighted average remaining vesting period of the RSU awards is 1.3 years. The total unrecognized compensation cost at December 31, 2023, related to unvested PSU awards was \$16,692 and this future expense will be recognized over the remaining vesting period of the PSU awards, which extends to 2026. The weighted average remaining vesting period of PSU awards is 1.0 years.

Other Share-Based Awards

As of December 31, 2023, 2022 and 2021, the Company had a liability of \$8,060, \$8,042 and \$9,008, respectively, representing the December 31, 2023, 2022 and 2021 fair values, respectively, of outstanding Progressive Waste restricted share units which are expected to be cash settled. All remaining unvested Progressive Waste restricted share units vested during the year ended December 31, 2019.

As of December 31, 2023, the Company has no remaining liability balance. As of December 31, 2022 and 2021, the Company had a liability of \$3,814 and \$4,088, respectively, representing the December 31, 2022 and 2021 fair value, respectively, of outstanding Progressive Waste share-based options which are expected to be cash settled. All remaining unvested Progressive Waste share-based options were fully vested as of December 31, 2017.

Per Share Information

Basic net income per share attributable to holders of the Company's common shares is computed using the weighted average number of common shares outstanding and vested and unissued restricted share units deferred for issuance into the deferred compensation plan. Diluted net income per share attributable to holders of the Company's common shares is computed using the weighted average number of common and potential common shares outstanding. Potential common shares are excluded from the computation if their effect is anti-dilutive.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2023, 2022 and 2021, was \$9,097, \$8,335 and \$7,155, respectively, which is included in Selling, general and administrative expense in the Consolidated Statements of Net Income.

Insurance Liabilities

As a result of its insurance policies, the Company is effectively self-insured for automobile liability, general liability, employer's liability, environmental liability, cyber liability, employment practices liability, and directors' and officers' liability as well as for employee group health insurance, property and workers' compensation. The Company's insurance accruals are based on claims filed and estimates of claims incurred but not reported and are developed by the Company's management with assistance from its third-party actuary and its third-party claims administrator. The insurance accruals are influenced by the Company's past claims experience factors and by published industry development factors. At December 31, 2023 and 2022, the Company's total accrual for self-insured liabilities was \$183,546 and \$151,379, respectively, which is included in Accrued liabilities in the Consolidated Balance Sheets. For the years ended December 31, 2023, 2022 and 2021, the Company recognized \$261,589, \$204,347 and \$179,250, respectively, of self-insurance expense which is included in Cost of operations and Selling, general and administrative expense in the Consolidated Statements of Net Income.

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4. USE OF ESTIMATES AND ASSUMPTIONS

In preparing the Company's consolidated financial statements, several estimates and assumptions are made that affect the accounting for and recognition of assets, liabilities, revenues and expenses. These estimates and assumptions must be made because certain of the information that is used in the preparation of the Company's consolidated financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available or is simply not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine and the Company must exercise significant judgment. The most difficult, subjective and complex estimates and the assumptions that deal with the greatest amount of uncertainty are related to the Company's accounting for landfills, self-insurance accruals, income taxes, allocation of acquisition purchase price, contingent consideration accruals and asset impairments, which are discussed in Note 3. An additional area that involves estimation is when the Company estimates the amount of potential exposure it may have with respect to litigation, claims and assessments in accordance with the accounting guidance on contingencies. Actual results for all estimates could differ materially from the estimates and assumptions that the Company uses in the preparation of its consolidated financial statements.

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	December 31,	
	2023	2022
Income taxes receivable	\$ 28,124	\$ 43,055
Inventory	61,673	55,188
Prepaid insurance	26,607	31,588
Unrealized cash flow hedge gains	15,842	17,906
Prepaid licenses and permits	13,898	12,116
Other	60,289	45,293
	<u>\$ 206,433</u>	<u>\$ 205,146</u>

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	December 31,	
	2023	2022
Landfill site costs	\$ 5,507,596	\$ 5,179,768
Rolling stock	3,084,623	2,835,330
Land, buildings and improvements	1,807,719	1,673,062
Containers	1,277,594	1,180,370
Machinery and equipment	1,222,792	1,065,767
Construction in progress	167,025	132,367
	<u>13,067,349</u>	<u>12,066,664</u>
Less accumulated depreciation and depletion	<u>(5,839,018)</u>	<u>(5,115,749)</u>
	<u>\$ 7,228,331</u>	<u>\$ 6,950,915</u>

Machinery and equipment included \$9,762 and \$11,227, at December 31, 2023 and 2022, respectively, of equipment assets accounted for as finance leases. The Company's landfill depletion expense, recorded in Depreciation in the Consolidated Statements of Net Income, for the years ended December 31, 2023, 2022 and 2021, was \$254,633, \$232,251 and \$212,898, respectively.

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7. LEASES

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

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

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

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

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

ROU assets for operating and finance leases are periodically reviewed for impairment losses. The Company uses the long-lived asset impairment guidance in ASC Subtopic 360-10, Property, Plant, and Equipment – Overall, to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to recognize. The Company did not recognize an impairment charge for any of its ROU assets during the years ended December 31, 2023, 2022 and 2021.

The Company monitors for events or changes in circumstances that require a reassessment of one of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset. The Company did not recognize any significant remeasurements during the years ended December 31, 2023, 2022 and 2021.

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

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Lease cost for operating and finance leases for the years ended December 31, 2023, 2022 and 2021 were as follows:

	Years Ended December 31,		
	2023	2022	2021
Operating lease cost	\$ 47,840	\$ 41,891	\$ 40,381
Finance lease cost:			
Amortization of leased assets	2,852	2,484	3,424
Interest on leased liabilities	228	219	152
Total lease cost	<u>\$ 50,920</u>	<u>\$ 44,594</u>	<u>\$ 43,957</u>

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

	Years Ended December 31,		
	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$ 46,688	\$ 40,782	\$ 40,249
Operating cash flows from finance leases	\$ 228	\$ 219	\$ 152
Financing cash flows from finance leases	\$ 2,817	\$ 2,427	\$ 3,133
Non-cash activity:			
Right-of-use assets obtained in exchange for lease liabilities - operating leases	\$ 92,503	\$ 63,648	\$ 17,933
Right-of-use assets obtained in exchange for lease liabilities - finance leases	\$ 1,388	\$ 3,369	\$ 10,012

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

	Years Ended December 31,		
	2023	2022	2021
Weighted average remaining lease term - operating leases	10.9 years	8.9 years	8.0 years
Weighted average remaining lease term - finance leases	3.4 years	4.2 years	4.9 years
Weighted average discount rate - operating leases	4.04 %	2.93 %	3.37 %
Weighted average discount rate - finance leases	2.36 %	1.96 %	1.89 %

As of December 31, 2023, future minimum lease payments, reconciled to the respective lease liabilities, are as follows:

	Operating Leases	Finance Leases
2024	\$ 42,776	\$ 3,194
2025	36,961	3,194
2026	34,178	2,608
2027	32,591	1,187
2028	28,097	263
Thereafter	172,987	29
Minimum lease payments	347,590	10,475
Less: imputed interest	(76,617)	(441)
Present value of minimum lease payments	270,973	10,034
Less: current portion of lease liabilities	(32,533)	(2,978)
Long-term portion of lease liabilities	<u>\$ 238,440</u>	<u>\$ 7,056</u>

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8. ACQUISITIONS

The Company recognizes, separately from goodwill, the identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values. The Company measures and recognizes goodwill as of the acquisition date as the excess of: (a) the aggregate of the fair value of consideration transferred, the fair value of the noncontrolling interest in the acquiree (if any) and the acquisition date fair value of the Company's previously held equity interest in the acquiree (if any), over (b) the fair value of assets acquired and liabilities assumed. If information about facts and circumstances existing as of the acquisition date is incomplete by the end of the reporting period in which a business combination occurs, the Company will report provisional amounts for the items for which the accounting is incomplete. The measurement period ends once the Company receives the information it was seeking; however, this period will not exceed one year from the acquisition date. Any material adjustments recognized during the measurement period will be reflected prospectively in the period the adjustment is identified in the consolidated financial statements. The Company recognizes acquisition-related transaction costs as expense.

The Company acquired 12 individually immaterial non-hazardous solid waste collection, transfer, recycling and disposal businesses and one immaterial E&P disposal business during the year ended December 31, 2023. The total transaction-related expenses incurred during the year ended December 31, 2023 for these acquisitions were \$10,653. These expenses are included in Selling, general and administrative expenses in the Company's Consolidated Statements of Net Income.

The Company acquired 24 individually immaterial non-hazardous solid waste collection, transfer, recycling and disposal businesses during the year ended December 31, 2022. The total transaction-related expenses incurred during the year ended December 31, 2022 for these acquisitions were \$24,933. These expenses are included in Selling, general and administrative expenses in the Company's Consolidated Statements of Net Income.

The Company acquired 30 individually immaterial non-hazardous solid waste collection, transfer, recycling and disposal businesses during the year ended December 31, 2021. The purchase consideration recorded during this period for nine of the acquired businesses included contingent consideration based upon the receipt of contract assignments and the achievement of certain targets, including future asset and revenue growth. The fair value of the total contingent consideration recorded during the year ended December 31, 2021 of \$31,616 was determined using probability assessments of the expected future cash flows over a one to two year period in which the obligations are expected to be settled, and applying an average discount rate of 1.5%. As of December 31, 2023, \$13,460 of the obligations recognized at the purchase date have been paid and the remaining obligations have not materially changed. Any changes in the fair value of the contingent consideration subsequent to the acquisition date will be charged or credited to expense until the contingency is settled. The total transaction-related expenses incurred during the year ended December 31, 2021 for these acquisitions were \$11,318. These expenses are included in Selling, general and administrative expenses in the Company's Consolidated Statements of Net Income.

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

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The following table summarizes the consideration transferred to acquire these businesses and the amounts of identifiable assets acquired and liabilities assumed at the acquisition dates for the acquisitions consummated in the years ended December 31, 2023, 2022 and 2021:

	2023 Acquisitions	2022 Acquisitions	2021 Acquisitions
Fair value of consideration transferred:			
Cash	\$ 676,793	\$ 2,206,901	\$ 960,449
Debt assumed	76,001	127,136	108,345
	<u>752,794</u>	<u>2,334,037</u>	<u>1,068,794</u>
Recognized amounts of identifiable assets acquired and liabilities assumed associated with businesses acquired:			
Accounts receivable	18,006	49,696	33,236
Prepaid expenses and other current assets	5,025	9,428	4,866
Restricted investments	5,462	7,469	—
Operating lease right-of-use assets	15,364	4,707	5,972
Property and equipment	207,164	1,073,155	394,687
Long-term franchise agreements and contracts	76,401	239,866	134,827
Customer lists	19,719	74,940	75,612
Permits and other intangibles	3,050	187,107	116,967
Indefinite-lived intangibles	—	—	9,557
Other assets	24	243	77
Accounts payable and accrued liabilities	(14,596)	(56,633)	(37,827)
Current portion of operating lease liabilities	(712)	(1,546)	(1,370)
Deferred revenue	(3,443)	(10,761)	(8,389)
Contingent consideration	(13,450)	(6,642)	(31,616)
Long-term portion of operating lease liabilities	(14,652)	(3,161)	(4,602)
Other long-term liabilities	(10,277)	(6,915)	(13,976)
Deferred income taxes	(3,212)	(51,507)	(63,822)
Total identifiable net assets	<u>289,873</u>	<u>1,509,446</u>	<u>614,199</u>
Goodwill	<u>\$ 462,921</u>	<u>\$ 824,591</u>	<u>\$ 454,595</u>

Goodwill acquired in 2023 totaling \$372,671 is expected to be deductible for tax purposes. Goodwill acquired in 2022 totaling \$510,755 is expected to be deductible for tax purposes. Goodwill acquired in 2021 totaling \$187,287 is expected to be deductible for tax purposes. The fair value of acquired working capital related to five individually immaterial acquisitions completed during the year ended December 31, 2023, is provisional pending receipt of information from the acquirees to support the fair value of the assets acquired and liabilities assumed. Any adjustments recorded relating to finalizing the working capital for these five acquisitions are not expected to be material to the Company's financial position. The adjustments recorded during the year ended December 31, 2023 relating to finalizing the acquired working capital for the individually immaterial acquisitions completed during the year ended December 31, 2022 were not material to the Company's financial position.

The gross amount of trade receivables due under contracts acquired during the year ended December 31, 2023, was \$19,202, of which \$1,196 was expected to be uncollectible. The gross amount of trade receivables due under contracts acquired during the year ended December 31, 2022, was \$54,332, of which \$4,636 was expected to be uncollectible. The gross amount of trade receivables due under contracts acquired during the year ended December 31, 2021, was \$36,645, of which \$3,409 was expected to be uncollectible. The Company did not acquire any other class of receivable as a result of the acquisition of these businesses.

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9. INTANGIBLE ASSETS, NET

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

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

The weighted-average amortization period of long-term franchise agreements and contracts acquired during the year ended December 31, 2023 was 19.5 years. The weighted-average amortization period of customer lists acquired during the year ended December 31, 2023 was 12.2 years. The weighted-average amortization period of finite-lived permits and other acquired during the year ended December 31, 2023 was 40.0 years.

Intangible assets, exclusive of goodwill, consisted of the following at December 31, 2022:

	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Loss	Net Carrying Amount
Finite-lived intangible assets:				
Long-term franchise agreements and contracts	\$ 916,582	\$ (297,382)	\$ —	\$ 619,200
Customer lists	782,033	(532,739)	—	249,294
Permits and other	779,689	(115,095)	(40,784)	623,810
	<u>2,478,304</u>	<u>(945,216)</u>	<u>(40,784)</u>	<u>1,492,304</u>
Indefinite-lived intangible assets:				
Solid waste collection and transportation permits	181,613	—	—	181,613
Intangible assets, exclusive of goodwill	<u>\$ 2,659,917</u>	<u>\$ (945,216)</u>	<u>\$ (40,784)</u>	<u>\$ 1,673,917</u>

Estimated future amortization expense for the next five years relating to finite-lived intangible assets owned as of December 31, 2023 is as follows:

For the year ending December 31, 2024	\$ 144,486
For the year ending December 31, 2025	\$ 126,061
For the year ending December 31, 2026	\$ 109,934
For the year ending December 31, 2027	\$ 95,848
For the year ending December 31, 2028	\$ 85,582

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10. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	December 31,	
	2023	2022
Insurance claims and premiums	\$ 184,403	\$ 152,242
Payroll and payroll-related	108,423	126,301
Final capping, closure and post-closure liability	92,946	17,336
Interest payable	52,726	47,612
Property taxes	15,545	11,218
Environmental remediation reserves	10,860	3,165
Cell processing reserves	3,246	2,939
Share-based compensation plan liability	—	2,344
Transaction-related expenses	958	1,627
Other	52,321	66,463
	<u>\$ 521,428</u>	<u>\$ 431,247</u>

11. LONG-TERM DEBT

The following table presents the Company's long-term debt as of December 31, 2023 and 2022:

	December 31,	
	2023	2022
Revolver under Credit Agreement, bearing interest ranging from 6.40% to 8.50% ^(a)	\$ 453,245	\$ 614,705
Term loan under Credit Agreement, bearing interest at 6.50% ^(a)	650,000	650,000
Term loan under Term Loan Agreement, bearing interest at 6.44% ^{(a), (b)}	800,000	800,000
4.25% Senior Notes due 2028	500,000	500,000
3.50% Senior Notes due 2029	500,000	500,000
2.60% Senior Notes due 2030	600,000	600,000
2.20% Senior Notes due 2032	650,000	650,000
3.20% Senior Notes due 2032	500,000	500,000
4.20% Senior Notes due 2033	750,000	750,000
3.05% Senior Notes due 2050	500,000	500,000
2.95% Senior Notes due 2052	850,000	850,000
Notes payable to sellers and other third parties, bearing interest ranging from 2.42% to 10.35%, principal and interest payments due periodically with due dates ranging from 2024 to 2036 ^(a)	48,774	37,232
Finance leases, bearing interest ranging from 1.89% to 5.07%, with lease expiration dates ranging from 2026 to 2029 ^(a)	10,034	11,464
	<u>6,812,053</u>	<u>6,963,401</u>
Less – current portion	(26,462)	(6,759)
Less – unamortized debt discount and issuance costs	(60,820)	(66,493)
Long-term portion of debt and notes payable	<u>\$ 6,724,771</u>	<u>\$ 6,890,149</u>

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

(b) Interest rate margin for term loan under Term Loan Agreement was 1.00% at December 31, 2023.

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Credit Agreement

The Company has a revolving credit and term loan agreement (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”) with Bank of America, N.A., acting through its Canada Branch, as the global agent, the swing line lender and a letter of credit issuer, Bank of America, N.A., as the U.S. agent and a letter of credit issuer, the other lenders named therein (the “Lenders”) and any other financial institutions from time to time party thereto. The Credit Agreement has a scheduled maturity date of July 30, 2026, which may be extended further upon agreement by Lenders holding at least 50% of the commitments and credit extensions outstanding, with respect to their respective commitments and credit extensions outstanding. Any Lender that does not agree to an extension of the maturity date shall not be so extended with respect to their commitments and credit extensions.

Details of the Credit Agreement are as follows:

	December 31,	
	2023	2022
<i>Revolver under Credit Agreement</i>		
Available	\$ 1,357,013	\$ 1,193,502
Letters of credit outstanding	\$ 39,742	\$ 41,793
Total amount drawn, as follows:	\$ 453,245	\$ 614,705
Amount drawn – U.S. Term SOFR rate loan	\$ 90,000	\$ 391,000
Interest rate applicable – U.S. Term SOFR rate loan	6.46 %	5.42 %
Interest rate margin – U.S. Term SOFR rate loan	1.00 %	1.00 %
Amount drawn – U.S. Term SOFR rate loan	\$ 150,000	\$ —
Interest rate applicable – U.S. Term SOFR rate loan	6.50 %	— %
Interest rate margin – U.S. Term SOFR rate loan	1.00 %	— %
Amount drawn – U.S. base rate loan	\$ 28,000	\$ —
Interest rate applicable – U.S. base rate loan	8.50 %	— %
Interest rate margin – U.S. base rate loan	— %	— %
Amount drawn – Canadian prime rate loan	\$ 15,122	\$ —
Interest rate applicable - Canadian prime rate loan	7.20 %	— %
Interest rate margin – Canadian prime rate loan	— %	— %
Amount drawn – Canadian bankers’ acceptance	\$ 153,111	\$ 223,705
Interest rate applicable – Canadian bankers’ acceptance	6.46 %	5.74 %
Interest rate acceptance fee – Canadian bankers’ acceptance	1.00 %	1.00 %
Amount drawn – Canadian bankers’ acceptance	\$ 17,012	\$ —
Interest rate applicable – Canadian bankers’ acceptance	6.40 %	— %
Interest rate acceptance fee – Canadian bankers’ acceptance	1.00 %	— %
Commitment – rate applicable	0.09 %	0.09 %
<i>Term loan under Credit Agreement</i>		
Amount drawn – U.S. Term SOFR rate loan	\$ 650,000	\$ 650,000
Interest rate applicable – U.S. Term SOFR rate loan	6.50 %	5.42 %
Interest rate margin – U.S. Term SOFR rate loan	1.00 %	1.00 %

In addition to the \$39,742 of letters of credit at December 31, 2023 issued and outstanding under the Credit Agreement, the Company has issued and outstanding letters of credit totaling \$102,236 under facilities other than the Credit Agreement.

Pursuant to the terms and conditions of the Credit Agreement, the Lenders provide a \$2,500,000 credit facility to the Company, consisting of (i) revolving advances up to an aggregate principal amount of \$1,850,000 at any one time outstanding, and (ii) a term loan in an aggregate principal amount of \$650,000. As part of the aggregate commitments under the revolving advances, the Credit Agreement provides for letters of credit to be issued at the request of the Company in an aggregate amount not to exceed \$320,000 and for swing line loans to be issued at the request of the Company in an

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aggregate amount not to exceed the lesser of \$100,000 and the aggregate commitments under the revolving advances. Both the letter of credit sublimit and the swing line sublimit are part of, and not in addition to, the aggregate commitments under the revolving advances. Subject to certain specified conditions and additional deliveries, the Company has the option to request increases in the aggregate commitments for revolving advances and one or more additional term loans, provided that (i) the aggregate principal amount of such requests does not exceed \$500,000 and (ii) the aggregate principal amount of commitments and term loans under the credit facility does not exceed \$3,000,000. As of December 31, 2023, there are no commitments by lenders for any such increases in aggregate principal amount of revolving advances or additional term loans described in the preceding sentence. The Company has \$2,092 of debt issuance costs related to the revolver under the Credit Agreement recorded in Other assets, net in the Consolidated Balance Sheets at December 31, 2023, which are being amortized through the maturity date, or July 30, 2026. The Company is amortizing \$8,674 of debt issuance costs related to the term loan under the Credit Agreement through the maturity date.

Advances are available under the Credit Agreement in U.S. dollars and Canadian dollars. Prior to the effectiveness of the amendment to the Credit Agreement dated as of October 31, 2022 (the “First Amendment”), interest accrued on the term loan under the Credit Agreement at a rate based on London interbank rate for specified interest periods (“LIBOR”) or a base rate, at the Company’s option, plus an applicable margin. Following the effectiveness of the First Amendment, interest accrues on the term loan under the Credit Agreement at a rate based upon the secured overnight financing rate (“SOFR”) for specified interest periods (“Term SOFR”) (including for all Term SOFR loans, a credit spread adjustment of 0.10% for all applicable interest periods) or a base rate, at the Company’s option, plus an applicable margin.

Interest accrues on revolving advances under the Credit Agreement, at the Company’s option, (i) (A) prior to the effectiveness of the First Amendment, at LIBOR, (B) following the effectiveness of the First Amendment, at Term SOFR or (C) a base rate for U.S. dollar borrowings, in each case plus an applicable margin, and (ii) at the Canadian prime rate for Canadian dollar borrowings, plus an applicable margin. Canadian dollar borrowings are also available by way of bankers’ acceptances or BA equivalent notes, subject to the payment of a drawing fee. Certain fees for letters of credit in US dollars and Canadian dollars are also based on the applicable margin.

The applicable margin used in connection with interest rates and fees is based on the debt rating of the Company’s public non-credit-enhanced, senior unsecured long-term debt (the “Debt Rating”). The applicable margin for LIBOR loans (prior to the effectiveness of the First Amendment), Term SOFR loans (following the effectiveness of the First Amendment), drawing fees for bankers’ acceptances, BA equivalent notes and certain letter of credit fees ranges from 0.750% to 1.250%. The applicable margin for U.S. base rate loans, Canadian prime rate loans and swing line loans ranges from 0.00% to 0.250%. The Company will also pay a fee based on the Debt Rating on the actual daily unused amount of the aggregate revolving commitments, ranging from 0.065% to 0.150%.

The Credit Agreement contains customary benchmark replacement mechanics in connection with certain benchmark transition events, as well as customary mechanics with respect to the unavailability of a tenor of a then-current benchmark rate.

The borrowings under the Credit Agreement are unsecured and there are no subsidiary guarantors under the Credit Agreement. Proceeds from borrowings under the Credit Agreement may be used (i) to finance acquisitions, dividends or other equity distributions permitted under the Credit Agreement and (ii) for capital expenditures, working capital, payment of certain transaction fees and expenses, letters of credit and any other lawful corporate purposes. The Credit Agreement contains customary representations, warranties, covenants and events of default, including, among others, a change of control event of default and limitations on the incurrence of indebtedness and liens, new lines of business, mergers, transactions with affiliates and burdensome agreements. During the continuance of an event of default, the Lenders may take a number of actions, including, among others, declaring the entire amount then outstanding under the Credit Agreement to be due and payable. The Credit Agreement includes a financial covenant limiting, as of the last day of each fiscal quarter, the ratio of (a) Consolidated Total Funded Debt (as defined in the Credit Agreement) as of such date to (b) Consolidated EBITDA (as defined in the Credit Agreement), measured for the preceding 12 months, to not more than 3.75 to 1.00 (or 4.25 to 1.00 during material acquisition periods, subject to certain limitations). As of December 31, 2023

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and 2022, the Company was in compliance with all applicable covenants in the Credit Agreement as in effect as of the applicable date.

Term Loan Agreement

On October 31, 2022, the Company, as borrower, Bank of America, N.A., as administrative agent, and the other lenders from time to time party thereto (the “New TL Lenders”) entered into that certain Term Loan Agreement (as amended, restated, supplemented or otherwise modified from time to time, the “Term Loan Agreement”), pursuant to which the New TL Lenders made loans to the Company in an aggregate stated principal amount of \$800,000. The Company used substantially all of the proceeds of borrowings under the Term Loan Agreement to repay revolving borrowings under the Credit Agreement. Amounts borrowed under the Term Loan Agreement and repaid or prepaid may not be reborrowed. The Company is amortizing \$1,725 of debt issuance costs through the maturity date, or July 30, 2026.

Interest accrues on the term loan under the Term Loan Agreement at Term SOFR (including for all Term SOFR loans, a credit spread adjustment of 0.10% for all applicable interest periods) or a base rate, at the Company’s option, plus an applicable margin. The applicable margin used in connection with calculating interest rates and fees is based on the Company’s Debt Rating. The applicable margin for Term SOFR loans ranges from 0.750% to 1.250% per annum, and the applicable margin for base rate loans ranges from 0.00% to 0.250% per annum.

The Term Loan Agreement contains customary benchmark replacement mechanics in connection with certain benchmark transition events, as well as customary mechanics with respect to the unavailability of a tenor of a then-current benchmark rate. The borrowings under the Term Loan Agreement are unsecured and there are no subsidiary guarantors under the Term Loan Agreement.

The Term Loan Agreement contains customary representations, warranties, covenants and events of default, including, among others, a change of control event of default and limitations on the incurrence of indebtedness and liens, new lines of business, mergers, transactions with affiliates and burdensome agreements. During the continuance of an event of default, the New TL Lenders may take a number of actions, including, among others, declaring the entire amount then outstanding under the Term Loan Agreement and related loan documents to be due and payable.

The Term Loan Agreement includes a financial covenant limiting, as of the last day of each fiscal quarter, the ratio of (i) Consolidated Total Funded Debt (as defined in the Term Loan Agreement) as of such date to (b) Consolidated EBITDA (as defined in the Term Loan Agreement), measured for the preceding 12 months, to not more than 3.75 to 1.00 (or 4.25 to 1.00 during material acquisition periods, subject to certain limitations). As of December 31, 2023 and 2022, the Company was in compliance with all applicable covenants in the Term Loan Agreement.

Private Placement Notes

Pursuant to the terms and conditions of a Master Note Purchase Agreement dated as of June 1, 2016 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “2016 NPA”) between the Company and certain accredited institutional investors, the Company issued senior unsecured notes (the “2016 Private Placement Notes”) consisting of (i) \$150,000 of senior notes due June 1, 2021 (the “June 2021 Private Placement Notes”), (ii) \$200,000 of senior notes due June 1, 2023, (iii) \$150,000 of senior notes due April 20, 2024, (iv) \$400,000 of senior notes due June 1, 2026 and (v) \$250,000 of senior notes due April 20, 2027.

Pursuant to the terms and conditions of a Master Note Purchase Agreement, dated as of July 15, 2008 (as amended, restated, amended and restated, assumed, supplemented or otherwise modified from time to time, the “2008 NPA”) between the Company and certain accredited institutional investors, the Company issued senior unsecured notes (the “2008 Private Placement Notes” and together with the 2016 Private Placement Notes, the “Private Placement Notes”) consisting of (i) \$100,000 of senior notes due April 1, 2021 (the “April 2021 Private Placement Notes” and together with the June

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2021 Private Placement Notes, the “2021 Private Placement Notes”), (ii) \$125,000 of senior notes due August 20, 2022 and (iii) \$375,000 of senior notes due August 20, 2025.

The Company repaid at maturity the 2021 Private Placement Notes and repaid the other Private Placement Notes in connection with the Offering (defined below) in September 2021.

Senior Notes

On November 16, 2018, the Company completed an underwritten public offering of \$500,000 aggregate principal amount of its 4.25% Senior Notes due December 1, 2028 (the “2028 Senior Notes”). The 2028 Senior Notes were issued under the Indenture, dated as of November 16, 2018 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Indenture”), by and between the Company and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented through the First Supplemental Indenture, dated as of November 16, 2018. The Company is amortizing \$5,792 of debt issuance costs through the maturity date of the 2028 Senior Notes. The Company may redeem some or all of the 2028 Senior Notes at its option prior to September 1, 2028 (three months before the maturity date) at any time and from time to time at a redemption price equal to the greater of 100% of the principal amount of the 2028 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 2028 Senior Notes redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Commencing on September 1, 2028 (three months before the maturity date), the Company may redeem some or all of the 2028 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the 2028 Senior Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

On April 16, 2019, the Company completed an underwritten public offering of \$500,000 aggregate principal amount of its 3.50% Senior Notes due May 1, 2029 (the “2029 Senior Notes”). The 2029 Senior Notes were issued under the Indenture, as supplemented through the Second Supplemental Indenture, dated as of April 16, 2019. The Company is amortizing \$5,954 of debt issuance costs through the maturity date of the 2029 Senior Notes. The Company may redeem some or all of the 2029 Senior Notes at its option prior to February 1, 2029 (three months before the maturity date) at any time and from time to time at a redemption price equal to the greater of 100% of the principal amount of the 2029 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 2029 Senior Notes redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Commencing on February 1, 2029 (three months before the maturity date), the Company may redeem some or all of the 2029 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the 2029 Senior Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

On January 23, 2020, the Company completed an underwritten public offering of \$600,000 aggregate principal amount of 2.60% Senior Notes due February 1, 2030 (the “2030 Senior Notes”). The 2030 Senior Notes were issued under the Indenture, as supplemented through the Third Supplemental Indenture, dated as of January 23, 2020. The Company is amortizing \$5,435 of debt issuance costs through the maturity date of the 2030 Senior Notes. The Company may redeem some or all of the 2030 Senior Notes at its option prior to November 1, 2029 (three months before the maturity date) at any time and from time to time at a redemption price equal to the greater of 100% of the principal amount of the 2030 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 2030 Senior Notes redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Commencing on November 1, 2029 (three months before the maturity date), the Company may redeem some or all of the 2030 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the 2030 Senior Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

On March 13, 2020, the Company completed an underwritten public offering of \$500,000 aggregate principal amount of 3.05% Senior Notes due April 1, 2050 (the “2050 Senior Notes”). The 2050 Senior Notes were issued under the Indenture, as supplemented through the Fourth Supplemental Indenture, dated as of March 13, 2020. The Company is amortizing a \$7,375 debt discount and \$5,682 of debt issuance costs through the maturity date of the 2050 Senior Notes. The Company may redeem some or all of the 2050 Senior Notes at its option prior to October 1, 2049 (six months before

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the maturity date) at any time and from time to time at a redemption price equal to the greater of 100% of the principal amount of the 2050 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 2050 Senior Notes redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Commencing on October 1, 2049 (six months before the maturity date), the Company may redeem some or all of the 2050 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the 2050 Senior Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

On September 20, 2021, the Company completed an underwritten public offering (the “Offering”) of \$650,000 aggregate principal amount of 2.20% Senior Notes due January 15, 2032 (the “2032 Senior Notes”) and \$850,000 aggregate principal amount of 2.95% Senior Notes due January 15, 2052 (the “2052 Senior Notes”). The 2032 Senior Notes and the 2052 Senior Notes were issued under the Indenture, as supplemented through the Fifth Supplemental Indenture, dated as of September 20, 2021. The Company is amortizing a \$1,066 debt discount and \$5,979 of debt issuance costs through the maturity date of the 2032 Senior Notes and a \$12,742 debt discount and \$9,732 of debt issuance costs through the maturity date of the 2052 Senior Notes. The Company may, prior to October 15, 2031 (three months before the maturity date), redeem some or all of the 2032 Senior Notes, at any time and from time to time, at a redemption price equal to the greater of 100% of the principal amount of the 2032 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 2032 Senior Notes redeemed. Commencing on October 15, 2031 (three months before the maturity date), the Company may redeem some or all of the 2032 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the 2032 Senior Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date. The Company may, prior to July 15, 2051 (six months before the maturity date), redeem some or all of the 2052 Senior Notes, at any time and from time to time, at a redemption price equal to the greater of 100% of the principal amount of the 2052 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 2052 Senior Notes redeemed. Commencing on July 15, 2051 (six months before the maturity date), the Company may redeem some or all of the 2052 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the 2052 Senior Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

In connection with the Offering, the Company exercised its right to repay the \$1,500,000 of Private Placement Notes then outstanding governed by the 2008 NPA and the 2016 NPA. The Company repaid the Private Placement Notes then outstanding, including the \$110,617 make-whole premium, with the net proceeds from the Offering and borrowings under the revolving credit facility provided under its Credit Agreement. The Company recorded \$115,288 to Loss on early extinguishment of debt during the year ended December 31, 2021 due to the repayment of the Private Placement Notes and associated make-whole premium and related fees.

On March 9, 2022, the Company completed an underwritten public offering of \$500,000 aggregate principal amount of its 3.20% Senior Notes due June 1, 2032 (the “New 2032 Senior Notes”). The New 2032 Senior Notes were issued under the Indenture, as supplemented through the Sixth Supplemental Indenture, dated as of March 9, 2022. The Company is amortizing a \$375 debt discount and \$4,668 of debt issuance costs through the maturity date of the New 2032 Senior Notes. The Company may redeem some or all of the New 2032 Senior Notes at its option prior to March 1, 2032 (three months before the maturity date) (the “New 2032 Senior Notes Par Call Date”), at any time and from time to time at a redemption price equal to the greater of 100% of the principal amount of the New 2032 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the New 2032 Senior Notes redeemed discounted to the redemption date (assuming the New 2032 Senior Notes matured on the New 2032 Senior Notes Par Call Date), plus, in either case, accrued and unpaid interest thereon to the redemption date. Commencing on March 1, 2032 (three months before the maturity date), the Company may redeem some or all of the New 2032 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the New 2032 Senior Notes being redeemed plus accrued and unpaid interest thereon to the redemption date.

On August 18, 2022, the Company completed an underwritten public offering of \$750,000 aggregate principal amount of its 4.20% Senior Notes due January 15, 2033 (the “2033 Senior Notes” and, together with the 2028 Senior Notes, the 2029 Senior Notes, the 2030 Senior Notes, the 2032 Senior Notes, the New 2032 Senior Notes, the 2050 Senior Notes and

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the 2052 Senior Notes, the “Senior Notes”). The 2033 Senior Notes were issued under the Indenture, as supplemented through the Seventh Supplemental Indenture, dated as of August 18, 2022. The Company is amortizing a \$2,040 debt discount and \$6,878 of debt issuance costs through the maturity date of the 2033 Senior Notes. The Company may redeem some or all of the 2033 Senior Notes at its option prior to October 15, 2032 (three months before the maturity date) (the “2033 Senior Notes Par Call Date”), at any time and from time to time at a redemption price equal to the greater of 100% of the principal amount of the 2033 Senior Notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the 2033 Senior Notes redeemed discounted to the redemption date (assuming the 2033 Senior Notes matured on the 2033 Senior Notes Par Call Date), plus, in either case, accrued and unpaid interest thereon to the redemption date. Commencing on October 15, 2032 (three months before the maturity date), the Company may redeem some or all of the 2033 Senior Notes, at any time and from time to time, at a redemption price equal to the principal amount of the 2033 Senior Notes being redeemed plus accrued and unpaid interest thereon to the redemption date.

The Company pays interest on the Senior Notes semi-annually in arrears. The Senior Notes are the Company’s senior unsecured obligations, ranking equally in right of payment with its existing and future unsubordinated debt and senior to any of its future subordinated debt. The Senior Notes are not guaranteed by any of the Company’s subsidiaries.

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

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

The covenants in the Indenture include limitations on liens, sale-leaseback transactions and mergers and sales of all or substantially all of the Company’s assets. The Indenture also includes customary events of default with respect to the Senior Notes. As of December 31, 2023 and 2022, the Company was in compliance with all applicable covenants in the Indenture as in effect on the applicable date.

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

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As of December 31, 2023, aggregate contractual future principal payments by calendar year on long-term debt are due as follows:

2024	\$ 26,462
2025	7,355
2026	1,909,946
2027	5,447
2028	504,642
Thereafter	4,358,201
	<u>\$ 6,812,053</u>

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The Company's financial assets and liabilities recorded at fair value on a recurring basis include derivative instruments and restricted cash and investments. At December 31, 2023 and 2022, the Company's derivative instruments included pay-fixed, receive-variable interest rate swaps. The Company's interest rate swaps are recorded at their estimated fair values based on quotes received from financial institutions that trade these contracts. The Company verifies the reasonableness of these quotes using similar quotes from another financial institution as of each date for which financial statements are prepared. For the Company's interest rate swaps, the Company also considers the Company's creditworthiness in its determination of the fair value measurement of these instruments in a net liability position and the counterparties' creditworthiness in its determination of the fair value measurement of these instruments in a net asset position. The Company's restricted cash is valued at quoted market prices in active markets for identical assets, which the Company receives from the financial institutions that hold such investments on its behalf. The Company's restricted cash measured at fair value is invested primarily in money market accounts, bank time deposits and U.S. government and agency securities. The Company's restricted investments are valued at quoted market prices in active markets for similar assets, which the Company receives from the financial institutions that hold such investments on its behalf. The Company's restricted investments measured at fair value are invested primarily in money market accounts, bank time deposits, U.S. government and agency securities and Canadian bankers' acceptance notes.

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The Company's assets and liabilities measured at fair value on a recurring basis at December 31, 2023 and 2022, were as follows:

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

Fair Value Measurement at December 31, 2022 Using				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Interest rate swap derivative instruments – net asset position	\$ 31,807	\$ —	\$ 31,807	\$ —
Restricted cash	\$ 102,727	\$ 102,727	\$ —	\$ —
Restricted investments	\$ 66,402	\$ —	\$ 66,402	\$ —
Contingent consideration	\$ (81,415)	\$ —	\$ —	\$ (81,415)

The following table summarizes the changes in the fair value for Level 3 liabilities related to contingent consideration for the years ended December 31, 2023 and 2022:

	Years Ended December 31,	
	2023	2022
Beginning balance	\$ 81,415	\$ 94,308
Contingent consideration recorded at acquisition date	13,450	6,642
Payment of contingent consideration recorded at acquisition date	(13,317)	(16,911)
Payment of contingent consideration recorded in earnings	—	(2,982)
Adjustments to contingent consideration	30,367	(1,030)
Interest accretion expense	3,115	1,417
Foreign currency translation adjustment	—	(29)
Ending balance	<u>\$ 115,030</u>	<u>\$ 81,415</u>

13. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

Financial Surety Bonds

The Company uses financial surety bonds for a variety of corporate guarantees. The two largest uses of financial surety bonds are for municipal contract performance guarantees and asset closure and retirement requirements under certain environmental regulations. Environmental regulations require demonstrated financial assurance to meet final capping, closure and post-closure requirements for landfills. In addition to surety bonds, these requirements may also be

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met through alternative financial assurance instruments, including insurance, letters of credit and restricted cash and investment deposits.

At December 31, 2023 and 2022, the Company had provided customers and various regulatory authorities with surety bonds in the aggregate amounts of approximately \$901,283 and \$811,243, respectively, to secure its asset closure and retirement requirements and \$743,816 and \$636,224, respectively, to secure performance under collection contracts and landfill operating agreements.

The Company owns a 9.9% interest in a company that, among other activities, issues financial surety bonds to secure landfill final capping, closure and post-closure obligations for companies operating in the solid waste industry. The Company accounts for this investment under the cost method of accounting. There have been no identified events or changes in circumstances that may have a significant adverse effect on the carrying value of the investment. This investee company and the parent company of the investee have written financial surety bonds for the Company, of which \$470,416 and \$424,379 were outstanding as of December 31, 2023 and 2022, respectively. The Company's reimbursement obligations under these bonds are secured by a pledge of its stock in the investee company.

Unconditional Purchase Obligations

At December 31, 2023, the Company's unconditional purchase obligations consist of multiple fixed-price fuel purchase contracts under which it has 56.8 million gallons remaining to be purchased for a total of \$175,743. These fuel purchase contracts expire on or before September 30, 2029. During the years ended December 31, 2023, 2022 and 2021, the Company paid \$145,598, \$112,136 and \$100,220, respectively, under the respective fuel purchase contracts then outstanding.

As of December 31, 2023, future minimum purchase commitments, by calendar year, are as follows:

2024	\$ 139,459
2025	33,013
2026	1,563
2027	621
2028	621
Thereafter	466
	<u>\$ 175,743</u>

CONTINGENCIES

Environmental Risks

The Company expenses costs incurred to investigate and remediate environmental issues unless they extend the economic useful lives of the related assets. The Company records liabilities when it is probable that an obligation has been incurred and the amounts can be reasonably estimated. The remediation reserves cover anticipated costs, including remediation of environmental damage that waste facilities may have caused to neighboring landowners or residents as a result of contamination of soil, groundwater or surface water, including damage resulting from conditions existing prior to the Company's acquisition of such facilities. The Company's estimates are based primarily on investigations and remediation plans established by independent consultants, regulatory agencies and potentially responsible third parties. The Company does not discount remediation obligations. At December 31, 2023 and 2022, the current portion of remediation reserves was \$10,860 and \$3,165, respectively, which is included in Accrued liabilities in the Consolidated Balance Sheets. At December 31, 2023 and 2022, the long-term portion of remediation reserves was \$4,289 and \$17,284, respectively, which is included in Other long-term liabilities in the Consolidated Balance Sheets. Any substantial increase

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in the liabilities for remediation of environmental damage incurred by the Company could have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Legal Proceedings

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

In addition, the Company is a party to various claims and suits pending for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the normal operation of the Company's business. Except as noted in the matters described below, as of December 31, 2023, there is no current proceeding or litigation involving the Company or its property that the Company believes could have a material adverse effect on its business, financial condition, results of operations or cash flows.

Jefferson Parish, Louisiana Landfill Litigation

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

In July and August 2018, four separate lawsuits seeking class action status were filed against LRLC and certain other Company subsidiaries, the Parish, and Aptim Corporation in Louisiana state court, and subsequently removed to the United States District Court for the Eastern District of Louisiana, before Judge Susie Morgan in New Orleans. The Court later consolidated the claims of the putative class action plaintiffs. Beginning in December 2018, a series of 11 substantively identical mass actions were filed in Louisiana state court against LRLC and certain other Company subsidiaries, the Parish, and Aptim Corporation. The claims of the mass action plaintiffs were removed to and consolidated in federal court in the Eastern District of Louisiana, also before Judge Susie Morgan (the "Addison" action). On December 19, 2023, 52 plaintiffs filed a mass action in the federal district court of the Eastern District of Louisiana, *Arcenaux v. Louisiana Regional Landfill Company, et al.* The complaint is substantially identical to the consolidated *Addison* action (which together with *Arcenaux* now totals 596 plaintiffs), asserting the same causes of action against the same defendants, but was filed by a new law firm. Neither the Company nor the other defendants have been served in the *Arcenaux* action.

The putative class actions and the *Addison* and *Arcenaux* mass actions assert claims for damages from odors allegedly emanating from the JP Landfill. The consolidated putative class action complaint alleges that the JP Landfill released "noxious odors" into the plaintiffs' properties and the surrounding community and asserts a range of liability theories—nuisance, negligence (since dismissed), and strict liability—against all defendants. The putative class is described currently as Jefferson Parish residents suffering an injury as a result of exposure to odors from the Landfill, who live in a delineated area that expands roughly five miles from the Landfill in a northerly and easterly direction. The putative class plaintiffs propose that a class be certified on liability and allocation issues and that specific causation be left for individual determination. Following the completion of fact and expert discovery, the putative class plaintiffs will be able to file an

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amended motion for class certification. The putative class plaintiffs seek unspecified damages. The *Addison* and *Arcenaux* plaintiffs assert causes of action for nuisance, negligence, and (with respect to the Parish) unconstitutional takings under the Louisiana Constitution; on behalf of two plaintiffs, the *Addison* complaint also asserts causes of action for wrongful death and survivorship.

The Court held an eight-day trial on general causation during January and February 2022.

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

After the general causation decision, the Court entered a case management order on April 17, 2023 that scheduled a trial of a subset of 13 *Addison* plaintiffs' cases on the merits, prior to class certification being determined as to the putative class case. The Company objected to and opposed that sequence by motion, which the Court denied.

On April 17, 2023, the Company and the other Defendants filed a petition for a writ of mandamus from the Fifth Circuit Court of Appeals challenging the April 17 case management order's sequencing of a merits trial before class certification. On August 24, 2023 the Fifth Circuit denied the Company's petition for a writ of mandamus. Following the Fifth Circuit's decision, the Court has ordered the following key deadlines: (i) the Parties will complete briefing of class certification by June 26, 2024; and (ii) the Parties will commence a three-week merits trial on the first 13 *Addison* plaintiffs on August 12, 2024.

The Company has already obtained dismissal of approximately one third of the original *Addison* plaintiffs, and believes it has defenses to the merits of the *Addison* and *Arcenaux* actions, including specific causation issues due to other odor sources in the area. The Company also believes it has defenses to certification of the putative class actions. The Company is continuing to vigorously defend itself in these lawsuits; however, at this time, the Company is not able to determine the likelihood of any outcome regarding the underlying claims, including the allocation of any potential liability among the Company, the Parish, and Aptim Corporation.

Los Angeles County, California Landfill Expansion Litigation

A. Chiquita Canyon, LLC Lawsuit Against Los Angeles County

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

After many years of reviews and delays, upon the recommendation of County staff, the County's Regional Planning Commission (the "Commission") approved the Application on April 19, 2017, but imposed operating conditions, fees and

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exactions that substantially reduced the historical landfill operations and represented a large increase in aggregate taxes and fees. CCL objected to many of the requirements imposed by the Commission. Current estimates for new costs imposed on CCL under the CUP are in excess of \$300,000.

CCL appealed the Commission's decision to the County Board of Supervisors, but the appeal was not successful. At a subsequent hearing, on July 25, 2017, the Board of Supervisors approved the CUP. On October 20, 2017, CCL filed in the Superior Court of California, County of Los Angeles a verified petition for writ of mandate and complaint against the County and the County Board of Supervisors captioned Chiquita Canyon, LLC v. County of Los Angeles, No. BS171262 (Los Angeles Co. Super Ct.) (the "Complaint"). The Complaint challenges the terms of the CUP in 13 counts generally alleging that the County violated multiple California and federal statutes and California and federal constitutional protections. CCL seeks the following relief: (a) an injunction and writ of mandate against certain of the CUP's operational restrictions, taxes and fees, (b) a declaration that the challenged conditions are unconstitutional and in violation of state and federal statutes, (c) reimbursement for any such illegal fees paid under protest, (d) damages, (e) an award of just compensation for a taking, (f) attorney fees, and (g) all other appropriate legal and equitable relief.

Following extensive litigation in 2018 and 2019 on the permissible scope of CCL's challenge, the Superior Court issued its decision on July 2, 2020, granting CCL's petition for writ of mandate in part and denying it in part. CCL prevailed with respect to 12 of the challenged conditions, many of which imposed new fees and exactions on the CC Landfill. On October 11, 2022, CCL and the County entered into a settlement agreement that requires CCL to file a CUP modification application with the County embodying the terms of the settlement agreement. CCL filed the CUP modification application on November 10, 2022, and an addendum to CCL's environmental impact report in accordance with the California Environmental Quality Act on January 12, 2024. Upon completion of review by the County, the CUP modification application will be scheduled for a hearing before the Los Angeles County Regional Planning Commission. If the CUP modification application is approved by the County and certain other contingencies are satisfied, CCL will dismiss this lawsuit. However, at this time, the Company is not able to determine the likelihood of any outcome in this matter.

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

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

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

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South Coast Air Quality Management District Hearing Board Case No. 6177-4 and Elevated Temperature Landfill Event

Beginning in May 2023, the Company's subsidiary, Chiquita Canyon, LLC ("CCL"), received notices of violation ("NOVs") from the South Coast Air Quality Management District ("SCAQMD") for alleged violations of Section 41700 of the California Health & Safety Code and SCAQMD Rule 402 based on complaints from the public of odors from the Chiquita Canyon Landfill (the "Landfill"), which SCAQMD inspectors stated that they verified. Each Rule 402 NOV alleges the Landfill is "discharging such quantities of air contaminants to cause injury, detriment, nuisance or annoyance to a considerable number of persons." CCL's retained expert consultants in Elevated Temperature Landfill Events ("ETLF") have attributed these violations to an ETLF that is occurring in a non-active area of the Landfill.

Since May 2023, CCL has received approximately 122 NOVs for alleged violations of SCAQMD Rule 402. CCL has also received three additional NOVs from SCAQMD alleging violations of other SCAQMD rules and Chiquita's Title V permit. These additional NOVs appear related to the increase in liquids and landfill gas caused by the ETLF. At this time, CCL is not able to determine the likely penalty SCAQMD will seek for these NOVs, but it is likely to be substantial. CCL also is incurring substantial costs in conjunction with efforts to address the ETLF and attendant odors.

On August 15, 2023, SCAQMD petitioned its Hearing Board for an Order for Abatement in Hearing Board Case No. 6177-4 to address the Rule 402 NOVs issued by SCAQMD inspectors as a result of the ETLF. SCAQMD and CCL negotiated a Stipulated Order for Abatement (the "Stipulated Order"), requiring CCL to comply with 40 conditions designed to address and abate the odor issues. The SCAQMD Hearing Board issued the Stipulated Order on September 6, 2023. Chiquita has been and is continuing to comply with the Stipulated Order.

On November 3, 2023, SCAQMD petitioned for a status/modification hearing before the Hearing Board to modify the Stipulated Order in light of alleged leachate seepage at the Landfill, another impact of the ETLF. SCAQMD and CCL negotiated modifications to the Stipulated Order, which the SCAQMD Hearing Board approved after a hearing held on January 16 and 17, 2024. The modified Stipulated Order contains 56 conditions designed to address and abate the odor issues. A status hearing is scheduled for April 24 and 25, 2024. At this time, the Company is not able to determine the likelihood of any outcome of the resolution of the NOVs in this matter, including the amount of penalties.

Collective Bargaining Agreements

Sixteen of the Company's collective bargaining agreements have expired or are set to expire in 2024. The Company does not expect any significant disruption in its overall business in 2024 as a result of labor negotiations, employee strikes or organizational efforts.

14. SHAREHOLDERS' EQUITY

Employee Share Purchase Plan

On May 15, 2020, the Company's shareholders approved the ESPP. Under the ESPP, qualified employees may elect to have payroll deductions withheld from their eligible compensation on each payroll date in amounts equal to or greater than one percent (1%) but not in excess of ten percent (10%) of eligible compensation in order to purchase the Company's common shares under certain terms and subject to certain restrictions set forth in the ESPP. The exercise price is equal to 95% of the closing price of the Company's common shares on the last day of the relevant offering period; provided, however, that such exercise price will not be less than 85% of the volume weighted average price of the Company's common shares as reflected on the TSX over the final five trading days of such offering period. The maximum number of shares that may be issued under the ESPP is 1,000,000. Under the ESPP, employees purchased 29,808 of the Company's common shares for \$3,909 during the year ended December 31, 2023. Under the ESPP, employees purchased 26,582 of the Company's common shares for \$3,270 during the year ended December 31, 2022. Under the ESPP, employees purchased 10,813 of the Company's common shares for \$1,222 during the year ended December 31, 2021.

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Cash Dividend

The Board of Directors of the Company authorized the initiation of a quarterly cash dividend in October 2010 and has increased it on an annual basis. In October 2023, the Company announced that its Board of Directors increased its regular quarterly cash dividend by \$0.03, from \$0.255 to \$0.285 per Company common share. Cash dividends of \$270,604, \$243,013 and \$220,203 were paid during the years ended December 31, 2023, 2022 and 2021, respectively.

Normal Course Issuer Bid

On July 25, 2023, the Board of Directors of the Company approved, subject to receipt of regulatory approvals, the annual renewal of the Company's normal course issuer bid (the "NCIB") to purchase up to 12,881,534 of the Company's common shares during the period of August 10, 2023 to August 9, 2024 or until such earlier time as the NCIB is completed or terminated at the option of the Company. The renewal followed the conclusion of the Company's NCIB that expired August 9, 2023. The Company received TSX approval for its annual renewal of the NCIB on August 8, 2023. Under the NCIB, the Company may make share repurchases only in the open market, including on the NYSE, the TSX, and/or alternative Canadian trading systems, at the prevailing market price at the time of the transaction.

In accordance with TSX rules, any daily repurchases made through the TSX and alternative Canadian trading systems is limited to a maximum of 63,103 common shares, which represents 25% of the average daily trading volume on the TSX of 252,412 common shares for the period from February 1, 2023 to July 31, 2023. The TSX rules also allow the Company to purchase, once a week, a block of common shares not owned by any insiders, which may exceed such daily limit. The maximum number of shares that can be purchased per day on the NYSE will be 25% of the average daily trading volume for the four calendar weeks preceding the date of purchase, subject to certain exceptions for block purchases.

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

For the year ended December 31, 2023, the Company did not repurchase any common shares pursuant to the NCIB in effect during that period. For the year ended December 31, 2022, the Company repurchased 3,388,155 common shares pursuant to the NCIB in effect during that period at an aggregate cost of \$424,999. For the year ended December 31, 2021, the Company repurchased 3,003,822 common shares pursuant to the NCIB in effect during that period at an aggregate cost of \$338,993. As of December 31, 2023, the remaining maximum number of shares available for repurchase under the NCIB was 12,881,534.

Common Shares

The Company is authorized to issue an unlimited number of common shares, that have no par value, and uses reserved but unissued common shares to satisfy its obligations under its equity-based compensation plans. As of December 31, 2023, the Company has reserved the following common shares for issuance:

For outstanding RSUs, PSUs and warrants	2,062,801
For future grants under the 2016 Incentive Award Plan	2,683,803
For future grants under the Employee Share Purchase Plan	917,371
	<u>5,663,975</u>

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Common Shares Held in Trust

Common shares held in trust at December 31, 2023 consist of 59,442 shares of the Company held in a trust that were acquired by Progressive Waste prior to June 1, 2016 for the benefit of its U.S. and Canadian employees participating in certain share-based compensation plans. A total of 735,171 common shares were held in the trust on June 1, 2016 when it was acquired by the Company in the Progressive Waste acquisition. Common shares held in trust are classified as treasury shares in the Company's Consolidated Balance Sheets. The Company will sell shares out of the trust and remit cash or shares to employees and non-employee directors as restricted share units vest and deferred share units settle, under the Progressive Waste share-based compensation plans that were continued by the Company. During the years ended December 31, 2023, 2022 and 2021, the Company sold 6,017, 5,203 and 3,522 common shares held in the trust, respectively, to settle vested restricted share units and deferred share units.

Special Shares

The Company is authorized to issue an unlimited number of special shares. Holders of special shares are entitled to one vote in matters of the Company for each special share held. The special shares carry no right to receive dividends or to receive the remaining property or assets of the Company upon dissolution or wind-up. At December 31, 2023, 2022 and 2021, no special shares were issued.

Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares, issuable in series. Each series of preferred shares issued shall have rights, privileges, restrictions and conditions as determined by the Board of Directors prior to their issuance. Preferred shareholders are not entitled to vote, but take preference over the common shareholders rights in the remaining property and assets of the Company in the event of dissolution or wind-up. At December 31, 2023, 2022 and 2021, no preferred shares were issued.

Restricted Share Units, Performance-Based Restricted Share Units, Share Options and Share Purchase Warrants

In connection with the Progressive Waste acquisition, each Waste Connections US, Inc. restricted stock unit award, deferred restricted stock unit award and warrant outstanding immediately prior to the Progressive Waste acquisition was automatically converted into a restricted share unit award, deferred restricted share unit award or warrant, as applicable, relating to an equal number of common shares of the Company, on the same terms and conditions as were applicable immediately prior to the Progressive Waste acquisition under such equity award. Such conversion of equity awards was approved by the Company's shareholders at its shareholder meeting as part of the shareholders' approval of the Progressive Waste acquisition. At its meeting on June 1, 2016, the Company's Board of Directors approved the assumption by the Company of the Waste Connections US, Inc. 2014 Incentive Plan Award (the "2014 Plan"), the Waste Connections US, Inc. Third Amended and Restated 2004 Equity Incentive Plan (the "2004 Plan"), and the Waste Connections US, Inc. Consultant Incentive Plan (the "Consultant Plan," and, together with the 2014 Plan and the 2004 Plan, the "Assumed Plans") for the purposes of administering the Assumed Plans and the awards issued thereunder. No additional awards will be made under any of the Assumed Plans. Upon the vesting, expiration, exercise in accordance with their terms or other settlement of all of the awards made pursuant to an Assumed Plan, such Assumed Plan shall automatically terminate. The 2014 Plan and the Consultant Plan have each automatically terminated.

Participation in the 2004 Plan was limited to employees, officers, directors and consultants. Restricted share units ("RSUs") granted under the 2004 Plan generally vest in installments pursuant to a vesting schedule set forth in each agreement. The Board of Directors authorized the granting of awards under the 2004 Plan, and determined the employees and consultants to whom such awards were to be granted, the number of shares subject to each award, and the exercise price, term, vesting schedule and other terms and conditions of each award. RSU awards granted under the plan did not require any cash payment from the participant to whom an award was made. No grants have been made under the 2004 Plan since May 16, 2014 pursuant to the approval by the stockholders of the 2014 Plan on such date.

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On June 1, 2016, the Company's Board of Directors adopted the 2016 Incentive Award Plan (the "2016 Plan"), which was approved by Progressive Waste's shareholders on May 26, 2016. On each of July 24, 2017 and 2018, the Board of Directors approved certain housekeeping amendments to the 2016 Plan. The 2016 Plan, as amended, is administered by the Company's Compensation Committee and provides that the aggregate number of common shares which may be issued from treasury pursuant to awards made under the 2016 Plan is 7,500,000 common shares. Awards under the 2016 Plan may be made to employees, consultants and non-employee directors and may be made in the form of options, warrants, restricted shares, restricted share units, performance awards (which may be paid in cash, common shares, or a combination thereof), dividend equivalent awards (representing a right of the holder thereof to receive the equivalent value (which may be paid in cash or common shares) of dividends paid on common shares), and share payments (a payment in the form of common shares or an option or other right to purchase common shares as part of a bonus, defined compensation or other arrangement). Non-employee directors are also eligible to receive deferred share units, which represent the right to receive a cash payment or its equivalent in common shares (or a combination of cash and common shares), or which may at the time of grant be expressly limited to settlement only in cash and not in common shares.

Restricted Share Units

A summary of the Company's RSU activity is presented below:

	Years Ended December 31,		
	2023	2022	2021
Weighted average grant-date fair value of restricted share units granted	\$ 133.65	\$ 121.26	\$ 100.27
Total fair value of restricted share units vested	\$ 39,754	\$ 28,751	\$ 26,711

A summary of activity related to RSUs during the year ended December 31, 2023, is presented below:

	Unvested Shares	Weighted-Average
		Grant Date Fair Value Per Share
Outstanding at December 31, 2022	955,999	\$ 109.29
Granted	414,309	\$ 133.65
Forfeited	(55,920)	\$ 122.22
Vested and issued	(378,121)	\$ 105.14
Outstanding at December 31, 2023	936,267	\$ 120.97

Recipients of the Company's RSUs who participate in the Company's Nonqualified Deferred Compensation Plan may have elected in years prior to 2015 to defer some or all of their RSUs as they vest until a specified date or dates they choose. At the end of the deferral periods, unless a qualified participant makes certain other elections, the Company issues to recipients who deferred their RSUs common shares of the Company underlying the deferred RSUs. At December 31, 2023, 2022 and 2021, the Company had 49,129, 81,352 and 100,861 vested deferred RSUs outstanding, respectively.

Performance-Based Restricted Share Units

A summary of the Company's PSU activity is presented below:

	Years Ended December 31,		
	2023	2022	2021
Weighted average grant-date fair value of PSUs granted	\$ 133.83	\$ 117.94	\$ 96.99
Total fair value of PSUs vested	\$ 20,196	\$ 4,674	\$ 10,954

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A summary of activity related to PSUs during the year ended December 31, 2023, is presented below:

	<u>Unvested Shares</u>	<u>Weighted-Average Grant Date Fair Value Per Share</u>
Outstanding at December 31, 2022	341,850	\$ 103.53
Granted	113,347	\$ 133.83
Vested and issued	(195,665)	\$ 103.22
Outstanding at December 31, 2023	<u>259,532</u>	\$ 113.68

During the year ended December 31, 2023, the Company's Compensation Committee granted PSUs with three-year performance-based metrics that the Company must meet before those awards may be earned, and the performance period for those grants ends on December 31, 2025. During the year ended December 31, 2022, the Company's Compensation Committee granted PSUs with three-year performance-based metrics that the Company must meet before those awards may be earned, and the performance period for those grants ends on December 31, 2024. During the year ended December 31, 2021, the Company's Compensation Committee granted PSUs with three-year performance-based metrics that the Company was required to meet before those awards were earned, and the performance period for those grants ended on December 31, 2023. The Compensation Committee determines the achievement of performance results and corresponding vesting of PSUs for each performance period.

Share Purchase Warrants

The Company has outstanding share purchase warrants issued under the 2016 Plan. Warrants to purchase the Company's common shares were issued to certain consultants to the Company. Warrants issued were fully vested and exercisable at the date of grant. Warrants outstanding at December 31, 2023, expire between 2024 and 2028.

A summary of warrant activity during the year ended December 31, 2023, is presented below:

	<u>Warrants</u>	<u>Weighted-Average Exercise Price</u>
Outstanding at December 31, 2022	854,630	\$ 122.81
Granted	129,557	\$ 136.58
Forfeited	(137,997)	\$ 112.58
Exercised	(28,317)	\$ 89.98
Outstanding at December 31, 2023	<u>817,873</u>	\$ 127.85

The following table summarizes information about warrants outstanding as of December 31, 2023 and 2022:

<u>Grant Date</u>	<u>Warrants Issued</u>	<u>Exercise Price</u>	<u>Fair Value of Warrants Issued</u>	<u>Outstanding at December 31,</u>	
				<u>2023</u>	<u>2022</u>
Throughout 2018	163,995	\$70.91 to \$80.90	\$ 2,591	—	45,024
Throughout 2019	151,008	\$74.25 to \$95.61	\$ 2,634	25,490	66,977
Throughout 2020	164,890	\$72.65 to \$104.89	\$ 3,140	145,586	146,386
Throughout 2021	218,166	\$99.33 to \$135.97	\$ 5,584	191,155	215,765
Throughout 2022	380,478	\$125.32 to \$143.95	\$ 12,972	326,085	380,478
Throughout 2023	129,557	\$129.75 to \$142.93	\$ 5,133	129,557	—
				<u>817,873</u>	<u>854,630</u>

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Deferred Share Units

A summary of the Company's deferred share units ("DSUs") activity is presented below:

	Years Ended December 31,		
	2023	2022	2021
Weighted average grant-date fair value of DSUs granted	\$ 136.47	\$ 121.00	\$ 99.80
Total fair value of DSUs awarded	\$ 538	\$ 253	\$ 285

The DSUs consist of a combination of DSU grants outstanding under the Progressive Waste share-based compensation plans that were continued by the Company following the Progressive Waste acquisition and DSUs granted by the Company since the Progressive Waste acquisition.

A summary of activity related to DSUs during the year ended December 31, 2023, is presented below:

	Vested Shares	Weighted-Average Grant Date Fair Value Per Share
Outstanding at December 31, 2022	26,536	\$ 68.55
Granted	3,945	\$ 136.47
Outstanding at December 31, 2023	30,481	\$ 77.34

Other Restricted Share Units

RSU grants outstanding under the Progressive Waste share-based compensation plans were continued by the Company following the Progressive Waste acquisition and allow for the issuance of shares or cash settlement to employees upon vesting. A summary of activity related to Progressive Waste RSUs during the year ended December 31, 2023, is presented below:

Outstanding at December 31, 2022	57,829
Cash settled	(6,017)
Outstanding at December 31, 2023	51,812

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

Share-Based Options

Share-based options outstanding under the Progressive Waste share-based compensation plans were continued by the Company following the Progressive Waste acquisition and allow for the issuance of shares or cash settlement to employees upon vesting. A summary of activity related to Progressive Waste share-based options during the year ended December 31, 2023, is presented below:

Outstanding at December 31, 2022	43,570
Cash settled	(11,774)
Expired	(31,796)
Outstanding at December 31, 2023	—

No share-based options under the Progressive Waste share-based compensation plans were granted subsequent to June 1, 2016. All outstanding share-based options were vested as of December 31, 2017.

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15. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) includes changes in the fair value of interest rate swaps that qualify for hedge accounting. The components of other comprehensive income (loss) and related tax effects for the years ended December 31, 2023, 2022 and 2021, are as follows:

	Year Ended December 31, 2023		
	Gross	Tax Effect	Net of Tax
Interest rate swap amounts reclassified into interest expense	\$ (19,607)	\$ 5,196	\$ (14,411)
Changes in fair value of interest rate swaps	10,588	(2,806)	7,782
Foreign currency translation adjustment	53,633	—	53,633
	<u>\$ 44,614</u>	<u>\$ 2,390</u>	<u>\$ 47,004</u>

	Year Ended December 31, 2022		
	Gross	Tax Effect	Net of Tax
Interest rate swap amounts reclassified into interest expense	\$ 6,551	\$ (1,736)	\$ 4,815
Changes in fair value of interest rate swaps	76,336	(20,229)	56,107
Foreign currency translation adjustment	(157,336)	—	(157,336)
	<u>\$ (74,449)</u>	<u>\$ (21,965)</u>	<u>\$ (96,414)</u>

	Year Ended December 31, 2021		
	Gross	Tax Effect	Net of Tax
Interest rate swap amounts reclassified into interest expense	\$ 20,321	\$ (5,385)	\$ 14,936
Changes in fair value of interest rate swaps	23,287	(6,171)	17,116
Foreign currency translation adjustment	8,183	—	8,183
	<u>\$ 51,791</u>	<u>\$ (11,556)</u>	<u>\$ 40,235</u>

A roll forward of the amounts included in AOCIL, net of taxes, is as follows:

	Interest Rate Swaps	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2021	\$ (37,544)	\$ 77,128	\$ 39,584
Amounts reclassified into earnings	4,815	—	4,815
Changes in fair value	56,107	—	56,107
Foreign currency translation adjustment	—	(157,336)	(157,336)
Balance at December 31, 2022	23,378	(80,208)	(56,830)
Amounts reclassified into earnings	(14,411)	—	(14,411)
Changes in fair value	7,782	—	7,782
Foreign currency translation adjustment	—	53,633	53,633
Balance at December 31, 2023	<u>\$ 16,749</u>	<u>\$ (26,575)</u>	<u>\$ (9,826)</u>

16. INCOME TAXES

The Company's operations are conducted through its various subsidiaries in countries throughout the world. The Company has provided for income taxes based upon the tax laws and rates in the countries in which operations are conducted and income is earned.

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Income before provision for income taxes consists of the following:

	Years Ended December 31,		
	2023	2022	2021
U.S.	\$ 622,041	\$ 734,126	\$ 574,737
Non – U.S.	361,460	314,837	196,005
Income before income taxes	<u>\$ 983,501</u>	<u>\$ 1,048,963</u>	<u>\$ 770,742</u>

The provision for income taxes consists of the following:

	Years Ended December 31,		
	2023	2022	2021
Current:			
U.S. Federal	\$ 120,420	\$ 59,675	\$ 71,180
State	50,713	28,770	34,439
Non – U.S.	43,213	31,036	32,071
	<u>214,346</u>	<u>119,481</u>	<u>137,690</u>
Deferred:			
U.S. Federal	14,130	95,397	51,534
State	(1,931)	16,840	5,093
Non – U.S.	(5,870)	(18,756)	(42,064)
	<u>6,329</u>	<u>93,481</u>	<u>14,563</u>
Provision for income taxes	<u>\$ 220,675</u>	<u>\$ 212,962</u>	<u>\$ 152,253</u>

The Company is organized under the laws of Ontario, Canada; however, since the proportion of U.S. revenues, assets, operating income and associated tax provisions is significantly greater than any other single taxing jurisdiction within the worldwide group, the reconciliation of the differences between the Company's income tax provision as presented in the accompanying Consolidated Statements of Net Income and income tax provision computed at the federal statutory rate is presented on the basis of the U.S. federal statutory income tax rate of 21%, as opposed to the Canadian statutory rate of approximately 27% to provide a more meaningful insight into those differences. The items shown in the following table are a percentage of pre-tax income:

	Years Ended December 31,		
	2023	2022	2021
U.S. federal statutory rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	4.3	4.2	4.7
Deferred income tax liability adjustments	0.3	—	0.3
Effect of international operations	(3.9)	(4.0)	(6.3)
Other	0.7	(0.9)	0.1
	<u>22.4 %</u>	<u>20.3 %</u>	<u>19.8 %</u>

The comparability of the Company's income tax provision for the reported periods has been affected by variations in its income before income taxes.

The effects of international operations are primarily due to a portion of the Company's income from internal financing that is taxed at effective rates substantially lower than the U.S. federal statutory rate.

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The significant components of deferred income tax assets and liabilities, reduced by valuation allowances as applicable, are presented below:

	December 31,	
	2023	2022
Deferred income tax assets:		
Accrued expenses	\$ 33,358	\$ 33,680
Compensation	25,781	23,194
Contingent liabilities	27,154	19,966
Tax credits and loss carryforwards	23,877	33,019
Landfill closure and post-closure	12,476	—
Finance costs	6,968	13,856
Other	14,036	—
Gross deferred income tax assets	143,650	123,715
Less: Valuation allowance	—	—
Total deferred income tax assets	143,650	123,715
Deferred income tax liabilities:		
Goodwill and other intangibles	(471,074)	(434,500)
Property and equipment	(602,453)	(579,615)
Landfill closure and post-closure	—	(22,745)
Prepaid expenses	(15,428)	(15,088)
Investment in subsidiaries	(71,136)	(69,257)
Interest rate swaps	(6,039)	(8,429)
Other	—	(7,823)
Total deferred income tax liabilities	(1,166,130)	(1,137,457)
Net deferred income tax liability	\$ (1,022,480)	\$ (1,013,742)

The Company has \$51,318 of Canadian tax loss carryforwards with a 20-year carryforward period which will begin to expire in 2036, as well as various U.S. state tax losses with carryforward periods up to 20 years.

As of December 31, 2023, the Company had undistributed earnings of approximately \$3,832,677 for which income taxes have not been provided on permanently reinvested earnings of approximately \$2,657,677. Additionally, the Company has not recorded deferred taxes on the amount of financial reporting basis in excess of tax basis of approximately \$388,735 attributable to the Company's non-U.S. subsidiaries which are permanently reinvested. It is not practical to estimate the additional tax that may become payable upon the eventual repatriation of these amounts; however, the tax impacts could result in a material increase to the Company's effective tax rate.

The Company and its subsidiaries are subject to U.S. federal and Canadian income tax, which are its principal operating jurisdictions. The Company has concluded all U.S. federal income tax matters for years through 2019. Additionally, the normal reassessment period for the Company has expired for all Canadian federal income tax matters for years through 2018.

The Company did not have any unrecognized tax benefits recorded at December 31, 2023, 2022 or 2021. The Company does not anticipate the total amount of unrecognized tax benefits will significantly change by December 31, 2024. The Company recognizes interest and/or penalties related to income tax matters in income tax expense.

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17. SEGMENT REPORTING

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

Effective April 1, 2023, the Company modified its organizational structure under new regional operating segments as the result of continued growth in its business. The Company now reports revenue and segment EBITDA based on the following six geographic solid waste operating segments: Western, Southern, Central, Eastern, Canada and MidSouth. A small number of operating locations have been reallocated from the Western segment to the Central segment, the previous Eastern segment has been bifurcated into two smaller geographies now referred to as the Eastern segment and MidSouth segment, and a small number of operating locations have been reallocated from the Southern segment to the MidSouth segment. The Company's six geographic solid waste operating segments comprise its reportable segments. Each operating segment is responsible for managing several vertically integrated operations, which are comprised of districts. While certain corporate or regional overhead expense allocations may affect comparability on a period-over-period basis, the segment information presented herein reflects the realignment of these regions.

The Company's Chief Operating Decision Maker evaluates operating segment profitability and determines resource allocations based on several factors, of which the primary financial measure is segment EBITDA. The Company defines segment EBITDA as earnings before interest, taxes, depreciation, amortization, impairments and other operating items, other income (expense) and loss on early extinguishment of debt. Segment EBITDA is not a measure of operating income, operating performance or liquidity under GAAP and may not be comparable to similarly titled measures reported by other companies. The Company's management uses segment EBITDA in the evaluation of segment operating performance as it is a profit measure that is generally within the control of the operating segments. A reconciliation of segment EBITDA to Income before income tax provision is included at the end of this Note 17.

Summarized financial information concerning the Company's reportable segments for the years ended December 31, 2023, 2022 and 2021, is shown in the following tables:

Year Ended December 31, 2023	Revenue	Intercompany Revenue ^(b)	Reported Revenue	Segment EBITDA ^(c)	Depreciation and Amortization	Capital Expenditures	Total Assets ^(e)
Western	\$ 1,878,843	\$ (209,554)	\$ 1,669,289	\$ 483,205	\$ 199,426	\$ 192,148	\$ 3,432,529
Southern	1,846,713	(204,439)	1,642,274	518,002	179,948	166,961	3,501,953
Central	1,620,908	(180,751)	1,440,157	512,283	169,370	171,748	2,811,016
Eastern	1,639,351	(259,118)	1,380,233	353,061	207,909	143,484	3,228,244
Canada	1,109,164	(113,322)	995,842	390,664	121,326	105,453	2,794,795
MidSouth	1,072,753	(178,597)	894,156	246,136	117,397	135,650	1,705,180
Corporate ^{(a), (d)}	—	—	—	(25,032)	7,835	18,556	442,159
	<u>\$ 9,167,732</u>	<u>\$ (1,145,781)</u>	<u>\$ 8,021,951</u>	<u>\$ 2,478,319</u>	<u>\$ 1,003,211</u>	<u>\$ 934,000</u>	<u>\$ 17,915,876</u>

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Year Ended December 31, 2022	Revenue	Intercompany Revenue ^(b)	Reported Revenue	Segment EBITDA ^(c)	Depreciation and Amortization	Capital Expenditures	Total Assets ^(e)
Western	\$ 1,605,574	\$ (177,543)	\$ 1,428,031	\$ 424,935	\$ 155,882	\$ 232,714	\$ 3,239,679
Southern	1,670,864	(176,425)	1,494,439	466,519	175,614	151,093	3,410,888
Central	1,447,703	(159,355)	1,288,348	446,315	156,895	181,065	2,803,853
Eastern	1,445,193	(211,498)	1,233,695	281,522	190,480	138,028	2,752,436
Canada	1,047,672	(107,048)	940,624	349,403	118,388	70,051	2,773,882
MidSouth	992,922	(166,200)	826,722	235,705	112,866	133,849	1,727,323
Corporate ^{(a), (d)}	—	—	—	(25,019)	8,835	5,877	426,542
	<u>\$ 8,209,928</u>	<u>\$ (998,069)</u>	<u>\$ 7,211,859</u>	<u>\$ 2,179,380</u>	<u>\$ 918,960</u>	<u>\$ 912,677</u>	<u>\$ 17,134,603</u>

Year Ended December 31, 2021	Revenue	Intercompany Revenue ^(b)	Reported Revenue	Segment EBITDA ^(c)	Depreciation and Amortization	Capital Expenditures	Total Assets ^(e)
Western	\$ 1,383,124	\$ (154,498)	\$ 1,228,626	\$ 386,513	\$ 126,192	\$ 147,556	\$ 2,168,804
Southern	1,493,588	(172,526)	1,321,062	369,221	173,235	139,258	3,154,940
Central	1,243,666	(142,261)	1,101,405	379,644	138,683	149,360	2,429,811
Eastern	1,111,546	(155,836)	955,710	245,091	156,499	90,212	2,314,663
Canada	965,705	(108,982)	856,723	339,859	111,458	68,183	2,513,608
MidSouth	832,386	(144,551)	687,835	184,218	97,564	101,098	1,690,234
Corporate ^{(a), (d)}	—	—	—	(19,596)	9,378	48,648	427,864
	<u>\$ 7,030,015</u>	<u>\$ (878,654)</u>	<u>\$ 6,151,361</u>	<u>\$ 1,884,950</u>	<u>\$ 813,009</u>	<u>\$ 744,315</u>	<u>\$ 14,699,924</u>

- (a) The majority of Corporate expenses are allocated to the six operating segments. Direct acquisition expenses, expenses associated with common shares held in the deferred compensation plan exchanged for other investment options and share-based compensation expenses associated with Progressive Waste share-based grants outstanding at June 1, 2016 that were continued by the Company are not allocated to the six operating segments and comprise the net EBITDA of the Company's Corporate segment for the periods presented.
- (b) Intercompany revenues reflect each segment's total intercompany sales, including intercompany sales within a segment and between segments. Transactions within and between segments are generally made on a basis intended to reflect the market value of the service.
- (c) For those items included in the determination of segment EBITDA, the accounting policies of the segments are the same as those described in Note 3.
- (d) Corporate assets include cash, debt issuance costs, equity investments, operating lease right-of-use assets and corporate facility leasehold improvements and equipment.
- (e) Goodwill is included within total assets for each of the Company's six operating segments.

The following table shows changes in goodwill during the years ended December 31, 2022 and 2023, by reportable segment:

	Western	Southern	Central	Eastern	Canada	MidSouth	Total
Balance as of December 31, 2021	\$ 503,223	\$ 1,457,437	\$ 931,269	\$ 992,578	\$ 1,559,512	\$ 743,624	\$ 6,187,643
Goodwill acquired	229,112	90,457	72,201	196,533	235,095	1,193	824,591
Impact of changes in foreign currency	—	—	—	—	(109,937)	—	(109,937)
Balance as of December 31, 2022	732,335	1,547,894	1,003,470	1,189,111	1,684,670	744,817	6,902,297
Goodwill acquired	47,120	11,809	6,461	398,380	—	1,366	465,136
Goodwill acquisition adjustments	—	—	—	—	(2,215)	—	(2,215)
Goodwill divested	—	—	(1,431)	—	—	—	(1,431)
Impact of changes in foreign currency	—	—	—	—	40,613	—	40,613
Balance as of December 31, 2023	<u>\$ 779,455</u>	<u>\$ 1,559,703</u>	<u>\$ 1,008,500</u>	<u>\$ 1,587,491</u>	<u>\$ 1,723,068</u>	<u>\$ 746,183</u>	<u>\$ 7,404,400</u>

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Property and equipment, net relating to operations in the United States and Canada are as follows:

	December 31,	
	2023	2022
United States	\$ 6,456,319	\$ 6,201,011
Canada	772,012	749,904
Total	<u>\$ 7,228,331</u>	<u>\$ 6,950,915</u>

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

	Years ended December 31,		
	2023	2022	2021
Western segment EBITDA	\$ 483,205	\$ 424,935	\$ 386,513
Southern segment EBITDA	518,002	466,519	369,221
Central segment EBITDA	512,283	446,315	379,644
Eastern segment EBITDA	353,061	281,522	245,091
Canada segment EBITDA	390,664	349,403	339,859
MidSouth segment EBITDA	246,136	235,705	184,218
Subtotal reportable segments	2,503,351	2,204,399	1,904,546
Unallocated corporate overhead	(25,032)	(25,019)	(19,596)
Depreciation	(845,638)	(763,285)	(673,730)
Amortization of intangibles	(157,573)	(155,675)	(139,279)
Impairments and other operating items	(238,796)	(18,230)	(32,316)
Interest expense	(274,642)	(202,331)	(162,796)
Interest income	9,350	5,950	2,916
Other income, net	12,481	3,154	6,285
Loss on early extinguishment of debt	—	—	(115,288)
Income before income tax provision	<u>\$ 983,501</u>	<u>\$ 1,048,963</u>	<u>\$ 770,742</u>

18. NET INCOME PER SHARE INFORMATION

The following table sets forth the calculation of the numerator and denominator used in the computation of basic and diluted net income per common share attributable to the Company's shareholders for the years ended December 31, 2023, 2022 and 2021:

	Years Ended December 31,		
	2023	2022	2021
Numerator:			
Net income attributable to Waste Connections for basic and diluted earnings per share	<u>\$ 762,800</u>	<u>\$ 835,662</u>	<u>\$ 618,047</u>
Denominator:			
Basic shares outstanding	257,551,129	257,383,578	261,166,723
Dilutive effect of equity-based awards	598,115	655,223	561,747
Diluted shares outstanding	<u>258,149,244</u>	<u>258,038,801</u>	<u>261,728,470</u>

19. EMPLOYEE BENEFIT PLANS

Retirement Savings Plans: Waste Connections and certain of its subsidiaries have voluntary retirement savings plans in Canada (the "RSPs"). RSPs are available to all eligible Canadian employees of Waste Connections and its subsidiaries.

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For eligible non-union Canadian employees, Waste Connections and its subsidiaries make a matching contribution to a deferred profit sharing plan (“DPSP”) of up to 5% of the employee’s eligible compensation, subject to certain limitations imposed by the Income Tax Act (Canada).

Certain of Waste Connections’ subsidiaries also have voluntary savings and investment plans in the U.S. (the “401(k) Plans”). The 401(k) Plans are available to all eligible U.S. employees of Waste Connections and its subsidiaries. Waste Connections and its subsidiaries make matching contributions under the 401(k) Plans of 100% of every dollar of a participating employee’s contributions until the employee’s contributions equal 5% of the employee’s eligible compensation, subject to certain limitations imposed by the U.S. Internal Revenue Code.

Total employer expenses, including employer matching contributions, for the DPSP and 401(k) Plans were \$42,100, \$37,165 and \$31,834, respectively, during the years ended December 31, 2023, 2022 and 2021. These amounts include matching contributions Waste Connections made under the Deferred Compensation Plan, described below.

Multiemployer Pension Plans: The Company also participates in 17 “multiemployer” pension plans. The Company does not administer these multiemployer plans. In general, these plans are managed by the trustees, with the unions appointing certain trustees, and other contributing employers of the plan appointing certain others. The Company is generally not represented on the board of trustees. The Company makes periodic contributions to these plans pursuant to its collective bargaining agreements. The Company’s participation in multiemployer pension plans is summarized as follows:

Plan Name	EIN/Pension Plan Number/ Registration Number	Pension Protection Act Zone Status ^(a)		FIP/RP Status (b),(c)	Company Contributions ^(d)			Expiration Date of Collective Bargaining Agreement
		2023	2022		2023	2022	2021	
Western Conference of Teamsters Pension Trust	91-6145047 - 001	Green	Green	Not applicable	\$ 8,747	\$ 5,803	\$ 4,963	6/30/2023 to 6/30/2028
Local 731, I.B. of T., Pension Fund	36-6513567 - 001	Green for the plan year beginning 10/1/2022	Green for the plan year beginning 10/1/2021	Not applicable	4,939	4,484	4,504	9/30/2028
Suburban Teamsters of Northern Illinois Pension Fund	36-6155778 - 001	Green	Green	Not applicable	2,671	2,516	2,300	2/29/2024
Teamsters Local 301 Pension Fund	36-6492992 - 001	Green	Green	Not applicable	1,183	1,310	841	9/30/2028
Midwest Operating Engineers Pension Plan	36-6140097 - 001	Green for the plan year beginning 4/1/2023	Green for the plan year beginning 4/1/2022	Not applicable	704	542	424	10/31/2025
Local 813 Pension Trust Fund	13-1975659 - 001	Critical and Declining for the plan year beginning 1/1/2023	Critical	Implemented	557	429	258	11/30/2027
Automobile Mechanics’ Local No. 701 Union and Industry Pension Fund	36-6042061 - 001	Green	Green	Not applicable	452	470	439	12/31/2025
Locals 302 & 612 of the IOUE - Employers Construction Industry Retirement Plan	91-6028571 - 001	Green	Green	Not applicable	341	338	313	11/30/2026
IAM National Pension Fund	51-6031295 - 002	Critical	Critical	Implemented	338	342	299	12/31/2025
International Union of Operating Engineers Pension Trust	85512-1	Green as of 4/30/2022	Green as of 4/30/2020	Not applicable	285	281	295	3/31/2024 to 3/31/2025
Multi-Sector Pension Plan	1085653	Critical as of 1/1/2022	Critical as of 1/1/2021	Not applicable	246	249	265	12/31/2023
Recycling and General Industrial Union Local 108 Pension Fund	13-6366378 - 001	Green	Green	Not applicable	225	230	217	2/28/2027
Nurses and Local 813 IBT Retirement Plan	13-3628926 - 001	Green	Green	Not applicable	121	97	58	11/30/2027
Contributions to other multiemployer plans					185	65	75	
					<u>\$ 20,994</u>	<u>\$ 17,156</u>	<u>\$ 15,251</u>	

- (a) Unless otherwise noted in the table above, the most recent Pension Protection Act zone status available in 2023 and 2022 is for the plans’ years ended December 31, 2022 and 2021, respectively.
- (b) The “FIP/RP Status” column indicates plans for which a Funding Improvement Plan (“FIP”) or a Rehabilitation Plan (“RP”) has been implemented.

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- (c) A multiemployer defined benefit pension plan that has been certified as endangered, seriously endangered or critical may begin to levy a statutory surcharge on contribution rates. Once authorized, the surcharge is at the rate of 5% for the first 12 months and 10% for any periods thereafter, until certain conditions are met. The Company was not required to pay a surcharge to these plans during the years ended December 31, 2023 and 2022.
- (d) Of the Multiemployer Pension Plans considered to be individually significant, the Company was listed in the Form 5500 as providing more than 5% of the total contributions for the following: 1) Local No. 731, I.B. of T., Pension Fund for plan years ending September 30, 2022, 2021 and 2020; 2) Teamsters Local 301 Pension Fund for plan years ending December 31, 2022, 2021 and 2020; 3) Suburban Teamsters of Northern Illinois Pension Plan for the plan years ending December 31, 2022, 2021 and 2020; and 4) Recycling and General Industrial Union Local 108 Pension Fund for the plan years ending December 31, 2022, 2021 and 2020.

The status is based on information that the Company received from the pension plans and is certified by the pension plans' actuary. Plans with "green" status are at least 80% funded. Plans with "yellow" status are less than 80% funded. Plans with "critical" status are less than 65% funded. Under current law regarding multiemployer benefit plans, a plan's termination, the Company's voluntary withdrawal, or the withdrawal of all contributing employers from any under-funded multiemployer pension plan would require the Company to make payments to the plan for its proportionate share of the multiemployer plan's unfunded vested liabilities. The Company could have adjustments to its estimates for these matters in the near term that could have a material effect on its consolidated financial condition, results of operations or cash flows.

Deferred Compensation Plan: The Waste Connections US, Inc. Nonqualified Deferred Compensation Plan was assumed by the Company on June 1, 2016 (as amended, restated, assumed, supplemented or otherwise modified from time to time, the "Deferred Compensation Plan"). The Deferred Compensation Plan is a non-qualified deferred compensation program under which the eligible participants, including officers and certain employees who meet a minimum salary threshold, may voluntarily elect to defer up to 80% of their base salaries and up to 100% of their bonuses, commissions and restricted share unit grants. Effective as of December 1, 2014, the Board of Directors determined to discontinue the option to allow eligible participants to defer restricted share unit grants pursuant to the Deferred Compensation Plan. Members of the Company's Board of Directors are eligible to participate in the Deferred Compensation Plan with respect to their director fees. Although the Company periodically contributes the amount of its obligation under the plan to a trust for the benefit of the participants, any compensation deferred under the Deferred Compensation Plan constitutes an unsecured obligation of the Company to pay the participants in the future and, as such, is subject to the claims of other creditors in the event of insolvency proceedings. Participants may elect certain future distribution dates on which all or a portion of their accounts will be paid to them, including in the case of a change in control of the Company. Their accounts will be distributed to them in cash, except for amounts credited with respect to deferred restricted share unit grants, which will be distributed in the Company's common shares pursuant to the 2004 Plan. In addition to the amount of participants' contributions, the Company will pay participants an amount reflecting a deemed return based on the returns of various mutual funds or measurement funds selected by the participants, except in the case of restricted share units that were deferred and not subsequently exchanged into a measurement fund pursuant to the terms of the Deferred Compensation Plan, which will be credited to their accounts as Company common shares. The measurement funds are used only to determine the amount of return the Company pays to participants and participant funds are not actually invested in the measurement fund, nor are any Company common shares acquired under the Deferred Compensation Plan. For the years ended December 31, 2023, 2022 and 2021, the Company also made matching contributions to the Deferred Compensation Plan of 100% of every dollar of a participating employee's pre-tax eligible contributions until the employee's contributions equaled 5% of the employee's eligible compensation, less the amount of any match the Company made on behalf of the employee under the Waste Connections 401(k) Plan, and subject to certain deferral limitations imposed by the U.S. Internal Revenue Code on 401(k) plans. The Company's total liability for deferred compensation at December 31, 2023 and 2022 was \$42,270 and \$40,407, respectively, which was recorded in Other long-term liabilities in the Consolidated Balance Sheets.

20. SUBSEQUENT EVENT

On February 13, 2024, the Company announced that its Board of Directors approved a regular quarterly cash dividend of \$0.285 per Company common share. The dividend will be paid on March 13, 2024, to shareholders of record on the close of business on February 28, 2024.